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## 1. INTRODUCTION

### 1.1. BACKGROUND

To fulfill the obligation set forth in Article 90g of the Act of 29 July 2005 on Public Offerings and the Conditions for Floating Financial Instruments in an Organized Trading System and on Public Companies (Journal of Laws of 2022, item 2554, as amended, hereinafter referred to as the "Act on Public Offerings"), the Supervisory Board of Jastrzębska Spółka Węglowa S.A. ("JSW", "Company") prepares an annual compensation report presenting a comprehensive review of compensations, including all benefits, irrespective of their form, received by or payable (due and payable) to individual Management Board Members and Supervisory Board Members for the financial year ended 31 December 2022.

All compensation amounts in this report are stated in PLN, on a gross basis.

The *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022* (the "Report on Compensations") has been assessed by a statutory auditor in terms of whether the information required under Article 90g sections 1–5 and 8 of the Act on Public Offerings has been included in it. The entity authorized to assess the Report on Compensations is PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k.

### 1.2. COMPENSATION REPORT FOR PREVIOUS YEARS

The Ordinary Shareholder Meeting of Jastrzębska Spółka Węglowa S.A., by Resolution No. 13 of 1 July 2022, issued a positive opinion on the "Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2021" submitted by the Supervisory Board. The said report has been reviewed by a statutory auditor to examine whether it contains the information required under Article 90g(1)–(5) and (8) of the Act on Public Offerings. The entity authorized to review the Report was PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k.

The Company publishes compensation reports for previous years on its website and makes them available free of charge for at least 10 years from the end of the Shareholder Meeting which adopted the resolution expressing an opinion on the respective compensation report.

### 1.3. KEY DEVELOPMENTS IN JSW'S BUSINESS ENVIRONMENT IN 2022

#### MARKET SITUATION

Jastrzębska Spółka Węglowa S.A. as an active participant in the coking coal – coke – steel supply chain operates in a volatile market environment determined by the situation in the steel market and strong competition in the coking coal and coke supplier markets.

JSW is the largest hard coking coal producer in the European Union, the only domestic producer of hard coking coal and a significant producer of semi-soft coking coal. The other domestic producers are mostly producers of steam coal; coking coal represents a small percentage of their total production volume.

In the last few years, the coking coal and coke market has experienced an elevated degree of volatility and unpredictability. Although periodic strong upward and downward movements are part of market conditions, 2022 will go down in history as a period of exceptional intensity of unpredictable developments that affected the market in quite an extreme manner.

In 2022, the global macroeconomic environment was riddled with immense uncertainty, with the macroeconomic situation in Europe and across the world significantly affected by the following factors:

- war in Ukraine coupled with the consequences of restrictions imposed on Russia,
- threat of occurrence of an energy crisis in Europe,
- still present consequences of the COVID-19 pandemic such as periodic government restrictions (especially in China), disrupted supply chains (automotive industry),
- expected slowdown of the global economic growth,
- higher inflation.

In 2022, the armed conflict in Ukraine and the sanctions imposed on Russia strongly affected the macroeconomic situation in Europe and the world, in particular the energy and energy commodity markets. In the situation of a limited coking coal supply maintaining for several quarters, the outbreak of the war in Ukraine has caused great uncertainty for steelmakers regarding security of supply of raw materials, providing the impetus for a short-term record-breaking increase in coking coal prices, exceeding historical highs by 200 USD/t. The prices of hard coals

exceeded 670 USD/t in the peak period (as of 14 March 2022). In the following months, the prices steadily declined, reaching pre-war levels in June 2022. The average TSI Premium HCC index in Q1 2022 was 487.80 USD/t and fell 8.7% down to 445.52 USD/t in Q2 2022. In Q3 2022, the prices dropped again by 43.9% to 249.75 USD/t relative to Q2 2022, and in Q4 2022 the average TSI Premium HCC prices rose by 11.4% to 278.13 USD/t relative to Q3 2022.

Prices of blast furnace coke increased following the outbreak of war in Ukraine, but the appreciation was less pronounced than for Australian coking coal. The prices of Chinese CSR 64/62 coke increased from below 500 USD/t in February 2022 to 680 USD/t in the second half of March 2022. On the European market, in March 2022, CSR 64/62 blast-furnace coke prices increased by nearly 100 USD/t (compared to February 2022) to 700 USD/t. As in the case of coal, there was a gradual decline in coke prices in individual months.

The sanctions imposed on Russia regarding the ban on the import of energy commodities, the restriction of the supply of steam coal, and gas and oil from Russia to the European Union have led to the need to rapidly import steam coal from overseas markets contributing to an increase in the prices of thermal coal on world markets.

The consequence of Europe's deep energy commodity deficit, following the introduction of sanctions on Russia, has been an unprecedented increase in electricity and gas prices and concerns about their availability during the winter. This influenced the steel market in the European Union. Faced with the threat of an energy crisis, rising costs, and uncertainty in demand for steel products, many steel companies have introduced production restrictions and temporary shutdowns of blast furnaces. Coke production at integrated coking plants has been curtailed to a lesser extent than would result from blast furnace shutdowns; production of coke oven gas became the priority. This has led to a periodic oversupply of coke on the market and a drop in prices. The increase in imports of raw materials, mainly steam coal from overseas, has led to greater strain on domestic seaports and rail routes, making the logistics of delivery to customers more difficult.

Due to the dynamic situation, it is difficult to predict the long-term economic effects of the war in Ukraine and its effect on the overall macroeconomic situation, which may indirectly affect JSW's financial performance.

#### INCIDENTS IN MINES

On 20 April 2022, in KWK Pniówek, there was an explosion and ignition of methane and secondary explosions, which took place in longwall N-6, seam 404/4+405/1 on level 1000. The mining in this longwall was scheduled to end in June 2022.

On 23 April 2022, a high energy shock wave combined with an intensive outflow of methane took place at KWK Borynia-Zofiówka, Zofiówka Section. The incident occurred in an area where no mining was performed, in the D-4a working face roadway on level 900.

On 29 April 2022 the JSW Management Board adopted a resolution on the occurrence of force majeure in JSW and the notification of the Company's business partners of its occurrence and the ensuing consequences for the obligations affected by the operation of force majeure. As a result of the analyses conducted, the impact exerted by these events in terms of reduced coal production until the end of 2022 has been estimated to be roughly 400 thousand tons. The exact impact of the events on the level of output/production in subsequent years is difficult to estimate, which results from both the ongoing work of the State Mining Authority's Commission in the case of KWK Pniówek and the manner in which the findings are implemented and mining works are carried out at the Zofiówka Section.

#### COAL PRODUCTION

In 2022, JSW's mines produced 14,072.0 thousand tons of coal net. Coking coal, with its production reaching 10,985.6 thousand tons, accounted for 78.1% of the net coal output, whereas steam coal production reached 3,086.4 thousand tons. Compared to 2021, the overall coal production increased by 317.7 thousand tons (+2.3%), of which the production of coking coal decreased by 20.2 thousand tons (-0.2%), and of steam coal by 337.9 thousand tons (+12.3%).

#### INVESTING ACTIVITIES

In 2022, the Company's capital expenditures amounted to PLN 2,020.2 million, of which PLN 817.5 million was spent on expensable mining pits, PLN 1,027.3 million on investments in property, plant and equipment and PLN 175.4 million on right-of-use assets.

#### FINANCIAL RESULTS

Total sales revenues were PLN 25,770.9 million in 2022 and were PLN 12,220.5 million higher (+90.2%) than the revenues earned in 2021. In the respective segments, the situation was as follows:



### Coal segment<sup>1</sup>

The average quotation of The Steel Index ("TSI") in July-November 2022, affecting the JSW's prices in Q4 2022, was 264 USD/t. Compared to the average TSI value in April-August 2022, affecting the prices in Q3 2022, it fell by 27%.

The estimated average PLN-per-ton price of coking coal sold by JSW to external buyers in Q4 2022 versus the previous quarter dropped by approx. 23%. Converted into USD at the National Bank of Poland's average exchange rate in the pertinent quarter, the decrease was approx. 22%.

The Polish Steam Coal Market Index (PSCMI1) in sales to the commercial and industrial energy sector stood at PLN 548.22 per ton in Q4 2022 (data for October and November 2022) rose by approx. 2% compared to the previous quarter.

The average price of steam coal sold by JSW in Q4 2022 in relation to the previous quarter increased by approx. 10%.

Sales revenues on the coal produced by JSW, which accounted for 68.3% of total revenues, stood at PLN 17,607.0 million, i.e. were PLN 9,386.4 million (+114.2%) higher than in 2021. The increase in sales revenues on the coal was driven by the average sales price of coal being up PLN 670.30 per ton (a 121.9% increase). In 2022, 14,427.6 thousand tons of coal was sold, i.e. 517.0 thousand tons less than in 2021 (a 3.5% decrease).

### Coke segment<sup>2</sup>

The prices of blast-furnace coke in the European market in Q3 2022 was USD 460 per ton, down by approx. 31% compared to Q2 2022.

The average PLN-per-ton total contract price of coke sold by the JSW Group in Q4 2022 decreased by approx. 29% compared to Q3 2022. Converted into USD at the National Bank of Poland's average exchange rate in the pertinent quarter, the decrease was approx. 28%.

In 2022, the Company also sold coke and hydrocarbons, earning revenues of PLN 7,634.3 million. Compared to 2021, this signified an increase by PLN 2,703.4 million (+54.8%).

Revenues from coke sales in 2022 reached PLN 7,032.7 million and were PLN 2,460.7 million greater than in 2021, chiefly due to an increase in the average selling price of coke on an FCA basis by 900.69 PLN/t (+73.1%).

The revenues from the sale of hydrocarbons in 2022 amounted to PLN 601.6 million and were PLN 242.7 million higher (+67.6%) than in 2021, primarily due to an increase in the prices of coke-oven tar (+61.0%) and of BTX (+29.8%).

### Summary of the Company's financial results

The total costs by nature amounted to PLN 10,191.1 million (without considering the cost of materials and goods sold) in 2022 and were PLN 1,873.1 million higher compared to 2021 (PLN 8,318.0 million), with variations reaching the following values in particular items:

- depreciation and amortization: up by PLN 6.1 million, i.e. 0.6%.
- consumption of materials and energy: up by PLN 656.5 million, i.e. 45.1%, of which:
  - consumption of materials: up by PLN 462.4 million, i.e. 53.0%,
  - energy consumption: up by PLN 194.1 million, i.e. 33.2%,
- external services: up by PLN 335.6 million, i.e. 18.1%,
- employee benefits: up by PLN 859.6 million, i.e. 22.8%,
- taxes and fees: up by PLN 8.8 million, i.e. 6.0%,
- other costs by nature: up by PLN 6.5 million, i.e. 14.4%.

The increase in the **depreciation and amortization** costs concerned mainly the settlement of the capitalized costs of the longwall areas in connection with a higher ratio of the average cost of settlement of longwall areas.

The increase in the costs of **consumption of materials** was predominantly related to the increase in the prices of materials compared to 2021 and the increase in net coal production by 317.7 thousand tons. The greater costs of **consumption of materials** were incurred, among other

<sup>1</sup> JSW sets prices with its customers on the basis of benchmark prices based on the daily prices of Australian premium hard coking coal grades, in most cases by calculating their mean values by using two methods:

- the Nippon Steel method – a quarterly benchmark price calculated as the average of the first two months of the current quarter and the last month of the previous quarter,
- the Q-1 method – quarterly benchmark prices calculated on the basis of the average prices in the previous quarter;

the above means that the average price of coking coal in a given quarter is influenced by prices over five months (from the previous quarter and the first two months of the current quarter).

<sup>2</sup> Coke prices are set at the turn of each quarter to reflect the market terms in negotiations. The optimal approach is to compare the prices obtained in a given quarter with the average price in the previous quarter.

areas, in connection with the performance of roadway excavation works, underground transport, including operation, maintenance, assembly and dismantling of coal haulage outside the coal-face, longwall reinforcement and decommissioning, outfitting and maintenance of opening and preparatory headings, combating natural hazards, technological processes in coal preparation plants, mining works, prevention of caving hazard, reconstruction of pits and removal of the effects of mining accidents. The increase in **energy consumption** costs was driven by the increase in the unit price of electricity and the greater volume of electricity purchased.

The factors contributing to the increase in **employee benefit costs** mainly included the agreements signed between the JSW Management Board and the Representative Trade Union Organizations, concerning the disbursement of a one-off bonus for employees and an increase in pay rates.

The **operating result (EBIT)** in 2022 also includes revenues related to the gratuitous transfer of the "Jastrzębie III" mining area to SRK in the amount of PLN 65.8 million as well as damages received in connection with the 2020 fires in the Zofiówka Section in the amount of PLN 61.7 million, and a PLN 185.9 million gain on investment certificates.

In the Company's result for 2022, the impairment loss on the assets of KWK Jastrzębie-Bzie was recognized in the amount of PLN 246.9 million and on the assets of KWK Pniówek in the amount of PLN 21.0 million, while the impairment loss on PBSz shares held by JSW was recognized in the amount of PLN 27.7 million.

The Company closed 2022 with a **net profit** of PLN 7,115.8 million, with EBITDA at PLN 9,862.9 million. The **EBITDA margin** stood at 38.4% in 2022, with the net sales profitability ratio reaching 27.6% and the current liquidity ratio reaching 1.10.

The Company's cash flows and the level of generated cash, taking into account the high level of investment expenditures, depend to a large extent on the selling prices of coal and coke. The current good market conditions enable generation of positive cash flows, which translated into a considerable increase in the available cash balance in 2022.

The **balance of cash and cash equivalents** as at 31 December 2022, without considering the cash of the Group companies, was PLN 3,608.4 million, while the net change of cash and cash equivalents in 2022 was PLN 4,243.6 million. The balance sheet amount of cash was PLN 3,734.3 million and included PLN 125.9 million of cash provided by the Group companies as part of the Physical Cash Pooling service implemented in the Group.

The balance of cash does not include the assets of the stabilization fund (FIZ) in the amount of PLN 4,893.6 million providing a safety cushion in times of economic downturn when it is necessary to incur expenditures not fully covered by cash inflows.

In connection with the cash surplus achieved, in February 2022, the Company repaid revolving credit facility B under the Consortium financing agreement in the amount of PLN 360.0 million.

As at the end of December 2022, JSW's debt totaled PLN 1,558.8 million, of which PLN 1,030.9 million was debt arising from loans and borrowings and PLN 527.9 million was debt arising from lease liabilities.

#### 1.4. INFORMATION ABOUT THE IMPLEMENTED COMPENSATION POLICY

On 31 July 2020, the JSW Supervisory Board, acting pursuant to § 20 section 2 item 11) of the Company's Articles of Association, in conjunction with Article 90d of the Act on Public Offerings, having become acquainted with Resolution no. 441/X/2020 of the JSW Management Board of 23 July 2020 and the recommendation of the Nomination and Compensation Committee given in Resolution no. 6/X/20 of 28 July 2020, adopted Resolution no. 313/X/20, by which:

- it gave a positive opinion on the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.* (the "Policy") in the wording attached to Resolution no. 441/X/2020 of the Management Board of 23 July 2020,
- submitted the Policy to the Shareholder Meeting of the Company.

On 31 August 2020, the JSW Extraordinary Shareholder Meeting, acting pursuant to Article 90d section 1 of the Act on Public Offerings, adopted Resolution no. 4, by which the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.* was adopted. Since that date, the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.* has been in place at JSW.

#### DEROGATIONS FROM THE COMPENSATION POLICY IMPLEMENTATION PROCEDURE

The Company did not derogate from the procedure for implementing the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.*

## SUMMARY CONCERNING THE IMPLEMENTATION OF THE COMPENSATION POLICY

The fixed and variable compensation components, as well as other cash and non-cash benefits that may be granted to Management Board Members, and compensation and other benefits that may be granted to Supervisory Board Members, as envisaged in the Policy, are granted in accordance with its provisions.

## DEROGATIONS FROM THE APPLICATION OF THE COMPENSATION POLICY

The Policy in force provides for the following conditional exemption from its application:

- The Supervisory Board is entitled to temporarily suspend the application of the provisions of the Policy, except for any provisions arising from the Act on Public Offerings.
- The Supervisory Board may effect the suspension referred to in the preceding section only if it is necessary to pursue the Company's long-term interests or ensure the stability of the Company's operations or guarantee the Company's profitability, while being guided by the principles of commensurability and purposefulness.
- If the Supervisory Board decides that the reasons for suspending the application of the Policy have lost their temporary character and constitute a permanent obstacle to its application, it should strive to update the Policy.

The Supervisory Board has taken no decision to temporarily derogate from applying the Policy since it took effect. Equally, no compensation has been granted in such extraordinary circumstances since the Policy took effect.

In 2022, there were no derogations from the application of the Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.

## 1.5. INFORMATION ON THE COMPOSITION OF AND CHANGES TO THE JSW MANAGEMENT BOARD IN 2022

During the financial year 2022: from 1 January 2022 to 1 July 2022, the Management Board of the 10th term of office operated, and from 1 July 2022 to 31 December 2022, the Management Board of the 11th term of office operated.

**TABLE 1: Composition of the JSW Management Board and terms in office of Management Board Members in 2022**

FIRST AND LAST NAME	POSITION	TERM IN POSITION
<b>10TH TERM OF OFFICE (01.01.2022 – 01.07.2022)</b>		
Tomasz Cudny	President of the Management Board entrusted with serving in the capacity of the Vice-President of the Management Board for Development	01.01.2022 – 01.07.2022
Sebastian Bartos	Vice-President of the Management Board for Sales	01.01.2022 – 01.07.2022
Robert Ostrowski	Vice-President of the Management Board for Financial Matters	01.01.2022 – 01.07.2022
Edward Paździoro	Vice-President of the Management Board for Technical and Operational Matters	01.01.2022 – 01.07.2022
Artur Wojtków (elected by employees)	Vice-President of the Management Board for Employment and Social Policy	01.01.2022 – 01.07.2022
<b>11TH TERM OF OFFICE (01.07.2022 – 31.12.2022)</b>		
Tomasz Cudny	President of the Management Board entrusted with serving in the capacity of the Vice-President of the Management Board for Development	01.07.2022 – 14.12.2022
	President of the Management Board	15.12.2022 – 31.12.2022
Sebastian Bartos	Vice-President of the Management Board for Sales	01.07.2022 – 31.12.2022
Wojciech Kałuża	Vice-President of the Management Board for Development	15.12.2022 – 31.12.2022
Robert Ostrowski	Vice-President of the Management Board for Financial Matters	01.07.2022 – 31.12.2022



FIRST AND LAST NAME	POSITION	TERM IN POSITION
Edward Paździorko	Vice-President of the Management Board for Technical and Operational Matters	01.07.2022 – 31.12.2022
Artur Wojtków (elected by employees)	Vice-President of the Management Board for Employment and Social Policy	01.07.2022 – 31.12.2022

**TABLE 2: Changes to the JSW Management Board in 2022**

DATE	CHANGE
10.05.2022	The Supervisory Board, having conducted the recruitment procedure, on the date of the Ordinary Shareholder Meeting approving the Financial Statements of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2021 and the Management Board report on the activity of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa S.A. Group in the financial year ended 31 December 2021, appointed: - Mr. Tomasz Cudny as President of the JSW Management Board of the 11th term of office, - Mr. Sebastian Bartos as Vice-President of the JSW Management Board for Sales of the 11th term of office, - Mr. Robert Ostrowski as Vice-President of the JSW Management Board for Financial Matters of the 11th term of office, - Mr. Edward Paździorko as Vice-President of the JSW Management Board for Technical and Operational Matters of the 11th term of office.
10.05.2022	As a result of the election carried out by the Company's employees to select a Member of the JSW Management Board in the 11th term of office, the Supervisory Board, on the date of holding the JSW Ordinary Shareholder Meeting approving the Financial Statements of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2021 and the Management Board report on the activity of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa S.A. Group in the financial year ended 31 December 2021, appointed Mr. Artur Wojtków to the position of Vice-President of the JSW Management Board for Employment and Social Policy of the 11th term of office.
31.05.2022	The Supervisory Board entrusted Mr. Tomasz Cudny with the duties of Vice-President of the JSW Management Board for Development of the 11th term of office to the date of appointment of Vice-President of the Management Board for Development.
14.12.2022	Following the recruitment procedure, on 15 December 2022 the Supervisory Board appointed Mr. Wojciech Kałuża as Vice-President of the JSW Management Board for Development of the 11th term of office.

#### 1.6. INFORMATION ON THE COMPOSITION OF AND CHANGES TO THE JSW SUPERVISORY BOARD IN 2022

During the financial year 2022: from 1 January 2022 to 1 July 2022, the Supervisory Board of the 10th term of office operated, and from 1 July 2022 to 31 December 2022, the Supervisory Board of the 11th term of office operated.

**TABLE 3: Composition of the JSW Supervisory Board and functions discharged in 2022**

FIRST AND LAST NAME	POSITION	TERM IN POSITION
<b>10TH TERM OF OFFICE (01.01.2022 – 01.07.2022)</b>		
Halina Buk	Chairwoman	01.01.2022 – 01.07.2022
Robert Kudelski	Secretary	01.01.2022 – 01.07.2022
Paweł Bieszczad	Member	01.01.2022 – 01.07.2022
Jolanta Górka	Member	01.01.2022 – 01.07.2022
Izabela Jonek-Kowalska	Member	01.01.2022 – 01.07.2022
Tadeusz Kubiczek	Member	01.01.2022 – 01.07.2022
Alojzy Nowak	Member	01.01.2022 – 01.07.2022
Stanisław Prusek	Member	01.01.2022 – 01.07.2022
Michał Rospędek	Member	01.01.2022 – 01.07.2022
Arkadiusz Wypych	Member	01.01.2022 – 01.07.2022
<b>11TH TERM OF OFFICE (01.07.2022 – 31.12.2022)</b>		
Halina Buk	Chairwoman	20.07.2022 – 31.12.2022

FIRST AND LAST NAME	POSITION	TERM IN POSITION
	Member	01.07.2022 – 20.07.2022
Michał Rospędek	Deputy Chairman	20.07.2022 – 31.12.2022
	Member	01.07.2022 – 20.07.2022
Robert Kudelski	Secretary	20.07.2022 – 31.12.2022
	Member	01.07.2022 – 20.07.2022
Jolanta Górską	Member	01.07.2022 – 31.12.2022
Robert Łazarczyk	Member	01.07.2022 – 31.12.2022
Paweł Nieradzik	Member	01.07.2022 – 31.12.2022
Alojzy Nowak	Member	01.07.2022 – 31.12.2022
Stanisław Prusek	Member	01.07.2022 – 31.12.2022
Arkadiusz Wypych	Member	01.07.2022 – 31.12.2022

**TABLE 4: Changes to the JSW Supervisory Board in 2022**

DATE	CHANGE
01.07.2022	<p>The mandates of members of the Supervisory Board of the 10th term of office (Halina Buk, Robert Kudelski, Paweł Bieszczad, Jolanta Górską, Izabela Jonek-Kowalska, Tadeusz Kubiczek, Alojzy Nowak, Stanisław Prusek, Michał Rospędek and Arkadiusz Wypych) have expired.</p> <p>The Ministry of State Assets, acting within the powers set forth in § 15 sec. 13 of the Articles of Association of JSW S.A., by way of statements submitted to the Company, appointed to the Company's Supervisory Board for the 11th term of office: Halina Buk, Jolanta Górską, Alojzy Nowak, Stanisław Prusek and Michał Rospędek.</p> <p>The Ordinary Shareholder Meeting appointed employee-elected members of the Supervisory Board, i.e. Robert Kudelski, Robert Łazarczyk, Paweł Nieradzik and Arkadiusz Wypych.</p>
20.07.2022	<p>The Supervisory Board elected the following persons for the presidium of the Supervisory Board: Halina Buk – Chairwoman, Michał Rospędek – Deputy Chairman and Robert Kudelski – Secretary.</p>

#### 1.7. COMPOSITION OF SUPERVISORY BOARD COMMITTEES AND FUNCTIONS DISCHARGED IN THE COMMITTEES BY THEIR MEMBERS

In 2022, the following Committees operated within the JSW Supervisory Board (of the 10th and 11th terms of office):

- **AUDIT COMMITTEE**
- **NOMINATION AND COMPENSATION COMMITTEE**
- **STRATEGY AND DEVELOPMENT COMMITTEE**

On 20 July 2022, the first meeting of the JSW Supervisory Board of the 11th term of office was held, at which the Supervisory Board adopted various resolutions, including on the election of Committee Chairs and the appointment of Committee Members.

**TABLE 5: Composition of the Audit Committee and functions discharged in 2022**

FIRST AND LAST NAME	POSITION	TERM IN POSITION
<b>10TH TERM OF OFFICE (01.01.2022 – 01.07.2022)</b>		
Halina Buk	Chairwoman	01.01.2022 – 01.07.2022
Paweł Bieszczad	Member	01.01.2022 – 01.07.2022
Jolanta Górską	Member	01.01.2022 – 01.07.2022
Robert Kudelski	Member	01.01.2022 – 01.07.2022
Stanisław Prusek	Member	01.01.2022 – 01.07.2022
<b>11TH TERM OF OFFICE (01.07.2022 – 31.12.2022)</b>		

Jolanta Górską	Chairwoman	20.07.2022 – 31.12.2022
Halina Buk	Member	20.07.2022 – 31.12.2022
Paweł Nieradzik	Member	20.07.2022 – 31.12.2022
Robert Kudelski	Member	20.07.2022 – 31.12.2022
Stanisław Prusek	Member	20.07.2022 – 31.12.2022

**TABLE 6: Composition of the Nomination and Compensation Committee and functions discharged in 2022**

FIRST AND LAST NAME	POSITION	TERM IN POSITION
<b>10TH TERM OF OFFICE (01.01.2022 – 01.07.2022)</b>		
Alojzy Nowak	Chairman	01.01.2022 – 01.07.2022
Izabela Jonek-Kowalska	Member	01.01.2022 – 01.07.2022
Robert Kudelski	Member	01.01.2022 – 01.07.2022
Michał Rospędek	Member	01.01.2022 – 01.07.2022
Arkadiusz Wypych	Member	01.01.2022 – 01.07.2022
<b>11TH TERM OF OFFICE (01.07.2022 – 31.12.2022)</b>		
Alojzy Nowak	Chairman	20.07.2022 – 31.12.2022
Jolanta Górską	Member	20.07.2022 – 31.12.2022
Robert Kudelski	Member	20.07.2022 – 31.12.2022
Michał Rospędek	Member	20.07.2022 – 31.12.2022
Arkadiusz Wypych	Member	20.07.2022 – 31.12.2022

**TABLE 7: Composition of the Strategy and Development Committee and functions discharged in 2022**

FIRST AND LAST NAME	POSITION	TERM IN POSITION
<b>10TH TERM OF OFFICE (01.01.2022 – 01.07.2022)</b>		
Stanisław Prusek	Chairman	01.01.2022 – 01.07.2022
Jolanta Górską	Member	01.01.2022 – 01.07.2022
Izabela Jonek-Kowalska	Member	01.01.2022 – 01.07.2022
Tadeusz Kubiczek	Member	01.01.2022 – 01.07.2022
Alojzy Nowak	Member	01.01.2022 – 01.07.2022
Michał Rospędek	Member	01.01.2022 – 01.07.2022
Arkadiusz Wypych	Member	01.01.2022 – 01.07.2022
<b>11TH TERM OF OFFICE (01.07.2022 – 31.12.2022)</b>		
Stanisław Prusek	Chairman	20.07.2022 – 31.12.2022
Robert Łazarczyk	Member	20.07.2022 – 31.12.2022
Alojzy Nowak	Member	20.07.2022 – 31.12.2022
Michał Rospędek	Member	20.07.2022 – 31.12.2022
Arkadiusz Wypych	Member	20.07.2022 – 31.12.2022



## 1.8. KEY CHANGES IN THE COMPENSATION OF THE JSW MANAGEMENT BOARD AND SUPERVISORY BOARD IN 2022

### CHANGES IN THE RULES OF COMPENSATION OF MANAGEMENT BOARD MEMBERS

On 31 May 2022, the Supervisory Board adopted Resolution No. 643/X/22 to set the compensation of Management Board Members, whereunder a model management contract was adopted. The resolution did not alter the compensation of the Management Board, but merely clarified certain issues, including those related to:

- calculation of the periods of break in the provision of management services vested in Management Board Members, in the event of the appointment of the Manager to hold a function in the next term of office of the Company's Management Board commencing immediately after the expiration of the previous management contract entered into by and between the Manager and the Company,
- calculation of the period of holding a function in the Management Board by the Manager, determining the award of compensation for compliance with the non-competition clause after the termination of the function in the Management Board.

In December 2022, annexes to management contracts were signed with the Management Board Members serving for at least 3 months in 2021, in which it was agreed that "the Supervisory Board would adopt a resolution on the implementation of Management Objectives for the financial year 2021 and the determination of the amount of variable compensation due for payment by 31 March 2023."

On 20 March 2023, the Supervisory Board adopted resolutions on signing annexes to management contracts with Management Board Members serving for at least 3 months in 2021. The annexes amended the said time limit for the adoption by the Supervisory Board of a resolution on the implementation of Management Objectives for the financial year 2021 and the determination of the amount of variable compensation due for payment by 30 June 2023.

In 2022, no amendments were made to the Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.

### CHANGES IN THE RULES OF COMPENSATION OF SUPERVISORY BOARD MEMBERS

In 2022, no changes were made to the rules of compensation of Supervisory Board Members.

## 2. TOTAL COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

### 2.1. TOTAL COMPENSATION AMOUNT BROKEN DOWN INTO COMPONENTS

#### MANAGEMENT BOARD

The management contracts signed with the Management Board Members were in effect in 2022 based on the following documents:

- Supervisory Board Resolution No. 153/X/19 of 12 August 2019 – for Management Board Members of the **10th term of office**.
- Supervisory Board Resolution No. 643/X/22 of 31 May 2022 – for Management Board Members of the **11th term of office**.

The contracts contained the following rules for granting benefits to Management Board Members:

The amount of the monthly fixed compensation of Management Board Members has been set by the Supervisory Board, subject to the following provisions adopted by the Shareholder Meeting:

- **Fixed Compensation of the President of the Management Board** is set within the range from 7 to 15 times the base amount referred to in Article 1 Section 3 Item 11 of the Act on the Rules for Setting the Compensation of Persons Managing Certain Companies of 9 June 2016.
- **Fixed Compensation of the remaining Management Board Members** is set within the range from 7 to 12 times the base amount referred to in Article 1 Section 3 Item 11 of the said Act.

For rendering management services and discharging other obligations ensuing from the contract, the Manager is entitled to the total compensation consisting of the following:

- **fixed compensation** – monthly base compensation per calendar month:
  - President of the Management Board – PLN 60,000.00,
  - every other Management Board Member – PLN 50,000.00.

The Fixed Compensation includes also compensation for the transfer of property rights to the copy or medium of the work and economic copyright to the work in the fields of use specified in the contract, granting all permits and authorizations to the extent stipulated in the contract and use by the Company of an invention, utility model or industrial design created by the Manager,

On 29 March 2023, the Supervisory Board adopted:

- a) Resolution No. 120/XI/23 to amend Supervisory Board Resolution No. 643/X/22 of 31 May 2022 on setting the compensation of Management Board Members. Under the new resolution, the base monthly compensation (fixed compensation) per calendar month was set as follows:
    - President of the Management Board: PLN 66,000.00,
    - every other Management Board Member: PLN 52,800.00,
  - b) Resolutions by which it decided to sign annexes to the management contracts with Management Board Members regarding the change of the said fixed compensation.
- **variable compensation** – supplementary compensation for the relevant financial year contingent on the degree of achievement of the **Management Objectives**, which must not exceed 100% of the annual fixed compensation of the Manager in the previous financial year for which the variable compensation is calculated.

The Fixed Compensation or Variable Compensation will be paid by the Company after deduction of the Manager's public dues payable by the Company from the amount of the Fixed or Variable Compensation.

If the applicable provisions of law require that, despite the fact that the Manager does not run his/her own business activity, the Fixed Compensation, the Variable Compensation or benefits payable by virtue of severance pay or non-competition clauses are subject to VAT at the applicable rate, such VAT will be added to the amount in question. The above will be also applicable with regard to other benefits payable by the Company to the Manager pursuant to the contract. If it becomes mandatory for the Manager to pay VAT for any past periods (in connection with the cash benefits referred to in this Section), the Company undertakes to pay to the Manager the amount equivalent to such tax arrears with interest as well as other payments due to the relevant bodies in connection with such arrears.

The fixed compensation for a given month is paid within 7 days from the date of delivery to the Company of a correctly issued bill to be delivered to the Company by the Manager within 7 days upon end of the calendar month of performance of services, by transfer to a bank account indicated by the Manager.

Pursuant to the Supervisory Board Resolution, the variable compensation depends on the level of achievement of the Management Objectives and must not exceed PLN 480,000.00 per financial year, i.e. no more than PLN 40,000.00 in each month of the financial year. If the Manager performs the Contract for a period of less than one full financial year, but at least for 3 months in the financial year then the variable compensation is calculated on a pro rata basis. The pro rata calculation will depend on the number of days of the Manager's provision of the services in the relevant financial year.

The total annual Total Compensation of the Manager (i.e. the sum of the annual Fixed Compensation and the Variable Compensation for the given financial year) must not exceed the product of the amount of PLN 100,000 for the President of the Management Board and PLN 90,000.00 for each Vice-President of the Management Board and the number of calendar months for which the Manager performed his/her duties. In case of calendar months in which the Manager did not perform his/her duties during a full calendar month, the aforementioned amount is adjusted on a pro rata basis to the number of days of performance of duties in the relevant month.

The determination of the maximum variable compensation for a given financial year, the Management Objectives for a given financial year and the method of evaluation of their achievement will be defined (to the extent consistent with the compensation-related resolution of the Shareholder Meeting) by the Supervisory Board. The general set of the Management Objectives has been outlined by a resolution adopted by the Shareholder Meeting, and the Supervisory Board has been authorized by the Shareholder Meeting to define them precisely, assign weights to such objectives and to define objective and measurable criteria of their achievement and settlement.

The variable compensation will be paid out provided that the Manager fulfills his/her Management Objectives in accordance with the resolution of the Supervisory Board. Pursuant to the provisions of the management contract, the Supervisory Board adopts a resolution on the implementation of the Management Objectives for the respective financial year and the determination of the amount of variable compensation due for payment by 31 December of the year (except for 2021, in respect of which annexes to the management contracts were signed in which it was stipulated that the Supervisory Board would adopt a resolution on the implementation of the Management Objectives for the financial year 2021 and the determination of the amount of variable compensation due for payment by 30 June 2023) in which the Management Board's activity report, the Company's financial statements for the financial year in which the Management Objectives were pursued, and the Manager was granted a discharge on the performance of his/her duties in the Management Board in that financial year.

Variable Compensation, if due, will be paid out within 7 days from the date of delivery to the Company of a correctly issued bill by transfer to a bank account indicated by the Manager.

In the case when the resolution of the Supervisory Board that defines the Management Objectives for the given year is not passed, the Management Objectives for such year are not set, and the Manager is not entitled to any variable compensation.

Furthermore, in the cases laid down in the contract the Company may impose a contractual penalty on the Manager.

#### **Non-competition clause:**

The non-compete clause during the contract term has been defined in the management contract and the Manager is not entitled to any additional compensation for refraining from competitive activity during the contract term.

The management contracts signed with the Management Board Members also include provisions prohibiting competition after the contract termination.

The Manager additionally undertakes, after the contract is terminated, if he has discharged the function for a period of at least 6 consecutive months from the date of the Manager's appointment to the Company's Management Board, not to conduct any competitive activity as defined in the contract over the period of 6 months from the date he/she ceases to perform his/her function.

The Manager is entitled to compensation for complying with the non-compete ban after the function ends, in the total amount equal to 6 times 50% of the monthly fixed compensation. The compensation will be payable in 6 equal monthly installments, by the 10th day of the following month. The compensation payment is conditional upon a written representation of the Manager confirming compliance with the non-compete clause after the function ended, delivered to the Company in writing by the 5th day of the month following the month for which the compensation is due.

A management contract may be terminated, after the function ends, in the part concerning the non-compete clause at any time by virtue of an agreement of the Parties. The agreement must be executed in writing, otherwise being null and void, and must define the notice period which may not be longer than 3 months or be later than the end of the non-compete obligation after the function ends. In such a case, the entitlement to compensation expires on the day the contract is terminated in the relevant scope.

The contract may be also terminated in the part concerning the non-compete clause with immediate effect at any time upon the Company's notice in the event of a documented violation of the no-compete clause by the Manager after his/her function ends. The contract termination notice must be in writing, otherwise being null and void, and the right to receive compensation expires on the date the notice of termination of the non-compete clause after the function ends is delivered to the Manager, with immediate effect.

In the event of expiry of the non-compete clause after expiry of the function and in the event of termination of the contract, on the terms laid down in the contract, the monthly installment of the compensation for such month will be decreased to the amount following from division of the monthly installment amount by 30 days and multiplying it by the number of days on which the non-compete clause applied after expiry of the function in such month.

The non-competition obligation after the function ends does not apply if, before the end of the term of the non-compete ban, the Manager undertakes to perform a function in a company mentioned in Article 1 Section 3 Item 7 of the Act of 9 June 2016 *on the Rules for Setting the Compensation of Persons Managing Certain Companies*, or in the Company's subsidiary in the Group within the meaning of Article 4 Item 14 of the Act of 16 February 2007 *on Competition and Consumer Protection*, or undertakes to work or provide services to such company pursuant to an employment contract, mandate contract, work product contract or otherwise. In such a case, the entitlement to compensation expires on the day the Manager takes up the function, undertakes to work or provide services for the benefit of such company.

If the non-compete clause is breached after expiry of the function during its term (subject to a reservation that the taking up of a function as referred to above is not considered a breach of the non-compete clause, provided that the Company is informed thereof in advance), the ban ceases to apply and the Company may demand the Manager to pay a contractual penalty in the amount of 100% of the total amount of compensation within 14 days of receipt of the Company's demand to the bank account specified by the Company. The payment of contractual penalty shall not preclude the Company's right to pursue damages in excess of the contractual penalty on general terms.

#### **Termination / Severance Pay:**

Each of the Parties has the right to terminate the contract with immediate effect in the event of material breach of the provisions of the contract by the other Party, in particular when:

- The Manager committed a crime, as stated in a legally valid and final court decision, preventing him from complying with the duties following from the contract.



- By a documented deliberate action or omission or negligence of his duties, the Manager exposes the Company to losses.
- The Manager has breached the obligations provided for in the contract,
- The Company, without a justified reason, is overdue with the payment of compensation due for a period longer than 2 months.

Each of the Parties has the right to terminate the contract for other reasons than the ones specified above with a 3-month notice period, subject to the provisions of the contract. The Parties' declarations of intent regarding termination of the contract will be null and void unless submitted in writing.

In the event of termination of the contract, the Manager is required to transfer his or her duties to an authorized person or persons, including by appearing in person at the Company's request, providing the requested explanations, providing reliable information, documents and items related to the performance of the contract, in accordance with the manner and procedures adopted by the Company.

If the function discharged by the Manager in the Management Board changes during the term of office or organizational changes resulting in a change in the compensation set for the Manager, the Parties undertake to sign an annex to adjust the content of the contract to the Manager's new function unless they agree otherwise.

Termination of the contract does not result in invalidity of the provisions governing the mutual rights and obligations of the Parties also such termination.

If the contract is dissolved or terminated by the Company for reasons other than a breach of the fundamental contractual obligations by the Manager, the Manager is eligible to a severance pay in the amount of 3 times the Fixed Compensation, provided that the Manager has discharged the function for at least 12 months before the contract is terminated.

The severance pay mentioned above will not vest in the following circumstances:

- Contract termination, dissolution or amendment as a result of change of the function discharged by the Manager in the Management Board.
- Contract termination, dissolution or amendment as a result of appointing the Manager for another term of office of the Management Board.
- Assumption of the function of a Management Board Member in a member of the Group within the meaning of Article 4(14) of the Act of 16 February 2007 on Competition and Consumer Protection or commencement of work or provision of services to such a company under an employment contract, mandate contract, work product contract or otherwise.
- Resignation of the Management Board Member from his/her function.

If the Manager, within one year of expiration of his or her mandate, gets involved in any gainful activities within the framework of any legal relationship in the Company or any other member of the Group, then he or she will be required to return the obtained severance pay within 7 days from the date of undertaking the gainful activities.

#### **Duties of the Company:**

- Providing the Management Board Member, at the Company's expense, with technical equipment and resources such as:
  - office space with equipment,
  - mobile personal computer with wireless Internet access and other necessary equipment,
  - means of communication, including mobile phones,
  - car to be used by the Manager for private purposes on the rules set separately by the Supervisory Board, however if the Manager uses a dwelling on the rules following from the contract, then if, on the days when services are performed in the Company's seat, the Manager drives to the place of residence and back in a vehicle provided by the Company, then the Manager will be charged a fee of PLN 400.00 per ride (to the place of residence or back),
  - a dwelling, provided that the Manager has a place of residence that is more than 100 km away from the Company (in such case the Company will cover the costs associated with the use of the dwelling up to PLN 2,500.00 per calendar month net, i.e. without the VAT,

On 20 March 2023, the Supervisory Board adopted resolutions on signing annexes to management contracts with Management Board Members of the 11th term of office. The annexes provide for an increase in the Company's coverage of the costs related to the use of the said dwelling up to PLN 3,000 net per calendar month.

- Covering costs connected with the provision of the Services outside the Company's head office necessary to perform the Agreement properly, in particular such as travel and accommodation costs at a standard appropriate for the performed Function.

- Reimbursing expenses incurred by the Manager and necessary for the proper provision of the Services at a standard appropriate for the performed Function, after the expenses are supplied with proper evidence, justification for incurring them and showing that they were connected with and necessary for the proper performance of the Services.
- To incur, with consent from the Company's Supervisory Board, costs other than those related to the Manager's provision of the services with the scope set forth in the contract.
- Covering or reimbursing costs of the Manager's individual training associated with the subject matter of the contract and the Manager's contractual obligations up to PLN 20,000.00 per calendar year of the term of the contract, provided that an amount not used in a calendar year may be used in any subsequent year(s) (in addition to the limit available under this paragraph for such year(s)) during the term of the contract if the Supervisory Board agrees to cover or reimburse for the cost of such training.

During the term of the contract, the Manager may use other benefits, in particular those provided by the Company for the Company's management staff in the Company's pertinent internal regulations or resolutions of the Company's corporate bodies, provided that the Supervisory Board, by way of a resolution, establishes the rules for granting or using such benefits by the Manager.

Additionally, the Supervisory Board Resolution granted each Management Board Member the right to be insured against liability for the function discharged (D&O insurance) in the same way as the Company provides insurance to the management staff for discharging management functions in the Company.

#### Management Objectives for 2022:

By Resolution No. 30 of 3 July 2019 in the matter of the rules for setting compensation of Management Board Members, the Shareholder Meeting set the Management Objectives, which forms the basis for calculating variable compensation of JSW Management Board Members. They included in particular:

- Achievement of the Group's EBITDA as set out in the Technical and Economic Plan for the financial year.
- Execution of the investment projects arising from the Group's Strategy.
- Achievement of the level of coking coal production and completion of corridor works in accordance with the Technical and Economic Plan adopted for the financial year.
- Increase in productivity per underground worker in the Company vs. the level set in the Technical and Economic Plan adopted for the financial year.
- Achievement of the Mining Cash Cost level that is lower than the one specified in the Technical and Economic Plan for the financial year.

The objectives for 2022 were approved as specified in the list above and an additional objective was added that evaluated cooperation between the JSW Management Board and the JSW Supervisory Board, including presentation of the Group's and JSW's Technical and Economic Plans by the specified dates.

Pursuant to Resolution No. 578/X/22 of the JSW Supervisory Board of 16 March 2022 on determining the supplementary compensation and Management Objectives for Management Board Members for 2022, the JSW Supervisory Board resolved, referring to Article 4(7) of the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Certain Companies in performance of the provisions contained in Resolution No. 30 of the JSW Ordinary Shareholder Meeting of 3 July 2019 on the rules for setting the compensation of Management Board members and in §1(5) of Resolution No. 153/X/19 of the Supervisory Board of 12 August 2019 on the compensation of Management Board Members, that the variable compensation of the Manager as referred to in §3(1) of Resolution No. 30 adopted by the JSW Ordinary Shareholder Meeting of 3 July 2019 on the rules for setting the compensation of Management Board Members, is set for 2022, for each Manager, in an amount not greater than PLN 480,000.00 per financial year (i.e. no more than PLN 40,000.00 per month of the respective financial year).

In § 2 of Resolution No. 578/X/22 of 16 March 2022, a list of Management Objectives for 2022 was also defined, determining the conditions for receiving variable compensation for 2022 by the Manager. In turn, in § 2 of the Resolution, detailed Management Objectives for 2022 were set, along with their weightings and the criteria for their achievement and settlement.

#### TABLE 8: Detailed Management Objectives for 2022

**REPORT ON COMPENSATIONS OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS  
OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**



MANAGEMENT OBJECTIVES ON THE BASIS OF WHICH VARIABLE COMPENSATION IS CALCULATED	UNIT	WEIGHT OF THE MEASURE (%)	SCOPE OF CALCULATION OF VARIABLE COMPENSATION**	OBJECTIVE	FULFILLMENT
<b>GROUP EBITDA</b>					
<i>EBITDA of the JSW Group, calculated as the sum of operating profit and depreciation and amortization calculated in accordance with the manner of presentation in the Group's financial statements prepared in accordance with IFRS/IAS</i>	PLN 000s	30%	95% - 103%	3,863,218	10,564,113
<b>COAL PRODUCTION LEVEL</b>					
<i>Coking coal production</i>	tons	20%	95% - 103%	12,162,626	10,985,547
<b>CORRIDOR WORKS</b>					
<i>Quantity of corridor works (the measure does not include works related to conversions and extractions)</i>	meters	15%	95% - 103%	79,288	74,520
<b>JSW'S MINING CASH COST (UNIT)</b>					
<i>The Unit mining cash cost calculated as the ratio of JSW's operating costs less amortization and depreciation and costs unrelated to coal production (selling and distribution expenses, costs of capitalizing mine workings and reinforcing longwalls, cost of goods and materials sold, other costs of the period not related to coal production), to net coal extraction</i>	PLN/t	10%	98% – no more than 100%	454.36	543.81
<b>UNDERGROUND PRODUCTIVITY</b>					
<i>productivity per 1 underground worker calculated as the ratio of net coal extraction to average employment of underground workers of: KWK, JSW SIG and third-party companies</i>	tons/ person	10%	100% - 102%	656.6	664.7
<b>CAPITAL EXPENDITURES</b>					
<i>Selected investment projects included in the Methane Emissions Reduction Program – Construction of two cogeneration installations in KWK Budryk* (2x4MW + 2MW Stage II cogeneration system, 2x4MW cogeneration system). Implementation of the material and financial scope in 2022. Achievement of the objective confirmed by obtaining the final decision permitting the operation of the cogeneration system.</i>	PLN 000s	5%	0 / 1	16,224	14,990
<b>CAPITAL EXPENDITURES</b>					
<i>Selected investment projects included in the Energy Efficiency Program* (Delivery and commissioning of a follow-up, automatic reactive power compensation system in the Borynia Section and construction of a comprehensive reactive power compensation system in KWK Pniówek). Implementation of the material and financial scope in 2022. The achievement of the objective is confirmed by the commissioning acceptance report of the Head of Mine Operations.</i>	PLN 000s	5%	0 / 1	11,478	11,141
<b>COOPERATION OF THE JSW MANAGEMENT BOARD WITH THE SUPERVISORY BOARD</b>					
<i>Performance of the JSW Management Board's information duties to the JSW Supervisory Board and implementation of its recommendations in the period covered by Management Objectives, including presentation to the JSW Supervisory Board, by 31 December 2022, the Technical and Economic Plan adopted by the JSW Management Board for 2023 and the Technical and Economic Plan of the JSW Group for 2023</i>	-	5%	0 / 1	-	YES

\* In the event of a significant change in the material and financial scope for this Objective, the JSW Management Board is required to inform the JSW Supervisory Board of the reasons for such change.

\* If the performance is greater than the maximum % specified in the column, the bonus will not be increased any more. It may be paid out up to the amount of the budget of the bonus allocated to that Objective.

**In the case of Management Objectives concerning:**

- Coking coal production level;
- Corridor works;
- Unit Mining Cash Cost;

these measures have not been fulfilled to the extent that was required for Management Board Members to receive variable compensation, namely:



- According to the Plan, **coking coal production** was to reach 12,162,626 tons in 2022. The actual production was 10,985,547 tons. The plan was fulfilled in 90.32% and consequently a bonus on this account cannot be considered. According to the curve adopted for this Objective, a bonus may be awarded if the plan is fulfilled in 95% at the least.
- According to the Plan, **corridor works** were set at 79,288 running meters for 2022. The fulfillment was 74,520 meters. The plan was fulfilled in 93.99% and consequently a bonus on this account cannot be considered. According to the curve adopted for this objective, a bonus could be awarded if the Plan was fulfilled in at least 95%.
- According to the Plan, **(unit) Mining Cash Cost** was to be 454.36 PLN/ton in 2022. The fulfillment was 543.81 PLN/ton. The plan was exceeded by 19.69% and consequently a bonus on this account cannot be considered. According to the curve adopted for this objective, a bonus could be awarded if the measure was below the Plan or at 100% of the Plan at most.

**With respect to other Objectives:**

- According to the Plan, the **Group's EBITDA** in 2022 was expected to reach PLN 3,863,218 thousand. The actual figure was PLN 10,564,113 thousand. The plan was fulfilled in 273.45% and consequently a bonus on this account was subject to consideration. According to the curve adopted for this objective, a bonus could be awarded if the measure was fulfilled in at least 95%.
- According to the Plan, in 2022 **underground productivity** was to be 656.6 tons/person. The fulfillment was 664.7 tons/person. The plan was fulfilled in 101.23% and consequently a bonus on this account was subject to consideration. According to the curve adopted for this objective, a bonus is awarded if the measure was fulfilled in at least 100%.
- Capital expenditures:** one of the management objectives called for the implementation of the material and financial scope of investment projects included in the Methane Emissions Reduction Program and selected investment projects included in the Energy Efficiency Program in JSW Mines; these objectives were attained, which meant that the bonus on this account was subject to consideration. According to the curve adopted for this objective, a bonus could be awarded if the measure was fulfilled in at least 100%.
- Regarding the evaluation of the measure of **cooperation of the JSW Management Board with the Supervisory Board in 2022**, the JSW Supervisory Board will make a decision in this matter within the usual time limit.

In § 2 of Resolution No. 578/X/22 of 16 March 2022, a list of Management Objectives for 2022 was also defined, determining the conditions for receiving variable compensation for 2022 by the Manager.

**TABLE 9: Management Objectives on which variable compensation for 2022 was contingent**

Item	MANAGEMENT OBJECTIVE	MANAGEMENT BOARD MEMBER OBLIGATED TO FULFILL THE MANAGEMENT OBJECTIVE	DEADLINE FOR FULFILLING THE MANAGEMENT OBJECTIVE	FULFILLMENT CRITERION FOR THE MANAGEMENT OBJECTIVE
1	Development and application of the rules for compensating members of management and supervisory bodies in subsidiaries, in compliance with the rules set forth in the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Certain Companies in the case of companies, for which the obligation to implement these compensation rules will arise in 2022	Management Board – each Management Board Member	31 December 2022	Adoption by the authorized bodies of a JSW subsidiary in the Group, within the meaning of the Competition and Consumer Protection Act of 16 February 2007, of the relevant resolutions required by the Act of 9 June 2016 on the Rules for Setting the Compensation of Persons Managing Certain Companies, documented by the Management Board report with attached copies of the resolutions mentioned above, along with the representation of the JSW Management Board on the continuous application of the implemented rules of compensation in the subsidiary
2	Fulfillment of the obligations referred to in Articles 17-20, Article 22 and Article 23, taking into account Article 18a and Article 23a of the Act of 16 December 2016 on the Rules for Managing State Property	Management Board – each Management Board Member	31 December 2022	Adoption by the Shareholder Meeting of each company, for which JSW is the parent undertaking within the meaning of Article 4 sec. 3 of the Competition and Consumer Protection Act of 16 February 2007, of the relevant resolutions required by Articles 17-20, Article 22 and Article 23, taking into account Article 18a and Article 23a of the Act of 16 December 2016 on the Rules for Managing State Property, documented by the Management Board report with attached copies of the resolutions mentioned above, and in the case of resolutions pertaining to an amendment to the company's articles of association – additionally a decision of the relevant court of registration or information from the National Court Register as at 31 December 2022 demonstrating the fact of registering the amendments to the articles of association of the subsidiary in the National Court Register and the

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Management Board's representation on the continuous application of the above obligations in the subsidiary after they were implemented.

These objectives have been fulfilled.

**TABLE 10: Compensation of JSW Management Board Members [data in PLN]**

Specification***	Period in office in 2022	Year	Fixed Compensation	Annual Variable Compensation*	Other items **	Total compensation (2+3+4)	Ratio: Fixed Compensation / Variable Compensation / Other items
0		1	2	3	4	5	6
<b>Tomasz Cudny</b> President of the Management Board	01.01.2022 -31.12.2022	2022	720,000.00	382,205.30	-	1,102,205.30	65.32%/34.68%/0.00%
<b>Sebastian Bartos</b> Vice-President for Sales	01.01.2022 -31.12.2022	2022	600,000.00	318,504.42	-	918,504.42	65.32%/34.68%/0.00%
<b>Robert Ostrowski</b> Vice-President for Financial Matters	01.01.2022 -31.12.2022	2022	600,000.00	318,504.42	27,763.92	946,268.34	63.41%/33.66%/2.93%
<b>Edward Paździorko</b> Vice-President for Technical and Operational Matters	01.01.2022 -31.12.2022	2022	600,000.00	318,504.42	-	918,504.42	65.32%/34.68%/0.00%
<b>Artur Wojtków</b> Vice-President for Employment and Social Policy	01.01.2022 -31.12.2022	2022	600,000.00	318,504.42	-	918,504.42	65.32%/34.68%/0.00%
<b>Wojciech Kałuża</b> Vice-President for Development	15.12.2022 -31.12.2022	2022	28,333.33	-	-	28,333.33	100.00%/0.00%/0.00%
<b>TOTAL</b>			<b>3,148,333.33</b>	<b>1,656,222.98</b>	<b>27,763.92</b>	<b>4,832,320.23</b>	

\* Variable compensation for 2022 includes the estimated values adopted by the JSW Supervisory Board on 29 March 2023 with Resolution No. 118/XI/23.

\*\* This item includes: coverage (reimbursement) of costs incurred in connection with the use of the residential apartment (par. 4 sec. 1 item 5 of the management contract).

\*\*\* The periods of holding the function of Management Board Members include periods of secondment of a Supervisory Board Member to the Management Board in connection with the vacancy in the respective position, if any.

**Variable compensation for 2021** (included in the costs of 2021) in the total amount of PLN 1,111,100.00 estimated by the Supervisory Board by Resolution No. 596/X/22 of 14 April 2022:

- for Mr. Tomasz Cudny: PLN 129,900.00,
- for Mr. Sebastian Bartos: PLN 132,700.00,
- for Mr. Robert Ostrowski: PLN 129,200.00,
- for Mr. Edward Paździorko: PLN 104,800.00,
- for Mr. Artur Wojtków: PLN 314,300.00,
- for Mr. Tomasz Duda: PLN 165,000.00,
- for Ms. Barbara Piontek: PLN 135,200.00,

has not been paid by the date of this report.

Moreover, in 2022, based on the submitted bills, the following **variable compensation for 2020** was paid:

- on 10 January 2022: for Mr. Radosław Ząłoziński, awarded by a Supervisory Board Resolution No. 536/X/21 of 1 December 2021 in the amount of PLN 30,000.00,
- on 8 February 2022: for Mr. Artur Dyczko, awarded by a Supervisory Board Resolution No. 534/X/21 of 1 December 2021 in the amount of PLN 30,000.00.

## SUPERVISORY BOARD

The rules governing the determination of compensation of the Supervisory Board Members have been adopted by way of resolutions of the JSW Shareholder Meeting, in compliance with the regulations laid down in the Act of 9 June 2016 *on the Rules for Setting the Compensation of Persons Managing Certain Companies*

The monthly compensation of Supervisory Board Members is set as the product of the base amount referred to in Article 1 Section 3 Item 11 of the Act *on the Rules for Setting the Compensation of Persons Managing Certain Companies* of 9 June 2016 and the following multiplier:

- for the Supervisory Board Chairperson – 1.7;
- for other Supervisory Board Members – 1.5.

In 2022, Supervisory Board Members were entitled to receive compensation regardless of the number of meetings convened. Supervisory Board Members were not entitled to any compensation for the month in which they did not attend any of the correctly convened meetings and their absence was not excused. The Supervisory Board decided by way of a resolution whether the absence of a Supervisory Board Member at a meeting was justified or not.

Supervisory Board Members were entitled to reimbursement of expenses incurred in connection with the participation in the works of the Supervisory Board.

**TABLE 11: Compensation of JSW Supervisory Board Members [data in PLN]**

Item	Period in office in 2022	Year	Fixed Compensation	Retirement and disability plans*	Total compensation (2+3)	Ratio: Fixed Compensation / Retirement and disability plans
0	1	2	3	4	5	
<b>Halina Buk</b> Supervisory Board Chairwoman	01.01.2022 -01.07.2022 20.07.2022 -31.12.2022	2022	89,325.85	-	89,325.85	100.00%/0.00%
Supervisory Board Member	01.07.2022- 20.07.2022					
<b>Robert Kudelski</b> Supervisory Board Secretary	01.01.2022 -01.07.2022 20.07.2022 -31.12.2022	2022	79,268.04	2,774.40	82,042.44	96.62%/3.38%
Member	01.07.2022 -20.07.2022					
<b>Alojzy Nowak</b> Supervisory Board Member	01.01.2022 -31.12.2022	2022	79,268.04	-	79,268.04	100.00%/0.00%
<b>Stanisław Prusek</b> Supervisory Board Member	01.01.2022 -31.12.2022	2022	79,268.04	-	79,268.04	100.00%/0.00%
<b>Izabela Jonek-Kowalska</b> Supervisory Board Member	01.01.2022 -01.07.2022	2022	39,847.11	-	39,847.11	100.00%/0.00%
<b>Jolanta Górską</b> Supervisory Board Member	01.01.2022 -31.12.2022	2022	79,268.04	-	79,268.04	100.00%/0.00%
<b>Arkadiusz Wypych</b> Supervisory Board Member	01.01.2022 -31.12.2022	2022	79,268.04	2,774.40	82,042.44	96.62%/3.38%
<b>Paweł Bieszczad</b> Supervisory Board Member	01.01.2022 -01.07.2022	2022	39,847.11	1,394.66	41,241.77	96.62%/3.38%

Item	Period in office in 2022	Year	Fixed Compensation	Retirement and disability plans*	Total compensation (2+3)	Ratio: Fixed Compensation / Retirement and disability plans
0		1	2	3	4	5
<b>Tadeusz Kubiczek</b> Supervisory Board Member	01.01.2022 -01.07.2022	2022	39,847.11	1,394.66	41,241.77	96.62%/3.38%
<b>Michał Rospędek</b> Vice-Chairman	20.07.2022 -31.12.2022	2022	79,268.04	-	79,268.04	100.00%/0.00%
Supervisory Board Member	01.01.2022 -20.07.2022					
<b>Paweł Nieradzik</b> Supervisory Board Member	01.07.2022 -31.12.2022	2022	39,634.02	1,387.20	41,021.22	96.62%/3.38%
<b>Robert Łazarczyk</b> Supervisory Board Member	01.07.2022 -31.12.2022	2022	39,634.02	1,387.20	41,021.22	96.62%/3.38%
<b>TOTAL</b>			<b>763,743.46</b>	<b>11,112.52</b>	<b>774,855.98</b>	

#### \* Retirement and disability plans

By virtue of the discharge of the functions entrusted to them, Management Board Members and Supervisory Board Members are not entitled to participate in any retirement and disability or early retirement plans, except for Supervisory Board Members appointed by employees who are entitled having their contribution resulting from the employment relationship with the Company transferred to the Employee Pension Plan.

## 2.2. PRESENTATION OF PROPORTIONS BETWEEN COMPENSATION COMPONENTS (FIXED AND VARIABLE)

The proportions between Fixed and Variable Compensation of Management Board Members depend on the fixed compensation amount and the maximum variable compensation amount set by the Supervisory Board, taking into account the limitations arising from the wording of the Policy.

## 2.3. EXPLANATION OF THE RELATIONSHIP BETWEEN COMPENSATION AWARDED OR DUE AND PERFORMANCE

Total compensation is consistent with the accepted Policy and serves the purpose of achieving the Company's assumed business results.

The established KPI-based Management Objectives (including statutory ones) and the tasks assigned to Management Board Members serve the purpose of *pursuing the Company's business strategy, including environmental strategy, and its long-term interests (including the execution of long-term investment projects, including those related to the methane reduction program) and ensure stability of the Company.*

The established objective and measurable criteria for the accomplishment and settlement of the Management Objectives provide Management Board Members with incentives to accomplish them.

Details are presented in Section 2.1. and Section 5.2. of this Report.

## 2.4. COMPENSATION AMOUNTS FROM GROUP COMPANIES

A Management Board Member may not receive any compensation for serving as a member of any corporate body of the Company's subsidiary within the Group within the meaning of Article 4(14) of the Competition and Consumer Protection Act of 16 February 2007.

Members of the Supervisory Board of the 10th term of office elected by employees, i.e.: Robert Kudelski, Tadeusz Kubiczek, Paweł Bieszczad, Arkadiusz Wypych, and Members of the Supervisory Board of the 11th term elected by employees, i.e. Robert Kudelski, Robert Łazarczyk, Paweł Nieradzik, Arkadiusz Wypych, also receive compensation under their employment contracts on account of being employed in JSW. Moreover, in 2022, Mr. Paweł Nieradzik, Supervisory Board Member of the 11th term of office elected by employees, also received compensation under a mandate contract entered into with one of the Group companies, namely Jastrzębskie Zakłady Remontowe Sp. z o.o.



## **2.5. MONETARY OR NON-MONETARY PERFORMANCES AWARDED TO CLOSEST RELATIVES OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS**

In the period covered by this report, no monetary or non-monetary benefits related to the function/position held in JSW's governing bodies were granted to the close relatives of the any JSW Management Board Members or JSW Supervisory Board Members.

### 3. SHARE-BASED PAYMENTS

The management contracts in effect in 2022 executed with Members of the Management Board of the 10th and 11th terms of office or the Articles of Association contained no provisions regarding the possibility of awarding financial instruments, including shares, to Management Board Members or Supervisory Board Members.

### 4. EXERCISE OF THE RIGHT TO FILE A COMPLAINT

The management contracts signed with the Members of the Management Board of the 10th and 11th terms of office that were in effect in 2022 contained the following regulations concerning refunds of variable compensation components:

- The Company is entitled to put forward a claim for a refund of the Variable Compensation paid if, after payment of such compensation it becomes apparent that the Variable Compensation was granted to the Manager on the basis of data that subsequently turned out to be untrue.

In 2022, there were no circumstances giving rise to the need to use the option of requesting a refund reimbursement of variable compensation components.

### 5. INFORMATION ON CONSISTENCY OF COMPENSATION WITH THE COMPENSATION POLICY AND APPLICATION OF PERFORMANCE CRITERIA

#### 5.1. EXPLANATION HOW TOTAL COMPENSATION IS COMPLIANT WITH THE COMPENSATION POLICY AND HOW IT CONTRIBUTES TO THE ACHIEVEMENT OF THE COMPANY'S LONG-TERM PERFORMANCE

Total compensation is consistent with the accepted Policy and serves the purpose of achieving the Company's assumed business results. The established KPI-based Management Objectives (including statutory ones) and the tasks assigned to Management Board Members serve the purpose of achieving the Company's business strategy and its long-term interests (including the execution of long-term investment project) and ensure stability of the Company. The established objective and measurable criteria for the accomplishment and settlement of the Management Objectives provide Management Board Members with incentives to accomplish them.

When setting detailed Management Objectives, the Supervisory Board each time adopts clear, comprehensive and diversified criteria for the adoption of weights for each of the Management Objectives in the variable compensation as well as objective and measurable criteria for their accomplishment and settlement, both in relation of the Company's financial and non-financial performance.

When establishing the detailed Management Objectives for the respective financial year, the Supervisory Board, taking into consideration the Company's line of business, each time and to the greatest possible extent takes into account the public interest, the Company's contribution to environmental protection and the taking of actions aimed at preventing and counteracting the adverse social effects of the Company's business.

The applied performance criteria, i.e.:

- EBITDA of the JSW Group,
- coking coal production volume,
- quantity of corridor works,
- underground productivity,
- unit mining cash cost,
- strategic investment projects (capital expenditures),

are the key measures which, if performed at the assumed level, support the development of the Company in the medium term and contribute to the execution of projects optimizing JSW's and the Group's operating areas and build financial stability of the entire JSW Group.

The investment projects included in the Charter of Management Objectives for JSW Management Board Members for 2022 are an element of the Environmental Strategy adopted by the Group, the primary objectives of which are as follows:

- reducing the Group's carbon footprint by 30% by 2030 versus 2018,
- reducing the environmental impact – striving to achieve climate neutrality by 2050.

The investment projects involving the construction of cogeneration systems in KWK Budryk are part of the Methane Emissions Reduction Program ("MERP"). Because methane, as an accompanying mineral in the coal mining process, accounts for 74% of the Group's carbon footprint, the

MERP takes into consideration the program to use methane commercially that has been pursued to-date and the new efforts needed to achieve the intended level of methane capture of approximately 50% and its commercial utilization of up to 95%.

Investment projects involving the construction of a reactive power compensation system in the Borynia Section and the construction of a comprehensive reactive power compensation system in KWK Pniówek are part of the activities aimed at the continued optimization of electricity consumption and improvement of energy efficiency.

Both these projects are included in the "Air protection and emissions reduction" area aimed at:

- Reducing greenhouse gas emissions in accordance with the Paris Agreement.
- Bringing facilities into compliance with environmental emission requirements of best available techniques (BAT).
- Continuing optimization of energy consumption and utilization across the Group's operations.
- Effectively implementing the investment projects planned in the Group, covering the main sources of emissions until 2030 and continuing to develop innovative emission reduction technologies for further neutralization by 2050.
- Diversifying the Group's operations based on low emission and taxonomic products and services.

## 5.2. INFORMATION ON HOW THE PERFORMANCE CRITERIA HAVE BEEN APPLIED

On 16 March 2022, the Supervisory Board adopted Resolution No. 578/X/22, in which it set the supplementary compensation and the Management Objectives of Management Board Members for 2022.

Details of the arrangements regarding supplementary compensation (variable compensation) and the Management Objectives are presented in Section 2.1, followed by their actual performance on the next page.

TABLE 12: Evaluation criteria – 2022

Criteria	Weight of the criterion	Evaluation of satisfaction of the criteria				
		Tomasz Cudny	Robert Ostrowski	Sebastian Bartos	Edward Paździorko	Artur Wojtków
Development and application of the rules for compensating members of management and supervisory bodies in subsidiaries, in compliance with the rules set forth in the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Certain Companies in the case of companies, for which the obligation to implement these compensation rules will arise in 2022	Objective, which must be met to receive variable compensation	Done	Done	Done	Done	Done
Fulfillment of the obligations referred to in Articles 17-20, Article 22 and Article 23, taking into account Article 18a and Article 23a of the Act of 16 December 2016 on the Rules for Managing State Property	Objective, which must be met to receive variable compensation	Done	Done	Done	Done	Done
<b>CRITERION 1</b>						
EBITDA of the JSW Group, calculated as the sum of operating profit and depreciation and amortization calculated in accordance with the manner of presentation in the Group's financial statements prepared in accordance with IFRS/IAS	30%	a) 273.45% b) PLN 216,000.00	a) 273.45% b) PLN 180,000.00	a) 273.45% b) PLN 180,000.00	a) 273.45% b) PLN 180,000.00	a) 273.45% b) PLN 180,000.00
<b>CRITERION 2</b>						
Coal production level – production of coking coal	20%	a) 90.32% b) PLN 0.00	a) 90.32% b) PLN 0.00	a) 90.32% b) PLN 0.00	a) 90.32% b) PLN 0.00	a) 90.32% b) PLN 0.00
<b>CRITERION 3</b>						
Corridor works – quantity of corridor works (the measure does not include works related to conversions and extractions)	15%	a) 93.99% b) PLN 0.00	a) 93.99% b) PLN 0.00	a) 93.99% b) PLN 0.00	a) 93.99% b) PLN 0.00	a) 93.99% b) PLN 0.00
<b>CRITERION 4</b>						
JSW's Mining Cash Cost (unit) – unit cash cost of coal mining calculated as the ratio of JSW's operating costs less amortization and depreciation and costs unrelated to coal production (selling and distribution expenses, costs of capitalizing mine workings and reinforcing longwalls, cost of goods and materials sold, other costs of the period not related to coal production), to net coal extraction	10%	a) 119.69% b) PLN 0.00	a) 119.69% b) PLN 0.00	a) 119.69% b) PLN 0.00	a) 119.69% b) PLN 0.00	a) 119.69% b) PLN 0.00
<b>CRITERION 5</b>						
Underground productivity – productivity per 1 underground worker calculated as the ratio of net coal extraction to average employment of underground workers of: KWK, JSW SIG and third-party companies	10%	a) 101.23% b) PLN 58,205.30	a) 101.23% b) PLN 48,504.42	a) 101.23% b) PLN 48,504.42	a) 101.23% b) PLN 48,504.42	a) 101.23% b) PLN 48,504.42



Criteria	Weight of the criterion	Evaluation of satisfaction of the criteria				
		Tomasz Cudny	Robert Ostrowski	Sebastian Bartos	Edward Paździorko	Artur Wojtków
CRITERION 6						
Capital expenditures – Selected investment projects included in the Methane Emissions Reduction Program – Construction of two cogeneration installations in KWK Budryk* (2x4MW + 2MW Stage II cogeneration system, 2x4MW cogeneration system). Implementation of the material and financial scope in 2022. Achievement of the objective confirmed by obtaining the final decision permitting the operation of the cogeneration system.	5%	a) 100.00% b) PLN 36,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00
CRITERION 7						
Capital expenditures – Selected investment projects included in the Energy Efficiency Program* (Delivery and commissioning of a follow-up, automatic reactive power compensation system in the Borynia Section and construction of a comprehensive reactive power compensation system in KWK Pniówek). Implementation of the material and financial scope in 2022. The achievement of the objective is confirmed by the commissioning acceptance report of the Head of Mine Operations.	5%	a) 100.00% b) PLN 36,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00
CRITERION 8						
Cooperation of the JSW Management Board with the JSW Supervisory Board – performance of the JSW Management Board's information duties to the JSW Supervisory Board and implementation of its recommendations in the period covered by Management Objectives, including presentation to the JSW Supervisory Board, by 31 December 2022, the Technical and Economic Plan adopted by the JSW Management Board for 2023 and the Technical and Economic Plan of the JSW Group for 2023	5%	a) 100.00% b) PLN 36,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00	a) 100.00% b) PLN 30,000.00
TOTAL ESTIMATED VARIABLE COMPENSATION		382,205.30	318,504.42	318,504.42	318,504.42	318,504.42

(a) performance measured for the year compared to the performance criterion,

(b) estimated amount of variable compensation of JSW Management Board Members for 2022 stated on the basis of the materials, which formed the basis for the JSW Supervisory Board Resolution No. 118/XI/23 of 29 March 2023. Variable compensation will be due upon satisfaction of the prerequisites specified in the management contracts concluded by the above Management Board Members, including in particular upon adoption of a resolution by the Supervisory Board on the performance of Management Objectives and determination of the variable compensation amount.

\* In the event of a significant change in the material and financial scope for this Objective, the JSW Management Board is required to inform the JSW Supervisory Board of the reasons for such change.

Mr. Wojciech Kaluża, Vice-President of the Management Board for Development, who served in this capacity from 15 December 2022 to 31 December 2022, is not entitled to variable compensation due to failure to fulfill the condition of providing services for at least 3 months in the respective financial year.

## 6. COMPARATIVE INFORMATION ON CHANGES IN COMPENSATION AND IN THE COMPANY'S PERFORMANCE

**TABLE 13: Annual change in compensation and performance [data in PLN]**

(% change calculated only if employed for the entire year in both years being compared)

Annual change	2017	2018 /2017 %	2018	2019 /2018 %	2019	2020 /2019 %	2020	2021 /2020 %	2021 <sup>(2)</sup>	2022 /2021 %	2022 <sup>(3)</sup>
<b>Compensation of JSW Management Board Members <sup>(1)</sup></b>											
<b>Włodzimierz Hereźniak</b> President of the Management Board 01.08.2019-18.01.2021	-	-	-	-	445,584.00	-	756,000.00	-	270,000.00	-	-
Vice-President of the Management Board for Sales 05.05.2021-09.07.2021											
<b>Artur Dyczko</b> Vice-President for Strategy and Development 09.08.2017-10.01.2019 04.07.2019-20.01.2020	238,333.33	-	902,372.71	-	615,387.75	-	653,494.08	-	456,010.13	-	-
Vice-President for Technical and Operational Matters 20.01.2020- 29.03.2021											
<b>Radosław Złodziński</b> Vice-President for Financial Matters 04.07.2019-29.03.2021	-	-	-	-	440,633.06	-	630,000.00	-	448,333.33	-	-
<b>Artur Wojtków</b> Vice-President for Employment and Social Policy 01.01.2014-31.12.2022	600,000.00	150.4%	902,372.71	99.0%	893,643.46	70.5%	630,000.00	145.1%	914,300.00	100.5%	918,504.42
<b>Tomasz Duda</b> Vice-President for Development 13.02.2020-09.07.2021	-	-	-	-	-	-	554,750.00	-	780,000.00	-	-
<b>Barbara Piontek</b> President of the Management Board 01.03.2021-09.07.2021	-	-	-	-	-	-	-	-	393,200.00	-	-
<b>Tomasz Cudny</b> President of the Management Board 28.08.2021-31.12.2022	-	-	-	-	-	-	-	-	377,900.00	-	1,102,205.30
<b>Sebastian Bartos</b> Vice-President for Sales 30.07.2021-31.12.2022	-	-	-	-	-	-	-	-	386,033.34	-	918,504.42
<b>Robert Ostrowski</b> Vice-President for Financial	600,000.00	150.4%	902,372.71	-	100,000.00	-	-	-	384,339.96	-	946,268.34

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Annual change	2017	2018 /2017 %	2018	2019 /2018 %	2019	2020 /2019 %	2020	2021 /2020 %	2021 <sup>(2)</sup>	2022 /2021 %	2022 <sup>(3)</sup>
Matters 23.06.2016-28.02.2019 03.08.2021-31.12.2022											
<b>Edward Paździoro</b> Vice-President for Technical and Operational Matters 01.09.2021-31.12.2022	-	-	-	-	-	-	-	-	305,645.00	-	918,504.42
<b>Wojciech Kaluża</b> Vice-President for Development 15.12.2022-31.12.2022	-	-	-	-	-	-	-	-	-	-	28,333.33
<b>Jarosław Jędrysek</b> Vice-President for Financial Matters 10.05.2021-09.07.2021	-	-	-	-	-	-	-	-	101,666.67	-	-
<b>Rafał Pasieka</b> Vice-President for Sales 04.07.2019-12.02.2020	-	-	-	-	445,341.06	-	220,000.00	-	-	-	-
<b>Tomasz Śledź</b> Vice-President for Technical Matters 06.10.2017-18.12.2019	143,333.33	-	902,372.71	115.1%	1,038,937.86	-	125,000.00	-	-	-	-
<b>Daniel Ozon</b> President of the Management Board 30.11.2017-11.06.2019	62,000.00	-	720,000.00	-	682,000.00	-	-	-	-	-	-
<b>Jolanta Gruszka</b> Vice-President for Sales 01.12.2016-10.01.2019	600,000.00	150.4%	902,372.71	-	316,666.67	-	-	-	-	-	-
<b>Tomasz Gawlik</b> President of the Management Board 04.09.2015-06.03.2017	540,000.00	-	-	-	-	-	-	-	-	-	-
<b>Józef Pawlinów</b> Vice-President for Technical Matters 23.06.2016-03.03.2017	300,000.00	-	-	-	-	-	-	-	-	-	-
<b>Krzysztof Mysiak</b> Vice-President for Sales 23.06.2016-06.10.2016	200,000.00	-	-	-	-	-	-	-	-	-	-
<b>Compensation of JSW Supervisory Board Members</b>											
<b>Halina Buk</b> SB Chairwoman 05.08.2016-01.07.2022 20.07.2022-31.12.2022 Supervisory Board Member	52,845.36	108.6%	57,391.22	133.3%	76,483.76	121.7%	93,114.52	96.5%	89,837.16	99.4%	89,325.85

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Annual change	2017	2018 /2017 %	2018	2019 /2018 %	2019	2020 /2019 %	2020	2021 /2020 %	2021 <sup>(2)</sup>	2022 /2021 %	2022 <sup>(3)</sup>
01.07.2022-20.07.2022											
<b>Robert Kudelski</b> SB Secretary 01.01.2014-01.07.2022 20.07.2022-31.12.2022 Supervisory Board Member 01.07.2022-20.07.2022	52,845.36	100.0%	52,845.36	127.9%	67,605.13	125.8%	85,035.45	96.5%	82,042.44	100.0%	82,042.44
<b>Alojzy Nowak</b> SB Member 01.01.2014-31.12.2022	52,845.36	100.0%	52,845.36	124.7%	65,914.64	124.6%	82,159.84	96.5%	79,268.04	100.0%	79,268.04
<b>Stanisław Prusek</b> SB Member 04.07.2019-31.12.2022	-	-	-	-	38,994.76	-	82,159.84	-	68,613.78	-	79,268.04
<b>Izabela Jonek Kowalska</b> SB Member 10.09.2019-01.07.2022	-	-	-	-	24,440.98	-	82,159.84	96.5%	79,268.04	-	39,847.11
<b>Konrad Balcerski</b> SB Member 22.10.2018-29.10.2020	-	-	10,228.13	-	65,914.64	-	68,522.33	-	-	-	-
<b>Jolanta Górską</b> SB Member 20.03.2019-31.12.2022	-	-	-	-	54,407.99	-	82,159.84	96.5%	79,268.04	100.0%	79,268.04
<b>Arkadiusz Wypych</b> SB Member 18.01.2018-31.12.2022	-	-	50,430.38	-	67,605.13	125.8%	85,035.45	96.5%	82,042.44	100.0%	82,042.44
<b>Paweł Bieszczad</b> SB Member 28.06.2018-01.07.2022	-	-	26,863.06	-	67,605.13	125.8%	85,035.45	96.5%	82,042.44	-	41,241.77
<b>Tadeusz Kubiczek</b> SB Member 28.06.2018-01.07.2022	-	-	26,863.06	-	67,605.13	125.8%	85,035.45	96.5%	82,042.44	-	41,241.77
<b>Robert Tomanek</b> SB Member 04.07.2019-21.01.2020	-	-	-	-	38,994.76	-	5,454.29	-	-	-	-
<b>Michał Rospędek</b> Vice-Chairman 20.07.2022-31.12.2022 Supervisory Board Member 29.10.2020-20.07.2022	-	-	-	-	-	-	13,850.60	-	74,580.18	-	79,268.04
<b>Paweł Nieradzik</b> Supervisory Board Member 01.07.2022-31.12.2022	-	-	-	-	-	-	-	-	-	-	41,021.22
<b>Robert Łazarczyk</b> Supervisory Board Member	-	-	-	-	-	-	-	-	-	-	41,021.22



REPORT ON COMPENSATIONS OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS  
OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Annual change	2017	2018 /2017 %	2018	2019 /2018 %	2019	2020 /2019 %	2020	2021 /2020 %	2021 <sup>(2)</sup>	2022 /2021 %	2022 <sup>(3)</sup>
01.07.2022-31.12.2022											
<b>Adam Pawlicki</b> SB Member 05.08.2016-04.07.2019	52,845.36	100.0%	52,845.36	-	27,132.97	-	-	-	-	-	-
<b>Antoni Malinowski</b> SB Member 01.01.2014-04.07.2019	52,845.36	100.0%	52,845.36	-	27,132.97	-	-	-	-	-	-
<b>Tomasz Lis</b> SB Member 30.12.2016-20.03.2019	52,845.36	100.0%	52,845.36	-	11,506.65	-	-	-	-	-	-
<b>Robert Małek</b> SB Member 17.01.2019-26.02.2019 27.05.2019 04.07.2019-09.08.2019	-	-	-	-	14,246.33	-	-	-	-	-	-
<b>Daniel Ozon</b> SB Chairman 04.08.2016-06.03.2017 07.06.2017 08.09.2017	-	-	-	-	-	-	-	-	-	-	-
<b>Eugeniusz Baron</b> SB Secretary 01.01.2014-28.06.2018	52,845.36	-	26,129.09	-	-	-	-	-	-	-	-
<b>Krzysztof Kwaśniewski</b> SB Deputy Chairman 05.08.2016-22.10.2018	52,845.36	-	42,617.23	-	-	-	-	-	-	-	-
<b>Andrzej Palarczyk</b> SB Member 01.01.2014-28.06.2018	52,845.36	-	26,129.09	-	-	-	-	-	-	-	-
<b>Jan Przywara</b> SB Member 02.06.2015-02.10.2017	39,918.13	-	-	-	-	-	-	-	-	-	-
<b>Compensation of the JSW Supervisory Board Members delegated to perform temporarily the duties of the President and Vice-President of the JSW Management Board</b>											
<b>Stanisław Prusek</b> 09.07.2021-27.08.2021	-	-	-	-	-	-	-	-	96,774.19	-	-
<b>Michał Rospondek</b> 09.07.2021-30.07.2021	-	-	-	-	-	-	-	-	35,483.87	-	-
<b>Daniel Ozon</b> 06.03.2017-06.06.2017 08.06.2017-07.09.2017 09.09.2017-30.11.2017	524,322.58	-	-	-	-	-	-	-	-	-	-
<b>Robert Małek</b> 27.02.2019-26.05.2019 28.05.2019-03.07.2019	-	-	-	-	206,797.23	-	-	-	-	-	-

**REPORT ON COMPENSATIONS OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS  
OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**



Annual change	2017	2018 /2017 %	2018	2019 /2018 %	2019	2020 /2019 %	2020	2021 /2020 %	2021 <sup>(2)</sup>	2022 /2021 %	2022 <sup>(3)</sup>
<b>Financial and operating performance</b>											
<b>Net profit/(loss) of JSW <sup>(4)</sup></b> (PLN 000s)	2,422,100	58.6%	1,418,630	23.3%	330,406	-	(1,541,051)	-	329,843	2,157.3%	7,115,810
<b>Net profit/(loss) of the Group <sup>(4)</sup></b> (PLN 000s)	2,543,354	69.2%	1,760,839	36.9%	649,571	-	(1,537,397)	-	952,610	797.2%	7,593,799
<b>EBITDA OF THE JSW GROUP <sup>(4), (5)</sup></b> (PLN 000s)	3,941,214	76.6%	3,020,115	64.2%	1,939,564	-	(675,659)	-	2,482,483	425.5%	10,564,113
<b>Coking coal production volume</b> (tons)	10,675,759	97.0%	10,351,019	98.6%	10,208,419	108.4%	11,061,749	99.5%	11,005,768	99.8%	10,985,547
<b>Corridor works <sup>(6)</sup></b> (m)	73,262	88.9%	65,160	115.1%	75,019	96.2%	72,154	107.4%	77,487	96.2%	74,520
<b>Mining Cash Cost <sup>(7)</sup></b> (PLN/t)	312.54	126.9%	396.46	107.5%	426.00	95.6%	407.37	109.8%	447.12	121.6%	543.81
<b>Underground productivity <sup>(8)</sup></b> (tons/person)	702.6	98.3%	690.5	94.2%	650.6	97.9%	636.9	97.3%	619.5	107.3	664.7
<b>Average salary of Company employees who are not Members of the Management Board or Supervisory Board</b>											
<b>Average monthly salary <sup>(9)</sup></b> (PLN)	8,520.85	124.6%	10,614.72	101.6%	10,788.40	94.8%	10,232.68	108.1%	11,056.62	125.3%	13,856.85 <sup>(10)</sup>

<sup>(1)</sup> The periods of holding the function of Management Board Members include periods of secondment of a Supervisory Board Member to the Management Board in connection with the vacancy in the respective position, if any.

<sup>(2)</sup> The compensation for 2021 includes the estimated amount of variable compensation of JSW Management Board Members for 2021 stated on the basis of the JSW Supervisory Board Resolution No. 596/X/22 of 14 April 2022. Variable compensation will be due upon satisfaction of the prerequisites specified in the management contracts concluded by the above Management Board Members, including in particular upon adoption of a resolution by the Supervisory Board on the performance of Management Objectives and determination of the variable compensation amount.

<sup>(3)</sup> The compensation for 2022 includes the estimated amount of variable compensation of JSW Management Board Members for 2022 stated on the basis of the JSW Supervisory Board Resolution No. 118/XI/23 of 29 March 2023. Variable compensation will be due upon satisfaction of the prerequisites specified in the management contracts concluded by the above Management Board Members, including in particular upon adoption of a resolution by the Supervisory Board on the performance of Management Objectives and determination of the variable compensation amount.

<sup>(4)</sup> The 2020 data were restated in connection with the change in the rules of presentation applied by the Group as of 1 January 2021; this concerns reclassification of the effective result after a hedged item has been realized, from other comprehensive income to profit or loss.

<sup>(5)</sup> EBITDA of the JSW Group, calculated as the sum of operating profit and depreciation and amortization calculated in accordance with the manner of presentation in the Group's financial statements prepared in accordance with IFRS/IAS.

According to the Guidelines of the European Securities and Markets Authority („ESMA”) on Alternative Performance Measures, EBITDA is an Alternative Performance Measure. EBITDA is a performance measure not defined by International Financial Reporting Standards (“IFRS”) and therefore should not be considered an alternative to IFRS measures. In addition, EBITDA does not have a single and final definition. The methods of calculating this ratio in other companies may be significantly different from the methods used by the Company. Therefore, EBITDA of JSW and EBITDA of the JSW Group may not be comparable to similar ratios presented by other companies. These ratios should be treated as supplementary information extending the presentation of the results and other data of JSW and the Group.

<sup>(6)</sup> Corridor works is defined as the quantity of corridor works (the measure does not include any work related to conversions and extractions and any work performed in the Independent Roof Bolt Support project).

<sup>(7)</sup> (Unit) Mining Cash Cost calculated as the ratio of JSW's operating costs less amortization and depreciation and costs unrelated to coal production (selling and distribution expenses, costs of capitalizing mine workings and longwall reinforcement, cost of goods and materials sold, other costs of the period not related to coal production), to net coal extraction.

<sup>(8)</sup> Underground productivity defined as productivity per 1 underground worker calculated as the ratio of net extraction to average employment of underground workers of: KWK, JSW SIG and third-party companies.

<sup>(9)</sup> Calculated according to the methodology of Statistics Poland.

<sup>(10)</sup> According to the Agreement signed on 5 July 2022 by and between the JSW Management Board and the Representative Trade Union Organizations operating in JSW, a cash bonus was paid to JSW employees in 2022. The average monthly salary in 2022 was PLN 12,357.45, without giving consideration in the salary fund to the above cash bonus (annual change: 111.8%).

## **7. APPROVAL OF THE COMPENSATION REPORT**

*This Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022 has been approved by Resolution No. 138/XI/23 of the JSW Supervisory Board of 27 April 2023.*

*Jastrzębie-Zdrój, 27 April 2023*