

## **Memorandum of Agreement between PKP CARGO S.A. and Trade Unions**

Current report no. 7/2020 of 7 May 2020

*Legal basis (selected in ESPI):*

*Article 17 Section 1 of MAR – confidential information*

The Management Board of PKP CARGO S.A. (“Company”, “PKP CARGO”) hereby reports that on 7 May 2020 the Company signed a framework agreement between PKP CARGO and Trade unions operating in the Company (“Framework Agreement”), (“Parties”).

The Framework Agreement will form the basis for signing separate agreements between Employers (according to the labor law and the Organizational Bylaws of the Company; those are the Head Office of the Company and 7 Company Units) and are representative trade union organizations authorized under Article 15g of the Anti-Crisis Act, in effect in the period from 1 June 2020 to 31 August 2020, i.e. for 3 months.

After the global COVID-19 pandemic broke out, having in mind the protection of jobs and the special situation associated with the epidemic and its effect on the Company’s results, the Parties agreed to reduce the working time of PKP CARGO employees by 10% but no less than 0.5 of the FTE. At the same time, the employees affected by the reduced working time will receive salary reduced pro rata to the reduction of working time, however the salary cannot be lower than the minimum salary set in accordance with the law on minimum wages.

It is the intention of PKP CARGO to sign separate agreements with representative trade union organizations entitled under the Anti-Crisis Act, taking into account the rules included in the Framework Agreement by 15 May 2020 at the latest. Information on the final conclusion of separate agreements with representative trade union organizations entitled under the Anti-Crisis Act will be provided in a separate current report.

The Framework Agreement will come into effect on 1 June 2020 and will be valid for the period of 3 months, i.e. until 31 August 2020.

According to the Company’s estimates, during the term of the agreements with representative trade union organizations entitled under the Anti-Crisis Act signed based on the principles set out in the Framework Agreement, the support received from the Guaranteed Employee Benefit Fund may amount to approximately PLN 105 million, while the value of reduced salary cost resulting from the 10% reduction of working time of employees may amount to approx. PLN 23 million.

Specific legal basis:

Article 17 Section 1 of MAR – confidential information