



**Activity report of the PKP CARGO S.A. Supervisory Board as the Company's
corporate body
and assessment of the Company's standing, taking into account the assessment
of the internal control, risk management and compliance systems and the internal
audit function for the year ended 31 December 2022.**

Warsaw, 29 May 2023

I. Introduction

The Supervisory Board submits to the Ordinary Shareholder Meeting a Report on its activity as the Company's corporate body and on the assessment of the Company's standing, taking into account the assessment of the internal control system and risk management system, compliance and internal audit functions for 2022 (hereinafter jointly referred to as the "Report"); the Report also includes the evaluation of the Company's compliance with reporting duties pertaining to the fulfillment of corporate governance requirements and the evaluation of reasonability of the Company's policy related to sponsorship activities, charitable activities or other activities of a similar nature.

The Report was prepared in accordance with the provisions of: Article 382 § 3 of the *Commercial Company Code of 15 September 2000* (consolidated text: Journal of Laws of 2022, Item 1467, as amended), as well as the Best Practice of GPW Listed Companies 2021 attached to Resolution No. 13/1834/2021 of the Supervisory Board of the Stock Exchange of 29 March 2021.

II. Composition of the Supervisory Board and its Committees.

As at 1 January 2022, the composition of the **Supervisory Board** of the 7th term of office was as follows:

– Mr. Krzysztof Mamiński	– Chairman of the PKP CARGO S.A. Supervisory Board
– Mr. Marcin Kowalczyk	– Vice-Chairman of the PKP CARGO S.A. Supervisory Board
– Mr. Krzysztof Czarnota	– Member of the PKP CARGO S.A. Supervisory Board
– Ms. Zofia Dzik	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Dariusz Górski	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Paweł Sosnowski	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Jerzy Sośnierz	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Tadeusz Stachaczyński	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Władysław Szczepkowski	– Member of the PKP CARGO S.A. Supervisory Board
– Ms. Izabela Wojtyczka	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Antoni Duda	– Member of the PKP CARGO S.A. Supervisory Board

The 7th term of office of the PKP CARGO S.A. Supervisory Board ended and the 8th term of office began on 29 June 2022, which was the date of holding the Ordinary Shareholder Meeting of PKP CARGO S.A.

On 7 July 2022, Polskie Koleje Państwowe S.A., the Company's shareholder, appointed Mr. Jarosław Stawiarski to the Supervisory Board.

On 12 July 2022 the PKP CARGO S.A. Supervisory Board adopted Resolution No. 3/VIII/2022 on the formation of the Supervisory Board of the 8th term of office, composed of:

– Mr. Władysław Szczepkowski	– Chairman of the PKP CARGO S.A. Supervisory Board
– Mr. Andrzej Leszczyński	– Vice-Chairman of the PKP CARGO S.A. Supervisory Board
– Mr. Henryk Grymel	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Tomasz Andrzej Pietrek	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Marek Ryszka	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Paweł Sosnowski	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Jarosław Stawiarski	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Jarosław Ślepaczuk	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Michał Wnorowski	– Member of the PKP CARGO S.A. Supervisory Board
– Ms. Izabela Wojtyczka	– Member of the PKP CARGO S.A. Supervisory Board

On 28 July 2022, Polskie Koleje Państwowe S.A., the Company's shareholder, appointed Mr. Grzegorz Dostatni to the Supervisory Board.

In the period from 28 July 2022 to 31 December 2022, the **Supervisory Board** was composed of:

– Mr. Władysław Szczepkowski	– Chairman of the PKP CARGO S.A. Supervisory Board
– Mr. Andrzej Leszczyński	– Vice-Chairman of the PKP CARGO S.A. Supervisory Board
– Mr. Henryk Grymel	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Tomasz Andrzej Pietrek	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Marek Ryszka	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Paweł Sosnowski	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Jarosław Stawiarski	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Jarosław Ślepaczuk	– Member of the PKP CARGO S.A. Supervisory Board
– Mr. Michał Wnorowski	– Member of the PKP CARGO S.A. Supervisory Board

- Ms. Izabela Wojtyczka
- Member of the PKP CARGO S.A. Supervisory Board
- Mr. Grzegorz Dostatni
- Member of the PKP CARGO S.A. Supervisory Board

The composition of the Supervisory Board in 2022 is presented in the following table:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight	the existence of actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to
1	Władysław Szczepkowski	Supervisory Board Chairman	No	Yes	12 July 2022	to date
		Supervisory Board Member			26 June 2019	to date
2	Andrzej Leszczyński	Supervisory Board Vice-Chairman	No	Yes	12 July 2022	to date
		Supervisory Board Member			29 June 2022*	to date
3	Henryk Grymel	Supervisory Board Member	No	No	29 June 2022*	to date
4	Tomasz Pietrek	Supervisory Board Member	No	No	29 June 2022*	to date
5	Marek Ryszka	Supervisory Board Member	No	Yes	29 June 2022*	to date
6	Paweł Sosnowski	Supervisory Board Member	No	Yes	26 June 2019**	to date
7	Jarosław Stawiarski	Supervisory Board Member	No	Yes	7 July 2022	to date
8	Jarosław Ślepaczuk	Supervisory Board Member	No	No	29 June 2022*	to date
9	Michał Wnorowski	Supervisory Board Member	Yes	No	29 June 2022*	to date
10	Izabela Wojtyczka	Supervisory Board Member	Yes	No	16 July 2020	to date
11	Grzegorz Dostatni	Supervisory Board Member	No	Yes	28 July 2022	to date
12	Krzysztof Mamiński	Supervisory Board Chairman	No	Yes	1 July 2019	29 June 2022
		Supervisory Board Member			26 June 2019	29 June 2022
13	Marcin Kowalczyk	Supervisory Board Vice-Chairman	No	Yes	25 January 2021	29 June 2022
		Supervisory Board Member			14 January 2021	29 June 2022
14	Krzysztof Czarnota	Supervisory Board Member	No	No	26 June 2019**	29 June 2022
15	Zofia Dzik	Supervisory Board Member	Yes	No	26 June 2019**	29 June 2022
16	Dariusz Górski	Supervisory Board Member	Yes	No	26 June 2019**	29 June 2022
17	Jerzy Sośnierz	Supervisory Board Member	No	No	26 June 2019**	29 June 2022

18	Tadeusz Stachaczyński	Supervisory Board Member	No	No	26 June 2019**	29 June 2022
19	Antoni Duda	Supervisory Board Member	No	Yes	21 August 2020	29 June 2022

* date of the Ordinary Shareholder Meeting of PKP CARGO S.A. – beginning of the 8th term of the PKP CARGO S.A. Supervisory Board

** date of the Ordinary Shareholder Meeting of PKP CARGO S.A. – beginning of the 7th term of the PKP CARGO S.A. Supervisory Board

Source: Proprietary material

There are three Committees within the Supervisory Board structure: Audit Committee, Nomination Committee and Strategy Committee, whose activities in the reporting period are described in sections V, VI and VII of the Report.

From 1 January 2022 to 29 June 2022, the Supervisory Board Audit Committee was composed of:

- Mr. Dariusz Górski – Chairman of the Supervisory Board Audit Committee
- Ms. Zofia Dzik – Member of the Supervisory Board Audit Committee
- Mr. Władysław Szczepkowski – Member of the Supervisory Board Audit Committee

On 12 July 2022, by the power of Resolution No. 4/VIII/2022, the PKP CARGO S.A. Supervisory Board appointed the Audit Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office, which, until 23 August 2022, was composed of:

- Mr. Michał Wnorowski – Member of the Supervisory Board Audit Committee
- Mr. Jarosław Ślepaczuk – Member of the Supervisory Board Audit Committee
- Ms. Izabela Wojtyczka – Member of the Supervisory Board Audit Committee

On 23 August 2022, by the power of Resolution No. 9/2022, the PKP CARGO S.A. Supervisory Board Audit Committee elected Mr. Michał Wnorowski as Chairman of the Audit Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office. From 23 August 2022 to 31 December 2022, the Audit Committee of the PKP CARGO S.A. Supervisory Board was composed of:

- Mr. Michał Wnorowski – Chairman of the Supervisory Board Audit Committee
- Mr. Jarosław Ślepaczuk – Member of the Supervisory Board Audit Committee
- Ms. Izabela Wojtyczka – Member of the Supervisory Board Audit Committee

The composition of the Supervisory Board Audit Committee in 2022 is presented in the following table:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight	the existence of actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to
1	Michał Wnorowski	Committee Chairman Committee Member	Yes	No	23 August 2022 12 July 2022	to date to date
2	Jarosław Ślepaczuk	Committee Member	No	No	12 July 2022	to date
3	Izabela Wojtyczka	Committee Member	Yes	No	12 July 2022	to date
4	Dariusz Górski	Committee Chairman Committee Member	Yes	No	1 July 2019	29 June 2022
5	Zofia Dzik	Committee Member	Yes	No	1 July 2019	29 June 2022
6	Władysław Szczepkowski	Committee Member	No	Yes	24 August 2020	29 June 2022

Source: Proprietary material.

From 1 January 2022 to 29 June 2022, the Supervisory Board Nomination Committee was composed of:

- Ms. Zofia Dzik – Chairwoman of the Nomination Committee

- Mr. Władysław Szczepkowski – Member of the Nomination Committee
- Ms. Izabela Wojtyczka – Member of the Nomination Committee
- Mr. Paweł Sosnowski – Member of the Nomination Committee

On 12 July 2022, by the power of Resolution No. 5/VIII/2022, the Supervisory Board appointed the Nomination Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office, which, until 31 December 2022, was composed of:

- Ms. Izabela Wojtyczka – Chairwoman of the Nomination Committee
- Mr. Władysław Szczepkowski – Member of the Nomination Committee
- Mr. Paweł Sosnowski – Member of the Nomination Committee.

The composition of the Supervisory Board Nomination Committee in 2022 is presented in the following table:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight	the existence of actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to
1	Izabela Wojtyczka	Committee Chairwoman	Yes	No	12 July 2022	to date
		Committee Member			21 September 2020 12 July 2022	29 June 2022 to date
2	Paweł Sosnowski	Committee Member	No	Yes	18 October 2021 12 July 2022	29 June 2022 to date
3	Władysław Szczepkowski	Committee Member	No	Yes	12 July 2022	to date
4	Zofia Dzik	Committee Chairwoman	Yes	No	1 July 2019	29 June 2022

Source: Proprietary material.

From 1 January 2022 to 29 June 2022, the PKP CARGO S.A. Supervisory Board Strategy Committee was composed of:

- Mr. Władysław Szczepkowski – Chairman of the Strategy Committee
- Mr. Dariusz Górski – Member of the Strategy Committee
- Mr. Paweł Sosnowski – Member of the Strategy Committee.
- Mr. Antoni Duda – Member of the Strategy Committee.

On 12 July 2022, by the power of Resolution No. 6/VIII/2022, the Supervisory Board appointed the Strategy Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office. On the same date, by the power of Resolution No. 2/2022, the Strategy Committee of the PKP CARGO S.A. Supervisory Board elected Mr. Władysław Szczepkowski as Chairman of the Strategy Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office. From 12 July 2022 to 31 December 2022, the PKP CARGO S.A. Supervisory Board Strategy Committee was composed of:

- Mr. Władysław Szczepkowski – Chairman of the Strategy Committee
- Mr. Henryk Grymel – Member of the Strategy Committee
- Mr. Andrzej Leszczyński – Member of the Strategy Committee
- Mr. Tomasz Pietrek – Member of the Strategy Committee
- Mr. Michał Wnorowski – Member of the Strategy Committee.

The composition of the Supervisory Board Strategy Committee in 2022 is presented in the following table:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit	actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to

			Firms and Public Oversight			
1	Władysław Szczepkowski	Committee Chairman Committee Member	No	Yes	23 September 2020 12 July 2022 1 July 2019 12 July 2022	29 June 2022 to date 29 June 2022 to date
2	Henryk Grymel	Committee Member	No	No	12 July 2022	to date
3	Andrzej Leszczyński	Committee Member	No	Yes	12 July 2022	to date
4	Tomasz Pietrek	Committee Member	No	No	12 July 2022	to date
5	Michał Wnorowski	Committee Member	Yes	No	12 July 2022	to date
6	Antoni Duda	Committee Member	No	Yes	21 December 2020	29 June 2022
7	Dariusz Górski	Committee Member	Yes	No	1 July 2019	29 June 2022
8	Paweł Sosnowski	Committee Member	No	Yes	21 September 2020	29 June 2022

Source: Proprietary material.

III. Legal and formal aspects of the Supervisory Board's activities

The Supervisory Board consists of 11 to 13 members (including the Supervisory Board Chairperson and Vice-Chairperson) appointed for a joint term of office. The number of Supervisory Board members in a specific term of office is set by PKP S.A. (in the 7th and 8th term: 11 members). The term of office of the Supervisory Board is 3 years. The Supervisory Board is appointed and dismissed by the Shareholder Meeting, subject to the provisions of § 19 sections 2 and 3 of the Articles of Association of PKP CARGO S.A.

Powers of the Supervisory Board

The Supervisory Board conducts constant supervision over the Company's operations in all areas of its activity. Moreover, its powers, in addition to matters reserved by the Commercial Company Code or other statutes, include granting consent for the payment of an interim dividend by the Management Board towards the anticipated end-of-the-year dividend, appointing and dismissing the President and other members of the Management Board, setting the number of Management Board members, granting consent for the establishment or liquidation of the Company's branch, issuing opinions on proposals submitted by the Management Board to the Shareholder Meeting.

Operation of the Supervisory Board

The procedure of the Supervisory Board's operation is described in detail in the Supervisory Board Bylaws adopted by the Supervisory Board. Taking into account the provisions of these Bylaws, the Supervisory Board makes decisions in the form of resolutions, or an appropriate entry in the minutes of the meeting. For Supervisory Board resolutions to be valid, all the Supervisory Board members must have been invited and at least half of them must be present, including the Supervisory Board Chairperson or Vice-Chairperson. Resolutions of the Supervisory Board are adopted by a simple majority of votes. If an equal number of votes is cast "for" and "against", the Supervisory Board Chairperson has the casting vote. Supervisory Board resolutions in the matter of suspension of Management Board members or Management Board require the consent of the Supervisory Board Chairperson. The Supervisory Board may adopt resolutions without holding a meeting, by following a written procedure or using means of direct remote communication. Decisions in this respect are made by the Supervisory Board Chairperson at his/her own initiative or at a written motion of a Management Board member or Supervisory Board member.

In accordance with the Bylaws of the Supervisory Board, in the event of conflicting interests of the Company and personal interests of a Supervisory Board member, his/her spouse, family or relatives (to the second degree next of kin) and personal relations, the Supervisory Board member should refrain from participating in the discussion and voting on the resolution of such matters and request that this fact be recorded in the minutes of the Supervisory Board meeting.

Independence criterion for Supervisory Board members

Pursuant to the provisions of § 20 of the Articles of Association, at least two Supervisory Board members elected by the Shareholder Meeting should satisfy the criteria of independence from the Company and entities with significant ties to the Company set out in:

- 1) § 21 of the Articles of Association;
- 2) in Annex II to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (EU OJ L. 05.52.51)*;
- 3) in the *Best Practice of GPW Listed Companies 2021* constituting an attachment to Resolution No. 13/1834/2021 of the WSE Supervisory Board of 29 March 2021;
- 4) in the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017.

In the period from 1 January 2022 to 29 June 2022, the Supervisory Board Members fulfilling the criteria of independence from the Company were:

- 1) Ms. Zofia Dzik – appointed by Resolution No. 50/2019 of the Ordinary Shareholder Meeting of PKP CARGO S.A. of 26 June 2019 on appointing a member fulfilling the independence criteria to the PKP CARGO S.A. Supervisory Board;
- 2) Mr. Dariusz Górski – appointed by Resolution No. 49/2019 of the Ordinary Shareholder Meeting of PKP.CARGO S.A. of 26 June 2019 on appointing a member fulfilling the independence criteria to the PKP CARGO S.A. Supervisory Board.

In the period from 29 June 2022 to 31 December 2022, the Supervisory Board Members fulfilling the criteria of independence from the Company included:

- 1) Mr. Michał Wnorowski – appointed by Resolution No. 25/2022 of the Ordinary Shareholder Meeting of PKP CARGO S.A. of 29 June 2022 on appointing members meeting the independence criteria to the PKP CARGO S.A. Supervisory Board of the 8th term of office;
- 2) Ms. Izabela Wojtyczka – appointed by Resolution No. 26/2022 of the Ordinary Shareholder Meeting of PKP CARGO S.A. of 29 June 2022 on appointing members meeting the independence criteria to the PKP CARGO S.A. Supervisory Board of the 8th term of office.

IV. Supervisory Board's work

In the financial year 2022, the Supervisory Board, in the context of ensuring a long-term capacity to keep up with the increasing domestic and foreign competition in the European rail freight transport market currently undergoing liberalization and taking into account the prospects outlined in the Company's strategy – focused on the major issues relating to the current and future financial situation, commercial activities, operating activities and a broadly defined employment and HR management policy while acknowledging the views of Social Partners. In 2022, the Supervisory Board also analyzed on a daily basis the impact on the Company of the dynamically developing circumstances and conditions related to the extraordinary emergency caused by the COVID-19 pandemic, the war in Ukraine and the Prime Minister's decision on the priority of coal transportation by PKP CARGO S.A.

In the financial year 2022, the Supervisory Board held 12 meetings, during which it adopted 93 resolutions. In addition, the Supervisory Board adopted 23 resolutions without holding a meeting, using means of direct remote communication.

The dates of Supervisory Board meetings and number of Supervisory Board Members absent from the meetings in 2022 were as follows:

Supervisory Board meetings in 2022		
No.	date	number of Supervisory Board members in attendance at the meeting
1.	13 January 2022	not applicable
2.	9 February 2022	not applicable
3.	22 February 2022	not applicable
4.	30 March 2022	not applicable
5.	13 April 2022	not applicable
6.	20 April 2022	two Supervisory Board members
7.	22 April 2022	not applicable
8.	23 May 2022	not applicable
9.	12 July 2022	two Supervisory Board members
10.	30 August 2022	one Supervisory Board Member
11.	24 October 2022	not applicable
12.	5 December 2022	one Supervisory Board Member

Source: Proprietary material.

A breakdown of resolutions put to a vote by the Supervisory Board in the financial year 2022 is presented in the following table:

Summary of resolutions adopted by the Supervisory Board in 2022		
date	resolution number	in the matter of
13 January 2022	1/VII/2022	ending the delegation of a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of President of the Management Board of PKP CARGO S.A.
13 January 2022	2/VII/2022	setting the number of members of the PKP CARGO S.A. Management Board of the 8th term of office.
13 January 2022	3/VII/2022	selecting a candidate for the PKP CARGO S.A. Management Board Member in charge of Operations.
13 January 2022	4/VII/2022	selecting a candidate for the PKP CARGO S.A. Management Board Member in charge of Commerce.
13 January 2022	5/VII/2022	selecting a candidate for the PKP CARGO S.A. Management Board Member in charge of Finance
13 January 2022	6/VII/2022	appointing a PKP CARGO S.A. Management Board Member in charge of Operations.
13 January 2022	7/VII/2022	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of President of the Management Board of PKP CARGO S.A.
13 January 2022	8/VII/2022	concluding a management services and non-competition agreement with Mr. Władysław Szczepkowski seconded to act temporarily in the capacity of President of the PKP CARGO S.A.'s Management Board.
13 January 2022	9/VII/2022	completing the recruitment procedure for the following positions: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance and PKP CARGO S.A. Management Board Member in charge of Commerce, without making any decision, to start a new recruitment procedure for the following positions: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance and PKP CARGO S.A. Management Board Member in charge of Commerce.
27 January 2022	10/VII/2022	concluding a management services and non-competition agreement with Mr. Marek Olkiewicz appointed the Management Board Member in charge of Operations of PKP CARGO S.A.
27 January 2022	11/VII/2022	adopting amendments to the Bylaws for Electing Candidates to Become an Employee Representative in the PKP CARGO S.A. Management Board and to Appoint Employee Representatives to the PKP CARGO S.A. Supervisory Board and the Procedure for Their Removal.
2 February 2022	12/VII/2022	adopting amendments to the Bylaws for Electing Candidates to Become an Employee Representative in the PKP CARGO S.A. Management Board and appointing Employee Representatives to the PKP CARGO S.A. Supervisory Board and the Procedure for Their Removal.
9 February 2022	13/VII/2022	terms and protocol for recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, (Resolution on publication).
9 February 2022	14/VII/2022	launching the recruitment procedure for the position of PKP CARGO S.A. Management Board Member – Employee Representative
9 February 2022	15/VII/2022	terms and conditions and the procedure for launching the recruitment procedure for the position of PKP CARGO S.A. Management Board Member – Employee Representative (announcement resolution)
9 February 2022	16/VII/2022	managing the process of carrying out an election of an employee representative for the PKP CARGO S.A. Management Board of the 8th term of office.
9 February 2022	17/VII/2022	ordering the election of an employee representative for the PKP CARGO S.A. Supervisory Board of the 8th term of office.
9 February 2022	18/VII/2022	giving consent for PKP CARGO S.A. to enter into Annex No. 2 to Agreement No. 5700028131 of 6 December 2019 to supply newly-built flat wagons used to transport containers.
9 February 2022	19/VII/2022	giving consent to enter into an agreement with the consortium composed of: Siemens Mobility Sp. z o.o. and Siemens Mobility GmbH for the delivery of 5 brand new electric multi-system locomotives together with the provision of maintenance services.
22 February 2022	20/VII/2022	giving consent to enter into an agreement with PKP CARGOTABOR Sp. z o.o. on performance of periodic repairs of locomotives at P4 maintenance level.
22 February 2022	21/VII/2022	giving consent for PKP CARGO S.A. to enter into an agreement with DL Invest Group XXXIII sp. z o.o. to lease office space "DL Tower" at al. Korfantego in Katowice.

30 March 2022	22/VII/2022	position of the PKP CARGO S.A. Supervisory Board on the recruitment procedure for the position of President of the PKP CARGO S.A. Management Board
30 March 2022	23/VII/2022	position of the PKP CARGO S.A. Supervisory Board on the recruitment procedure for the position of a PKP CARGO S.A. Management Board Member in charge of Finance
30 March 2022	24/VII/2022	statement on the selection of an audit firm to audit the annual Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021, prepared in accordance with EU IFRS, and the annual Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2021, prepared in accordance with EU IFRS.
30 March 2022	25/VII/2022	submission by the Supervisory Board of the statement set out in §70(1)(8) and §71(1)(8) of the Finance Minister's Regulation on the current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by the regulations of a non-member state as equivalent.
30 March 2022	26/VII/2022	assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021, prepared in accordance with EU IFRS and issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Ordinary Shareholder Meeting of PKP CARGO S.A.
30 March 2022	27/VII/2022	assessment of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2021, prepared in accordance with EU IFRS, and the Management Board Report on the Activity of the PKP CARGO Group in 2021 and issuing an opinion on the request to the Ordinary Shareholder Meeting of PKP CARGO S.A.
30 March 2022	28/VII/2022	covering the loss shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021 prepared according to EU IFRS.
30 March 2022	29/VII/2022	giving consent to enter a sub-lease agreement with PKP CARGOTABOR Sp. z o.o. in Warsaw for land properties with developments forming rolling stock repair facilities in Kraków, Dąbrowa Górnicza, Zabrzeg Czarnolesie, Gdynia, Tczew, Tarnowskie Góry and Ostrów Wielkopolski.
13 April 2022	30/VII/2022	declaring the proper and valid election and appointment of candidates for employee representatives to the PKP CARGO S.A. Supervisory Board of the 8th term of office.
13 April 2022	31/VII/2022	declaring the proper and valid election of employee representatives to the PKP CARGO S.A. Management Board of the 8th term of office.
13 April 2022	32/VII/2022	selecting a candidate for the President of the PKP CARGO S.A. Management Board.
13 April 2022	33/VII/2022	appointing the President of the PKP CARGO S.A. Management Board.
13 April 2022	34/VII/2022	selecting a candidate for the PKP CARGO S.A. Management Board Member - Employee Representative
13 April 2022	35/VII/2022	appointing a PKP CARGO S.A. Management Board Member – Employee Representative.
20 April 2022	36/VII/2022	selecting a candidate for the PKP CARGO S.A. Management Board Member in charge of Commerce.
22 April 2022	37/VII/2022	appointing a PKP CARGO S.A. Management Board Member in charge of Commerce.
22 April 2022	38/VII/2022	selecting a candidate for the PKP CARGO S.A. Management Board Member in charge of Finance
22 April 2022	39/VII/2022	appointing the PKP CARGO S.A. Management Board Member in charge of Finance.
22 April 2022	40/VII/2022	concluding a management services and non-competition agreement with Mr. Dariusz Seliga appointed the President of the Management Board of PKP CARGO S.A.
22 April 2022	41/VII/2022	concluding a management services and non-competition agreement with Mr. Maciej Jankiewicz appointed the Management Board Member in charge of Finance of PKP CARGO S.A.
22 April 2022	42/VII/2022	concluding a management services and non-competition agreement with Mr. Jacek Rutkowski appointed the Management Board Member in charge of Commerce of PKP CARGO S.A.
22 April 2022	43/VII/2022	concluding a management services and non-competition agreement with Mr. Zenon Kozendra appointed the Management Board Member – Employee Representative of PKP CARGO S.A.
22 April 2022	44/VII/2022	concluding a management services and non-competition agreement with Mr. Marek Olkiewicz appointed the Management Board Member in charge of Operations of PKP CARGO S.A.
22 April 2022	45/VII/2022	entering into an annex with Powszechna Kasa Oszczędności Bank Polski S.A. to the Agreement to provide the zero-balance cash pooling service

22 April 2022	46/VII/2022	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
22 April 2022	47/VII/2022	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
18 May 2022	48/VII/2022	giving consent to enter into an annex to a current account overdraft agreement with Bank Polska Kasa Opieki S.A., making a statement of collateral for an obligation and concluding an annex to an account group cash management system agreement with Bank Polska Kasa Opieki S.A.
18 May 2022	49/VII/2022	entering into an annex to the guarantee facility agreement with Bank Polska Kasa Opieki S.A.
23 May 2022	50/VII/2022	approving the "PKP CARGO S.A. Business Plan for 2022".
23 May 2022	51/VII/2022	entering into an agreement No. PDD9189/22 with Správa železnic, státní organizace to carry out rail transport on the general national track and regional tracks in the territory of the Czech Republic.
23 May 2022	52/VII/2022	entering into the Basic Agreement on Rail Infrastructure Use in Germany with DB Netz AG.
23 May 2022	53/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to the President of the Management Board of PKP CARGO S.A. on the performance of his duties.
23 May 2022	54/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
23 May 2022	55/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
23 May 2022	56/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
23 May 2022	57/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
23 May 2022	58/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to the person seconded to act as President of the PKP CARGO S.A. Management Board.
23 May 2022	59/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to the Chairman of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	60/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to the Vice-Chairman of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	61/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	62/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	63/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	64/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	65/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	66/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	67/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	68/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.
23 May 2022	69/VII/2022	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the PKP CARGO S.A. Supervisory Board on the performance of his duties.

23 May 2022	70/VII/2022	adopting the Activity Report of the PKP CARGO S.A. Supervisory Board as the Company's corporate body and assessing the Company's standing, taking into account the assessment of the internal control, risk management and compliance systems and the internal audit function. – repealed.
23 May 2022	71/VII/2022	adopting the "Report on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2021".
23 May 2022	72/VII/2022	conveying information on appointments to the positions of: President of the Management Board, Management Board Member in charge of Operations, Management Board Member in charge of Finance, Management Board Member in charge of Commerce and Management Board Member – Employee Representative.
23 May 2022	73/VII/2022	issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to amend the Bylaws of the Shareholder Meeting of PKP CARGO Spółka Akcyjna.
23 May 2022	74/VII/2022	issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Shareholder Meeting of PKP CARGO S.A. to enter into a subsidiary company management agreement that is the PKP Group Charter.
23 May 2022	75/VII/2022	issuing an opinion on the agenda for the PKP CARGO S.A. Ordinary Shareholder Meeting.
23 May 2022	76/VII/2022	nominating members of the PKP CARGO S.A. Supervisory Board to take part in the PKP CARGO S.A. Ordinary Shareholder Meeting.
31 May 2022	77/VII/2022	adopting the Activity report of the PKP CARGO S.A. Supervisory Board as the Company's corporate body and assessment of the Company's standing, taking into account the assessment of the internal control, risk management and compliance systems and the internal audit function for the year ended 31 December 2021.
31 May 2022	78/VII/2022	giving consent to enter into an agreement with PKP CARGOTABOR Sp. z o.o. on the performance of repairs of wheel sets;
17 June 2022	79/VII/2022	giving consent to enter into an annex to the overdraft facility agreement with Bank Gospodarstwa Krajowego.
21 June 2022	80/VII/2022	setting strategic MBO objectives for the President of the Management Board and Management Board Members of PKP CARGO S.A. for 2022.
28 June 2022	81/VII/2022	entering into a current account overdraft agreement with Bank Powszechna Kasa Oszczędności Bank Polski S.A., filing a statement securing the liability and establishing a guarantee.
12 July 2022	1/VIII/2022	electing the Chairperson of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
12 July 2022	2/VIII/2022	electing the Vice-Chairperson of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
12 July 2022	3/VIII/2022	formation of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
12 July 2022	4/VIII/2022	establishing the Audit Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
12 July 2022	5/VIII/2022	establishing the Nomination Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
12 July 2022	6/VIII/2022	establishing the Strategy Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
12 July 2022	7/VIII/2022	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
20 July 2022	8/VIII/2022	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
10 August 2022	9/VIII/2022	entering into the Agreement on co-financing of the Project entitled "Modernization of freight wagons involving the replacement of cast-iron brake blocks to comply with Noise TSI" with the Center for EU Transport Projects as part of Measure 5.2. Development of rail transport out of TEN-T Priority Axis V of Operational Program Infrastructure and Environment 2014-2020, secured by a blank promissory note with a promissory note declaration.
10 August 2022	10/VIII/2022	PKP CARGO S.A. entering into an agreement on periodic repairs of Tadds series cargo wagons for P4 and P5 maintenance levels.
30 August 2022	11/VIII/2022	variable compensation for the Management Board President and for Management Board Members of PKP CARGO S.A. for the financial year 2021.
30 August 2022	12/VIII/2022	entering into Annex 3 to the agreement for delivery of 31 new six-axis electric locomotives.
30 August 2022	13/VIII/2022	giving consent to enter into an agreement to transfer, by way of donation, a steam locomotive OI49-69 with a tender, to the Parowozownia Wolsztyn cultural institution.
30 August 2022	14/VIII/2022	giving consent to enter into sales agreements for 648 wrecked wagons.
30 August 2022	15/VIII/2022	entering into the Framework Lease Agreement with PEKAO LEASING Sp. z o.o.
30 August 2022	16/VIII/2022	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting

19 September 2022	17/VIII/2022	giving consent to enter into an annex to the overdraft facility agreement with Bank Gospodarstwa Krajowego.
26 September 2022	18/VIII/2022	giving consent to enter into a cargo wagon lease agreement with PKP Linia Hutnicza Szerokotorowa Sp. z o.o.
24 October 2022	19/VIII/2022	entering into a Master Leasing Agreement with PKO Leasing S.A.
24 October 2022	20/VIII/2022	entering into annexes to loan agreements concluded with the European Investment Bank.
24 October 2022	21/VIII/2022	giving consent to enter, with the Center for EU Transport Projects, into Annex No. POIS.03.02.00-00-0045/18-02 to the Co-Financing Agreement No. POIS.03.02.00-00-0045/18-00 from the Operational Program Infrastructure and Environment 2014-2020.
24 October 2022	22/VIII/2022	giving consent to enter into an agreement with PKP CARGOTABOR Sp. z o.o. on performance of periodic inspections of cargo wagons.
24 October 2022	23/VIII/2022	giving consent to enter, with PKP Informatyka Sp. z o.o., of Annex No. 1 to Agreement No. 5700030822 and no. IKT 560003/2021/PKPCARGO/SLA of 20 July 2021 to provide system maintenance services and to make available PKP Informatyka sp. z o.o. systems and PKP Informatyka sp. z o.o. infrastructure.
3 November 2022	24/VIII/2022	entering into an Annex 1 to agreement no. 5700031463 to perform periodic repairs of cargo wagons.
3 November 2022	25/VIII/2022	giving consent to enter into the agreement on PKP Intercity S.A. selling concessionary transportation services for 2023.
28 November 2022	26/VIII/2022	entering into a guarantee facility agreement with Credit Agricole Bank Polska S.A. with its registered office in Wrocław.
28 November 2022	27/VIII/2022	giving consent to enter into an agreement with PKP Polskie Linie Kolejowe S.A. to use throughput capacity for cargo transport in the 2022/2023 train timetable.
5 December 2022	28/VIII/2022	enter into the Memorandum of Agreement to Agreement no. 5700027820 to deliver 31 new six-axis electric locomotives between PKP CARGO S.A., the Consortium of NEWAG S.A. and NEWAG LEASE Sp. z o.o. s.k-a and PKO Leasing S.A.
5 December 2022	29/VIII/2022	enter into the Memorandum of Agreement to Agreement no. 5700027820 to deliver 31 new six-axis electric locomotives between PKP CARGO S.A., the Consortium of NEWAG S.A. and NEWAG LEASE Sp. z o.o. s.k-a and Pekao Leasing Sp. z o.o.
5 December 2022	30/VIII/2022	giving consent to incur a liability through accepting the Proposal of PKP Energetyka S.A. for the sale of electricity and provision of distribution service for PKP CARGO S.A. in 2023-2024 and entering into an agreement in this regard.
5 December 2022	31/VIII/2022	giving consent to enter into the agreement No. TDS-82040-103/2022 with CARGOTOR sp. z o.o. to use throughput capacity in the 2022/2023 timetable.
5 December 2022	32/VIII/2022	assessing transactions concluded in 2020 with related parties.
27 December 2022	33/VIII/2022	giving consent to enter into the agreement for regular supply of lubricated wheel sets for wagon cars.
27 December 2022	34/VIII/2022	entering into Annex No. 1 to agreement no. 5700031719 to perform periodic repairs of electric and diesel locomotives.
27 December 2022	35/VIII/2022	entering into an investment loan agreement with Powszechna Kasa Oszczędności Bank Polski S.A.

Source: Proprietary material.

In 2022, the Supervisory Board did not adopt any resolutions to examine any specific matter at the Company's expense following the procedure in Article 382¹ of the Commercial Company Code.

Moreover, the Supervisory Board analyzed information and studies submitted by the Management Board – also at the Supervisory Board's request or initiative – formulating recommendations or positions reflected in the records of minutes from the Supervisory Board meetings.

The Management Board prepared and submitted to the Supervisory Board the following information:

- 1) in the area of finance, regarding, inter alia:
 - a) the Company's economic and transportation results;
 - b) preparation and adoption of the Business Plan for 2022;
 - c) entering into annexes to investment loan agreements concluded with the European Investment Bank;
 - d) variable compensation for the Management Board President and for Management Board Members of PKP CARGO S.A. for the financial year 2021;
 - e) assessing transactions concluded in 2020 with related parties;

- 2) in the area of strategy and corporate governance, regarding, inter alia:
 - a) setting the MBO objectives for the Management Board to be executed in 2022;
 - b) the investment project in Gniewczyn;

- 3) in the area of management, legal services and marketing, regarding, inter alia:
 - a) resolutions adopted by the PKP CARGO S.A. Management Board;
 - b) effects of signing the PKP Group Charter by the Company;
 - c) the course of the collective dispute conducted by the signatories of the Collective Bargaining Agreement;
 - d) the manner of implementing the Prime Minister's decision instructing the Company to transport coal;
 - e) issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Extraordinary Shareholder Meeting of PKP CARGO S.A. to amend the Articles of Association of PKP CARGO S.A.;
 - f) Bylaws for Appointing Management Board Members in PKP CARGO S.A.;
 - g) occupational health and safety at PKP CARGO Group for the first three quarters of 2022;

The activities of the Supervisory Board were documented in adopted resolutions and minutes of Supervisory Board meetings in 2022.

In pursuance of the powers defined in the Commercial Company Code and Shareholder Meeting resolutions, the Supervisory Board familiarized itself with the information of the PKP CARGO S.A. Management Board on issues of key importance for the Company and its position both in the domestic and international market.

In pursuance of the specific obligations following from Article 382 § 3 items 1 and 2 of the *Commercial Company Code*, the Supervisory Board:

- 1) evaluated the Company's financial statements for the financial year 2021 and adopted Resolution No. 26/VII/2022 (30 March 2022) in this respect;
- 2) considered and gave a favorable opinion on the Management Board's request regarding issuing an opinion on the request to the Shareholder Meeting to cover the loss shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021 prepared according to EU IFRS and adopted Resolution No. 28/VII/2022 (30 March 2022) in that respect.

By way of Resolution No. 1/VII/2022, the Supervisory Board decided to end the secondment of Mr. Władysław Szczepkowski, Member of the PKP CARGO S.A. Supervisory Board, to act in the capacity of President of the PKP CARGO S.A. Management Board, with effect on 2:00 p.m. on 13 January 2022. At the same time, the Supervisory Board, by Resolution No. 7/VII/2022, seconded Mr. Władysław Szczepkowski, a PKP CARGO S.A. Supervisory Board Member, to act in the capacity of President of PKP CARGO S.A. Management Board for a period not longer than 3 (three) months.

On 13 January 2022, by Resolution No. 6/VII/2022, the Supervisory Board appointed Mr. Marek Olkiewicz to the position of Management Board Member in charge of Operations in the PKP CARGO S.A. Management Board for the joint 7th and 8th terms of office, effective as of 3 February 2022.

On 13 April 2022, by Resolution No. 33/VII/2022, the Supervisory Board appointed Mr. Dariusz Seliga to the position of President of the PKP CARGO S.A. Management Board in the PKP CARGO S.A. Management Board for the joint 7th and 8th terms of office, effective as of 13 April 2022.

On 13 April 2022, by Resolution No. 35/VII/2022, the Supervisory Board appointed Mr. Zenon Kozendra to the position of PKP CARGO S.A. Management Board Member – Employee Representative in the PKP CARGO S.A. Management Board for the joint 8th term of office.

On 22 April 2022, by Resolution No. 37/VII/2022, the Supervisory Board appointed Mr. Jacek Rutkowski to the position of PKP CARGO S.A. Management Board Member in charge of Commerce in the PKP CARGO S.A. Management Board for the joint 7th and 8th terms of office, effective as of 25 April 2022.

On 22 April 2022, by Resolution No. 39/VII/2022, the Supervisory Board appointed Mr. Maciej Jankiewicz to the position of PKP CARGO S.A. Management Board Member in charge of Finance in the PKP CARGO S.A. Management Board for the joint 7th and 8th terms of office, effective as of 25 April 2022.

The composition of the Management Board in the financial year 2022 is presented in the following table:

No.	Name	Position	Period in office	
			from	to

1	Dariusz Seliga	President of the Management Board	13 April 2022	to date
2	Marek Olkiewicz	Management Board Member in charge of Operations	3 February 2022	to date
3	Zenon Kozendra	Management Board Member – Employee Representative	14 July 2016	to date
4	Maciej Jankiewicz	Management Board Member in charge of Finance	25 April 2022	to date
5	Jacek Rutkowski	Management Board Member in charge of Commerce	25 April 2022	to date
6	Władysław Szczepkowski	temporary discharge of the duties of President of the Management Board*	18 October 2021 13 January 2022	13 January 2022 12 April 2022

*Pursuant to Article 383 § 1 of the Commercial Company Code.

Source: Proprietary material

V. Supervisory Board Audit Committee

The Supervisory Board Audit Committee is appointed by the Supervisory Board. It consists of at least three Supervisory Board members, provided that the majority of the Audit Committee members, including its Chairperson, meet the independence criteria specified in § 20 and § 21 of the Company's Articles of Association and in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws of 2017, Item 1089, as amended). At least one Member of the Audit Committee has qualifications in the area of accounting or audit of financial statements and at least one Member of the Audit Committee has knowledge and skills in the specific industry in which the Company operates. The Committee Members are appointed for a period corresponding to the length of the Supervisory Board's term of office. The tasks of the Audit Committee include in particular: oversight of the organizational unit responsible for internal audit, monitoring the financial reporting process, monitoring the performance of internal control systems, risk management and internal audit systems, including the area of financial reporting, monitoring financial review activities, monitoring the independence of the statutory auditor and the firm authorized to audit financial statements, also when it provides to the Company other services than financial audit and review, assessing the independence of a statutory auditor and giving consent for it to provide permitted financial audit services, recommending a firm authorized to audit financial statements to the Shareholder Meeting to perform financial audit activities in the Company, in compliance with the policies in force in the Company: Policy and Procedure for the selection of an audit firm to audit the standalone financial statements of PKP CARGO S.A. and the consolidated financial statements of the PKP CARGO Group and Policy for the provision of additional services by PKP CARGO S.A.'s audit firm, its related parties or members of its network.

In 2022, the Audit Committee held 9 meetings and took 3 votes using means of direct remote communication, during which 11 resolutions were adopted:

Summary of resolutions adopted by the Supervisory Board Audit Committee in 2022		
date	resolution number	subject matter
9 February 2022	1/2022	approving the Annual Audit Plan of PKP CARGO S.A. for 2022.
21 February 2022	2/2022	issuing an opinion on the Organizational Bylaws of the Internal Control and Audit Department at the PKP CARGO S.A. Head Office.
29 March 2022	3/2022	adopting the schedule of work by the Audit Committee of the PKP CARGO S.A. Supervisory Board for 2022.
30 March 2022	4/2022	representation concerning the selection of the audit firm carrying out the audit of the Annual Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021, prepared in accordance with EU IFRS and the annual Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2021, prepared in accordance with EU IFRS.
30 March 2022	5/2022	submission by the Supervisory Board of the statement required by §70(1)(8) and §71(1)(8) of the Finance Minister's Regulation of on the current and periodic information transmitted by securities issuers and the conditions for

		recognizing the information required by the regulations of a non-member state as equivalent.
30 March 2022	6/2022	assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021 prepared according to EU IFRS
30 March 2022	7/2022	assessment of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2021, prepared in accordance with EU IFRS, and the Management Board Report on the Activity of the PKP CARGO Group in 2021
20 April 2022	8/2022	adopting the Activity Report of the PKP CARGO S.A. Supervisory Board Audit Committee for H2 2021.
23 August 2022	9/2022	electing the Chairperson of the Audit Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
13 September 2022	10/2022	adopting the Activity Report of the PKP CARGO S.A. Supervisory Board Audit Committee for H1 2022.
21 November 2022	11/2022	adopting the schedule of work by the Audit Committee of the PKP CARGO S.A. Supervisory Board for 2023.

Source: Proprietary material.

In 2022, the Audit Committee dealt with the following issues in particular:

- 1) monitoring the financial reporting process, including:
 - discussion of the results of the audit of the annual financial statements with the statutory auditor, including a review of the report on the audit of the annual financial statements;
 - review of the standalone financial statements of PKP CARGO S.A. and the consolidated financial statements of the PKP CARGO Group for the financial year ended 31 December 2021, and discussion of the results of the review of the standalone annual financial statements and the consolidated annual financial statements with the auditor;
 - analysis of the consolidated quarterly financial statements and other information for the consolidated quarterly financial statements for Q1 2022;
 - review of the tools used in financial reporting and management reporting;
 - analysis of the dividend policy towards PKP CARGO S.A.'s subsidiaries
 - discussing with the statutory auditor the results of the review of the interim financial statements for the 6-month period ended 30 June 2022;
 - analysis of the consolidated financial statements and supplementary information to the consolidated financial statements for the 6-month period ended 30 June 2022;
 - analysis of the financial statements and supplementary information to the financial statements for Q3 2022 and the 9-month period ended 30 September 2022;
 - discussing with the statutory auditor the annual audit plan for 2022;
- 2) monitoring the effective operation of internal control, internal audit and risk management systems, among others with regard to financial reporting, including in particular:
 - approval of the annual audit plan for 2022;
 - review of the report on the activities of the internal audit function in H2 2021;
 - issuing an opinion on the Organizational Bylaws of the Internal Control and Audit Department at the PKP CARGO S.A. Head Office (*the planned organizational changes have not been ultimately implemented*);
 - discussing the fraud prevention system in Q1 2022;
 - discussing the semi-annual report on the implementation of internal audit recommendations for H1 2022;
 - discussing the implementation of the risk management policy;
 - discussing the fraud prevention system;
 - discussing the report on the monitoring of legal regulations, including regulatory (compliance) risk;

- discussing assumptions to the Audit Plan for 2023;
- 3) risk analysis, in particular liquidity risk analysis in terms of actions taken and assessment of their effectiveness to ensure the Company's financial liquidity.

The Committee also dealt with the following topics:

- discussing the current situation of the PKP CARGO S.A. company/Group (and its condition at the end of 2021);
- discussing confidential information management in the PKP CARGO S.A. company/Group using the example of the CARGOTOR Sp. z o.o. sales project;
- discussing IT security, inspections and audits;
- discussing the procedure for evaluating investment tasks and right-of-use assets (excluding capital expenditures);
- reviewing the area of finance at PKP CARGO S.A.;
- discussing the performance of contracts in the rolling stock area in 2021-2022;
- monitoring the legal actions taken by or against the PKP CARGO Group and pending court proceedings;
- discussing the activity report of the Compliance Department, in particular pertaining to the monitoring of legal regulations, including regulatory risks;
- discussing the Company's Business Plan for 2022;
- discussing the Prime Minister's Decision of 25 July 2022 on coal transport;
- adopting the Activity Report of the PKP CARGO S.A. Supervisory Board Audit Committee for H1 2022;
- reviewing internal control systems in the Company;
- discussing the half-year report on the progress and performance of concluded contracts, for which the PKP CARGO S.A. Supervisory Board gave corporate consent in the form of a resolution for H1 2022;
- reviewing the Company's activity in the Investor Relations area;
- discussing KNF's guidelines for the fulfillment by the Issuers of the obligations set forth in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight;
- review of internal regulations in the Company in terms of adaptation to the applicable legal regulations;
- adopting the schedule of work by the Audit Committee of the PKP CARGO S.A. Supervisory Board for 2023.

VI. Nomination Committee

The Nomination Committee is appointed by the Supervisory Board. It consists of three Supervisory Board members, of whom at least one Supervisory Board Member must satisfy the independence criteria and be appointed in the manner provided for in § 20 and 21 of the Company's Articles of Association, to discharge the function of Nomination Committee Chairperson. The Nomination Committee Members are appointed for a term corresponding to the Supervisory Board's term of office. The Nomination Committee organizes and exercises ongoing oversight over the recruitment procedure for the positions of the Company's Management Board Members and over the process of assessment and appointment of the Company's Management Board Members, and supports the attainment of the Company's strategic objectives by presenting opinions and findings to the Supervisory Board pertaining to the employment structure and compensation for the Company's employees, including in particular the Company's Management Board Members and upper level management.

In the financial year 2022, the Nomination Committee held 13 meetings and 5 ballots to adopt resolutions using means of remote communication. The Nomination Committee adopted 37 resolutions in 2022:

Summary of resolutions put to a vote by the Supervisory Board Nomination Committee in 2022

date	resolution number	subject matter
5 January 2022	1/2022	issuing an opinion on the candidate for the position of President of the PKP CARGO S.A. Management Board
5 January 2022	2/2022	issuing an opinion on the candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance
5 January 2022	3/2022	issuing an opinion on the candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Commerce
5 January 2022	4/2022	issuing an opinion on the candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Operations
11 January 2022	5/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Operations to the PKP CARGO S.A. Supervisory Board
11 January 2022	6/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Commerce to the PKP CARGO S.A. Supervisory Board
11 January 2022	7/2022	recommending a candidate for the position of President of the PKP CARGO S.A. Management Board to the PKP CARGO S.A. Supervisory Board
11 January 2022	8/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance to the PKP CARGO S.A. Supervisory Board
21 January 2022	9/2022	issuing an opinion on the draft amendments to the Bylaws for Electing Candidates to Become an Employee Representative in the PKP CARGO S.A. Management Board and appointing Employee Representatives to the PKP CARGO S.A. Supervisory Board and the Procedure for Their Removal.
21 January 2022	10/2022	adopting a report on the completed recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations and PKP CARGO S.A. Management Board Member in charge of Commerce
1 February 2022	11/2022	issuing on opinion on the draft resolution of the PKP CARGO S.A. Supervisory Board on the terms and procedure for recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Finance (announcement resolution) – the resolution has not been adopted.
1 February 2022	12/2022	issuing on opinion on the draft resolution of the PKP CARGO S.A. Supervisory Board on the terms and procedure for recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Finance (announcement resolution).
1 February 2022	13/2022	launching the recruitment procedure for the position of PKP CARGO S.A. Management Board Member – Employee Representative
1 February 2022	14/2022	issuing an opinion on the draft resolution of the PKP CARGO S.A. Supervisory Board on the terms and conditions and the procedure for launching the recruitment procedure for the position of PKP CARGO S.A. Management Board Member – Employee Representative (announcement resolution).
17 March 2022	15/2022	admission of candidates to the next stage of the recruitment procedure for the position of the Management Board Member in charge of Finance at PKP CARGO S.A.
17 March 2022	16/2022	admission of candidates to the next stage of the recruitment procedure for the position of the Management Board Member in charge of Commerce at PKP CARGO S.A.
19 March 2022	17/2022	admission of candidates to the next stage of the recruitment procedure for the position of the Management Board Member – Employee Representative at PKP CARGO S.A.
31 March 2022	18/2022	preparing an external legal opinion.
31 March 2022	19/2022	admission of candidates to the next stage of the recruitment procedure for the position of President of the PKP CARGO S.A. Management Board
31 March 2022	20/2022	admission of candidates to the next stage of the recruitment procedure for the position of the Management Board Member in charge of Finance at PKP CARGO S.A.
11 April 2022	21/2022	issuing an opinion on the candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Commerce

11 April 2022	22/2022	issuing an opinion on the candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance
11 April 2022	23/2022	issuing an opinion on the candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance
11 April 2022	24/2022	issuing an opinion on the candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance
11 April 2022	25/2022	issuing an opinion on the candidate for the position of PKP CARGO S.A. Management Board Member – Employee Representative.
11 April 2022	26/2022	issuing an opinion on the candidate for the position of President of the PKP CARGO S.A. Management Board
11 April 2022	27/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Commerce to the PKP CARGO S.A. Supervisory Board
11 April 2022	28/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance to the PKP CARGO S.A. Supervisory Board
11 April 2022	29/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance to the PKP CARGO S.A. Supervisory Board
11 April 2022	30/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member in charge of Finance to the PKP CARGO S.A. Supervisory Board
11 April 2022	31/2022	recommending a candidate for the position of the PKP CARGO S.A. Management Board Member – Employee Representative to the PKP CARGO S.A. Supervisory Board
20 April 2022	32/2022	adopting the Activity report of the PKP CARGO S.A. Supervisory Board Nomination Committee in the financial year 2021.
20 May 2022	33/2022	issuing an opinion on the “Report on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2021”.
13 June 2022	34/2022	adoption of a report on the completed recruitment procedure for the positions of President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce and PKP CARGO S.A. Management Board Member – Employee Representative
13 June 2022	35/2022	issuing an opinion on strategic (MBO) objectives for the President of the Management Board and Management Board Members of PKP CARGO S.A. for 2022.
27 July 2022	36/2022	variable compensation for the Management Board President and for Management Board Members of PKP CARGO S.A. for the financial year 2021.
30 November 2022	37/2022	issuing an opinion on the Bylaws for Appointing Management Board Members in PKP CARGO S.A.

Source: Proprietary material.

In 2022, the Nomination Committee dealt with the following issues in particular:

- 1) supervision over the recruitment procedure to the positions of Management Board members and over the Management Board member evaluation and appointment process:
 - launching the recruitment procedure for the position of PKP CARGO S.A. Management Board Member – Employee Representative;
 - recruitment procedure for the following positions: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Operations, and Management Board Member - Employee Representative in PKP CARGO S.A. and Management Board Member - Employee Representative in PKP CARGO S.A.;
 - evaluating submissions from candidates for the following positions: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Operations, and Management Board Member - Employee Representative in PKP CARGO S.A.;
 - issuing opinions on candidates in recruitment procedures for the following positions: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member

in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Operations, and Management Board Member - Employee Representative in PKP CARGO S.A.;

- recommending to the PKP CARGO S.A. Supervisory Board the candidates for the following positions: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Operations, and Management Board Member - Employee Representative in PKP CARGO S.A.;
 - issuing an opinion on the draft resolution of the PKP CARGO S.A. Supervisory Board on the terms and procedure for recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce and the PKP CARGO S.A. Management Board Member in charge of Operations (announcement resolution);
 - issuing an opinion on the draft resolution of the PKP CARGO S.A. Supervisory Board on the terms and conditions and the procedure for launching the recruitment procedure for the position of PKP CARGO S.A. Management Board Member – Employee Representative;
 - admission of candidates to the next stage of the recruitment procedure for the positions of President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce and PKP CARGO S.A. Management Board Member – Employee Representative
- 2) setting and overseeing strategic objectives (MBOs) for the PKP CARGO S.A. Management Board:
- settlement of strategic objectives (MBOs) for the PKP CARGO S.A. Management Board Members in 2021;
 - preparing and opening strategic objectives (MBOs) for the PKP CARGO S.A. Management Board Members for 2022;
- 3) assessment of the Management Board's work in the context of the Company's financial situation;
- 4) monitoring the personnel policy pursued and the compensation system in place:
- issuing an opinion on the draft amendments to the Bylaws for Electing Candidates to Become an Employee Representative in the PKP CARGO S.A. Management Board and appointing Employee Representatives to the PKP CARGO S.A. Supervisory Board and the Procedure for Their Removal;
 - discussing proposed amendments to the management services and non-competition agreement for Members of the PKP CARGO S.A. Management Board;
 - discussing the approach to the recruitment procedure for positions in the PKP CARGO S.A. Management Board;
 - discussing the Report on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2021;
 - discussing and issuing an opinion on the Bylaws for Appointing Management Board Members in PKP CARGO S.A.;
 - discussing amendments to the Company Collective Bargaining Agreement (ZUZP);
 - discussing the status of HR projects, including the draft changes to the remuneration system in PKP CARGO S.A.

VII. Strategy Committee

The Strategy Committee is appointed by the PKP CARGO S.A. Supervisory Board. It consists of at least three Supervisory Board members, of whom at least one Supervisory Board member must satisfy the independence criteria and be appointed in the manner provided for in § 20 and 21 of the Articles of Association. The Committee Members are appointed for a period corresponding to the length of the Supervisory Board's term of office. The Committee assists the Supervisory Board in defining and properly implementing the strategy and annual and long-term plans of PKP CARGO S.A. and the PKP CARGO Group.

In 2022, the Strategy Committee held 5 meetings, during which 3 resolutions were adopted:

Summary of resolutions adopted by the Supervisory Board Strategy Committee in 2022		
Date	Resolution number	in the matter of
20 April 2022	1/2022	approving the Activity Report of the Strategy Committee of the PKP CARGO S.A. Supervisory Board in 2021.
12 July 2022	2/2022	electing the Chairperson of the Strategy Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
29 December 2022	3/2022	adopting the <i>PKP CARGO Group Strategy Revision for 2019-2023</i> .

Source: Proprietary material.

In 2022, the Strategy Committee dealt with the following issues in particular:

- 1) monitoring the implementation of the PKP CARGO Group Strategy for 2019-2023 in the context of the need to develop tenets for the revision of the PKP CARGO Group Strategy,
- 2) monitoring the status of projects run by PKP CARGO S.A., including key projects implemented by PKP CARGO Connect Sp. z o.o.;
- 3) monitoring the implementation of PKP CARGO S.A.'s annual and long-term activity plans with regard to their consistency with PKP CARGO S.A.'s strategy; including legal requirements in the area of sustainable development policy (Environmental Social Governance – “ESG”) and proposed activities within the PKP CARGO Group in the ESG area.

VIII. Assessment of the Company's standing

1. PKP CARGO Group's market shares

In 2022, the rail freight transport market has operated in a context of dynamic changes in international markets, which has significantly contributed to changes in freight transport structure and delivery destinations. During this period, business conditions in the domestic industrial sector and in the rail freight market were favorable, and rail freight operations remained relatively stable despite a significant slowdown in their year-over-year growth (related to the armed conflict in Ukraine and significant global disruptions in supply chains).

In 2022, rail operators transported a total of 248.6 million tons of cargo (+2.1% yoy) and achieved a freight turnover of 62.5 billion tkm (+11.7% yoy). It was a difficult year for rail transport due to new challenges relating to the effects of the ongoing war in Ukraine and its economic implications (i.e. quick rise in inflation energy crisis, high prices of energy resources or supply chain problems), but the results show that the rail transport market is very stable. Compared to the 2021 result, the industry achieved an increase of 5.0 million tons in the volume of transported cargo and an increase 6.5 billion tkm in freight turnover. The volume of freight transported by rail in 2022 was the largest since 2018, which means that it was not only higher than the freight volume in 2020-2021 (when the market suffered from the effects of the global pandemic), but also higher than the result for the still stable 2019. In 2022, the more rapid improvement in freight turnover compared to that in freight volume was caused by an increase in the average haul which stood at 251 km, up by +22 km, compared to the result for 2021. The factors contributing to the increase in average haul included both changes in delivery destinations and new cargo distribution channels, and large-scale repairs to the rail infrastructure.

In 2022, 116 rail operators on the rail freight market held an active license issued by the President of the Office of Rail Transport (as at 30 January 2023). During this period, 27 rail carriers conducted transport operations whose market share in terms of transported freight volume exceeded 0.5% (which is 2 carriers more compared to 2021). Despite the difficult market situation, rail operators are still fairly interested in rendering rail freight transport services - the Office of Rail Transport issued 10 new licenses in this respect in 2022. In 2022, three members of the PKP CARGO Group, namely PKP CARGO S.A., PKP CARGO SERVICE Sp. z o.o. and PKP CARGO International a.s., rendered rail freight transport services.

The PKP CARGO Group continues to be the undisputed leader in the rail freight transport market in Poland both in terms of share in the transported freight volume and the generated freight turnover. According to the Office of Rail Transport, the PKP CARGO Group's market shares in 2022 were 37.4% (-0.8 p.p. yoy) in terms of freight volume and 39.8% in terms of freight turnover (-1.3 p.p. yoy). The respective market shares

of the PKP CARGO Group's parent company, that is PKP CARGO S.A., were 35.5% (-1.1 p.p. yoy) in terms of freight volume and 39.3% (-1.4 p.p. yoy) in terms of freight turnover.

The data on the transport activity conducted by the PKP CARGO Group in 2021 and 2022 contain consolidated data of PKP CARGO S.A., PKP CARGO SERVICE sp. z o.o. and companies from the PKP CARGO International Group. Transport services are rendered by 6 members of the PKP CARGO Group, namely PKP CARGO S.A., PKP CARGO SERVICE Sp. z o.o., PKP CARGO International a.s., PKP CARGO International HU Zrt., PKP CARGO International SK a.s. and PKP CARGO INTERNATIONAL SI d.o.o. PKP CARGO Group collaborates with the largest Polish and global corporations, including, among others, ArcelorMittal, PKN Orlen, PGNiG, Lafarge, Azoty, JSW, Węglokoks, Enea, PGE, Tauron, Polska Grupa Górnicza and MM Kwidzyn.

PKP CARGO Group's freight turnover in 2016-2022

Description	2022	2021	2020	2019	2018	2017	2016	Change	
	(million tkm)							2022/2021	%
Solid fuels ¹	11,690	9,583	8,621	10,015	10,931	11,515	12,542	2,107	43.3%
of which hard coal	10,132	7,848	7,112	8,502	9,313	10,155	11,070	2,284	37.5%
Aggregates and construction materials ²	5,497	5,131	4,509	5,208	7,185	5,882	4,636	366	20.4%
Metals and ores	1,984	2,145	1,980	2,742	3,732	4,027	3,436	-161	7.3%
Chemicals ⁴	1,909	2,246	1,937	2,068	2,204	2,357	2,078	-337	7.1%
Liquid fuels ⁵	887	649	681	1,071	1,165	1,340	1,091	238	3.3%
Timber and agricultural produce ⁶	948	785	984	1,052	1,384	1,764	1,562	162	3.5%
Intermodal transport	3,577	4,544	4,290	4,060	4,072	3,235	2,474	-966	13.2%
Pozostale ⁷	516	508	646	656	718	891	703	9	1.9%
Total	27,008	25,590	23,649	26,870	31,390	31,011	28,521	1,418	5.5%

Source: Proprietary material.

PKP CARGO Group's freight volume in 2016-2022

Description	2022	2021	2020	2019	2018	2017	2016	Change	
	(million tons)							2022/2021	%
Solid fuels ¹	51.5	52.1	47.3	53.3	56.6	57.7	59.8	-0.6	-1.1%
of which hard coal	46.2	46.2	42.5	47.9	51.2	51.7	53.7	0.0	0.0%
Aggregates and construction materials ²	21.0	19.8	17.9	20.4	26	22.2	18.2	1.2	6.1%
Metals and ores ³	6.5	7.1	6.2	9.3	12.6	13	11.3	-0.6	-8.7%
Chemicals ⁴	5.4	6.5	5.8	6.3	6.8	7	6.3	-1.1	-16.8%
Liquid fuels ⁵	2.8	1.9	2	3.7	3.9	4.5	3	1.0	51.7%
Timber and agricultural produce ⁶	3.2	2.4	2.8	3.7	4	4.5	4.4	0.8	32.2%
Intermodal transport	8.4	10	9.7	9.5	9.2	7.6	6.5	-1.6	-16.3%
Pozostale ⁷	1.8	1.8	2	2.3	2.7	2.6	2	0.0	0.1%
Total	100.6	101.6	93.6	108.6	121.9	119.1	111.5	-1	-1.0%

2. Terms and conditions of loan agreements

Agreements signed with banks impose legal and financial obligations on the PKP CARGO Group that are standard in such transactions. The key ratios measured in such obligations set forth in loan agreements signed by the PKP CARGO Group include: the Net Debt/EBITDA ratio and the total debt ratio.

The above ratios are calculated on the basis of data contained in the Standalone Financial Statements of selected subsidiaries, as well as the Consolidated Financial Statements of the PKP CARGO Group and the PKP CARGO INTERNATIONAL Group.

According to the provisions of the agreements signed by the PKP CARGO Group, compliance with the terms and conditions of loan agreements is reviewed on a quarterly basis, on a semi-annual basis and at the end of each financial year.

The Net Debt/EBITDA is the level of financial debt less cash to the generated EBITDA and is calculated excluding the impact of IFRS 16. The maximum permitted level of the Net Debt/EBITDA ratio, depending on the contract, is set within the range of 2.25-4.5. For selected agreements, there is also an obligation to satisfy the Net Debt/EBITDA ratio and total debt ratio calculated on the basis of forecast figures.

In most agreements, the total debt ratio is defined as the ratio of total liabilities (excluding the impact of IFRS 16) to total balance sheet amount (excluding the impact of IFRS 16) and its level cannot exceed 60%. As at 31 December 2022, the covenants defined in loan agreements for the Parent Company and subsidiaries were satisfied and therefore under IAS 1 non-current loan liabilities did not have to be reclassified to the current part.

3. Capital expenditures of the PKP CARGO Group

In 2022, the PKP CARGO Group incurred capital expenditures for the acquisition of property, plant and equipment and intangible assets in the form of procurement, modernization and the overhaul component (periodic repairs of P4 and P5 rolling stock and P3 periodic inspections) of PLN 708.9 million, and recognized right-of-use assets of PLN 67.3 million. Total capital expenditures of the PKP CARGO Group in 2022 reached PLN 776.2 million, i.e. 14.5% less than in 2021.

The majority of the capital expenditures in the PKP CARGO Group in 2022 were allocated for the execution of tasks associated with rolling stock, mainly for periodic repairs and periodic check-ups of rolling stock (the number of periodic repairs and periodic check-ups performed in individual periods is derived from the cycles specified in the Maintenance System Documentation (DSU) of the rolling stock approved by the Office of Rail Transport and the quantum of rolling stock maintained as fit for operation as required for the provision of transportation services) and the acquisition and modernization of locomotives and wagons – for a total amount of PLN 636.3 million (i.e. 82.0% of total capital expenditures). Moreover, the PKP CARGO Group incurred expenditures on computerization, i.e. purchases of computer hardware in the form of computers and ICT equipment as well as intangible assets (software) in the amount of PLN 5.1 million, for investment construction activity in the amount of PLN 44.4 million, chiefly to modernize container terminals, modernize and construct storage yards, repair rail infrastructure and modernize buildings and structures, including workshop buildings, and purchase and modernize machinery, plant and tools in container terminals and workshop buildings in the amount of PLN 20.1 million, to purchase office equipment and vehicles for PLN 3.0 million and right-of-use assets for PLN 67.3 million, including real estate for PLN 54.2 million, rolling stock for PLN 0.3 million and in other areas for PLN 12.8 million, mostly for leasing vehicles and purchasing tools in container terminals and workshop buildings, ICT equipment financed by leasing.

4. Analysis of the financial and operating activities of the PKP CARGO Group

In 2022, the PKP CARGO Group reported an EBIT of PLN 333.3 million (PKP CARGO S.A.: PLN 242.2 million) compared to PLN -208.8 million in 2021 (PKP CARGO S.A.: PLN -235.7 million) and a net result of PLN 148.0 million (PKP CARGO S.A.: PLN 102.7 million) compared to PLN -225.3 million in 2021 (PKP CARGO S.A.: PLN -223.3 million). The improvement in the financial results of the PKP CARGO Group was possible only due to the increase in the unit price of transportation services.

In 2022, revenues from contracts with customers increased by PLN 1,123.6 million yoy and totaled PLN 5,390.1 million. The increase in revenues was a direct consequence of the PKP CARGO Group's greater volume of transport services (freight turnover went up by 5.5% yoy). The PKP CARGO Group was also involved in the pursuit of optimization endeavors with regard to its fixed assets (including sales of wagons and locomotives unnecessary for the conduct of effective operations, including as scrap metal).

In 2022, the PKP CARGO Group posted an increase in operating expenses by PLN 557.2 million yoy, to PLN 5,055.1 million. Among the key factors affecting the year-over-year movement in operating expenses were:

- 1) increase in variable costs (consumption of electricity and traction fuel and infrastructure access services) by PLN 244.8 million associated with an increase in the quantum of transport services as well as the observed significant increases in wholesale energy prices and fuel prices on the global markets;

- 2) increase in the costs of transport services (including, in particular, freight forwarding) by PLN 10.6 million correlated with a greater volume of transport;
- 3) increase in the costs of other services by PLN 124.0 million, including as a result of higher rental fees for rolling stock and real estate by PLN 49.3 million, increase in the cost of overhaul services and maintenance of fixed assets by PLN 1.0 million and increase in the cost of transshipment services by PLN 21.5 million and an increase in reclamation costs by PLN 40.0 million;
- 4) increase in other costs by PLN 50.4 million as a result of, among other factors, an increase in the cost of goods and materials sold by PLN 14.8 million in the wake of the increased revenues in this category and higher costs of energy, non-traction fuel, water and gas by PLN 26.3 million (due to the observed increase in the prices of energy carriers and fuels);
- 5) increase in the costs of depreciation and impairment allowances by PLN 11.0 million resulting from capital expenditures connected with rolling stock higher than in the previous years;
- 6) increase in employee benefits by PLN 116.4 million, resulting from, among other things, the promotion campaign from June 2022, while employment fell by 524 people yoy (and the related reversal of provisions for employee benefits).

Total assets of the PKP CARGO Group at the end of 2022 totaled PLN 7,660.2 million and was PLN 46.8 million higher than in 2021. The largest share in the asset structure of PKP CARGO Group as at 31 December 2022 was held by rolling stock and other property, plant and equipment, which together accounted for 66.6% of total assets, compared to 67.4% as at 31 December 2021. Among current assets, the biggest share in the total assets in the period was held by trade receivables. The largest share in the structure of the PKP CARGO Group's equity and liabilities as at 31 December 2022 was attributable to equity, which accounted for 42.2% of total equity and liabilities, compared to 39.9% as at 31 December 2021. In the period, debt liabilities accounted for 31.0% of total equity and liabilities, compared to 33.7% as at 31 December 2021.

The value of cash and cash equivalents as at 31 December 2022 decreased by PLN 73.0 million compared to 31 December 2021. Positive cash flows from operating activities in the amount of PLN 1,018.4 million were achieved, among others, for the reported profit before tax of PLN 191.8 million, depreciation and impairment allowances of PLN 733.0 million, negative cash flows resulting from movements in working capital of PLN -17.1 million and other adjustments of PLN 110.7 million (including a change in actuarial valuation of employee benefits recognized in other comprehensive income). Negative cash flows from investing activities amounted to PLN -722.9 million and were mainly due to expenses incurred on the purchase of non-financial non-current assets in the amount of PLN 856.9 million, with simultaneous proceeds from the sale of non-financial non-current assets of PLN 75.9 million (mostly, the sale of wagons and locomotives unnecessary for the conduct of effective operating activities). On the other hand, negative cash flows from financial activities at PLN -319.5 million resulted from the repayment of loans and leases with interest in the amount of PLN 553.7 million, offset by proceeds of PLN 141.4 million from new loans and PLN 96.1 million from new subsidies (co-financing of the purchase of intermodel platforms).

5. Information on the PKP CARGO Group's rolling stock

The PKP CARGO Group's rolling stock is maintained by repair shops operating within the structures of PKP CARGO S.A. Units and in subsidiaries. At present, the PKP CARGO Group's rolling stock repair and maintenance organization has the competences to repair and maintain wagons, electric locomotives at all the maintenance levels from P1 to P5. In addition to the rolling stock owned by the PKP CARGO Group, these workshops also repair rolling stock and sub-assemblies for other owners. Wagons and traction vehicles are the main elements of the PKP CARGO Group's production assets. Changes in rolling stock levels result directly from actions such as the liquidation and sale of unneeded rolling stock or the purchase of new rolling stock. In 2022, the number of locomotives and wagons used by the PKP CARGO Group decreased. These changes resulted from the sale and physical liquidation of redundant rolling stock in 2022. In addition to these sales, the PKP CARGO Group continues to purchase new locomotives and container flat wagons. In 2022, 278 flat wagons were purchased; according to active contracts, locomotives will be purchased in 2023 and 2024.

Currently, the PKP CARGO S.A. holds safety certificates allowing it to render independent rail transport services in Slovakia, the Czech Republic, Germany, Austria, Hungary, the Netherlands and Lithuania.

6. Information on capital ties of the PKP CARGO Group

In 2022, the following changes were made to the structure of capital ties of PKP CARGO S.A. (and subsidiaries of PKP CARGO S.A.):

1. acquisition by PKP CARGO S.A. of a 0.17% stake in Centralny Terminal Multimodalny Sp. z o.o. with its registered office in Warsaw.

On 11 March 2022, PKP CARGO S.A. entered into an agreement no. KOP03.022.NN.1304.2022 with PKP S.A. on the sale of 50 (fifty) shares held by PKP S.A. in Centralny Terminal Multimodalny Sp. z o.o. with its registered office in Warsaw, of the par value of PLN 50.00 each, and of the total par value of PLN 2,500.00, to PKP CARGO S.A. (as a shareholder of Centralny Terminal Multimodalny Sp. z o.o.), for a total price equivalent to the total par value of the shares sold, i.e. PLN 2,500.00. As a result of the execution of the said Agreement, on 11 March 2022 the title was acquired to 50 shares in Centralny Terminal Multimodalny Sp. z o.o. with a total par value of PLN 2,500.00 (accounting for 0.17% of the company's share capital), making PKP CARGO S.A. the sole shareholder of Centralny Terminal Multimodalny Sp. z o.o. (a 100% stake; prior to the transaction, PKP CARGO S.A. held a 99.83% stake).

2. liquidation of GDAŃSKI TERMINAL KONTENEROWY S.A. in liquidation with its registered office in Gdańsk, in which a 41.93% stake was held by PKP CARGO CONNECT sp. z o.o., a fully owned subsidiary of PKP CARGO S.A.

On 7 June 2022, the District Court for Gdańsk-North in Gdańsk, 7th Commercial Division of the National Court Register, issued a decision to delete GDAŃSKI TERMINAL KONTENEROWY SPÓŁKA AKCYJNA in liquidation from the National Court Register – upon entry of the date of completion of the company's liquidation proceedings, that is as at 25 June 2020. On 2 July 2022, the entry on the deletion of GDAŃSKI TERMINAL KONTENEROWY S.A. in liquidation made by the District Court for Gdańsk-North in Gdańsk, 7th Commercial Division of the National Court Register, became final non-appealable. As a result, the company's legal existence was terminated when the decision of the court of registration on the deletion from the National Court Register became final non-appealable, that is on 2 July 2022. As a consequence, GDAŃSKI TERMINAL KONTENEROWY S.A. in liquidation ended its existence and ceased to be a related party of PKP CARGO S.A.

3. increase in the share capital of PKP CARGO TERMINALE sp. z o.o. with its registered office in Żurawica, a wholly owned subsidiary of PKP CARGO S.A.

On 23 December 2022, an Extraordinary Shareholder Meeting of PKP CARGO TERMINALE sp. z o.o. with its registered office in Żurawica was held and adopted a resolution to increase the share capital of PKP CARGO TERMINALE sp. z o.o. from PLN 75,015,000.00 to PLN 93,015,000.00, that is by PLN 18,000,000.00, by creating 18,000 new shares with a par value of PLN 1,000.00 each and a total par value of PLN 18,000,000.00, to be covered by PKP CARGO S.A. with a cash contribution of PLN 18,000,000.00.

All newly-created shares in PKP CARGO TERMINALE sp. z o.o., i.e. 18,000 shares, are acquired by PKP CARGO S.A.

The above increase in the share capital of PKP CARGO TERMINALE sp. z o.o. formally occurred on the date of its registration by the registry court (the entry in the National Court Register is of a constitutive nature in this case), which took place on 20 April 2023;

Additionally, it is worth noting the following events, which occurred after the end of the reporting period:

4. increase in the share capital of PKP CARGOTABOR sp. z o.o. with its registered office in Warsaw, a wholly owned subsidiary of PKP CARGO S.A.

On 30 January 2023, an Extraordinary Shareholder Meeting of PKP CARGOTABOR sp. z o.o. with its registered office in Warsaw was held and adopted a resolution to increase the share capital of PKP CARGOTABOR sp. z o.o. from PLN 92,264,000.00 to PLN 105,764,000.00, that is by PLN 13,500,000.00, by creating 13,500 new shares with a par value of PLN 1,000.00 each and a total par value of PLN 13,500,000.00, covered by PKP CARGO S.A. with a cash contribution of PLN 13,500,000.00.

All newly-created shares in PKP CARGOTABOR sp. z o.o., i.e. 13,500 shares, are acquired by PKP CARGO S.A.

The said increase in the share capital of PKP CARGOTABOR sp. z o.o. formally occurred on the date of its registration by the registry court (the entry in the National Court Register is of a constitutive nature in this case), which took place on 16 February 2023.

5. increase in the share capital of PKP CARGOTABOR USŁUGI Sp. z o.o. with its registered office in Warsaw, a wholly owned subsidiary of PKP CARGO S.A.

On 2 March 2023, the Extraordinary Shareholder Meeting of PKP CARGOTABOR USŁUGI sp. z o.o. with its registered office in Warsaw was held, at which the following resolutions of the Extraordinary Shareholder Meeting of PKP CARGOTABOR USŁUGI Sp. z o.o. were adopted:

- to increase the share capital of PKP CARGOTABOR USŁUGI Sp. z o.o. from PLN 18,138,000.00 to PLN 46,474,000.00, that is by PLN 28,336,000.00, by establishing 28,336 new shares with a par value of PLN 1,000.00 each, with a total par value of PLN 28,336,000.00, which were covered by PKP CARGO S.A. with an in-kind contribution of a market value of PLN 29,764,375.00 in the form of the ownership title to real estate, the perpetual usufruct right to real estate and the ownership title to the buildings and structures considered a separate property from the land on which they are erected, and the ownership title to movables owned by the former Fabryka Wagonów Gniewczyna S.A. (all the newly-created shares in PKP CARGOTABOR USŁUGI sp. z o.o., i.e. 28,336 shares, will be subscribed by PKP CARGO S.A.) with the excess of the value of the in-kind contribution over the total par value of the newly established shares, equal to PLN 1,428,375.00, will be transferred to the supplementary capital of PKP CARGOTABOR USŁUGI sp. z o.o. in the form of a share premium; the increase in the share capital of PKP CARGOTABOR USŁUGI sp. z o.o. formally occurred on the date of its registration by the registry court, as the entry in the National Court Register is of a constitutive nature in this case, which took place on 5 April 2023,
- to consent to the acquisition by PKP CARGOTABOR USŁUGI Sp. z o.o., by way of a rights transfer agreement, in performance of the obligation arising from the obligation to make an in-kind contribution, of assets consisting of the ownership title to real estate, the perpetual usufruct right to real estate, the ownership title to buildings and structures located on the land which are considered separate from the land, and the ownership title to movables owned by the former Fabryka Wagonów Gniewczyna S.A.

IX. Assessment of the internal control, risk management and compliance systems and the internal audit function

The system of controls in place in PKP CARGO S.A. includes all operational procedures and instructions, mechanisms and structures (organizational and hierarchical), internal regulations (resolutions, decisions and orders) which are implemented and performed by the Company in order to effectively conduct its business. In 2022, in terms of the institutional framework, the system is supported by the Security and Audit Department, and more specifically by the Department's Internal Control Section, the Internal Audit Section, and the Security Monitoring Section.

The internal control function operates pursuant to the "Instructions for exercise of institutional control and cooperation with external control authorities in PKP CARGO S.A. Ck-1". Institutional control is executed both on the basis of an annual control plan and ad hoc. The control plan is subject to approval by the Management Board President.

The internal audit function operates based on the "Audit bylaws at PKP CARGO S.A." an integral element of which is the Internal Auditor's Code of Ethics. Audit-related tasks are performed in accordance with the annual audit plan developed on the basis of risk analysis, stakeholder proposals and audited areas. The plan is subject to approval by the Company's Management Board and the Supervisory Board Audit Committee. At the Supervisory Board level, supervision over the operation of the audit function is exercised by the Supervisory Board Audit Committee. An additional power of the Supervisory Board in the audit area is the approval of annual budgets of the internal audit unit.

An important element of the control mechanisms system is the area of the Integrated Management System (IMS). The system covers the following areas in particular: ISO 9001 quality management, ISO 27001 information security management, ISO 14000 environmental management, ISO 45001 occupational health and safety management and the Internal Control System for trade in strategic goods. Within the framework of the Company's IMS policy, the Internal Audit Department cooperates with the organizational units of the Head Office and the Company's units and performs internal audits, updates the Quality Book and the Collection of Processes and Procedures, a document supplementing the Quality Book. In accordance with the applicable standards, the recertification process is performed once every three years, and at least once per year supervision audits are carried out by the certification authority. The second supervision audit was carried out in May 2022. The renewal audit ended in May 2023.

PKP CARGO S.A. has in place a cybersecurity team working within the structures of the Security and Audit Department as the Security Monitoring Section. Its location, due to specific requirements related to physical security, is in the Company's Head Office in Kraków. The structure and requirements to be fulfilled by the

Security Operations Center (SOC) team are defined in the Act on the National Cybersecurity System and the executive regulations issued thereunder. Among the SOC's key tasks is to monitor and detect cyber-attacks and to safeguard the information system used to provide continuous monitoring coverage to key services, which means that monitoring operations must be conducted on a 24/7/365 basis. The structure of the SOC in PKP CARGO S.A. rests on three pillars, and the detailed extent of its tasks and responsibilities is specified in the Organizational Bylaws of the Security and Audit Department of the PKP CARGO S.A. Head Office:

- 1) 1st line – continuous monitoring of the security of operation of ICT systems comprising the Information System used to provide the key service on a 24/7/365 basis;
- 2) 2nd line – analysis and coordination of system security – analyzing incidents and responding to ICT security incidents;
- 3) Admin team – tasks involving the administration of the ICT security systems in place, that is the administration of ICT security systems appropriate for the ICT security department, and recommending changes in the systems managed by the ICT Department.

By Decision No. 17/2020 of the President of the PKP CARGO S.A. Management Board of 15 April 2020 on the adoption of the Organizational Bylaws of the Compliance Department of the PKP CARGO S.A. Head Office, a Compliance Department was established in PKP CARGO S.A. Its duties include coordinating the compliance policy adopted by PKP CARGO S.A. and managing the areas of ethics and preventing corruption. The purpose of the Compliance Management Function at PKP CARGO S.A. is to identify and manage the risk of non-compliance with generally applicable laws and internal regulations, applicable ethical practices, in particular by taking action in situations of non-compliance or suspected non-compliance. The duties of the Compliance Department include the monitoring of legislative amendments (based on legal alerts provided by the LEX Wolters Kluwer system), issuing opinions and creating internal regulations in the compliance area, providing pertinent organizational cells with information on legislative amendments of relevance to the Company, initiating and conducting inspection proceedings in response to suspected irregularities, managing risks by keeping a central register of risks.

The following internal regulations apply in the Company in the field of ethics and counteracting corruption:

- 1) Code of Ethics of PKP CARGO S.A. adopted by Resolution No. 348/2020 of the PKP CARGO S.A. Management Board of 17 November 2020 (hereinafter: "Code of Ethics");
- 2) Anti-Corruption and Gift Policy of PKP CARGO S.A. adopted by Resolution No. 349/2020 of the PKP CARGO S.A. Management Board of 17 November 2020 (hereinafter: "Anti-Corruption Policy").

The purpose of the Anti-Corruption Policy is to ensure the fulfillment by PKP CARGO S.A. of the standards recommended for compliance management systems in respect of counteracting corruption and the whistleblower protection system in companies listed on the markets organized by the Warsaw Stock Exchange and resulting from Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law. Among the obligations imposed by the directive is the duty to ensure confidential and secure reporting channels and legal protection of whistleblowers against retaliation by the employer.

The Code of Ethics and the Anti-Corruption Policy enable the reporting of irregularities by whistleblowers either openly or anonymously. Accordingly, any person reporting an irregularity may turn directly to the Ethics Officer in the Compliance Department or submit a report through an external entity. In either case, the verification procedure is always carried out by the said Ethics Officer in consultation with the Compliance Officer who manages the daily work of the Department.

Since its establishment, the Compliance Department has been strongly focused on promoting the idea of compliance within the Company among its employees. In order to spread the culture of compliance, an Intranet website (information tabs on the Compliance Department, the Code of Ethics, the Anti-Corruption Policy and the Company's legal environment) and an Internet website (devoted to compliance activities at PKP CARGO S.A.) for the Company's employees and contractors have also been created. The Company regularly conducts employee training courses aimed at promoting compliance (e-learning, training for Value Leaders, middle management and training in the operation of software for the provision of legal alerts). The Compliance Department has also prepared information on compliance at PKP CARGO S.A. for onboarding employees and proposed a template of the anti-corruption clause to be included in contracts entered into by the Company.

Risk management at PKP CARGO S.A. is a coordinated process encompassing all activities taking place in the Company. Its purpose is to support management in making decisions, setting priorities, determining the level of information quality and security, strengthening the ability to achieve business objectives and identifying possible alternative action paths.

In the risk management area, the Company has in place the “Risk management policy at PKP CARGO S.A.” which defines the process and identifies the persons in charge of its pursuit. The risk management policy imposes the obligation to conduct the identification and assessment of risks and verification of risk treatment plans at least once per year. Also, the most significant risks identified by top management are monitored continuously with the use of key risk indicators (KRIs) designed specifically for this purpose.

X. Assessment of the manner of the Company’s fulfillment of reporting duties concerning the application of corporate governance principles

The Supervisory Board, following its examination of the Company’s corporate governance statement forming a separate part of the Management Board PKP CARGO Group Activity Report for financial year 2022 and the statutory auditor’s opinion included in the Auditor’s Report for the PKP CARGO S.A. Shareholder Meeting and Supervisory Board, has issued a positive assessment of the Company’s fulfillment of the reporting duties related to the application of corporate governance principles.

XI. Assessment of the reasonability of the Company’s policy related to sponsorship activities, charitable activities or other activities of a similar nature in the financial year 2021

The Rules and regulations for financing social undertakings in the form of donations and sponsorship by PKP CARGO S.A. contain references to the “Charity Policy for PKP S.A. and PKP Group Companies”, a July 2016 document defining the objectives and principles for the conduct of charitable activities and long-term social programs by Polskie Koleje Państwowe S.A. and PKP Group Companies.

For many years PKP CARGO S.A. has been carrying out social programs and sponsoring activities in selected areas. In 2022, they included:

- 1) key industry events (fairs, conferences, seminars, etc.) and initiatives for the development of the TFL industry;
- 2) safety in rail traffic;
- 3) sports and physical culture, including initiatives, in which PKP CARGO Group employees take part;
- 4) science and education, including vocational education in fields related to rail transportation;
- 5) educational activities to raise social awareness in relation to rail transport, both contemporary and its history;
- 6) Transportation ecology.

Separate actions taken by PKP CARGO S.A. in 2022 concerned payment of donations for the Company’s hardship-facing current and retired employees and their families. The money was spent mainly on treatment and rehabilitation.

XII. Subject matter of assessment by the Supervisory Board

Pursuant to Article 382 § 3 item 1 of the Commercial Company Code, the Supervisory Board, having examined the following documents:

- 1) Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022, prepared in accordance with EU IFRS (hereinafter: “Financial Statements”), comprising:
 - a) statement of profit or loss and other comprehensive income for the period from 1 January 2022 to 31 December 2022,
 - b) statement of financial position as at 31 December 2022,
 - c) statement of changes in equity for the period from 1 January 2022 to 31 December 2022,
 - d) cash flow statement for the period from 1 January 2022 to 31 December 2022,
 - e) notes including significant accounting principles and other explanatory notes to the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022, prepared in accordance with EU IFRS;
- 2) Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2022 prepared in accordance with EU IFRS (“Consolidated Financial Statements”), comprising:
 - a) consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2022 to 31 December 2022,
 - b) consolidated statement of financial position as at 31 December 2022,
 - c) consolidated statement of changes in equity for the period from 1 January 2022 to 31 December 2022,
 - d) consolidated cash flow statement for the period from 1 January 2022 to 31 December 2022,

- e) notes including significant accounting principles and other explanatory notes to the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2022, prepared in accordance with EU IFRS.
- 3) Management Board Report on the activity of the PKP CARGO Group in 2022,
- 4) Sustainability Report of the PKP CARGO Group for 2022,

on 4 April 2023, adopted Resolution No. 57/VIII/2023 on the assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022 prepared in accordance with EU IFRS and on issuing an opinion on the motion of the PKP CARGO S.A. Management Board to the Ordinary Shareholder Meeting of PKP CARGO S.A. and Resolution No. 58/VIII/2023 on the assessment of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2022 prepared in accordance with EU IFRS and the Management Board Report on the activity of the PKP CARGO Group in 2022 and on issuing an opinion on the motion to the Ordinary Shareholder Meeting of PKP CARGO S.A., whereby it stated the following:

- 1) the audit firms that audited the Financial Statements and the Consolidated Financial Statements, selected by Resolution No. 2/2020 of the Extraordinary Shareholder Meeting of PKP CARGO S.A. of 16 November 2020 (as amended) were the following companies:
 - a) Grant Thornton Frąckowiak P.S.A. (formerly: Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań, entered in the list of audit firms kept by the Polish Audit Supervision Agency under file no. 3654, and
 - b) Grant Thornton Polska P.S.A. (formerly: Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań, entered in the list of audit firms kept by the Polish Audit Supervision Agency under file no. 4055;

On behalf of the audit firm, the audit of the financial statements was conducted under the supervision of key statutory auditor Marcin Diakonowicz (license no. 10524).

- 2) The Financial Statements and the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("EU IFRS").
- 3) The components of the Financial Statements comply with EU IFRS, applicable legal regulations and the Company's Articles of Association. The Company's financial standing is reflected by the data contained in the documents forming the Financial Statements, including:
 - a) statement of profit or loss and other comprehensive income for the period from 1 January 2022 to 31 December 2022, showing a net profit of PLN 102.7 million (one hundred two million seven hundred thousand Polish zloty) and positive comprehensive income of PLN 110.6 million (one hundred ten million six hundred thousand Polish zloty);
 - b) statement of financial position prepared as at 31 December 2022, showing total assets and total liabilities and equity of PLN 6,748.1 million (six billion seven hundred forty-eight million one hundred thousand Polish zloty);
 - c) statement of changes in equity for the period from 1 January 2022 to 31 December 2022, showing an increase in equity by PLN 110.6 million (one hundred ten million six hundred thousand Polish zloty);
 - d) cash flow statement for the period from 1 January 2022 to 31 December 2022, showing a decrease in cash by PLN 85.8 million (eighty-five million eight hundred thousand Polish zloty);
 - e) notes including significant accounting principles and other explanatory notes to the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022, prepared in accordance with EU IFRS.

It is stated in the statutory auditor's opinion that the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022:

- a) give a true and fair view of the Company's assets and financial standing as at 31 December 2022 as well as its financial result and cash flows for the financial year ended on that date in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission, and adopted accounting principles (policy),
- b) have been prepared on the basis of properly maintained accounting ledgers,
- c) are consistent as to the form and content with the applicable laws and the provisions of the Company's Articles of Association.

Acting pursuant to Article 55 Section 2a of the Accounting Act of 29 September 1994 (consolidated text in Journal of Laws of 2021, Item 217, as amended), the Management Board has prepared a consolidated report on the activity of the Company and the PKP CARGO Group as a single report.

- 4) The specified components of the Consolidated Financial Statements are in compliance with International Financial Reporting Standards as approved by the European Union, the applicable provisions of law and the Company's Articles of Association.

The financial standing of the PKP CARGO Group is reflected by the data contained in the documents forming the Consolidated Financial Statements, including:

- a) the consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2022 to 31 December 2022, showing a net profit of PLN 148.0 million (one hundred forty-eight million Polish zloty) and positive comprehensive income of PLN 192.3 million (one hundred ninety-two million three hundred thousand Polish zloty);
- b) the consolidated statement of financial position prepared as at 31 December 2022, showing total assets and total liabilities and equity of PLN 7,660.2 million (seven billion six hundred sixty million two hundred thousand Polish zloty);
- c) the consolidated statement of changes in equity for the period from 1 January 2022 to 31 December 2022, showing an increase in equity by PLN 192.3 million (one hundred ninety-two million three hundred thousand Polish zloty);
- d) the consolidated cash flow statement for the period from 1 January 2022 to 31 December 2022, showing a decrease in cash by PLN 74.0 million (seventy-four million Polish zloty);
- e) the notes containing significant accounting principles and other explanatory notes to the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2022, prepared in accordance with EU IFRS.

According to the opinion issued by the statutory auditor, the audited Consolidated Financial Statements:

- a) give a true and fair view of the Group's assets and financial standing as at 31 December 2022 as well as its financial result and cash flows for the financial year ended on that date in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission, and adopted accounting principles (policy),
- b) are consistent as to the form and content with the laws applicable to the Group and the provisions of the Parent Company's Articles of Association.

In opinion of the independent statutory auditor, the Management Board Report (which includes the Management Board Report on the activity of PKP CARGO S.A. in 2022) was prepared in accordance with Article 49 of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2021, Item 217, as amended) and § 71 of the Finance Minister's Regulation of 29 March 2018 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent (Journal of Laws of 2018 Item 757) and is consistent with information included in the Consolidated Financial Statements.

Furthermore, the independent statutory auditor stated that in the light of its knowledge about the PKP CARGO Group and its environment obtained during the audit, the statutory auditor had not identified any material misstatements in the Management Board Report on the activity of the PKP CARGO Group in 2022.

The Supervisory Board is of the opinion that the annual Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022 and the annual Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2022 prepared in accordance with EU IFRS and the Management Board Report on the activity of the PKP CARGO Group in 2022 are consistent with the ledgers, documents and facts.

Pursuant to § 70 Section 1 Item 14 and § 71 Section 1 Item 12 of the *Finance Minister's Regulation of 29 March 2018 on the current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by the regulations of a non-member state as equivalent* (Journal of Laws of 2018 Item 757), by Resolution No. 57/VIII/2023 and 58/VIII/2023 of 4 April 2023, the Supervisory Board made a positive assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022, prepared in accordance with EU IFRS, and the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2022, prepared in accordance with EU IFRS, on the basis of:

- 1) their content and the report on the audit thereof included in the unqualified report on the audit issued for the PKP CARGO S.A. Shareholder Meeting and Supervisory Board by the independent statutory auditor,
- 2) information obtained during meetings and teleconferences with representatives of Grant Thornton Frąckowiak P.S.A. (formerly: Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań and Grant Thornton Polska P.S.A. (formerly: Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań, i.e. the audit firm, including the key statutory auditor,
- 3) information provided to the Supervisory Board by the Supervisory Board Audit Committee as part of the performance, by the Supervisory Board Audit Committee, of assignments provided for in the applicable laws and internal regulations,
- 4) information and data presented to the Supervisory Board by the Management Board,
- 5) information obtained by the Supervisory Board in the capacity of a supervisory body based on the powers vested in the Supervisory Board, including in particular information on internal control and audit activities and access to documents and financial ledgers.

The Management Board filed a motion to the Ordinary Shareholder Meeting on the allocation of the net profit of PLN 102,705,659.46 (one hundred two million seven hundred five thousand six hundred fifty-nine Polish zloty 46/100), as shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022 prepared in accordance with EU IFRS.

By Resolution No. 59/VIII/2023 of 4 April 2023, the Supervisory Board issued a positive opinion on the motion submitted by the Management Board to the Ordinary Shareholder Meeting to allocate the profit shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022 prepared in accordance with EU IFRS.

XIII. Supervisory Board's self-assessment of its work

The Supervisory Board members actively participated in the efforts made by the Supervisory Board and within its separate Committees, continuously performing intense work the scope of which is presented in detail in this Report. The Supervisory Board members remained in constant contact with the Management Board and, as part of the assignments pursued by separate Committees, with the Company's employees, in particular in the following areas: internal audit, finance, corporate governance, development, human resources management and strategy.

The Supervisory Board has identified risks that may affect the operations of the Company and the PKP CARGO Group and has formulated recommendations and postulates in this regard.

The Supervisory Board analyzed the Company's financial and operating performance and key economic indicators on an ongoing basis.

In the context of major changes in the market environment, the Supervisory Board expresses the need to conduct an in-depth review of the PKP CARGO Group's long-term strategy or develop a new strategy for the PKP CARGO Group, in consideration of existing global and domestic growth trends.

The Supervisory Board conducted out a recruitment process and elected all Management Board Members for the next term of office after four Management Board Members, including the Management Board President, were dismissed in October 2021.

XIV. Supervisory Board's recommendations for the Shareholder Meeting

During its work on the assessment of the financial statements for 2022, the Supervisory Board thoroughly analyzed the opinion presented by the statutory auditor on key issues related to the audit of the financial statements of the Company and the PKP CARGO Group and obtained clarifications from the Management Board. It also comprehensively examined various matters related to the current financial standing of PKP CARGO S.A. and key members of the PKP CARGO Group.

The Supervisory Board, having familiarized itself with the financial statements of the Company and the PKP CARGO Group for the financial year ended 31 December 2022 and the Management Board's report on the activities of the PKP CARGO Group and the Sustainability Report of the PKP CARGO Group for the same period, endorses these documents in the version presented by the Management Board and recommends their approval by the Ordinary Shareholder Meeting.

The Supervisory Board examined the Management Board's motion, in which the Management Board proposed to allocate the profit shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2022 prepared in accordance with EU IFRS, in the amount of PLN 102,705,659.46.

A positive opinion is hereby issued by the Supervisory Board on the said motions of the Management Board and their approval by the Ordinary Shareholder Meeting is hereby recommended.

Having assessed the Management Board's work, the Supervisory Board recommends to the Ordinary Shareholder Meeting to grant a discharge to all persons holding functions in the Management Board in the financial year 2022 on the performance of their duties.

Warsaw, 29 May 2023