



PKPCARGO

**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**

Warsaw, 31 May 2022

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 2021 (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 2020, Item 2320, as amended), § 70 (1)(14) and § 71 (1)(12) of the *Regulation issued by the Minister of Finance on 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*. (consolidated text: Journal of Laws of 2018, Item 757) as well as with *Best Practice of GPW Listed Companies 2016* constituting an attachment to Resolution No. 26/1413/2015 of the WSE Supervisory Board of 13 October 2015 and the *Best Practice of GPW Listed Companies 2021* constituting an attachment to Resolution No. 13/1834/2021 of 29 March 2021.

II. Composition of the Supervisory Board and its Committees.

As at 1 January 2021, 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. 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

On 14 January 2021, Polskie Koleje Państwowe S.A., the Company's shareholder, appointed Mr. Marcin Kowalczyk to the Supervisory Board.

In the period from 14 January 2021 to 24 January 2021, the composition of the **Supervisory Board** was as follows:

– Mr. Krzysztof Mamiński	– Chairman of the PKP CARGO S.A. Supervisory Board
– Mr. Marcin Kowalczyk	– Member 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

On 25 January 2021, by Resolution No. 1/VII/2021, the Supervisory Board appointed Mr. Marcin Kowalczyk to the position of Vice-Chairman of the PKP CARGO S.A. Supervisory Board for its 7th term of office.

In the period from 25 January 2021 to 17 October 2021, the composition of the **Supervisory Board** 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

On 18 October 2021, further to Resolutions of the Supervisory Board No. 74/VII/2021, 75/VII/2021, 76/VII/2021, 77/VII/2021 on dismissing from the Management Board: President of the Management Board, Management Board Member in charge of Finance, Management Board Member in charge of Commerce and Management Board Member in charge of Operations, the Supervisory Board, by Resolution No. 78/VII/2021 seconded the Supervisory Board Member, Mr. Władysław Szczepkowski to act temporarily in the capacity of the President of the Management Board for a period of no more than 3 (three) months.

Changes in the composition of the Supervisory Board in the financial year 2021 are presented in the following table:

No.	Name	Position	Period in office	
			from	to
1	Krzysztof Mamiński	Supervisory Board Chairman	26 June 2019*	to date
2	Marcin Kowalczyk	Supervisory Board Member Supervisory Board Vice-Chairman	14 January 2021 25 January 2021	24 January 2021 to date
3	Krzysztof Czarnota	Supervisory Board Member	26 June 2019*	to date
4	Zofia Dzik	Supervisory Board Member	26 June 2019*	to date
5	Dariusz Górski	Supervisory Board Member	26 June 2019*	to date
6	Paweł Sosnowski	Supervisory Board Member	26 June 2019*	to date
7	Jerzy Sośnierz	Supervisory Board Member	26 June 2019*	to date
8	Tadeusz Stachaczyński	Supervisory Board Member	26 June 2019*	to date
9	Władysław Szczepkowski	Supervisory Board Member (seconded to temporarily perform the duties of President of the Management Board)	26 June 2019* (in the period from 18 October 2021 to 13 January 2022 seconded to temporarily perform the duties of President of the Management Board)	to date
10	Izabela Wojtyczka	Supervisory Board Member	16 July 2020	to date
11	Antoni Duda	Supervisory Board Member	21 August 2020	to date

* 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.

The Supervisory Board's Audit Committee had the following composition as at 1 January 2021:

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

The composition of the Supervisory Board Audit Committee in 2021 is presented in the following table:

No.	Name	Position	Period in office	
			from	to
1	Dariusz Górski	Committee Chairman	1 July 2019	to date
2	Zofia Dzik	Committee Member	1 July 2019	to date
3	Władysław Szczepkowski	Committee Member	24 August 2020 (in the period from 18 October 2021 to 13 January 2022 seconded to temporarily perform the duties of President of the Management Board)	to date

Source: Proprietary material.

The Supervisory Board's Nomination Committee had the following composition from 1 January 2021 to 17 October 2021:

- Ms. Zofia Dzik – Chairwoman of the Nomination Committee
- Mr. Władysław Szczepkowski – Member of the Nomination Committee
- Ms. Izabela Wojtyczka – Member of the Nomination Committee

From 18 October 2021 to 31 December 2021 the Supervisory Board's Nomination Committee had the following composition:

- Ms. Zofia Dzik – Chairwoman of the Nomination Committee
- Ms. Izabela Wojtyczka – Member of the Nomination Committee
- Mr. Paweł Sosnowski – Member of the Nomination Committee.

The composition of the Supervisory Board Nomination Committee in 2021 is presented in the following table:

No.	Name	Position	Period in office	
			from	to
1	Zofia Dzik	Committee Chairwoman	1 July 2019	to date
2	Izabela Wojtyczka	Committee Member	21 September 2020	to date
3	Paweł Sosnowski	Committee Member	18 October 2021	to date
4	Władysław Szczepkowski	Committee Member	1 July 2019	17 October 2021

Source: Proprietary material.

The PKP CARGO S.A. Supervisory Board's Strategy Committee had the following composition as at 1 January 2021:

- 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.

The term of office of the Supervisory Board Strategy Committee in 2021 is presented in the following table:

No.	Name	Position	Period in office	
			from	to
1	Władysław Szczepkowski	Committee Member Committee Chairman	1 July 2019 23 September 2020 (in the period from 18 October 2021 to 13 January 2022 seconded to temporarily perform the duties of President of the Management Board)	to date

2	Dariusz Górski	Committee Member	1 July 2019	to date
3	Paweł Sosnowski	Committee Member	21 September 2020	to date
4	Antoni Duda	Committee Member	21 December 2020	to date

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 Polskie Koleje Państwowe S.A. (in the current 7th term: 11 members). The term of office of the Supervisory Board is 3 years. Supervisory Board members are 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's 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. The Supervisory Board makes decisions in the form of resolutions. 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, relatives and second degree next of kin, and persons with whom the Supervisory Board member has ties, he or she should refrain from participating in the discussion and voting on the resolution of such matters and request that this fact be recorded.

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 *Best Practice of GPW Listed Companies 2016* constituting an attachment to Resolution No. 26/1413/2015 of the WSE Supervisory Board of 13 October 2015 and *Best Practice of GPW Listed Companies 2021* constituting an attachment to Resolution No. 13/1834/2021 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 2021 to 31 December 2021, 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.

IV. Supervisory Board's work

In the financial year 2021, 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 2021 the Supervisory Board also analyzed, on a day to day basis, the impact on the Company of the dynamically evolving circumstances and conditions related to the emergency caused by the COVID-19 pandemic.

In the financial year 2021, the Supervisory Board held 11 meetings, during which it adopted 82 resolutions. In addition, the Supervisory adopted 14 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 2021 were as follows:

Supervisory Board meetings in 2021		
No.	date	number of Supervisory Board members in attendance at the meeting
1.	25 January 2021	not applicable
2.	22 February 2021	not applicable
3.	31 March 2021	not applicable
4.	26 April 2021	not applicable
5.	24 May 2021	not applicable
6.	07 June 2021	not applicable
7.	12 July 2021	not applicable
8.	30 August 2021	one Supervisory Board Member
9.	18 October 2021	not applicable
10.	04 November 2021	not applicable
11.	27 December 2021	not applicable

Source: Proprietary material.

A breakdown of resolutions voted by the Supervisory Board in the financial year 2021 is presented in the following table:

Breakdown of resolutions adopted by the Supervisory Board in 2021		
date	resolution number	in the matter of
25 January 2021	1/VII/2021	electing the Vice-Chairman of the PKP CARGO S.A. Supervisory Board of the 7th term of office.
25 January 2021	2/VII/2021	approving the "Rules of conducting transactions with entities related with PKP CARGO S.A.".
25 January 2021	3/VII/2021	approving the "Rules of periodic assessment of arm's length transactions concluded with related parties as part of normal operations of PKP CARGO S.A.".
25 January 2021	4/VII/2021	approving the budget of the internal audit unit in PKP CARGO S.A. for 2021.
25 January 2021	5/VII/2021	consenting to the conclusion of agreements with PKP CARGOTABOR Sp. z o.o. regarding performance of regular repairs and periodic inspections of cargo wagons in 2021.
22 February 2021	6/VII/2021	setting strategic MBO objectives for the President of the Management Board and Management Board Members of PKP CARGO S.A. for 2021.
22 February 2021	7/VII/2021	consenting to a debt release further to the settlement concluded between PKP CARGO S.A. and Energo Mechanik sp. z o.o. with its registered office in Strzelce Opolskie.
22 February 2021	8/VII/2021	consenting to the conclusion of settlement with SUEK Polska sp. z o.o. with its registered office in Gdańsk.
31 March 2021	9/VII/2021	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 2020, prepared in accordance with EU IFRS, and the annual Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2020, prepared in accordance with EU IFRS.

31 March 2021	10/VII/2021	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.
31 March 2021	11/VII/2021	assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2020, 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.
31 March 2021	12/VII/2021	assessment of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2020, prepared in accordance with EU IFRS, and the Management Board Report on the Activity of the PKP CARGO Group in 2020 and issuing an opinion on the request to the Ordinary Shareholder Meeting of PKP CARGO S.A.
31 March 2021	13/VII/2021	covering the loss shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2020 prepared according to EU IFRS.
31 March 2021	14/VII/2021	increasing the value of the Basic Agreement on Rail Infrastructure Use in Germany and amending Resolution No. 1853/VII/2019 of the PKP CARGO S.A. Supervisory Board of 15 April 2019.
26 April 2021	15/VII/2021	awarding a variable remuneration to Mr. Grzegorz Fingas for the financial year 2017.
26 April 2021	16/VII/2021	awarding a variable remuneration to Mr. Zenon Kozendra for the financial year 2017.
26 April 2021	17/VII/2021	awarding a variable remuneration to Mr. Witold Bawor for the financial year 2017.
26 April 2021	18/VII/2021	concluding 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.
26 April 2021	19/VII/2021	concluding with DB Netz AG the Basic Agreement on Rail Infrastructure Use in Germany.
26 April 2021	20/VII/2021	consenting to the conclusion of annexes to Co-Financing Agreements No. POIS.03.02.00.00-0045/18.00, No. POIS.03.02.00.00-0049/18.00 with Center For EU Transport Projects and authorizing the Management Board of PKP CARGO S.A. to conclude further Co-Financing Agreements No. POIS.03.02.00.00-0045/18.00, POIS.03.02.00.00-0049/18.00 without the need to obtain consent from the PKP CARGO S.A. Supervisory Board.
13 May 2021	21/VII/2021	PKP CARGO S.A. joining Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych as an Ordinary Member.
24 May 2021	22/VII/2021	awarding a variable remuneration to Mr. Czesław Warszewicz for the financial year 2018.
24 May 2021	23/VII/2021	awarding a variable remuneration to Mr. Grzegorz Fingas for the financial year 2018.
24 May 2021	24/VII/2021	awarding a variable remuneration to Mr. Leszek Borowiec for the financial year 2018.
24 May 2021	25/VII/2021	awarding a variable remuneration to Mr. Witold Bawor for the financial year 2018.
24 May 2021	26/VII/2021	awarding a variable remuneration to Mr. Zenon Kozendra for the financial year 2018.
24 May 2021	27/VII/2021	refraining from awarding a variable remuneration to the President of the Management Board and to Management Board Members of PKP CARGO S.A. for the financial year 2019.
24 May 2021	28/VII/2021	adopting the "Report on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2019–2020" and requesting the Ordinary Shareholder Meeting of PKP CARGO S.A.
24 May 2021	29/VII/2021	to adopt draft amendments to the "Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board".
24 May 2021	30/VII/2021	introducing more detail to the "Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board"
24 May 2021	31/VII/2021	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.

24 May 2021	32/VII/2021	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 Articles of Association of PKP CARGO S.A.
24 May 2021	33/VII/2021	issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to refrain from distributing a dividend for the financial year ended 31 December 2020.
24 May 2021	34/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to the President of the Management Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	35/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	36/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	37/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	38/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	39/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	40/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to the Supervisory Board Chairman of PKP CARGO S.A. on the performance of his duties.
24 May 2021	41/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to the Supervisory Board Vice-Chairman of PKP CARGO S.A. on the performance of his duties.
24 May 2021	42/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	43/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	44/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	45/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	46/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	47/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	48/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	49/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	50/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	51/VII/2021	submitting a motion to the PKP CARGO S.A. Shareholder Meeting for granting a discharge to a Member of the Supervisory Board of PKP CARGO S.A. on the performance of his duties.
24 May 2021	52/VII/2021	issuing an opinion on the agenda for the PKP CARGO S.A. Ordinary Shareholder Meeting.
24 May 2021	53/VII/2021	nominating members of the PKP CARGO S.A. Supervisory Board to take part in the PKP CARGO S.A. Ordinary Shareholder Meeting.
07 June 2021	54/VII/2021	consenting to PKP CARGO S.A. incurring a liability by purchasing real properties and movables of the former Fabryka Wagonów Gniewczyzna S.A. and entering into relevant agreements with Forespo Poland S.A. with its registered office in Rzeszów.

07 June 2021	55/VII/2021	consenting to the conclusion of an annex to the overdraft facility agreement with Bank Gospodarstwa Krajowego.
07 June 2021	56/VII/2021	incurring liabilities by drawing down on the loan amount pursuant to an agreement with the European Investment Bank.
07 June 2021	57/VII/2021	consenting to the conclusion of the Master Leasing Agreement with PKO Leasing S.A.
07 June 2021	58/VII/2021	increasing the value of the “Basic Agreement on Rail Infrastructure Use in Germany” concluded with the infrastructure manager – DB Netz.
15 June 2021	59/VII/2021	issuing an opinion on the extended agenda of the Ordinary Shareholder Meeting of PKP CARGO S.A. convened for 28 June 2021.
30 June 2021	60/VII/2021	consenting to the conclusion of sales agreements for 988 wagons.
12 July 2021	61/VII/2021	adopting the consolidated version of the PKP CARGO S.A. Articles of Association.
12 July 2021	62/VII/2021	consenting to PKP CARGO S.A. incurring a liability by concluding with PKP Informatyka sp. z o.o. an agreement to provide system maintenance services and to make available PKP Informatyka sp. z o.o. systems and infrastructure.
12 July 2021	63/VII/2021	concluding annexes to investment loan agreements concluded with Bank Gospodarstwa Krajowego.
12 July 2021	64/VII/2021	entering into a guarantee facility agreement with Bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw.
03 August 2021	65/VII/2021	entering into an annex to Agreement No. 5700029637 of 26 January 2021 concluded with PKP CARGOTABOR Sp. z o.o. on periodic repairs of cargo wagons for P4 and P5 maintenance levels.
03 August 2021	66/VII/2021	PKP CARGO S.A. entering into an agreement on periodic repairs of Ea(n)(o)s series cargo wagons for P4 and P5 maintenance levels.
03 August 2021	67/VII/2021	consenting to the conclusion of sales agreements for 441 locomotives and wrecked locomotives.
30 August 2021	68/VII/2021	providing reasons for the absence at the PKP CARGO S.A. Supervisory Board meeting
30 August 2021	69/VII/2021	refraining from awarding a variable remuneration to the President of the Management Board and to Management Board Members of PKP CARGO S.A. for the financial year 2020.
08 September 2021	70/VII/2021	concluding Annex 2 to the agreement for delivery of 31 new six-axis electric locomotives.
18 October 2021	71/VII/2021	concluding Annex 1 to Agreement No. COPR5.081.23.2020 to second temporary employees with the right to define benefits of 16 December 2020 concluded with Lok-Partner GmbH & Co. KG.
18 October 2021	72/VII/2021	increasing the value of the Agreement to supply traction energy in the Federal Republic of Germany concluded with traction energy provider – i.e. DB Energie GmbH.
18 October 2021	73/VII/2021	consenting to concluding a court settlement with the official receiver of the bankruptcy estate of Europejskie Konsorcjum Kolejowe Wagon sp. z o.o. in bankruptcy with its registered office in Ostrów Wielkopolski and releasing Europejskie Konsorcjum Kolejowe Wagon sp. z o.o. in bankruptcy from debt.
18 October 2021	74/VII/2021	dismissing the President of the PKP CARGO S.A. Management Board.
18 October 2021	75/VII/2021	dismissing PKP CARGO S.A. Management Board Member in charge of Finance.
18 October 2021	76/VII/2021	dismissing PKP CARGO S.A. Management Board Member in charge of Commerce.
18 October 2021	77/VII/2021	dismissing PKP CARGO S.A. Management Board Member in charge of Operations.
18 October 2021	78/VII/2021	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.
18 October 2021	79/VII/2021	dismissing Mr. Władysław Szczepkowski from PKP CARGO S.A. Supervisory Board Nomination Committee.
18 October 2021	80/VII/2021	supplementing the composition of the Supervisory Board Nomination Committee.
22 October 2021	81/VII/2021	initiating 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, PKP CARGO S.A. Management Board Member in charge of Operations.

27 October 2021	82/VII/2021	consenting to the conclusion of the agreement to lease a real property in Geniusze and authorizing the PKP CARGO S.A. Management Board to make amendments to it – NOT ADOPTED
02 November 2021	83/VII/2021	concluding a management services and non-competition agreement with Mr. Władysław Szczepkowski seconded to act temporarily in the capacity of President of the Company's Management Board.
04 November 2021	84/VII/2021	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, PKP CARGO S.A. Management Board Member in charge of Operations (Resolution on publication).
30 November 2021	85/VII/2021	consenting to the conclusion of sales agreements for 1500 wrecked wagons.
30 November 2021	86/VII/2021	consenting to the conclusion of the agreement to use throughput capacity No. TDS-82040-149/2021 in the 2021/2022 timetable with CARGOTOR sp. z o.o.
30 November 2021	87/VII/2021	consenting to incurring a liability through entering into an agreement to use throughput capacity for cargo transport in the 2021/2022 timetable with PKP Polskie Linie Kolejowe S.A.
30 November 2021	88/VII/2021	consenting to the conclusion of the agreement on PKP Intercity S.A. selling concessionary transportation services for 2022.
13 December 2021	89/VII/2021	concluding a leaseback agreement with PKO Leasing S.A.
13 December 2021	90/VII/2021	entering into a guarantee facility agreement with Credit Agricole Bank Polska S.A. with its registered office in Warsaw.
17 December 2021	91/VII/2021	entering into annexes to investment loan agreements, overdraft agreement and guarantee facility agreement concluded with Bank Polska Kasa Opieki S.A.
27 December 2021	92/VII/2021	increasing the value of the "Basic Agreement on Rail Infrastructure Use in Germany" concluded with the infrastructure manager – DB Netz.
27 December 2021	93/VII/2021	consenting to the conclusion of the "Agreement on the supply of traction energy" in Germany with DB Energies GmbH for 2022-2023.
27 December 2021	94/VII/2021	consenting to the conclusion of agreements with PKP CARGOTABOR Sp. z o.o. regarding performance of regular repairs and periodic inspections of cargo wagons.
27 December 2021	95/VII/2021	consenting to entering into an annex to the Agreement with PKP CARGOTABOR Sp. z o.o. on performance of repairs of electrical machines for electrical and diesel locomotives consisting in extending its term.
27 December 2021	96/VII/2021	entering into annexes to investment loan agreements, overdraft agreement and guarantee facility agreement concluded with Bank Polska Kasa Opieki S.A.
27 December 2021	97/VII/2021	concluding annexes to loan agreements concluded with Bank Gospodarstwa Krajowego.
27 December 2021	98/VII/2021	consenting to entering into sublease agreements with PKP CARGO CONNECT sp. z o.o. for an intermodal terminal located in Poznań Franowo.

Source: Proprietary material.

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) intermodal transport profitability for 2020 and Q3 2021;
 - c) financial projections for PKP CARGO S.A. and the PKP CARGO Group for 2021;
 - d) entertainment expenses and expenditures on legal services, marketing services, public relations and social communication services and management consulting services in Q3 2021 and 9 months of 2021;
 - e) budget of the internal audit unit in PKP CARGO S.A. for 2021;
 - f) reports on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2019–2020;
 - g) reports on entertainment expenditures and expenditures on legal services, marketing services, public relations and social communication services and management consulting services;

- h) a variable remuneration to the President of the Management Board and to Management Board Members of PKP CARGO S.A. for 2017-2020;
- 2) in the area of strategy and corporate governance, regarding, inter alia:
- a) the appointment process for Supervisory Board Members of CARGOTOR sp. z o.o.;
 - b) participation of Social Partners in the supervisory structures of the PKP CARGO Group's subsidiaries;
 - c) the situation related to rejecting the proposal for cooperation with Fortis Logistics sp. z o.o. sp. k.;
 - d) setting the MBO objectives for the Management Board to be executed in 2021;
 - e) time schedule of meetings with subsidiaries;
 - f) occupational health and safety at PKP CARGO INTERNATIONAL in 2020;
 - g) optimization actions taken to improve company's performance – PKP CARGOTABOR sp. z o.o., CARGOTOR sp. z o.o., PKP CARGO International a.s.; PKP CARGO CONNECT sp. z o.o.; PKP CARGO TERMINALE sp. z o.o. and PKP CARGO SEVICE sp. z o.o.
 - h) purchasing real properties and movables of the former Fabryka Wagonów Gniewczyzna S.A. and entering into agreements with Forespo Poland S.A.;
- 3) in the area of management, legal services and marketing, regarding, inter alia:
- a) Rules of conducting transactions with entities related with PKP CARGO S.A.;
 - b) Rules of periodic assessment of arm's length transactions concluded with related parties as part of normal operations of PKP CARGO S.A.;
 - c) settlement with Energo Mechanik sp. z o.o. with its registered office in Strzelce Opolskie;
 - d) introducing more detail to the Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board;
 - e) settlement with SUEK Polska sp. z o.o. with its registered office in Gdańsk;
 - f) amendment to the PKP CARGO S.A. Articles of Association and adopting the consolidated text of the PKP CARGO S.A. Articles of Association;
 - g) scope of application of the Best Practice for WSE Listed Companies 2021 at PKP CARGO S.A.;
 - h) amendments to the Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board;
 - i) introducing more detail to the Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board;
 - j) execution of the sponsoring and charity policy in PKP CARGO S.A and in PKP CARGO Group subsidiaries in H1 2021;
 - k) occupational health and safety at PKP CARGO Group for the first three quarters of 2021;
 - l) court settlement with the official receiver of the bankruptcy estate of Europejskie Konsorcjum Kolejowe Wagon sp. z o.o. in bankruptcy with its registered office in Ostrów Wielkopolski and releasing Europejskie Konsorcjum Kolejowe Wagon sp. z o.o. in bankruptcy from debt;
 - m) actions in the area of changing the Company's remuneration system and using incentive system for the Company's middle and senior executive management;
 - n) radiotelephones used at PKP CARGO S.A.;
 - o) speeches of the President of NSZZ Solidarity 80 in Kluczbork;
 - p) reasons for rolling stock shortages indicated in the letter from Federacja Związków Zawodowych Kolejarzy [Railway workers' trade union federation] of 18 August 2021 (reference no.: F1-32/08/2021);
 - q) analysis of the rolling stock situation at PKP CARGO S.A.;
 - r) the adopted assumptions, targets (including financial and product-related) and time schedule for the roll-out (creation) of the Commercial Department with the organizational structure of PKP CARGO S.A.

The activities of the Supervisory Board were documented in adopted resolutions and minutes of Supervisory Board meetings in 2021.

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 of the Commercial Companies Code, the Supervisory Board:

- 1) evaluated the Company's financial statements for the financial year 2020 and adopted Resolution No. 11/VII/2021 (31 March 2021) 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 2020 prepared according to EU IFRS and adopted Resolution No. 13/VII/2021 (31 March 2021) in that respect.

Further to unsatisfactory opinion of the Management Board's performance, on 18 October 2021, the Supervisory Board dismissed the following from the Management Board:

- 1) Mr. Czesław Warsewicz – President of the PKP CARGO S.A. Management Board;
- 2) Mr. Leszek Borowiec – PKP CARGO S.A. Management Board Member in charge of Finance;
- 3) Mr. Piotr Wasaty – PKP CARGO S.A. Management Board Member in charge of Commerce;
- 4) Mr. Witold Bawor – PKP CARGO S.A. Management Board Member in charge of Operations.

At the same time, the Supervisory Board, by Resolution No. 78/VII/2021, 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 22 October 2021, the Supervisory Board, by Resolution No. 81/VII/2021 initiated the recruitment procedure for the position 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 and PKP CARGO S.A. Management Board Member in charge of Operations.

Changes in the composition of the Management Board in the financial year 2021 are presented in the following table:

No.	Name	Position	Period in office	
			from	to
1	Władysław Szczepkowski	acting as President of the Management Board*	18 October 2021	13 January 2022
2	Zenon Kozendra	Management Board Member – Employee Representative	14 July 2016	to date
3	Czesław Warsewicz	President of the Management Board	27 March 2018	18 October 2021
4	Witold Bawor	Management Board Member in charge of Operations	26 October 2017	18 October 2021
5	Piotr Wasaty	Management Board Member in charge of Commerce	1 September 2020	18 October 2021
6	Leszek Borowiec	Management Board Member in charge of Finance	27 March 2018	18 October 2021

*Pursuant to Article 383 § 1 of the Commercial Companies Code.
Source: Proprietary material

V. Supervisory Board Audit Committee

The Supervisory Board's 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. Committee members are appointed for a term corresponding to 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 or review services, recommending a firm authorized to audit financial statements to the Shareholder Meeting, to

perform financial audit and review activities in the Company, in compliance with the policies in force in the Company: the Policy and Procedure for the selection of an audit firm to audit standalone financial statements of PKP CARGO S.A. and consolidated financial statements of the PKP CARGO Group as well as the Policy for the provision of additional services by the audit firm which conducts the audit of PKP CARGO S.A., related parties of the audit firm or member of its network.

In 2021, the Audit Committee held 9 meetings and took 2 votes using means of direct remote communication, during which 12 resolutions were adopted:

Breakdown of resolutions adopted by the Supervisory Board's Audit Committee in 2021		
date	resolution number	subject matter
18.01.2021	1/2021	issuing an opinion on the Rules of conducting transactions with entities related with PKP CARGO S.A.
18.01.2021	2/2021	issuing an opinion on the Rules of periodic assessment of arm's length transactions concluded with related parties as part of normal operations of PKP CARGO S.A.
18.01.2021	3/2021	issuing an opinion on the budget of the internal audit unit in PKP CARGO S.A. for 2021
18.01.2021	4/2021	approving the Annual Audit Plan for 2021
18.01.2021	5/2021	adopting the timetable of work by the Audit Committee of the PKP CARGO S.A. Supervisory Board for 2021
31.03.2021	6/2021	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 2020, prepared in accordance with EU IFRS, and the annual Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2020, prepared in accordance with EU IFRS.
31.03.2021	7/2021	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.
31.03.2021	8/2021	assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2020 prepared according to EU IFRS
31.03.2021	9/2021	assessment of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2020, prepared in accordance with EU IFRS, and the Management Board Report on the Activity of the PKP CARGO Group in 2020
16-21.04.2021	10/2021	adoption of the activity report of the PKP CARGO S.A. Supervisory Board Audit Committee for H2 2020
08.09.2021	11/2021	adoption of the activity report of the PKP CARGO S.A. Supervisory Board Audit Committee for H1 2021
30.09-01.10.2021	12/2021	acknowledgment of information on an analysis of the actions taken by the PKP CARGO S.A. Management Board to ensure the maintenance of the Company's financial liquidity and assessment of their effectiveness

Source: Proprietary material.

In 2021, the Audit Committee dealt with the following issues in particular:

- 1) monitoring the financial reporting process, including:
 - a) analysis of the financial statements;
 - b) 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;
 - c) 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 2020, and discussion of the results of the review of the standalone annual financial statements and the consolidated annual financial statements with the auditor;
 - d) analysis of the consolidated quarterly financial statements and other information for the consolidated quarterly financial statements for Q1 2021;
 - e) issuing opinions on regulations regarding transactions with related parties;
 - f) review of the transactions with related parties;
 - g) tax review (including deferred taxes);

- h) review of the Management Board's material estimates;
 - i) issuing opinions on the selection of an audit firm;
 - j) review of tools used in financial statements and management accounting;
 - k) verification of additional services provided by the audit firm;
 - l) monitoring the independence of the statutory auditor and the audit firm;
 - m) analysis of the interim condensed standalone financial statements of PKP CARGO S.A. for the 6-month period ended 30 June 2021;
 - n) analysis of the interim condensed consolidated financial statements of the PKP CARGO Group for the 6-month period ended 30 June 2021 and notes to the consolidated financial statements;
 - o) analysis of the quarterly condensed standalone financial statements of PKP CARGO S.A. for the 9-month period ended 30 September 2021;
 - p) analysis of the condensed quarterly consolidated financial statements of the PKP CARGO Group for the 9-month period ended on 30 September 2021 and notes to the consolidated quarterly financial statements of the PKP CARGO Group for Q3 2021;
- 2) monitoring the effective operation of internal control, internal audit and risk management systems, among others with regard to financial reporting, including:
- a) approval of the audit plan for 2021;
 - b) discussion of financial risk management, with particular emphasis on liquidity risk, including ongoing analysis of banking covenants, cash and capital management;
 - c) review of the report on the activities of the internal audit function in H2 2020;
 - d) discussion of the activity report of the 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;
 - e) discussion of the draft risk management policy;
 - f) discussion of the fraud prevention system;
 - g) discussion of the results of audits performed in the PKP CARGO Group;
 - h) discussion of the results of external audits;
 - i) discussion of the report on the activities of the internal audit function in H1 2021;
 - j) discussion of the results of external audits performed in PKP CARGO S.A. in 2021;
 - k) discussion of the results of external audits performed in PKP CARGO Group companies in Q1, Q2 and Q3 2021;
 - l) discussion of the tasks performed by the Internal Audit Department in PKP CARGO S.A. in Q3 2021;
 - m) discussion of audit tasks to be performed in 2022;
- 3) risk analysis, in particular liquidity risk analysis during meetings with the Management Board Member in charge of Finance regarding analysis of the actions taken and assessment of their effectiveness to ensure the Company's financial liquidity.

Moreover, the Committee dealt with the following topics:

- 1) issuing opinions on the annual budget of the internal audit unit;
- 2) adoption of the Supervisory Board Audit Committee work schedule for 2021;
- 3) monitoring the legal actions taken by or against the PKP CARGO Group and pending court proceedings;
- 4) discussion of the report on the activities of the Compliance Department, in particular pertaining to the monitoring of legal regulations, including regulatory risk;
- 5) review of the structure of the financial department, key persons, training plan and succession plan (including the centralization of financial functions and accounting services in PKP CARGO Group companies);
- 6) review of the capital allocation process;
- 7) review of the procurement procedures;
- 8) discussion of IT security, inspections and audits (November 2020 – May 2021);
- 9) discussion of the rules of verification proceedings;
- 10) review of the regulations governing the activities of the Supervisory Board Audit Committee.

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 Articles of Association, to discharge the function of Nomination Committee Chairman. 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 2021, the Nomination Committee held 15 meetings and 6 ballots to adopt resolutions using means of remote communication. The Nomination Committee adopted 19 resolutions in 2021:

Breakdown of resolutions adopted by the Supervisory Board Nomination Committee in 2021		
date	resolution number	subject matter
22.03.2021	1/2021	issuing an opinion on MBO objectives for the President of the Management Board and Management Board Members of PKP CARGO S.A. for 2021
22.03.2021	2/2021	introducing more detail to the "Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board"
16.04.2021	3/2021	<i>approval of the activity report of the PKP CARGO S.A. Supervisory Board Nomination Committee in the financial year 2020</i>
23.04.2021	4/2021	awarding variable compensation to Mr. Grzegorz Fingas for the financial year 2017.
23.04.2021	5/2021	awarding variable compensation to Mr. Zenon Kozendra for the financial year 2017.
23.04.2021	6/2021	awarding variable compensation to Mr. Witold Bawor for the financial year 2017.
11.05.2021	7/2021	awarding variable compensation to Mr. Czesław Warszewicz for the financial year 2018.
11.05.2021	8/2021	awarding variable compensation to Mr. Grzegorz Fingas for the financial year 2018.
11.05.2021	9/2021	awarding variable compensation to Mr. Leszek Borowiec for the financial year 2018.
11.05.2021	10/2021	awarding variable compensation to Mr. Witold Bawor for the financial year 2018.
11.05.2021	11/2021	awarding variable compensation to Mr. Zenon Kozendra for the financial year 2018.
11.05.2021	12/2021	refraining from awarding variable compensation to the President of the Management Board and to Management Board Members of PKP CARGO S.A. for the financial year 2019.
19.05.2021	13/2021	issuing an opinion on the report on compensation disbursed to Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2019–2020
19.05.2021	14/2021	to adopt draft amendments to the "Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board".
19.05.2021	15/2021	introducing more detail to the "Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board"
25.08.2021	16/2021	refraining from awarding variable compensation to the President of the Management Board and to Management Board Members of PKP CARGO S.A. for the financial year 2020.
11.10.2021	17/2021	acknowledgment of information on an analysis of the actions taken by the PKP CARGO S.A. Management Board to ensure the maintenance of the Company's financial liquidity and assessment of their effectiveness
18.10.2021	18/2021	launch 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 Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations – NOT ADOPTED
18.10.2021	19/2021	launch 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 Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations
29.10.2021	20/2021	issuing an opinion on the draft resolution of the PKP CARGO S.A. Supervisory Board on the conditions and conduct 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 Commerce, PKP

		CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations (resolution on the announcement) – NOT ADOPTED
03.11.2021	21/2021	issuing an opinion on the draft resolution of the PKP CARGO S.A. Supervisory Board on the conditions and conduct 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 Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations (resolution on the announcement)

Source: Proprietary material.

In 2021, 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:
 - a) 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, PKP CARGO S.A. Management Board Member in charge of Operations;
 - b) defining the conditions and conduct 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, PKP CARGO S.A. Management Board Member in charge of Operations;
 - c) assessment of applications from candidates 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, PKP CARGO S.A. Management Board Member in charge of Operations;
 - d) admission of candidates for 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, PKP CARGO S.A. Management Board Member in charge of Operations;
- 2) setting and overseeing strategic objectives (MBOs) for the PKP CARGO S.A. Management Board:
 - a) settlement of strategic objectives (MBOs) for the PKP CARGO S.A. Management Board Members IN 2017-2020;
 - b) preparing strategic objectives (MBOs) for the PKP CARGO S.A. Management Board Members for 2021;
- 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:
 - a) discussion of the Compensation Policy of PKP CARGO S.A. and provision of more details to the Compensation Policy of PKP CARGO S.A. in terms of compensation of Management Board members;
 - b) monitoring the process of proposed amendments to the Company-Level Collective Bargaining Agreement and monitoring the negotiation process with the trade unions;
 - c) discussion of the progress in the MAGLEV project;
 - d) discussion of the report on compensation for Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2019 and 2020;
 - e) discussion of the reorganization of the sales division;
 - f) analysis of actions taken by the Management Board to ensure the maintenance of the Company's financial liquidity and assessment of their effectiveness.

VII. Strategy Committee

The Strategy Committee is appointed by the 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 Company's Articles of Association. The Strategy Committee members are appointed for a term corresponding to the Supervisory Board's term of office. The Strategy Committee supports the Supervisory Board in its supervision over the establishment of the strategy as well as the proper pursuit of the strategy and annual and long-term activity plans for the Company and its Group.

In 2021, the Strategy Committee held 3 meetings and 1 ballot by means of direct remote communication, during which 1 resolution was adopted:

Breakdown of resolutions adopted by the Supervisory Board Strategy Committee in 2021		
Date	Resolution number	in the matter of
21.04.2021	1/2021	approval of the Report on the activities of the PKP CARGO S.A. Supervisory Board Strategy Committee in 2020.

Source: Proprietary material.

In 2021, the Strategy Committee dealt with the following issues in particular:

- 1) monitoring the pursuit 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/development of a new strategy for the PKP CARGO Group;
- 2) monitoring the progress of projects executed by PKP CARGO S.A.;
- 3) monitoring the pursuit of the annual and long-term activity plans of PKP CARGO S.A. in terms of consistency with the adopted PKP CARGO S.A. Strategy.

VIII. Assessment of the Company's standing

1. PKP CARGO Group's market shares

Despite the economic turbulences caused by the COVID-19 pandemic, which continued in 2021, and the growing competition, both within and without the sector, in 2021, the rail freight market increased in year-over-year terms in both freight volume and freight turnover. According to Office of Rail Transport data, in 2021, rail freight operators transported a total of 243.6 million tons of cargo (+9.1% yoy) and achieved a freight turnover of almost 56 billion tkm (+7.2% yoy). Therefore, the industry achieved compared to the results of 2020, an increase in the volume of transported cargo by 20.4 million tons and an increase in freight turnover by 3.8 billion tkm. The volume of freight transported by rail in 2021 also significantly exceeded the 2019 level (by more than 7.2 million tons, or + 3.1%). In terms of freight turnover, a slight increase was recorded in comparison with the 2019 result (a growth by 78 million tkm, i.e. by +0.1%, mainly because of reduction of the average haul by 6.7 km).

In 2021, the PKP CARGO Group maintained its leading position in the rail freight market in Poland and at the same time improved its market shares in year-over-year terms. According to Office of Rail Transport data, the PKP CARGO Group's market share in 2021 was 38.2% (+0.2 p.p. yoy) in terms of freight volume and 41.2% in terms of freight turnover (+0.2 p.p. yoy). The market shares of the PKP CARGO Group's parent company, that is PKP CARGO S.A., were 36.7% (+0.04 p.p. yoy) and 40.7% (+0.1 p.p. yoy) in 2021.

The data on the transport activity conducted by the PKP CARGO Group in 2020 and 2021 comprise consolidated data for: PKP CARGO S.A., PKP CARGO SERVICE sp. z o.o. and PKP CARGO International Group companies. Transport services are rendered by 6 members of the 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. (formerly: PRIMOL-Rail d.o.o.). The PKP CARGO Group cooperates with the largest Polish and global companies, including: ArcelorMittal, PKN Orlen, PGNiG, Lafarge, Azoty, JSW, Węglokoks, Enea, PGE, Tauron, Polska Grupa Górnicza and MM Kwidzyn (formerly: International Paper).

The Supervisory Board observed with concern the deteriorating financial results and liquidity of PKP CARGO S.A. and recommended that the Management Board take various initiatives aimed at improving and intensifying the sales process and increasing the effectiveness of its economic operations.

PKP CARGO Group's freight turnover in 2016-2021

Description	2021	2020	2019	2018	2017	2016	Change 2021/2020	
	(million tkm) ^[2]							%
Solid fuels ¹	9,583	8,621	10,015	10,931	11,515	12,542	962	11.2%
<i>of which hard coal</i>	7,848	7,112	8,502	9,313	10,155	11,070	736	10.3%
Aggregates and construction materials ²	5,131	4,509	5,208	7,185	5,882	4,636	622	13.8%
Metals and ores ³	2,145	1,980	2,742	3,732	4,027	3,436	165	8.3%
Chemicals ⁴	2,246	1,937	2,068	2,204	2,357	2,078	309	15.9%
Liquid fuels ⁵	649	681	1,071	1,165	1,340	1,091	-32	-4.7%
Timber and agricultural produce ⁶	785	984	1,052	1,384	1,764	1,562	-199	-20.2%
Intermodal transport	4,544	4,290	4,060	4,072	3,235	2,474	254	5.9%
Other ⁷	508	646	656	718	891	703	-139	-21.4%
Total	25,590	23,649	26,870	31,390	31,011	28,521	1,941	8.2%

Source: Proprietary material.

PKP CARGO Group's freight volume in 2016-2021

Description	2021	2020	2019	2018	2017	2016	Change 2021/2020	
	(million tons)							%
Solid fuels ¹	52.1	47.3	53.3	56.6	57.7	59.8	4.8	10.1%
<i>of which hard coal</i>	46.2	42.5	47.9	51.2	51.7	53.7	3.7	8.7%
Aggregates and construction materials ²	19.8	17.9	20.4	26.0	22.2	18.2	1.9	10.8%
Metals and ores ³	7.1	6.2	9.3	12.6	13.0	11.3	0.9	14.8%
Chemicals ⁴	6.5	5.8	6.3	6.8	7.0	6.3	0.7	12.4%
Liquid fuels ⁵	1.9	2.0	3.7	3.9	4.5	3.0	-0.1	-6.0%
Timber and agricultural produce ⁶	2.4	2.8	3.7	4.0	4.5	4.4	-0.4	-13.5%
Intermodal transport	10.0	9.7	9.5	9.2	7.6	6.5	0.3	2.7%
Other ⁷	1.8	2.0	2.3	2.7	2.6	2.0	-0.1	-5.9%
Total	101.6	93.6	108.6	121.9	119.1	111.5	8.0	8.6%

Source: Proprietary material.

2. Capital expenditures of the PKP CARGO Group

In 2021, 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 842.8 million, and recognized right-of-use assets of PLN 65.5 million. Total expenditures of the PKP CARGO Group in 2021 reached PLN 908.3 million, i.e. more by 20.4% against the performance in 2020.

The majority of the capital expenditures in the PKP CARGO Group in 2021 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 725.8 million (i.e. 79.9% 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 12.8 million, for investment construction activity in the amount of PLN 70.5 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 32.2 million, to purchase office equipment and vehicles for PLN 1.5 million and right-of-use assets for PLN 65.5 million, including real estate for PLN 45.1 million, rolling stock for PLN 5.7 million and in other areas for PLN 14.7 million, mostly for leasing vehicles and purchasing tools in container terminals and workshop buildings, ICT equipment, containers financed by leasing.

Due to the deterioration of the Company's liquidity standing and debt ratios during the financial year, including covenants included in loan agreements, the Supervisory Board regularly drew attention to the

^[2] In this Report for the financial year 2021, to facilitate the reading, some figures were rounded off which may cause slight deviations in the presented data. In all cases of possible distortions, the data are presented with greater accuracy.

need to conduct reviews and consistently reduce planned capital expenditures in order to ensure the right proportions between the volume of investment expenditures and the results actually generated at the EBITDA level.

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

In 2021, the PKP CARGO Group reported an EBIT of PLN -208.8 million (PKP CARGO S.A.: PLN -235.7 million) compared to PLN -186.4 million in 2020 (PKP CARGO S.A.: PLN -214.6 million) and a net result of PLN -225.3 million (PKP CARGO S.A.: PLN -223.3 million) compared to PLN -224.3 million in 2020 (PKP CARGO S.A.: PLN -173.9 million). The deterioration of the PKP CARGO Group's financial performance was chiefly a consequence of the trends observed in its operating business: a higher year-over-year increase in operating expenses than that in revenues. However, this phenomenon was partly due to non-recurring factors which exerted a positive impact on EBIT in 2020: receipt of aid under the anti-crisis shield in the total amount of PLN 115.2 million (a significant year-over-year decrease in other operating income) and a temporary reduction in the working time and employee compensation by 10% resulting in lower costs of employee benefits.

In 2021, revenues from contracts with customers increased by PLN 190.9 million yoy and totaled PLN 4,266.5 million. The increase in revenues was a direct consequence of the PKP CARGO Group's greater quantum of transport services (including in terms of freight volume by 8.6% and freight turnover by 8.2%). 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). At the same time, in the period under analysis, a decrease in transport rates was recorded, resulting chiefly from the intensification of competition on the rail freight market affected by the COVID-19 pandemic, especially in the bulk cargo segment.

In 2021, the PKP CARGO Group posted an increase in operating costs by PLN 113.0 million yoy, to PLN 4,535.3 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 70.2 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) correlated with a greater volume of transport;
- 3) increase in the costs of other services by PLN 48.1 million, including as a result of higher rental fees for rolling stock and real estate by PLN 23.7 million, increase in the cost of overhaul services and maintenance of fixed assets by PLN 7.3 million and increase in the cost of transshipment services by PLN 4.7 million;
- 4) increase in other costs by PLN 44.5 million as a result of, among other factors, an increase in the value of goods and materials sold by PLN 30.1 million in the wake of the increased revenues in this category and higher costs of energy, non-traction fuel, water and gas by PLN 9.2 million (due to the increase in the prices of energy carriers and fuels);
- 5) decrease in depreciation and impairment allowances by PLN 44.6 million resulting from lower capital expenditures (including investments into rolling stock) in 2020 and early 2021 than in previous years, as well as revaluation of the rolling stock residual value as at 31 December 2020 (lower base for depreciation allowances on property, plant and equipment);
- 6) decrease in employee benefits by PLN 16.1 million, resulting from, among other things, a year-over-year decrease in employment by 1,069 FTEs (and the related reversal of provisions for employee benefits).

The PKP CARGO Group's total assets as at the end of 2021 stood at PLN 7,613.4 million, up PLN 54.0 million compared to 2020. As The biggest share in the PKP CARGO Group's asset structure as at 31 December 2021 was held by rolling stock and other property, plant and equipment, which in aggregate accounted for 67.4% of total assets, compared to 67.7% as at 31 December 2020. At the same time, the largest share in the structure of current assets was attributable to trade receivables. The largest share in the structure of the PKP CARGO Group's equity and liabilities as at 31 December 2021 was attributable to equity, which accounted for 39.9% of the sum of equity and liabilities, compared to 41.6% as at 31 December 2020. Debt liabilities accounted for 33.7% of total equity and liabilities, compared to 34.1% as at 31 December 2020.

The value of cash and cash equivalents as at 31 December 2021 decreased by PLN 51.5 million compared to 31 December 2020. Positive cash flows from operating activities of PLN 699.8 million were generated, among others, on the reported loss before tax of PLN 264.4 million, depreciation and impairment

allowances of PLN 722.0 million, positive cash flows resulting from movements in working capital of PLN 125.1 million (including optimization of management of trade receivables and payables turnover) and other adjustments of PLN 92.0 million (including change in valuation of employee benefits disclosed in other comprehensive income). Negative cash flows from investing activities of PLN -645.6 million resulted mainly from the expenses incurred on the purchase of non-financial non-current assets in the amount of PLN 808.5 million (including investments into rolling stock and purchase of the wagon plant in Gniewczyna), with simultaneous proceeds from the sale of non-financial non-current assets of PLN 158.4 million (mostly, the sale of wagons and locomotives unnecessary for the efficient conduct of operating activities). In turn, negative cash flows from financing activities of PLN -106.4 million were a consequence of repayment of loans and leases with interests in the amount of PLN 519.5 million, offset by inflows of PLN 323.9 million from new loans and PLN 93.3 million from new subsidies (co-financing of the purchase of intermodal platforms).

Contracts 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 PKP CARGO Group companies 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 PKP CARGO S.A. and 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 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 2.25-4.0. 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 2021, the value of Net Debt/EBITDA ratios based on the Standalone Financial Statements of PKP CARGO S.A. and the Consolidated Financial Statements of the PKP CARGO Group overrun the level of 3.0 and 4.0 stipulated in the loan agreements.

Before the balance sheet date, PKP CARGO S.A.:

- 1) obtained from the lenders a one-time waiver of the covenant to maintain the Net Debt/EBITDA ratios at specific levels, or
- 2) concluded appropriate annexes stipulating that the Net Debt/EBITDA ratio level based on the consolidated data of the PKP CARGO Group as at 31 December 2021 cannot be greater than 5.0, or that the level of the Net Debt/EBITDA ratio will not be examined as at 31 December 2021.

In contracts with selected financing banks, the waiver mentioned above was granted with a proviso that the Net Debt/EBITDA ratio based on PKP CARGO Group's consolidated data must not exceed 5.0.

At the same time, as at 31 December 2021, in the case of agreements with one of the banks, PKP CARGO S.A. also obtained consent for a temporary change of definitions of total debt, in which the impact of IFRS 16 was excluded from the definition.

The above conditions were satisfied as at 31 December 2021 and therefore under IAS 1 loan liabilities did not have to be reclassified.

In the case of other subsidiaries, the covenants under loan agreements were satisfied as at 31 December 2021.

The economic situation associated, among others, with the effects of the COVID-19 pandemic and the military aggression against Ukraine may materially affect the value of the ratios under loan agreements in subsequent periods.

In addition to financial metrics, the Supervisory Board also applies operational indicators reflecting the quantum of work performed and the use of traction vehicles (such as the average wagon turnover time or commercial speed) to assess the PKP CARGO Group's performance. The operating performance generated in 2021 warrants the following observations:

- 1) deterioration in the average daily haul of locomotives caused by the high level of closures and operational difficulties on the PKP PLK network and the related decrease in the average

- commercial speed, with a concurrent increase in the number of active locomotives available for operations in a situation of varying volumes of transport services;
- 2) the recorded increase in the average gross train tonnage per operating locomotive and the average running time of train locomotives attests to the optimal use of the rolling stock and successful optimization of management of traction vehicles;
 - 3) increase in the freight turnover per employee ratio was a consequence of an increase in freight turnover by 8.2% yoy coupled with a decrease in the average headcount in FTEs by 4.8% yoy.

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

The PKP CARGO Group's rolling stock is maintained through repair points functioning within the structures of PKP CARGO S.A. Units and in subsidiaries. Currently, 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, the Group's establishments also repair rolling stock and sub-assemblies for other owners. Wagons and traction rolling stock are the main elements of the PKP CARGO Group's production assets. Changes in the rolling stock levels result directly from such actions as liquidation and sale of rolling stock or purchase of new rolling stock. Additionally, for a long time now, locomotive modernizations have been carried out and have not affected the overall size of the rolling stock but they do change the quantities in individual series when a locomotive after a modernization changes its series and operating purpose. In 2021, the number of locomotives and wagons used by the PKP CARGO Group decreased again. These changes resulted from the sale and physical liquidation of redundant rolling stock in 2021. In addition to such sales, the PKP CARGO Group also keeps purchasing new locomotives and container flat wagons. In 2021, eight E186 multi-system electric locomotives were leased and 428 flat wagons were purchased. As part of the ongoing modernization of the locomotives, in the 12 months of 2021, 7 overhauls were performed with modernization of a series SM48 diesel locomotives (with the series designation changed to ST48) and 10 overhauls were performed with modernizations of series ST44 diesel locomotives.

Presently, PKP CARGO S.A. holds safety certificates enabling it to render rail transport services on its own in Slovakia, the Czech Republic, Germany, Austria, Hungary, the Netherlands and Lithuania.

5. Information on capital ties of PKP CARGO Group companies

In 2021, the following changes were made to the structure of capital ties of PKP CARGO S.A. (and subsidiaries of PKP CARGO S.A.):

- 1) sale by PKP CARGO CONNECT sp. z o.o. with its registered office in Warsaw of all shares held in RENTRANS CARGO sp. z o.o. with its registered office in Szczecin.

On 22 March 2021, PKP CARGO CONNECT sp. z o.o. (in which PKP CARGO S.A. holds a 100% stake) and RENTRANS CARGO sp. z o.o. with its registered office in Szczecin entered into a conditional agreement on the purchase of shares for redemption, under which PKP CARGO CONNECT sp. z o.o. sold all 249 shares held by it in RENTRANS CARGO sp. z o.o. (accounting for a 29.26% stake in the share capital of RENTRANS CARGO sp. z o.o.). As a result of this transaction, on 22 March 2021 the title to 249 shares in RENTRANS CARGO sp. z o.o. was transferred to this company itself, meaning that, as of 22 March 2021, PKP CARGO CONNECT sp. z o.o. ceased to be a shareholder of RENTRANS CARGO sp. z o.o., and therefore RENTRANS CARGO sp. z o.o. ceased to be a related party of PKP CARGO S.A.

- 2) change of business name from PRIMOL-RAIL d.o.o. to PKP CARGO INTERNATIONAL SI d.o.o. with its registered office in Grčarevec, Slovenia – in this company, PKP CARGO INTERNATIONAL a.s. holds an 80% stake in the share capital.

With effect as of 9 September 2021, PRIMOL-RAIL d.o.o. with its registered office in Grčarevec, Slovenia, an 80% owned subsidiary of PKP CARGO INTERNATIONAL a.s., changed its name and currently does business as PKP CARGO INTERNATIONAL SI d.o.o. with its registered office in Grčarevec, Slovenia. Neither the amount of the share capital of PKP CARGO INTERNATIONAL SI d.o.o. nor the stake in its share capital held by PKP CARGO INTERNATIONAL a.s. have changed.

- 3) acquisition by PKP CARGO S.A. of a 100% stake in PKP Linia Chelmska Szerokotorowa sp. z o.o. with its registered office in Chelm.

On 27 October 2021, an agreement was signed under which PKP CARGO S.A. acquired from PKP Linia Hutnicza Szerokotorowa sp. z o.o. with its registered office in Zamość a 100% stake (100 shares

with a par value of PLN 50 each, with a total par value of PLN 5,000) in PKP Linia Chełmska Szerokotorowa sp. z o.o. with its registered office in Chełm, for a total price of PLN 5,000.

Moreover, on 11 March 2022, PKP CARGO S.A. entered into an agreement with Polskie Koleje Państwowe S.A. whereunder the latter will sell 50 (fifty) shares in Centralny Terminal Multimodalny Sp. z o.o. with its registered office in Warsaw, of the par value of PLN 50 each, and of the total par value of PLN 2,500, 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, that is PLN 2,500. As a result of the transaction, PKP CARGO S.A. became the sole shareholder of Centralny Terminal Multimodalny sp. z o.o. with its registered office in Warsaw.

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

The internal control system in place at PKP CARGO S.A. comprises all operating 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 run its business in an effective manner. In 2021, in terms of the institutional framework, the system is supported by the Security and Audit Department, and more specifically by: Internal Control Department, Internal Audit Department and Team for Internal Audit of Units.

The internal control function operated on the basis of the “Instructions for exercise of institutional control and cooperation with external control authorities in PKP CARGO S.A. Ck-1”.

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’s Audit Committee. An additional power of the Supervisory Board in the audit area is the approval of annual budgets of the internal audit unit. The functioning of the audit area is based on the International Standards for the Professional Practice of Internal Auditing (IIA).

A significant element of the internal control 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 will take place in May 2022, while the renewal audit is scheduled for March 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 physical 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 I – 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. Moreover, the most significant risks identified by top management are monitored continuously with the use of key risk indicators (KRIs) designed specifically for this purpose.

In connection with 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, the risk management area was transferred from the Security and Audit Department to the Compliance Department. The risk management policy at PKP CARGO S.A. was updated with amendments of an organizational and housekeeping nature, intended to improve the Company’s risk management process.

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's PKP CARGO Group Activity Report for 2021 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 Bylaws 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.

The Supervisory Board examined the Company's two periodic reports on the activity of the Sponsorship and Donation Commission in 2021.

Year after year, PKP CARGO S.A. has consistently executed community programs and provided sponsorship support in the selected areas:

- 1) key industry events and initiatives for the development of the TFL industry;
- 2) science and education, including vocational education, in particular the development of fields related to the industry;
- 3) safety in rail traffic;
- 4) sports activities, also with the participation of PKP CARGO Group employees;
- 5) education in the area of raising social awareness regarding rail transport, both contemporary and its history.

Charitable support activities are focused on environmental protection and ecology (including supporting the initiatives related to ecology of transport).

In 2021, within the framework of its transparent policy PKP CARGO S.A. organized a program of donations for hardship-facing current and retired employees and their families. In 2021, due to the persisting pandemic, PKP CARGO S.A. and other PKP CARGO Group companies significantly reduced the scope of their sponsorship activities in comparison to the previous years.

XII. Subject matter of assessment by the Supervisory Board

Pursuant to Article 382 § 3 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 2021, 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 2021 to 31 December 2021,
 - b) statement of financial position as at 31 December 2021,
 - c) statement of changes in equity for the period from 1 January 2021 to 31 December 2021,
 - d) cash flow statement for the period from 1 January 2021 to 31 December 2021,
 - 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 2021, prepared in accordance with EU IFRS;
- 2) Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2021 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 2021 to 31 December 2021,
 - b) consolidated statement of financial position as at 31 December 2021,
 - c) consolidated statement of changes in equity for the period from 1 January 2021 to 31 December 2021,
 - d) consolidated cash flow statement for the period from 1 January 2021 to 31 December 2021,
 - 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 2021, prepared in accordance with EU IFRS;

3) Management Board Report on the activity of the PKP CARGO Group in 2021,

on 30 March 2022, adopted Resolution No. 26/VII/2022 on the 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 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. 27/VII/2022 on the 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 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 spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Poznań at ul. abpa Antoniego Baraniaka 88E, 61-131 Poznań, KRS 0000369868, NIP 7781476013, entered in the list of audit firms kept by the Polish Audit Supervision Agency under file no. 3654;
 - b) Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Poznań at ul. abpa Antoniego Baraniaka 88E, 61-131 Poznań, KRS 0000407558, NIP 7822545999, 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 2021 to 31 December 2021 showing a net loss of PLN 223.3 million (two hundred twenty-three million three hundred thousand Polish zloty) and negative comprehensive income of PLN 146.1 million (one hundred forty-six million one hundred thousand Polish zloty);
 - b) statement of financial position prepared as at 31 December 2021, showing total assets and total liabilities and equity of PLN 6,727.4 million (six billion seven hundred twenty-seven million four hundred thousand Polish zloty);
 - c) statement of changes in equity for the period from 1 January 2021 to 31 December 2021 showing a decrease in equity by PLN 146.1 million (one hundred forty-six million one hundred thousand Polish zloty);
 - d) cash flow statement for the period from 1 January 2021 to 31 December 2021 showing a decrease in cash by PLN 39.5 million (thirty-nine million five 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 2021, 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 2021:

- a) present an accurate and clear picture of the Company's assets and financial standing as at 31 December 2021 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(2a) of the Accounting Act of 29 September 1994 (consolidated text: 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 distinct 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) consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2021 to 31 December 2021 showing a net loss of PLN 225.3 million (two hundred twenty-five million three hundred thousand Polish zloty) and negative comprehensive income of PLN 103.2 million (one hundred three million two hundred thousand Polish zloty);
- b) consolidated statement of financial position prepared as at 31 December 2021, showing total assets and total liabilities and equity of PLN 7,613.4 million (seven billion six hundred thirteen million four hundred thousand Polish zloty);
- c) consolidated statement of changes in equity for the period from 1 January 2021 to 31 December 2021 showing a decrease in equity by PLN 103.2 million (one hundred three million two hundred thousand Polish zloty);
- d) consolidated cash flow statement for the period from 1 January 2021 to 31 December 2021 showing a decrease in cash by 52.2 million (fifty-two million two hundred thousand Polish zloty);
- 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 2021, prepared in accordance with EU IFRS.

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

- a) present an accurate and clear picture of the Group's assets and financial standing as at 31 December 2021 as well as the 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 the accounting principles (policy),
- b) are consistent as to the form and content with the applicable laws 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 2021) 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 2021.

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 2021 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 and the Management Board's Report on the activities of the PKP CARGO Group in 2021 are consistent with the ledgers, documents and facts.

In connection with §70(1)(14) and §71(1)(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), the Supervisory Board, by Resolution Nos. 26/VII/2022 and 27/VII/2022 of 30 March 2022, endorsed the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021 prepared in accordance with EU IFRS and the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2021 prepared in accordance with EU IFRS, based on:

- 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 Spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Poznań and

- Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Poznań, i.e. the audit firms, 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 PKP CARGO S.A. 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 submitted a motion to the Ordinary Shareholder Meeting to cover the net loss incurred in 2021 in the amount of PLN 223,287,411.98 (two hundred twenty-three million two hundred eighty-seven thousand four hundred eleven and 98/100 Polish zloty), as carried in the Standalone Financial Statements for the financial year ended 31 December 2021, prepared in accordance with EU IFRS, with retained earnings.

By Resolution No. 28/VII/2022 of 30 March 2022, the Supervisory Board issued a positive opinion on the motion submitted by the Management Board to the Ordinary Shareholder Meeting regarding the coverage of 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.

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 kept identifying risks that may affect the operations of the Company and the PKP CARGO Group and articulated pertinent recommendations and postulates.

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

The Supervisory Board repeatedly recommended to the Management Board various remedial actions, in the areas of trade, operations, investments, organization and human resources management.

In the context of major changes in the market environment and the inability to achieve the adopted strategic objectives, 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.

XIV. Supervisory Board's recommendations for the Shareholder Meeting

During its work on the assessment of the financial statements for 2021, 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 Company's 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 2021 and the Management Board's report on the activities of the PKP CARGO Group in 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 has examined the motion submitted by the Management Board in which the Management Board proposes to cover the net loss shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2021 prepared in accordance with EU IFRS in the amount of PLN 223,287,411.98, of which PLN 114,276,655.60 with retained earnings.

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 2021 on the performance of their duties.

Warsaw, 31 May 2022