



**Report on compensation of Members of the PKP CARGO S.A.
Management Board and Supervisory Board for 2022**

Company: PKP CARGO S.A.
Address: ul. Grójecka 17, 02-021 Warsaw
Court of registration: District Court for the capital city of Warsaw in Warsaw,
12th Commercial Division of the National Court Register
KRS number: 0000027702
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Warsaw, 29 May 2023

I. Introduction

This Report on compensation disbursed to the PKP CARGO S.A. Management Board and Supervisory Board Members in 2022 (hereinafter: **"Report"**) has been prepared by the Supervisory Board in compliance with the obligations arising from Article 90g of the Act of 29 July 2005 on Public Offering and the Terms and Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies (consolidated text: Journal of Laws of 2021, item 1983, of 2 November 2021, as amended) (hereinafter: **"Act on Offerings"**) in conjunction with Resolution No. 23/2020 of the Ordinary Shareholder Meeting of PKP CARGO SA of 29 June 2020 on the adoption of the *Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board*, as later amended (hereinafter: **"Policy"**).

In respect of Members of the Management Board and Supervisory Board, the Policy, as a rule, has not significantly changed the regulations governing compensation payable prior to the adoption of the Policy. With regard to the variable components of the compensation of the members of the Management Board, also prior to the implementation of the Policy, the Supervisory Board granted bonuses for the financial year based on the assessment of the achievement of the adopted management objectives.

The report was reviewed by a statutory audit in respect to information required under the Act on Offerings. The Report was reviewed by a consortium of companies consisting of:

- 1) Grant Thornton Frąckowiak P.S.A. (formerly: Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań, entered in the list of audit firms kept by the Polish Audit Supervision Agency under file no. 3654, and
- 2) Grant Thornton Polska P.S.A. (formerly: Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań, entered in the list of audit firms kept by the Polish Audit Supervision Agency under file no. 4055.

II. Report on compensation

1. Total compensation broken down by component, as defined in Article 90d(3)(1) of the Act on Offerings, and the relative proportion of these compensation components

1.1. Compensation of the Management Board

Members of the Management Board are entitled to fixed monthly compensation (**"Base Compensation"**) and variable compensation contingent on the attainment of financial or non-financial objectives (**"Bonus"**), as well as other additional cash and non-cash benefits.

The Base Compensation may vary depending on the function.

The Bonus is determined in a sustainable manner and is in line with the financial standing of PKP CARGO S.A. (hereinafter also the **"Company"**) and the achievement of the adopted management objectives (hereinafter, the **"Objectives"**).

Rules of granting Bonuses, setting the Objectives, specifying weights of the Objectives and criteria for their attainment and settlement are defined by a separate resolution of the Supervisory Board.

The total amount of the Bonus may not exceed 50% of the Base Compensation payable to the respective Management Board Member in the financial year for which the Bonus is due.

The Supervisory Board adopts a resolution to grant a Bonus after the Shareholder Meeting adopts a resolution:

- 1) approving the PKP CARGO S.A. Management Board's Activity Report for the financial year for which the Bonus is due,
- 2) approving the PKP CARGO S.A. financial statements for the financial year for which the Bonus is due,
- 3) granting a discharge to the Management Board Member on the performance of his or her duties in the financial year for which the Bonus is due.

1.1.1. Compensation of Management Board Members, by component

In 2022, the compensation of the Management Board Members was as follows:¹

Full name position period of discharging the function in 2022 by Management Board Members	Fixed monthly compensation (in PLN)	Compensation for non- competition obligations / % share in total compensation	Severance pay / % share in total compensation	Other benefits (in PLN)			Income components on account of reimbursement of travel and accommodation expenses / % share in total compensation	Variable compensation/bonus (in PLN) ²		Extraordin ary allowance s (in PLN) / % share in total compensation	Disability/ retirement pension (in PLN) / % share in total compensation	Total compensation (in PLN) / % share in total compensation
	Net Base Compensation ³ / % share in total compensation			Taxable income on account of the Employee Capital Scheme contribution / % share in total compensation ⁴	Taxable income on account of transportation benefits / % share in total compensation** ⁵	Taxable income, subject to social insurance contributions, for using a company car for private purposes/ % share in total compensation		Single-year bonus / % share in total compensation	Multiple- year bonus / % share in total compensation			
Władysław Szczepkowski acting President of the Management Board 1 January 2022 – 12 April 2022	163,200.00 96.15%	0.00	0.00	2,448.00 1.44%	4,084.01 2.41%	0.00	0.00	0.00	0.00	0.00	0.00	169,732.01 100%
Dariusz Seliga President of the Management Board from 13 April 2022	412,800.00 98.04%	0.00	0.00	4,343.00 1.03%	1,367.13 0.32%	2,546.66 0.61%	0.00	0.00	0.00	0.00	0.00	421,056.79 100%
Marek Olkiewicz Management Board Member in charge of Operations from 3 February 2022	467,266.67 98.95%	0.00	0.00	0.00	1,385.52 0.29%	3,573.33 0.76%	0.00	0.00	0.00	0.00	0.00	472,225.52 100%
Maciej Jankiewicz Management Board Member in charge of Finance from 25 April 2022	352,600.00 97.66%	0.00	0.00	3,893.40 1.08%	2,123.71 0.59%	2,440.00 0.67%	0.00	0.00	0.00	0.00	0.00	361,057.11 100%
Jacek Rutkowski Management Board Member in charge of Commerce from 25 April 2022	352,600.00 98.28%	0.00	0.00	3,894.00 1.08%	12.90 0.01%	2,253.33 0.63%	0.00	0.00	0.00	0.00	0.00	358,760.23 100%
Zenon Kozendra Management Board Member – Employee Representative from 1 January 2022	516,000.00 97.79%	0.00	0.00	7,798.20 1.48%	0.00	3,880.00 0.73%	0.00	0.0	0.00	0.00	0.00	527,678.20 100%

¹ Including the compensation of former Management Board Members disbursed under a management contract and non-competition agreement.

² Pursuant to paragraph 4 sec. 7 of the Policy, measurement of the Objectives and granting of the Bonus may take place no earlier than after the Shareholder Meeting at which the following are approved: (I) the Management Board's report on the Company's activities in the financial year for which the Bonus is granted, (II) the Company's financial statements for the financial year for which the Bonus is granted, (III) a discharge is granted on the performance of duties by the Management Board Member for the financial year for which the Bonus is granted. Accordingly, as at the date of this Report, these conditions, as future events, have not yet been fulfilled

³ Under a management contract and non-competition agreement.

⁴ Under the Act of 4 October 2018 on Employee Capital Schemes (Journal of Laws of 2018, item 2215).

⁵ Under the Agreement of 27 November 2013 on discounted transport services binding on PKP CARGO S.A.

Czesław Warszewicz President of the Management Board from 27 March 2018 to 18 October 2021	0.00	192,000.00 ⁶ 100%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	192,000.00 100%
Witold Bawor Management Board Member in charge of Operations from 26 October 2017 to 18 October 2021	0.00	172,000.00 ⁶ 98.52%	0.00	2,580.00 1.48%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	174,580.00 100%
Leszek Borowiec Management Board Member in charge of Finance from 27 March 2018 to 18 October 2021	0.00	172,000.00 ⁶ 100%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	172,000.00 100%
Piotr Wasaty Management Board Member in charge of Commerce from 25 April 2022	0.00	172,000.00 ⁶ 100%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	172,000.00 100%
Total	2,264,466.67	708,000.00	0.00	24,956.60	8,973.27	14,693.32	0.00	0.00	0.00	0.00	0.00	0.00	3,021,089.86
% share in total compensation	74.95%	23.43%		0.83%	0.30%	0.49%							100%

Source: Proprietary material

⁶ Indemnity paid out under the non-compete clause following the resignation from the position of a Management Board Member in connection with the *management services and non-competition agreement*.

1.1.2. Bonus

The 2022 objectives for the President and Members of the Management Board (Resolution No. 80/VII/2022 of the PKP CARGO S.A. Supervisory Board of 21 June 2022) were as follows:

full name of Management Board Member position period of discharging the function in 2022	description of the criteria/objective (shared objectives)	weight of the objective	a) minimum threshold b) corresponding compensation	a) maximum threshold b) corresponding compensation
Shared objectives				
Dariusz Seliga President of the Management Board from 13 April 2022	1. EBITDA per employee (PKP CARGO Group) Source of data: CFS/ Management Board Activity Report	15%	a) above 85% of the weighted average value of attainment of all objectives b) 0.96 times monthly compensation	a) above 120% of the weighted average value of attainment of all objectives b) 4.80 times monthly compensation
	2. EBITDA (PKP CARGO Group) Source of data: Consolidated Financial Statements	15%		
Marek Olkiewicz Management Board Member in charge of Operations from 3 February 2022	3. Return on sales (ROS) (PKP CARGO S.A.) Source of data: Consolidated Financial Statements	10%		
	Maciej Jankiewicz Management Board Member in charge of Finance from 25 April 2022	4. The level of indicators prescribed in loan agreements maintained as at 31 December 2022 r. Source of data: Consolidated Financial Statements	10%	
Jacek Rutkowski Management Board Member in charge of Commerce from 25 April 2022	5. Freight volume in key cargo categories: hard coal, aggregates and construction materials (PKP CARGO S.A.) Source of data: Management Board Activity Report	15%		
	Zenon Kozendra Management Board Member – Employee Representative from 1 January 2022	8. Remainder of wagons in current repairs (PKP CARGO S.A.) Source of data: internal systems	15%	
9. Ratio of time of shutdown to parking of diesel locomotives (PKP CARGO S.A.) Source of data: internal systems		10%		
	10. Accident rate – TRR (PKP CARGO Group) Source of data: internal data	10%		
Individual objectives				
Dariusz Seliga President of the Management Board	Revision of the PKP CARGO Group's strategy Source of data: internal data	100%	a) 1.2 times monthly compensation	a) 1.2 times monthly compensation

from 13 April 2022				
Marek Olkiewicz Management Board Member in charge of Operations from 3 February 2022	Punctuality of trains based on carrier's fault Source of data: SEPE system	100%		
Maciej Jankiewicz Management Board Member in charge of Finance from 25 April 2022	Securing necessary funding from financial institutions Source of data: internal data	100%		
Jacek Rutkowski Management Board Member in charge of Commerce from 25 April 2022	Improvement of return on intermodal transport services Source of data: internal systems	100%		
Zenon Kozendra Management Board Member – Employee Representative from 1 January 2022	Completion of activities related to the signing of amendments to the Collective Bargaining Agreement in 2022 to increase flexibility in the rules set forth in the agreement. Source of data: internal data	100%		

Source: Proprietary material

The Supervisory Board adopted the following assumptions for setting the Objectives:

- 1) The shared objectives are the same for all Management Board Members, that is each Management Board Member is equally responsible for the attainment of each Objective;
- 2) Individual objectives were set for each Management Board Member;
- 3) the Bonus payments resulting from the fulfillment of the Objectives are pro-rated for the period during which the respective Management Board Member discharged the function;
- 4) The degree of achievement of each indicator of the Shared objectives is calculated as a percentage of the reference value, which corresponds to 100% achievement;
- 5) the compensation multiplier is calculated based on the weighted average value of attainment of all indicators for shared Objectives and the compensation multiplier is based on the achievement of the individual Objective.

As at the date of preparing this Report, the Supervisory Board did not make the settlement of the Objectives set for 2022, described in detail in Resolution No. 80/VII/2022 of the PKP CARGO S.A. Supervisory Board of 21 June 2022.

1.1.3. Additional non-cash benefits

Management Board Members used technical tools and equipment owned by PKP CARGO S.A. to assist them in the proper performance of their duties, including from company cars.

Management Board and Supervisory Board Members are covered by the D&O insurance purchased by the Company. Considering the fact that the D&O insurance (policy) covers generally (by listing the functions discharged) all the members of the Management Board and Supervisory Board (without naming them specifically), it is impossible to assign taxable income to a specific person because during the term of the insurance the composition of the above bodies may change (see, among others, the judgment of the Voivodeship Administrative Court in Wrocław of 26 September 2018, file ref. no. I SA/Wr 525/18). In view of the foregoing, the value of the D&O insurance calculated per Member of these Company bodies is not presented in the tables below as one of the compensation components.

1.2. Compensation of Supervisory Board Members

A Supervisory Board Member is only entitled to a fixed monthly compensation, the amount of which is set by the Shareholder Meeting, in consideration of the need to guarantee the independence of Supervisory Board Members in the performance of their duties arising from their function and in compliance with generally applicable provisions of law.

A Supervisory Board Member is entitled to monthly compensation regardless of the number of meetings of the Supervisory Board or membership in committees established by the Supervisory Board or the number of meetings of these committees.

Compensation of the Supervisory Board Members are not related to the Company's financial performance.

In 2022, the compensation of the Supervisory Board Members was as follows:

Full name, position, period for which Supervisory Board Members collected compensation in 2022	Fixed compensation (in PLN)	Other benefits (in PLN)		Other income components on account of reimbursement of travel and accommodation expenses (in PLN) ¹ / % share in total compensation	Total compensation (in PLN)
	Base compensation / % share in total compensation	taxable on account of the refundable Employee Capital Scheme contribution ² / % share in total compensation	taxable on account of transportation benefits ³ / % share in total compensation		
Krzysztof Mamiński Supervisory Board Chairman from 1 January 2022 to 29 June 2022	0.00 ⁴	0.00	0.00	0.00	0.00
Marcin Kowalczyk Supervisory Board Vice-Chairman from 1 January 2022 to 29 June 2022	62,273.90 98.52%	934.09 1.48%	0.00	0.00	63,207.99 100%
Krzysztof Czarnota Supervisory Board Member from 1 January 2022 to 29 June 2022	62,273.90 93.95%	0.00	0.00	4,011.84 6.05%	66,285.74 100%
Zofia Dzik Supervisory Board Member from 1 January 2022 to 29 June 2022	62,273.90 100%	0.00	0.00	0.00	62,273.90 100%
Antoni Duda Supervisory Board Member from 1 January 2022 to 29 June 2022	62,273.90 97.95%	0.00	0.00	1,305.09 2.05%	63,578.99 100%
Dariusz Górski Supervisory Board Member from 1 January 2022 to 29 June 2022	62,273.90 98.52%	934.09 1.48%	0.00	0.00	63,207.99 100%
Jerzy Sońnierz Supervisory Board Member from 1 January 2022 to 29 June 2022	62,273.90 96.38%	0.00	0.00	2,339.64 3.62%	64,613.54 100%
Tadeusz Stachaczyński Supervisory Board Member from 1 January 2022 to 29 June 2022	62,273.90 97.68%	934.09 1.47%	0.00	543.25 0.85%	63,751.24 100%

¹under Article 392 § 3 of the Commercial Company Code (Journal of Laws of 2020, item 1526, as amended)

² under the Act of 4 October 2018 on Employee Capital Schemes (Journal of Laws of 2018, item 2215).

³ under the *Agreement* of 27 November 2013 on discounted transport services binding on PKP CARGO S.A.

⁴ pursuant to § 5(1)(3) of the Act of 9 June 2016 on the Rules for Setting the Compensation of Persons Managing Certain Companies (Journal of Laws 2020.1907; consolidated text of 29 October 2020), a member of a management body does not receive any remuneration for serving as a member of any corporate body of a subsidiary of the company which is a member of the same group within the meaning of Article 4(14) of the Competition and Consumer Protection Act of 16 February 2007 (Journal of Laws 2021.275, consolidated text of 11 February 2021).

Władysław Szczepkowski Supervisory Board Member from 14 March 2022 to 12 July 2022 Supervisory Board Chairman from 12 July 2022	113,816.44 98.52%	1,707.25 1.48%	0.00	0.00	115,523.69 100%
Andrzej Leszczyński Supervisory Board Vice- Chairman from 29 June 2022	63,317.56 100%	0.00	0.00	0.00	63,317.56 100%
Grzegorz Dostatni Supervisory Board Member from 28 July 2022	53,531.50 99.13%	469.65 0.87%	0.00	0.00	54,001.15 100%
Henryk Grymel Supervisory Board Member from 29 June 2022	63,317.56 100%	0.00	0.00	0.00	63,317.56 100%
Tomasz Pietrek Supervisory Board Member from 29 June 2022	63,317.56 94.70%	469.65 0.70%	0.00	3075.73 4.60%	66,862.94 100%
Marek Ryszka Supervisory Board Member from 29 June 2022	63,317.56 99.26%	469.65 0.74%	0.00	0.00	63,787.21 100%
Paweł Sosnowski Supervisory Board Member from 1 January 2022	125,243.52 99.28%	0.00	907.08 0.72%	0.00	126,150.60 100%
Jarosław Stawiarski Supervisory Board Member from 7 July 2022	60,601.70 100%	0.00	0.00	0.00	60,601.70 100%
Jarosław Ślepaczuk Supervisory Board Member from 29 June 2022	63,317.56 96.96%	469.65 0.72%	0.00	1,517.81 2.32%	65,305.02 100%
Michał Wnorowski Supervisory Board Member from 29 June 2022	63,317.56 99.26%	469.65 0.74%	0.00	0.00	63,787.21 100%
Izabela Wojtyczka Supervisory Board Member from 1 January 2022	125,243.52 99.28%	0.00	907.08 0.72%	0.00	126,150.60 100%
Total	1,294,259.34 98.37%	6,857.77 0.52%	1,814.16 0.14%	12,793.36 0.97%	1,315,724.63 100%

Source: Proprietary material.

2. Explanation of how the total compensation complies with the adopted compensation policy, including how it contributes to the long-term performance of the Company

The compensation system for Management Board Members is incentive-based. When defining the benefits available to Management Board Members, it was decided that the Bonus is partially correlated to the Company's performance, which results in increased efforts to attain the objectives set in the Company's business strategy and business plans by Management Board Members.

As a consequence, the adopted compensation system indirectly contributes to growth in the Company's business, product offering and market position, and translates into improved financial performance.

The compensation of Supervisory Board Members consists solely of fixed compensation set by the Shareholder Meeting, which is intended to increase resilience to risk.

In the opinion of the Supervisory Board, the level of compensation of the Members of the Management Board and the Supervisory Board in 2022 was appropriate to ensure the achievement and maintenance of an adequate level of motivation of individuals with top competencies necessary for the optimal management and supervision of PKP CARGO S.A.

The level of compensation was commensurate with the skills and experience of the respective members of the Management Board and the Supervisory Board, as well as the scope of their duties and responsibilities, and contributed to the growth of the Company.

3. Information on the way of applying the performance criteria

The Bonus payable to Management Board Members is contingent, among other criteria, on the attainment of the Objectives correlated with the Company's Annual Business Plan and the projection of the PKP CARGO Group's financial results.

Following the Supervisory Board's approval of the Annual Business Plan, the Nomination Committee adopts a recommendation for the Supervisory Board on setting the Objectives to be attained by Members of the Management Board. The basis for the qualitative and quantitative Objectives are the parameters adopted in the Business Plan and the projection of the PKP CARGO Group's financial results.

If the Management Objectives have been attained, the Bonus may be granted by way of a resolution of the Supervisory Board following the adoption by the Shareholder Meeting of the resolutions: approving the financial statements of PKP CARGO S.A. and the Management Board's report on the activity of PKP CARGO S.A. and granting a discharge on the performance of duties by the Management Board Members in the financial year for which the Bonus is due.

4. Information on change, on an annual basis, of compensation, the Company's results and the average compensation of employees who are not Management Board or Supervisory Board Members in the period of at least last five financial years, cumulatively, so as to make it possible to compare

Pursuant to Article 90g(3) of the Act on Offerings, the Supervisory Board presents information for the years 2019-2022, that is for the financial years for which it is required to prepare the Report.

Presented below are changes in the compensation of Management Board Members for 2019-2022:

Compensation (in PLN)								
Full name, position of the Management Board Members	Year 2019	Year 2020	Year 2021	Year 2022	% change 2022 vs. 2021	Change 2022 vs. 2021	Remarks	
President of the Management Board	Czesław Warszewicz	577,334.92	562,945.57	813,738.64	192,000.00	-76.41%	-621,738.64	dismissed on 18 October 2021
	Władysław Szczepkowski	Not applicable	Not applicable	119,840.00	169,732.01	Not applicable	Not applicable	delegated from 18 October 2021
	Dariusz Seliga	Not applicable	Not applicable	Not applicable	421,056.79	Not applicable	Not applicable	appointed 13 April 2022
Management Board Member in charge of Operations	Witold Bawor	517,533.54	511,542.14	808,715.08	174,580.00	-78.42%	-634,135.08	dismissed on 18 October 2021
	Marek Olkiewicz	Not applicable	Not applicable	Not applicable	472,225.52	Not applicable	Not applicable	appointed 3 February 2022
Management Board Member in charge of Finance	Leszek Borowiec	516,000.00	503,995.64	728,302.57	172,000.00	-76.38%	-556,302.57	dismissed on 18 October 2021
	Maciej Jankiewicz	Not applicable	Not applicable	Not applicable	361,057.11	Not applicable	Not applicable	appointed 25 April 2022
Management Board Member in charge of Commerce	Grzegorz Fingas	517,533.54	515,096.73	349,160.00	Not applicable	Not applicable	Not applicable	dismissed on 23 March 2020
	Piotr Wasaty	Not applicable	172,650.25	630,169.57	172,000.00	-72.71%	-458,169.57	dismissed on 18 October 2021
	Jacek Rutkowski	Not applicable	Not applicable	Not applicable	358,760.23	Not applicable	Not applicable	appointed 25 April 2022
Management Board Member – Employee Representative	Zenon Kozendra	517,533.54	510,646.50	875,336.00	527,678.20	-39.72%	-347,657.80	
	Average employee compensation, excluding compensation of Management Board Members ¹	5,264.59	5,373.90	5,656.12	6,201.79	9.6%	545.67	
	Number of employees as at 31 December, excluding the Management Board and	17,254	15,903	14,884	14,410	-3.2%	-474	

¹ The average monthly compensation is calculated as the ratio of the sum of gross compensation to the average number of employees (in FTEs, i.e. after converting part-time employees to full-time employees) in the respective period.

	Supervisory Board Members							
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Source: Proprietary material.

Presented below are the financial results of the Company and the PKP CARGO Group for 2019-2022:

	2019	2020	2021	2022	Change 2022 vs. 2021	% change 2022 vs. 2021
financial result of the Company (PLN million)						
Revenues from contracts with customers	3,572.0	2,936.6	3,085.3	4,003.6	+918.3	+29.8%
Operating profit before depreciation and amortization (EBITDA)	624.0	400.5	345.1	850.5	+505.4	+146.4%
Net profit / loss	-8.3	-173.9	-223.3	102.7	+326.9	-
financial result of the PKP CARGO Group (PLN million)						
Revenues from contracts with customers	4,781.6	4,075.6	4,266.5	5,390.1	+1123.6	+26%
Operating profit before depreciation and amortization (EBITDA)	859.9	580.2	513.2	1,066.3	+553.1	-108%
Net profit / loss	36.0	-224.3	-225.3	148.0	+373.3	-

Source: Proprietary material.

5. Amount of compensation from companies belonging to the same group within the meaning of the Accounting Act of 29 September 1994 (Journal of Laws of 2021, item 217)

Any additional involvement of a Management Board Member or Supervisory Board Member in the management or supervisory bodies of other members of the PKP CARGO Group shall not constitute grounds for the collection by such Management Board Member or Supervisory Board Member of any additional compensation from the Company or members of the PKP CARGO Group.

6. The number of granted or offered financial instruments and main conditions for exercising rights from these instruments, including the price and date of exercising and changes to them

In 2022, the Company did not grant any financial instruments.

7. Information on using the possibility of reclaiming variable compensation components

In the reporting period, no grounds existed for the Company to reclaim any variable compensation components.

8. Information on derogations from the procedure of implementing the compensation policy and derogations applied in accordance with Article 90f of the Act on Offerings, including explanation of reasons and procedure and specification of elements from which derogation was applied

In 2022, due to the absence of grounds, the Supervisory Board did not decide to apply any derogations from the application of the adopted Policy.

9. Information on recognizing, in the compensation of Management Board and Supervisory Board Members, cash or in-kind benefits granted to relatives, pursuant to Article 90g(5) of the Act on Offerings

In 2022, compensation of the PKP CARGO S.A. Management Board and Supervisory Board Members did not include benefits granted to relatives because no such benefits were determined.

10. Explanation of how the Report takes into account the resolution referred to in Article 90g(6) of the Act on Offerings

On 29 June 2022, the Shareholder Meeting adopted Resolution No. 23/2022, which approved the report on compensation. The resolution did not include any comments, recommendations or guidelines.

11. Extraordinary events in the reporting period

The Supervisory Board of PKP CARGO S.A. by Resolution No. 11/VIII/2022 of 30 August 2022 refrained 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 2021.

III. Conclusion

1. Description of amendments to the Policy in 2022

The Ordinary Shareholder Meeting of PKP CARGO S.A. did not amend the Policy in 2022.

2. Evaluation of the functioning of the Compensation Policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board

The Supervisory Board believes that:

- 1) the compensation paid to members of the Management Board and Supervisory Board in the period covered by the Report were consistent with the adopted Policy and fulfilled the requirements provided for by law,
- 2) the existing Policy, while it allows for flexibility in granting variable compensation, does not encourage risk-taking beyond that approved by the Supervisory Board.