

# > Sustainability Report of the PKP CARGO Group for 2024





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# > General information – ESRS 2





## BP-1

### General basis for preparation of sustainability statements

This sustainability statement of the PKP CARGO Group (hereinafter: "PKP CARGO Group", "Group" or "organization") has been prepared in accordance with the applicable provisions of Article 49b(9) and Article 55(2c) and (2d) of the Accounting Act of 29 September 1994, and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, along with Commission Delegated Regulations (EU) 2021/2139 of 4 June 2021, 2021/2178 of 6 July 2021 and 2022/1214 of 9 March 2022, taking into account Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, which will enter into force on 1 January 2024.

**The document has been prepared in a consolidated form, with the same scope of data consolidation as that for the financial statements, meaning that it includes, in addition to the parent company PKP CARGO S.A. under restructuring (hereinafter: "PKP CARGO", "Company"), seven subsidiaries consolidated using the full consolidation method:**

#### PKP CARGO SERVICE sp. z o.o.

Company specializing in the operation of rail sidings, rail freight and traction services. Domestic and international freight services are provided using the company's own or entrusted rolling stock. PKP CARGO SERVICE employs technically skilled personnel specializing in track infrastructure maintenance. It offers technical checks, diagnostics, on-site inspections and maintenance, repairs and track renovations. The company cooperates with enterprises from the coal, mineral and power sectors.



#### PKP CARGOTABOR sp. z o.o. under restructuring

The company's key line of business is rolling stock maintenance and adaptation to customer needs and specific freight requirements. The services are provided in six units specializing in the production and refurbishment of components for wagons and locomotives.

#### PKP CARGO TERMINALE sp. z o.o.

The company handles trade between the European Union and the Far East and runs its business in the following three locations:

- in the Przemyśl region on the Polish-Ukrainian border, in the Third European Transport Corridor (Berlin – Wrocław – Kraków – Przemyśl – Lviv – Kyiv),
- at the Medyka-Mościska crossing and in the Terespol region in the Second Pan-European Transport Corridor (Berlin – Poznań – Warsaw – Brest – Moscow – Nizhny Novgorod),
- in Karsznice in central Poland on the S8 route, at the intersection of the main east-west and north-south routes, connecting the New Silk Road with the Three Seas Initiative region and others.

Polish and international customers have been using the company's services for years.

#### CARGOSPED TERMINAL BRANIEWO sp. z o.o.

The company offers transshipment, customs clearance and freight forwarding services and trades in imported coal. It makes use of its own resources to carry out transshipment, storage, sorting, bagging and customs clearance services. Its customers are importers and exporters of bulk cargo.

#### CARGOTOR sp. z o.o.

The company provides rail carriers with logistics and service infrastructure on commercial terms. It manages the Małaszewicze Transshipment Zone, which covers approximately 180 km of tracks with stations and 24 forwarding points with a total length of 14.7 km of tracks. The company is in charge of maintaining the infrastructure to ensure safe rail transport operations.

#### PKP CARGO CONNECT sp. z o.o.

It offers comprehensive transport, transshipment, warehousing and customs services. It specializes in domestic and international transport of containers, swap bodies and semi-trailers, both by dedicated trains and operator trains in the intermodal service network. It offers intermodal solutions using sea, road and rail transport in Poland, EU countries, Kazakhstan, Turkey and the United Kingdom. It provides freight forwarding services for rail transport – wagon and full train loads. It also provides FTL, LTL, refrigerated (with temperature monitoring) and ADR road transport services. It offers door-to-door, just-in-time and place-on-time deliveries.



## PKP CARGO INTERNATIONAL a.s.

The PKP CARGO INTERNATIONAL Group, along with PKP CARGO INTERNATIONAL HU Zrt., SK a.s., SI d.o.o. and AWT ROSCO a.s., specializes in the transport of heavy cargo, such as coal, steel, construction materials and output of the automotive, food and chemical industries. It operates in Europe, offering long-distance freight services, intermodal transport, freight forwarding, siding services, rail construction, track services, rental, repair and cleaning of wagons, and locomotive maintenance. Through AWT Rekultivace a.s., it also provides land reclamation, earthwork and waste management services. The group owns the Paskov transshipment terminal, which serves 60 sidings and manages approx. 400 km of traction. Its head office is located in Ostrava, Czech Republic.

**The data presented in the statement cover the period from 1 January 2024 to 31 December 2024, which is the period covered by the Consolidated Financial Statements for the financial year ended 31 December 2024.**

The full structure of the PKP CARGO Group, in accordance with the Consolidated Financial Statements and the Management Board Activity Report, comprises twenty subsidiaries, seven of which are subject to consolidation. Among the companies covered by consolidation, none are exempt from sustainability reporting.

The Group's sustainability information presented in this statement is based on a double materiality analysis carried out from November 2024 to February 2025, which took into account the value chain identified in the process at the lower and higher levels.

The PKP CARGO Group does not exercise the option to omit from the statement any information on intellectual property, know-how and innovation results or ongoing events and negotiations.

## BP-2

### Disclosures in relation to specific circumstances

The Group has made use of the exemptions described in Appendix C to ESRS 1 List of phased-in Disclosure Requirements. These are:

- SBM-3 point 48(e) (anticipated financial effects) in the first year of preparing the sustainability statement,
- E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities,
- E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities,
- E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities,
- E5-6 Anticipated financial effects from resource use and circular economy-related risks and opportunities,
- S1-7 Characteristics of non-employees in the undertaking's own workforce,
- S1-13 Training and skills development metrics,
- S1-14 Health and safety metrics.





The PKP CARGO Group has adopted the following time horizons in accordance with the ESRS standard:

- short-term – corresponding to the reporting period (1 year),
- medium-term – between one and five years,
- long-term – more than five years.

This sustainability report has been prepared in full compliance with the requirements of European Sustainability Reporting Standards (ESRS) and presents all audited data required therein. The report for 2023 was prepared by the Group in accordance with ESRS, but has not been subjected to external verification, which is why it is impossible to compare the current report's data with previous periods or refer to reporting errors from previous years.

The statement has been prepared solely on the basis of the ESRS requirements. The information contained herein does not refer to any other legal provisions imposing an obligation to disclose sustainability information or to any generally accepted interpretations or frameworks for reporting in this area. The statement discloses data resulting from Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

Cross-cutting disclosures that have been identified as material as a result of the double materiality analysis and included in this statement are presented along with the corresponding cross-cutting disclosure requirements contained in ESRS 2.

GOV-1  
Role of administrative, management and supervisory bodies

The PKP CARGO Group is managed and supervised by the corporate bodies of its parent company, PKP CARGO. As at yearend 2024, the Company was managed by a three-member Management Board. The Supervisory Board consisted of eight members, three of whom were seconded to perform functions on the Management Board. At the end of the reporting period, no employee representatives sat on the Group's Management Board or Supervisory Board.

Composition of administrative, management and supervisory bodies in the Parent Company at the end of 2024

3	12.5%
Number of persons on the Management Board	Percentage of women on the Supervisory Board
8	2
Number of persons on the Supervisory Board	Number of independent members of the Supervisory Board
33%	5
Percentage of women on the Management Board	Number of non-executive members of the Supervisory Board

## The Management Board consisted of:

**Marcin Wojewódka** – Acting President of the Management Board Legal counsel, Ph.D. in economics, founder and managing partner at Kancelaria Prawa Pracy Wojewódka i Wspólnicy. President of the Board of the Pension Institute and academic lecturer. Management Board Member at the Social Insurance Institution (ZUS) from 2016 to 2017. Member of the PZU Życie S.A. Supervisory Board. Marcin Wojewódka has over 25 years of professional experience in labor law and employee benefits. Advises employers in restructuring processes, labor law and employee benefits. Author of numerous publications on labor law, social security and pension system-related topics.

**Monika Starecka** – acting Management Board Member in charge of Finance. In April 2024, she was appointed Director of the Finance Division at PKP S.A. In previous years, Monika Starecka held senior management positions at EY Polska, Grupa SMYK, Telepizza Poland, Vattenfall Heat Poland, Szybka Kolej Miejska, RTC Poland and other companies. Since January 2024, she has also served as a member of the ENEA Supervisory Board. Since 2019, Monika Starecka has been running Equinox Consulting, a consulting firm providing financial and operational advisory services, soft skills training, coaching and mentoring sessions for entrepreneurs and members of corporate governing bodies. She has been a certified auditor since 2003. Also certified as an International Coach by the International Coaching Community (ICC).

**Paweł Milek** – acting Management Board Member in charge of Commerce, acting Management Board Member in charge of Restructuring. Since 1997, he has served a trustee in bankruptcy proceedings and a supervisor and administrator in restructuring proceedings. He has worked as a legal counsel since January 2000. In 2022, he obtained the title of Qualified Restructuring Advisor. Served as Vice-Chairman of the Regional Disciplinary Court at the Regional Chamber of Legal Counsels in Wrocław. In 2021-2023, he served as President of the Lower Silesian Association of Trustees in Bankruptcy Proceedings.

At the end of 2024, the following persons were Members on the Supervisory Board in addition to those seconded to perform functions on the Management Board:

- Władysław Szczepkowski,
- Robert Stępień,
- Michał Wnorowski,
- Bogusław Nadolnik,
- Marzena Piszczek.



In the Group's parent company of the Group, oversight of sustainability issues in 2024 was exercised by the Strategy and Sustainability Committee.<sup>1</sup> The Committee's responsibilities are defined in the Supervisory Board Bylaws and include supporting the Supervisory Board in defining and pursuing strategies, including ESG strategies, monitoring the pursuit of strategies by the Management Board, and issuing opinions on strategic documents, including those related to ESG, submitted to the Supervisory Board by the Management Board. The Committee consists of three Supervisory Board Members – in 2024, their knowledge and experience were of a business nature and were not directly related to sustainability issues. The organization's plans for the coming years include improving the degree of ESG competence across the organization, including among members of its management and supervisory bodies.

In 2024, the proceeds, risks and opportunities presented in this statement were not yet included in the risk management system adopted by the PKP CARGO Group. At the management level, issues related to sustainability are addressed on a case by case basis by the relevant departments specializing in specific areas. Environmental issues are handled by dedicated units in charge of environmental protection. Human resources are jointly managed by the Human Resources Management Department, the Compliance Section and the Occupational Health and Safety Team. Issues related to the impact of our operations on local communities, including the noise generated by our trains, are the responsibility of the Rolling Stock and Technical Support Department. Relations with suppliers are coordinated by the Purchasing Department, which collaborates with the Finance Department in the area of payments. Whistleblower protection is the responsibility of the Compliance Section.

<sup>1</sup> Due to the restructuring measures taken, the Committee's activities were suspended from 27 November 2024 to 31 January 2025. Moreover, on 27 February 2025, the name of the Committee was changed to the Strategy, Restructuring and Sustainability Committee..

All these activities are coordinated at the project level, with particularly intensity during the preparation of sustainability reports and the development of ESG strategies.

**Sustainability reporting is carried out on a regular basis. Coordinators of relevant areas (Health and Safety, Compliance, Environment) prepare reports which are then submitted to the Management Board by the directors of specific units. Subsequently, these reports are discussed at Management Board meetings.**

Quality and sustainability objectives are included in the Group's Integrated Management System Policy adopted by a resolution of the Management Board. As these objectives are not measurable, progress towards their achievement is not monitored. The objectives are not updated on a regular basis, but on an as-needed basis.

In 2024, the Group conducted its first double materiality analysis in accordance with ESRS requirements, the results of which were approved by the Management Board. Following the completion of the restructuring proceedings, the Group intends to use the outcomes of this analysis to review its objectives and establish appropriate indicators, of both a quantitative and qualitative nature. The restructuring plan will aim to pursue the strategy by repairing the enterprise's financial standing and reorganizing it, but its effective deployment will depend on multiple factors.



GOV-2

Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

The PKP CARGO Group did not have a formal ESG risk management system in place during the reporting period. The organization carried out a double materiality analysis in 2024 – because of the ongoing restructuring process, only in 2025 will the Group make decisions on how to manage the identified material sustainability-related opportunities and risks.

GOV-3

Integration of sustainability-related performance in incentive schemes

The remuneration policy for PKP CARGO Management Board and Supervisory Board members does not take into account the interconnection between the remuneration of the organization’s management and supervisory bodies and the achievement of sustainability goals, including those related to climate.

GOV-4

Statement on due diligence

Detailed information on the Group’s application of the main aspects and stages of the due diligence process, along with references to the relevant sections of the sustainability statement, is provided in the table below.

Key elements of the due diligence process	Sections in the sustainability statement
Inclusion of due diligence in corporate governance, strategy and business model	GOV-1, GOV-2, SBM-3
Engaging with affected stakeholders in all key steps of the due diligence	IRO-1, SBM-2, S1-2, S2-2, S3-2
Identification and assessment of adverse impacts	SBM-3, IRO-1
Taking action to mitigate identified adverse impacts	E1-2, E3-2, S1-4, S3-4
Tracking the effectiveness of these efforts and communicating	IRO-1

GOV-5

Risk management and internal controls over sustainability reporting

In 2024, the PKP CARGO Group did not have in place a developed and formalized internal control system related to sustainability reporting. During the preparation of this statement, two key risk areas were identified:

- limited comparability of data between organizational units – resulting primarily from the absence of uniform sustainability reporting standards, varying degrees of maturity of the processes used and insufficient resources responsible for collecting and processing such data;

- low degree of data availability from external entities, particularly in the supply chain – due to the large number of partners and suppliers cooperating with the Group.

The Group does not have in place a formally developed strategy for managing these risks, but ultimately intends to implement solutions including simplified control mechanisms, transparent data verification procedures and uniform guidelines that will improve reporting among subsidiaries, business partners and suppliers.



## SBM-1

### Strategy, business model and value chain

**The PKP CARGO Group is a rail freight operator offering comprehensive logistics services in Poland and across the European Union. It also provides freight forwarding (domestic and international), terminal, siding and traction services as well as repair and maintenance of rolling stock and land reclamation services.**

The organization's major customer groups include large enterprises – utility companies, heating plants, power plants, construction companies, chemical companies and the intermodal sector. The primary categories of transported cargo are hard coal and other fossil fuels as well as stone and aggregates. At the end of 2024, the Group had 14,734 staff, of whom 9,786 worked at PKP CARGO S.A. During the reporting period, the Group did not offer any services or products prohibited in certain markets.

The Group's total revenue in 2024 was PLN 4,460.4 million – the revenue generated by the companies is included in the Group's Consolidated Financial Statements for the year ended 31 December 2024.

The PKP CARGO Group operates in the fossil fuel sector. The Group does not collect data that would permit a presentation of revenue broken down into proceeds from the transport of coal, crude oil and gas. It is not involved in the manufacture of chemicals or the cultivation and production of tobacco, nor is it active in the area of controversial weapons.

The strategic sustainability-related objectives related to material services provided are defined in the PKP CARGO Group ESG Strategy for 2024-2028. The organization intends to offer sustainable rail transport services based on intermodal options – this

segment is being gradually developed within the organization. The strategy defines eight operational objectives related to sustainability issues:

- integrate the ESG criteria into the rolling stock modernization and procurement process, taking into account the need for decarbonization in the Group's key business areas,
- reduce resource consumption and implement the circular economy principle,
- strengthen human capital by attracting the best talent and creating a safe, comfortable and diverse workplace,
- make efforts to change the energy consumption model towards increasing the share of renewable energy, taking into account the unique requirements of the rail transport market,
- raise awareness of the benefits of sustainable transition both within the organization and in its environment, including in the value chain,
- build a sustainable service offering based on ESG activities,
- deepen the dialogue with stakeholders to better address their needs and build partnerships,
- optimize business and transport processes for ESG by using digital tools.

The Parent Company does not currently have in place a formally adopted development strategy, because its current activities as well as financial and operating decisions will follow from a prepared action plan – Restructuring Plan.

As at the date of approval of the report, in the opinion of the Company's Administrator and Management Board, work on the Restructuring Plan is currently at an advanced stage, but the Plan has not yet been approved. Since it was impossible to prepare a document which would take into consideration all the elements required by Article 10 of the Restructuring Law by the originally planned deadline of 28 February 2025, on 27 February 2025, the Restructuring Administrator of PKP CARGO S.A. under restructuring, Izabela Skonieczna-Powałka, filed a request for extending the time limit for preparing a Restructuring Plan, which was accepted by the Judge-Commissioner of the District Court for the Capital City of Warsaw, with setting a new time limit of 30 June 2025.

The continuing detailed economic and financial analyses will allow the Management Board to determine precisely the role of PKP CARGO on the rail freight market and in the Group. Analyses performed within the Restructuring Plan, including those about the Company's business and financial model, will make it possible to optimize costs and operating effectiveness (which includes minimizing financial risks). In addition, a model will be worked out to make it possible to target offerings for customers' needs and monitor the competition, thus influencing the Company's growth in accordance with market and regulatory requirements. The Company's strategy, which will be prepared after approving the Restructuring Plan, will be based on increasing shares in specific market segments, which will allow the Management Board to identify and focus on margin segments, limiting activities in declining or non-margin areas.

The effective pursuit of the restructuring plan will depend on numerous factors and will be accompanied by a risk of failure.

The PKP CARGO Group's value chain forms a comprehensive system of logistics and transport services. At the higher level of the value chain, key natural and material resources and finished materials for the provision of services and the manufacture of products have been identified. Natural resources include energy, fossil fuels, water and sand. Material resources include materials necessary for the maintenance and repair of rail infrastructure, such as rails, rail sleepers and professional chemicals. Key finished resources include diesel locomotives, wagons, trucks, containers and handling equipment, including overhead cranes, hoists and forklifts.



**The Group's own operations consist predominantly of rail transport services, which constitute the core of its operating activities.**



The PKP CARGO Group provides comprehensive transport services in Poland and internationally, including route planning, cargo management and documentation. Its offering is supplemented by freight forwarding, transshipment and intermodal services, that is solutions enabling the combination of different means of transport and streamlining the flow of cargo. Moreover, the Group's companies provide terminal and infrastructure services supporting both their own operations and those of other carriers. These include:

- container storage and handling, transshipment and documentation services,
- customs and freight forwarding services focusing on the formal handling of cross-border transport, including customs clearance and verification of the conformity of transport documents,

- siding and traction services involving the management of sidings and the provision of locomotives and traction services at loading/unloading points.

The Group also provides technical and specialist services to support the reliability of rolling stock and non-standard services, often requiring special permits or qualifications. These include repairs and maintenance of rolling stock as well as special and military transport operations.

Support activities include rolling stock maintenance, occupational health and safety (OHS) management, sales of services and customer service.

Down the stream are the organization's customers: heating plants, power plants, cogeneration plants, enterprises and local governments.



Upstream value chain



Finished materials for the provision of services and the manufacture of products

- Diesel locomotives
- Rail wagons
- Cargo trucks
- Containers
- Overhead cranes, hoists, forklifts



Natural resources

- Energy
- Fossil fuels
- Water
- Sand



Material resources

- Materials for maintenance and repairs of infrastructure, including rolling stock
- Rails, rail sleepers
- Professional chemicals

Own operations

- |  |  |   |
|--|--|---|
| ■ URail freight forwarding services (domestic and international) | ■ Terminal services  | ■ Repairs and periodic inspections of rolling stock |
| ■ Other freight forwarding services                              | ■ Customs and freight forwarding services                            | ■ Land reclamation services                         |
| ■ Transshipment services   | ■ Siding and traction services                                       | ■ Special and military transport operations         |
| ■ Intermodal transport services                                  | ■ Provision of logistics and service infrastructure to rail carriers |   |

Support activities

- |                             |   |                     |
|-----------------------------|---|---------------------|
| ■ Rolling stock maintenance | ■ Occupational health and safety management | ■ Sales of services |
|                             |   | ■ Customer service  |

Downstream value chain

- |                                 |                        |                                |
|---------------------------------|------------------------|--------------------------------|
| ■ Customers                     | ■ Cogeneration plants, | ■ Enterprises                  |
| ■ Heating plants, power plants, | ■ Local governments    | ■ Waste generation and sorting |





SBM-2

## Interests and views of stakeholders

The purpose of stakeholder engagement in the PKP CARGO Group is to build lasting, trust-based relationships, understand needs and align the organization's activities with the changing market and social environment.

With regard to investors, customers and business partners, the primary objective is to better understand their viewpoints, needs and expectations. This permits the Group to effectively adjust its offering to market realities and respond to rapidly altering economic, regulatory and technological conditions.

Employee engagement focuses on creating a consistent organizational culture based on the organization's values, such as respect, reliability, cooperation, transparency and responsibility.

In its relations with trade unions, the PKP CARGO Group strives to maintain a constructive dialogue that fosters the joint shaping of good working conditions and enables employees to have a real say on how their workplace functions.

The organization conducts communication activities through channels tailored to the specific characteristics and needs of various stakeholder groups, in accordance with the law and best practices applicable to public companies.

Stakeholders	Engagement channels
Shareholders, investors and market analysts	<ul style="list-style-type: none"><li>■ Current reports (126 reports in 2024), periodic reports (four per year), ESG reports (one per year)</li><li>■ Online chats with retail investors (three in 2024 and one recorded earnings call)</li><li>■ Ordinary shareholder meeting (1 in 2024), extraordinary shareholder meeting (3 in 2024)</li><li>■ Dedicated subpage on the corporate website, updated on an ongoing basis</li></ul>
B2B customers	<ul style="list-style-type: none"><li>■ Meetings with customers in face-to-face and online formats</li><li>■ Daily telephone contact with a group of customers</li><li>■ Hotline, proposal form/enquiry form</li><li>■ Conferences, trade fairs and industry meetings</li><li>■ Market research</li><li>■ Corporate websites, ESG reports</li></ul>
Suppliers, including counterparties and subcontractors	<ul style="list-style-type: none"><li>■ Ongoing telephone contact</li><li>■ Meetings, subject-specific conferences</li><li>■ Dedicated subpages on the corporate website</li><li>■ Reporting irregularities to the Compliance Section</li></ul>
Employees and associates	<ul style="list-style-type: none"><li>■ Intranet</li><li>■ Newsletter/internal communication</li><li>■ Internship programs</li><li>■ Training</li><li>■ ESG reports, participation in double materiality analysis</li><li>■ Processes for reporting breaches to the Compliance Section and the Ethics Committee</li><li>■ Social programs and projects involving employees</li></ul>
Trade unions	<ul style="list-style-type: none"><li>■ Internal channels, such as the intranet site, mailings</li><li>■ Formal correspondence with trade unions and employees</li><li>■ Dedicated e-mail address for cooperation with trade unions</li></ul>



Stakeholders	Engagement channels
Experts and media	<ul style="list-style-type: none"><li>Active press office: corporate website</li><li>Telephone and e-mail contact via dedicated addresses</li><li>Regular press releases, mostly about the Group's business (60 press releases in 2024)</li><li>Media publications, including interviews, articles, expert statements (over 500)</li><li>Campaigns, reports and communication platforms of external organizations, ESG reports</li></ul>
Non-governmental organizations	<ul style="list-style-type: none"><li>Ongoing cooperation</li><li>Subject-specific meetings</li><li>Operational contact</li></ul>
Local government units, local communities in the vicinity of units	<ul style="list-style-type: none"><li>One-on-one and group meetings</li><li>Dedicated subpages on Group companies' websites</li></ul>
Environment and climate	<ul style="list-style-type: none"><li>Reporting of environmental indicators</li><li>Participation in environmental meetings, training sessions and conferences</li><li>Environmental social projects involving also external stakeholders</li></ul>

The PKP CARGO Group involved stakeholders in the process of identifying significant impacts, risks and opportunities – surveys were prepared and in-depth interviews were conducted. This process is described in detail in this statement in section IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities. Moreover, the Group cooperates continuously and directly with trade unions that represent employees. The scope of this cooperation is regulated by law and internal regulations and includes:

- monitoring the functioning of the Company Collective Bargaining Agreement and determining the directions for its changes,
- agreeing the labor, incentive and company social benefits fund bylaws, as well as and participation in the distribution of benefits from that fund,
- participating in distribution of funds earmarked for salaries,
- consulting changes in organizational structures,
- influencing the development of occupational health and safety conditions through participation in OHS commissions and oversight of Social Labor Inspectors,
- supervision of provident and loan associations.

The issues identified during the dialogue carried out as part of the double materiality process in 2024 did not result in a change in the Group's strategy or business model. Some of the identified impacts, related to occupational health and safety, the environment and pollution, are managed as part of ongoing operational activities. The organization actively and on an ongoing basis takes steps to prevent the negative impact of restructuring on employees – these issues are described in section S1 – Policies related to own workforce.

At the same time, some of the Group's material impacts were identified in the context of sustainability for the first time – among them, employee safety in the value chain. The organization will gradually incorporate them into the management process by updating internal regulations, rolling out monitoring processes and engaging in broader dialogue with stakeholders.

The Group did not put in place any formal procedures for informing governing bodies about sustainability-related opinions and interests of stakeholders affected by the entity.



SBM-3

## Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities in the PKP CARGO Group were identified during the double materiality analysis. Material impacts are exerted by the organization through its operations in the value chain on its own workforce, workforce in the value chain, suppliers and business partners, customers and local communities.



Material impacts, risks and opportunities identified by the PKP CARGO Group in the double materiality analysis process

Sustainability issues

Temat	Podtemat	Mniejsze jednostki tematyczne	Impacts	Type of impact	Place in the value chain	Timeframe	Risks and opportunities	Place in the value chain	Timeframe
E1 Climate change	Climate change adaptation		Impact on climate change due to the business model being based on coal transport	Actual negative	Own operations	Short and medium	Risk of lower Group revenues due to declining demand for coal and reduced coal transport volumes	Upstream	All timeframes
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of failed investments in low-carbon or environmental technologies	Own operations	Short
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risks of disruptions in the value chain as a result of extreme weather phenomena	Whole value chain	Long
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of the absence of financing from the banking sector for investments or current operations in the event of failure to adapt to a low-carbon economy	Upstream	Medium and long
E1 Climate change	Climate change adaptation		No material impact				Risk of incurring costs related to the need to implement low-carbon solutions and technologies in own operations related to energy acquisition and use, including the replacement of fossil fuels	Own operations	All timeframes
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of incurring costs related to the replacement of services or products with low-carbon alternatives in the value chain as a result of newly adopted regulations	Whole value chain	All timeframes
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of incurring increased costs related to environmental reporting obligations, outsourcing them, conducting internal training or calculating Scope 3 carbon footprint	Own operations	All timeframes
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of damage to infrastructure caused by extreme weather phenomena	Whole value chain	All timeframes
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of losing a business partner (e.g. a customer) in the value chain in the event of failure to transition to a low-carbon model by the entity	Downstream	Medium and long



Sustainability issues

Temat	Podtemat	Mniejsze jednostki tematyczne	Impacts	Type of impact	Place in the value chain	Timeframe	Risks and opportunities	Place in the value chain	Timeframe
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of threats caused by long-term climate change processes that may affect, without limitation, a decline in asset value or damage to facilities as a result of extreme weather phenomena	Whole value chain	All timeframes
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Risk of a decline in share value due to increased investor concerns about adapting to a low-carbon model and stigmatization of the sector	Downstream	Medium and long
E1 Climate change	Climate change adaptation		No material impact	-	-	-	Opportunity to increase the competitiveness of rail transport by including road transport in the greenhouse gas emission charging system	Own operations	Medium and long
E1 Climate change	Mitigation of climate change		Impact on climate change through greenhouse gas emissions.	Actual negative	Own operations	All timeframes	No material risks or opportunities	-	-
E1 Climate change	Mitigation of climate change		Impact on climate change mitigation through the shift of freight transport from road to rail	Actual positive	Own operations	All timeframes	No material risks or opportunities	-	-
E1 Climate change	Energy		Impact on natural resource use through energy consumption (electricity, heat, natural gas and liquid fuels) for utility and transportation purposes.	Actual negative	Own operations	All timeframes	Risk of greater energy costs	Own operations	All three timeframes
ESRS E2 Pollution	Air pollution		Impact on air pollution through emissions from fuel combustion in locomotives, cars and other equipment	Actual negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS E2 Pollution	Water pollution		Impact on water quality through direct discharge of pollutants into rivers	Actual negative	Own operations	All timeframes	Risk of financial penalties and greater fees related to environmental irregularities	Own operations	All timeframes
ESRS E2 Pollution	Soil pollution		Impact on soil pollution through potential breakdowns and accidents during the handling and transport of raw materials	Potential negative	Own operations	All timeframes	Risk of financial penalties and greater fees related to environmental irregularities	Own operations	All timeframes



Sustainability issues

Temat	Podtemat	Mniejsze jednostki tematyczne	Impacts	Type of impact	Place in the value chain	Timeframe	Risks and opportunities	Place in the value chain	Timeframe
ESRS E2 Pollution	Potentially hazardous substances		Impact on the natural environment and surroundings through the use in operational processes of substances and mixtures classified as potentially hazardous, which, even when handled with special care and used as intended, present multiple hazards.	Actual negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS E2 Pollution	Microplastics		Impact on generation of pollution in the form of microplastics	Actual negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS E3 Water and marine resources	Water	Water discharges	Impact on overall water status through wastewater discharges.	Potentially negative	Own operations	All timeframes	Risk of financial penalties and greater fees related to environmental irregularities	Own operations	All timeframes
ESRS E4 Biodiversity and ecosystems	Impact on the condition of species		Impact on populations and overall condition of species caused by movement through their habitats	Potentially negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS E5 circular economy	Waste materials		Impact on the total amount of waste in the environment caused by the entity's operations, including used consumables, oils, rubber parts and industrial waste	Actual negative	Own operations	All timeframes	Risk of financial penalties and greater fees related to environmental irregularities	Own operations	All timeframes
ESRS S1 Own workforce	Working conditions	Security of employment	Impact on employees' sense of job security related to remedial measures and the process of mass layoffs	Actual negative	Own operations	Short	Risk of litigation and potential claims as a result of mass layoffs	Own operations	Short and medium
ESRS S1 Own workforce	Working conditions	Adequate wages	Impact on employees through non-payment of benefits due to departing employees in connection with the mass layoff process	Actual negative	Own operations	Short	Risk associated with servicing the loan from the Guaranteed Employee Benefits Fund for the disbursement of outstanding amounts payable to employees resulting from the mass layoff process Risk of payment orders and penalties imposed by the State Labor Inspection Service in connection with outstanding amounts payable to laid-off employees	Own operations	All three timeframes Short and medium



Sustainability issues

Temat	Podtemat	Mniejsze jednostki tematyczne	Impacts	Type of impact	Place in the value chain	Timeframe	Risks and opportunities	Place in the value chain	Timeframe
ESRS S1 Own workforce	Working conditions	Collective bargaining, including the percentage of employees covered by collective bargaining agreements	Impact on employees' working conditions through termination of the Company Collective Bargaining Agreement	Actual negative	Own operations	Medium and long	No material risks or opportunities	-	-
ESRS S1 Own workforce	Working conditions	Social dialogue	Impact on employees' ability to participate in making decisions about their working environment and conditions due to a high degree of unionization	Actual positive	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS S1 Own workforce	Working conditions	Freedom of association, existence of works councils and employees' rights to information, consultation and participation	Impact on employees through discrimination against individuals on the grounds of non-membership or willingness to change trade union membership	Potential negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS S1 Own workforce	Working conditions	Occupational safety and health	Impact on the health and life of employees through work that is particularly likely to result in accidents	Potential negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS S1 Own workforce	Working conditions	Occupational safety and health	Impact on the stress and mental health of train drivers through exposure to witnessing drastic accidents	Potential negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS S1 Own workforce	Working conditions	Occupational safety and health	Impact on the health and life of employees through breaches of occupational health and safety rules, including failure to provide adequate health protection measures for blue-collar employees	Potential negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS S1 Own workforce	Working conditions	Occupational safety and health	Impact on employee health and life through work or jobs exposing them to occupational diseases	Potential negative	Own operations	All timeframes	No material risks or opportunities	-	-

Sustainability issues

Temat	Podtemat	Mniejsze jednostki tematyczne	Impacts	Type of impact	Place in the value chain	Timeframe	Risks and opportunities	Place in the value chain	Timeframe
ESRS S1 Own workforce	Working conditions	Equal treatment and opportunities for all	No material impact	-	-	-	Risk of losing staff due to inadequate employee compensation and training policies resulting in increased recruitment and induction costs for new workers	Own operations	Short and medium
ESRS S1 Own workforce	Equal treatment and opportunities for all	Measures to prevent violence and harassment in the workplace	Impact on employees due to limited implementation and awareness of the Anti-Mobbing and Anti-Discrimination Policy within the Group	Potential negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS S1 Own workforce	Equal treatment and opportunities for all	Diversity	No material impact	-	-	-	Risk associated with the generational gap and loss of skilled staff reaching retirement age, resulting in the need to recruit and train new workers	Own operations	All timeframes
ESRS S2 Workers in the value chain	Working conditions	Occupational safety and health	Impact on the health and life of workers in the value chain through the impact of job type and working conditions on the likelihood of an accident	Potential negative	Upstream, downstream	All timeframes	No material risks or opportunities	-	-
ESRS S3 Affected communities	Economic, social and cultural rights of communities	Adequate housing conditions	Impact on the quality of life of local communities through noise generation	Actual negative	Own operations	All timeframes	Risk of restrictions on movement on rails and penalties for exceeding noise standards in connection with TSI Noise regulations	Own operations	Long
ESRS S3 Affected communities	Economic, social and cultural rights of communities	Impact on security	Impact on national security, including energy security, through the provision of what the state considers to be strategic transport services	Actual positive	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS S3 Affected communities	Economic, social and cultural rights of communities		Impact on local labor markets in Poland through the creation of over 14,000 jobs across the Group	Actual positive	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS G1 Business conduct	Management of relationships with suppliers, including payment practices		Impact through late payments	Actual negative	Own operations	All timeframes	Risk of litigation, enforcement proceedings and loss of business partners due to late payments	Upstream, downstream	All timeframes



Sustainability issues

Temat	Podtemat	Mniejsze jednostki tematyczne	Impacts	Type of impact	Place in the value chain	Timeframe	Risks and opportunities	Place in the value chain	Timeframe
ESRS G1 Business conduct	Management of relationships with suppliers, including payment practices		No material impact				Opportunity to establish stable long-term relationships with specific suppliers and subcontractors who pursue similar ESG objectives.	Whole value chain	Long term
ESRS G1 Business conduct	Whistleblower protection		Impact on the effectiveness of whistleblowing regulations related to stakeholders' limited awareness of how to unethical or illegal activities may be reported	Potential negative	Own operations	All timeframes	No material risks or opportunities	-	-
ESRS G1 Business conduct	Political involvement and lobbying		No material impact				Opportunity to boost involvement in the consultation of legislation and lobbying activities aimed at increasing investment in the development of the rail sector (especially freight rail transport) as an environmentally friendly means of transport	Whole value chain	All timeframes

The Group is not in possession of analysis outcomes that would enable it to report the following in this statement:

- current and anticipated effects of material impacts, risks and opportunities on the business model, value chain, strategy and decision-making process,
- current financial effects of material risks and opportunities on the financial position,
- anticipated financial effects of material risks and opportunities on the financial position.

In the double materiality analysis, the PKP CARGO Group considered material impacts under timeframes consistent with ESRS: short term (up to one year), medium term (one to five years) and long term (over five years).

The PKP CARGO Group's material impacts, risks and opportunities result from the organization's strategy and business model related to rail transport and transshipment of cargo, predominantly coal. Social, environmental and corporate governance impacts, risks and opportunities are identified to the extent and in the manner described in sub-section SBM-1 Strategy, business model and value chain. The identified material topics pertain to the cargo transported, the resources used to power and maintain the rolling stock and the sources of emissions into the environment. Moreover, as a major employer in a period of transition, PKP CARGO exerts a strong impact on its workers, manifesting itself in specific material topics, particularly in the social area.

At the same time, the organization is aware of its role in ensuring national security by providing strategic transport services and, owing to a high level of unionization, enables its workers to shape their working environment.

This statement for 2024 is the first one based on a full double materiality analysis in accordance with ESRS – accordingly, it is impossible to disclose changes vis-à-vis the previous reporting period. The Group does not report any additional disclosures of its own that extend beyond the topics covered in ESRS 1 AR 16.

The Group does not currently have any quantified decarbonization targets. As part of the analysis of the strategy and business model's resilience to climate change, a scenario analysis was carried out, as described in IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities. The analysis covered the region of Central and Eastern Europe (primarily Poland), which is the area where activities are carried out as part of own operations and downstream the value chain (key sales markets). As part of upstream activities, risks projected for the whole of Europe were considered. The analysis adopted three timeframes: up to one year (short), one to five years (medium) and over five years (long).

It was assessed that sudden weather phenomena, such as storms, flooding or landslides, might lead to the destruction or damage of transport infrastructure necessary for the provision of services, but also important for the operation of the value chain – the extraction of transported cargo necessary for energy production or supporting services. The consequences of the phenomena described above may include disruptions to ongoing operations, leading to a decline in revenues or share value. When adapting to climate change based on a zero-emission scenario, the Group recognizes the risks associated with the effectiveness of aligning its services with a low-emission model, including upgrades of infrastructure and rolling stock throughout the value chain. In parallel, the Group identifies opportunities related to the inclusion of road transport in the ETS, which may increase the competitiveness of rail transport.

In accordance with its business strategy, the Group is taking action to diversify the cargo it transports as broadly as possible in order to follow the global trend away from coal. The Group is capable of adaptation to emergency situations to a certain extent by aligning its transport services with current needs.

**No areas of activity or assets were identified for which the transition to a climate-neutral economy had not been taken into consideration. No critical climate assumptions were made in the financial statements.**

The PKP CARGO Group operates in and near areas that are sensitive to biodiversity. Moreover, rail traffic arranged by the Group's companies across the country may disrupt the lives of many animal species, but the Group has no information that its activities caused excessive deterioration of ecosystems in any location.

The process by which negative impacts on biodiversity and ecosystems were identified is associated with the provision of transport services through areas with varying degrees of protection and ecosystem status. This may result in collisions with animals, noise-induced stress or general deterioration caused by pollution.

No specific species were identified as unambiguously negatively impacted by the Group. The Group exerts no material impact on land degradation, desertification or soil sealing.





## IRO-1

### – Description of the process to identify and assess material impacts, risks and opportunities

Within the framework of the double materiality analysis process, the PKP CARGO Group assessed all sustainability-related issues in accordance with the requirements set forth in ESRS 1 AR 16. Corporate documents pertaining to the topics covered in the sustainability statement were also reviewed.

The process began with a detailed examination of the value chain. External ESG experts carried out an upstream and downstream analysis, taking into consideration core and supporting activities. The identified elements – resources, activities and relationships – were approved by the Group in an internal consultation process.

The impact materiality assessment was based on several key criteria:

- intensity of impact (strength of influence on sustainability aspects),
- scale of impact (territorial or organizational scope of influence),
- likelihood of potential impacts occurring,
- possibility of reversing their effects (whether the impact is permanent or its effects may be counteracted).

In terms of financial materiality, an assessment was carried out of how ESG issues affect the organization's operations, financial standing and growth prospects. Key topics, their subtopics and more detailed aspects were analyzed, taking into account their interconnections with the business model and the whole value chain.

Risks and opportunities were assessed based on the following two parameters:

- potential negative impact on the Group's financial performance and operating activities,
- probability of the respective risk materializing or the opportunity arising.

All these aspects were evaluated on a five-point scale based on quantitative and qualitative values, taking into consideration recognized sources of scientific knowledge and market data or data obtained directly from the organization. Moreover, issues that were on the borderline of materiality were considered on a case-by-case basis, taking into account their potential inclusion in the list of topics considered material.

The process to identify negative impacts began with a dialogue with stakeholders, in particular with workers and key external partners. This activity was an integral part of the due diligence process. To this end, the Group developed and distributed questionnaires to both its own workers and external stakeholders. The set of questions, in both closed-ended and open-ended form, covered a broad range of sustainability issues. The questionnaires were designed in accordance with the UN Guiding Principles on Business and Human Rights and the recommendations contained in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

A total of 696 responses were received from the Group's own workers and 136 responses from customers, suppliers and business partners. The Group intends to further expand this dialogue, also by stepping up the involvement of respondents among stakeholders and including local communities and non-governmental organizations in the process. Four face-to-face interviews were also conducted with stakeholder representatives, including workers (and trade union representatives), customers and suppliers.

In the analysis of collected data, particular attention was paid to the issue of human rights compliance in accordance with the provisions of the International Bill of Human Rights (including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), and the principles arising from the fundamental conventions referred to in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The conclusions of the survey were taken into consideration both at the identification stage and in the assessment of the impacts, opportunities and risks associated with the Group's business. The publication of this statement is intended to ensure full transparency and to inform all stakeholders about the organization's sustainability-related activities.

Based on the outcomes obtained from the surveys and interviews, the Group identified both positive and negative impacts of its activities as well as associated risks and opportunities. The assessment of these aspects took into account such criteria as the scale and scope of the impact, its irreversible nature and likelihood of its occurrence, relating them to the specific human rights with which they are associated.

The process to identify and assess key impacts, risks and opportunities was carried out with the participation of representatives of all strategic areas of the PKP CARGO Group's operations. The working group included representatives of the investor relations division in charge of ESG issues and representatives of human resources management, compliance, legal services and occupational health and safety divisions. Additional support in evaluating materiality was provided by external specialists in environmental protection, social aspects of business and non-financial reporting. Within this framework, a series of workshops was held, the focus areas of which included analysis of identified impacts, scenario analysis and issues related to the due diligence process. The final list of the most material impacts, potential risks and possible opportunities was approved by the Management Board.

The double materiality analysis process lasted from November 2024 to February 2025.

**The PKP CARGO Group intends to update it regularly, taking into consideration emerging data and changing market conditions. Each stage of the process was carefully documented, thereby enabling certification of the auditor and assessment of the effectiveness of the approach used.**

## E1 IRO-1

### Description of the processes to identify and assess climate-related material impacts, risks and opportunities

**The process to identify material impacts, risks and opportunities is described in this statement in section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities.**

Within the framework of the double materiality analysis and identification of key risks and opportunities, the PKP CARGO Group also evaluated the resilience of its strategy and business model to climate change risks. The first stage of this exercise was to define the scope of the Group's business across the value chain. It was established that the Group's core line of business is predominantly concentrated in Poland. Relationships downstream the value chain have a similar scope, whereas no dominant geographical region was identified upstream the value chain. The analysis considered the characteristics of the impact of each relationship and its placement within value chain structure.

The assessment took into account three timeframes: short term (up to one year), medium term (one to five years) and long term (over five years). The specific nature of the Group's assets was also taken into account – due to the adopted operating model, they are largely considered fixed.

#### Among the sources used in the analysis were the following:

- Net Zero Emissions scenario for 2050 prepared by the International Energy Agency,
- TCFD guidelines on scenario analysis for non-financial undertakings,
- IPCC Climate Change 2021 – The Physical Science Basis report.

Climate change risks – both acute and long-term ones – were identified based on the high-emission IPCC SSP5-8.5 scenario. This scenario is one of five socio-economic development paths described by the IPCC and assumes rapid economic growth based on intense use of fossil fuels, with low levels of decarbonization. As a result, global warming is projected to reach 4°C by the end of the 21st century. Greater social and economic inequalities and the absence of effective climate risk management mechanisms on a global scale are also expected.

#### The following physical risks were identified:

- acute risks, involving sudden phenomena, such as floods, cyclones or avalanches,
- chronic risks, including long-term phenomena, such as temperature changes, disruptions in air circulation and soil degradation.

Taking into consideration the specific locations of the Group's business activity, an analysis of the effects of potential phenomena resulting from various climate scenarios was carried out.

The Net Zero Scenario for 2050, without assuming emissions reductions outside the power sector, presents a possible path to achieving net zero CO<sub>2</sub> emissions in this market segment, thus supporting the Paris Agreement targets. The adaptability of the Group's business model to these scenarios was analyzed within the framework of the assessment of the Group's strategy resilience to a low-carbon scenario.

In this context, the following transition risks were identified:

- changes in market expectations from customers (market risks),
- regulatory requirements for products and services (legal risks),

- emergence of new technologies or replacement of existing solutions (technological risks),
- reputational risk resulting from the public perception of the sector.

It was suggested as part of the analysis that extreme weather phenomena, such as intense storms, heavy rainfall, fires and avalanches, may damage infrastructure that is critical to the value chain (including rails, traction networks, rolling stock) and thus hinder the conduct of core transport activities.

In the context of adaptation to climate change resulting from the zero-emission scenario, threats related to the need to adapt services to the realities of a low-carbon economy were identified, particularly in the context of the declining share of coal, which is currently the Group's main cargo category. At the same time, potential opportunities were also identified, for example in connection with the inclusion of road transport in the EU ETS, which may prop up the competitiveness of rail transport.

A detailed list of material risks, along with the assignment of appropriate timeframes, is provided in section SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model.







## E2 IRO-1

### Description of the processes to identify and assess material impacts, risks and opportunities related to pollution

Within the framework of the double materiality analysis process, the PKP CARGO Group, with a view to determining its impacts, risks and opportunities related to pollution, conducted a review of its own locations, processes, resources and assets in accordance with ESRS requirements. This included an analysis of a variety of issues, including:

- processes carried out in this area, including location,
- documentation regarding permits for the release of pollutants into the environment,
- regular testing of wastewater discharged into water and soil,
- consumption of fuels and materials within the organization,
- additional information provided by environmental specialists working in the companies.

The only consultations were carried out as part of the due diligence process described in section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities. At the time, the Group identified four material actual negative impacts related to pollution and one material potential negative impact on environmental pollution, as described in section SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. The organization also identified locations where pollution is a material issue and the types of activities related to these environmental impacts:

- air pollution resulting predominantly from fuel combustion in locomotive traffic, machinery and repair processes,
- soil and water pollution resulting from emissions, including rainwater and treated wastewater, to rivers and drainage ditches,
- use of potentially hazardous substances in track infrastructure repair processes and in rolling stock maintenance processes.

## E3 IRO-1

### Description of processes to identify and assess material impacts, risks and opportunities related to water and marine resources

In identifying its impacts, the PKP CARGO Group reviewed its own locations and activities in accordance with ESRS. The organization's resources, assets and activities were also analyzed to identify actual and potential sources of water withdrawal and consumption. The Aqueduct reference tool was used. The Group does not use any water for production purposes, but only for the ongoing maintenance of rolling stock and infrastructure and for workforce amenity needs. Water used for feeding steam locomotives was considered part of water consumption. The Group does not depend on or make special use of any specific water intake; water is consumed relatively evenly across the country. Part of the water consumed, currently in an amount that was not determined, came from areas of high water stress.

**The only consultations were conducted within the framework of the due diligence process described in section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities.**



## E4 IRO-1

### Description of the processes to identify and assess material impacts, risks, dependencies and opportunities related to biodiversity and ecosystems

**The process to identify material impacts, risks and opportunities related to biodiversity and ecosystems is described in this statement in section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities. The Group reviewed the CICES ecosystem services list and did not identify any specific services that would be disrupted.**

Risks and opportunities related to physical changes and transitions associated with biodiversity and ecosystems were identified by analyzing the impact of the Group's business model and key activities on biodiversity loss. The organization took into consideration the locations and areas of its business activities as well as its place in the value chain. The likelihood of occurrence and the financial scale were assessed. In parallel, the Group did not take into consideration any systemic risks, because it is only marginally dependent on natural resources.

In the process to identify biodiversity-related impacts, risks and opportunities, the Group did not consult with any affected communities on the assessment of the sustainability of shared biological resources and ecosystems. Communities were also not involved in the materiality assessment.

During the analysis, the Group's business model was not verified using biodiversity or ecosystem scenarios.

The PKP CARGO Group operates in areas sensitive to biodiversity and in their vicinity. Furthermore, rail traffic arranged by the Group's companies throughout the country may disrupt the lives of many animal species, but the organization does not have information that its activities have caused excessive deterioration of ecosystems in any location.

The Group has not identified any need to implement mitigation measures to protect biodiversity.

## E5 IRO-1

### Description of processes to identify and assess material impacts, risks and opportunities related to resource use and circular economy

The Group scrutinized its own resources, assets and activities to identify the main resources introduced into its infrastructure. Key processes and areas of business where waste is generated were identified and key materials forming waste streams were characterized. The analysis made use of reference databases such as

EncoreNature, statistical databases published by Statistics Poland (GUS) and industry publications. It was assumed that the Group's business is linear in relation to the reference data.

The only consultations were carried out within the framework of the due diligence process described in section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities





G1 IRO-1

Description of processes to identify and assess material impacts, risks and opportunities

In identifying material impacts, risks and opportunities, the PKP CARGO Group took into consideration contextual factors, including the sector and the specific nature and location of its operations. When analyzing its location, the legal and economic environment was taken into consideration, in particular in the context of compliance with ESG regulations in various jurisdictions and potential exposure to risks in the area of corporate governance in foreign companies.

The nature and scale of the Group's business and the specific nature of the rail transport industry required an analysis of the following key areas:

- procedures and scope of implementation of whistleblower protection regulations, including measures taken to familiarize workers with the procedure,
- regulations and procedures adopted by the Group, including in the areas of ethical standards, anti-corruption and reporting of irregularities and abuses (within the framework of a survey as part of which, as a result of the double materiality analysis, key external stakeholders and workers were evaluated in terms of their knowledge of internal regulations and procedures – such knowledge among workers is a prerequisite for ensuring the effectiveness of these regulations and procedures),

- supplier relationship management, in particular payment practices – due to the parent company's remedial proceedings and the dispersed nature of the Group's operations, the timely repayment of liabilities exerts a potentially material impact on the situation of undertakings in the organization's value chain.

The history of penalties imposed by regulatory authorities, including incidents of corruption, was verified – the PKP CARGO Group did not record any such cases.



IRO-2

Disclosure requirements in ESRS covered by the undertaking's sustainability statement concerning material impacts, risks and opportunities

The process to identify material impacts, risks and opportunities that need to be disclosed in this statement was based on a double materiality analysis. Within the framework of this analysis, distinct impacts, risks and opportunities were assigned to specific 26 thematic areas identified in ESRS and then assessed for materiality using established thresholds.

The list of fulfilled requirements confirms that this statement complies with sustainability reporting standards.

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

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Disclosure no.	Disclosure name	Page number in the report
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45 List of data points included in cross-cutting standards and thematic standards that result from other EU regulations

Disclosure no. (ESRS, DR)	Data points	Data point name	Reference to the SFDR	Reference to the third pillar	Reference to the Benchmarks Regulation	Reference to European climate law	Page in the report
ESRS 2 GOV-1	21 d	Gender diversity of board members	x	x			11
ESRS 2 GOV-1	21 e	Percentage of independent members of governing bodies		x			11
ESRS 2 GOV-4	30	Due diligence statement	x				14
ESRS 2 SBM-1	40 d (i)	Participation in activities related to fossil fuel activities	x	x	x		16
ESRS 2 SBM-1	40 d (ii)	Participation in activities related to the production of chemicals	x		x		not applicable
ESRS 2 SBM-1	40 d (iii)	Participation in activities related to controversial weapons	x		x		not applicable
ESRS 2 SBM-1	40 d (iv)	Participation in activities related to the cultivation and production of tobacco			x		not applicable
ESRS E1-1	14	Transition plan to achieve climate neutrality by 2050				x	80
ESRS E1-1	16 g	Undertakings excluded from the scope of the Paris Agreement-aligned benchmarks		x	x		not applicable
ESRS E1-4	34	GHG emission reduction targets	x	x	x		81
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by source (only for sectors with material climate impact)	x				not applicable
ESRS E1-5	37	Energy consumption and energy mix	x				81
ESRS E1-5	40–43	Energy intensity linked to activities in sectors with material climate impact	x				not applicable
ESRS E1-6	44	Gross scopes 1, 2 and 3 and total GHG emissions	x	x	x		83

ESRS E1-6	53–55	Gross GHG emissions intensity	x	x	x		84
ESRS E1-7	56	GHG removal and carbon dioxide emission units				x	91
ESRS E1-9	66	Exposure of the reference portfolio to climate-related physical risks			x		phase-in
ESRS E1-9	66 a	Disaggregation of monetary amounts according to sudden and prolonged physical risks		x			phase-in
ESRS E1-9	66 c	Location of material assets exposed to material physical risks		x			phase-in
ESRS E1-9	67 c	Breakdown of the book value of real estate by energy efficiency class		x			phase-in
ESRS E1-9	69	Degree of portfolio exposure to climate-related opportunities			x		phase-in
ESRS E2-4	28	Quantity of each pollutant listed in Annex II to the E-PRTR Regulation emitted to air, water and soil	x				100
ESRS E3-1	9	Water and marine resources	x				104
ESRS E3-1	13	Special policy	x				not applicable
ESRS E3-1	14	Sustainable oceans and seas practices	x				not significant
ESRS E3-4	28 c	Total amount of water recycled and reused	x				106
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ESRS 2 SBM 3-E4	16 c	Endangered species	x				37
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ESRS E4-2	24 c	Sustainable oceans/seas practices or policies	x		108
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ESRS S1-1	20	Commitments to human rights policy	x		117
ESRS S1-1	21	Due diligence strategies for issues covered by core International Labor Organization conventions		x	117
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ESRS S1-14	88 b and c	Number of work-related deaths and number and rate of work-related accidents	x	x	134
ESRS S1-14	88 e	Number of days lost due to injuries, accidents, fatalities or illnesses	x		phase-in
ESRS S1-16	97 a	Unadjusted gender pay gap	x	x	not significant
ESRS S1-16	97 b	Excessive CEO remuneration	x		not significant

ESRS S1-17	103 a	Cases of discrimination	x		135
ESRS S1-17	104 a	Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines	x	x	not significant
ESRS 2 SBM-3-S2	11 b	Material risk of incidents of child labor or forced labor in the value chain	x		136
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ESRS S2-1	18	Value chain workers policies	x		137
ESRS S2-1	19	Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines	x	x	137
ESRS S2-1	19	Due diligence strategies for issues covered by the International Labor Organization's core convention nos. 1–8		x	137
ESRS S2-4	36	Issues and incidents related to human rights upstream and downstream the value chain	x		139
ESRS S3-1	16	Commitments to human rights policy	x		not significant
ESRS S3-1	17	Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO principles or OECD guidelines	x	x	141
ESRS S3-4	36	Issues and incidents related to respect for human rights	x		not significant
ESRS S4-1	16	Consumers and end users policy	x		not applicable

ESRS S4-1	17	Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines	x	x	not applicable
ESRS S4-4	35	Issues and incidents related to respect for human rights	x		not applicable
ESRS G1-1	10 b	United Nations Convention against Corruption	x		146
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ESRS G1-4	24 b	Standards for combating corruption and bribery	x		not significant





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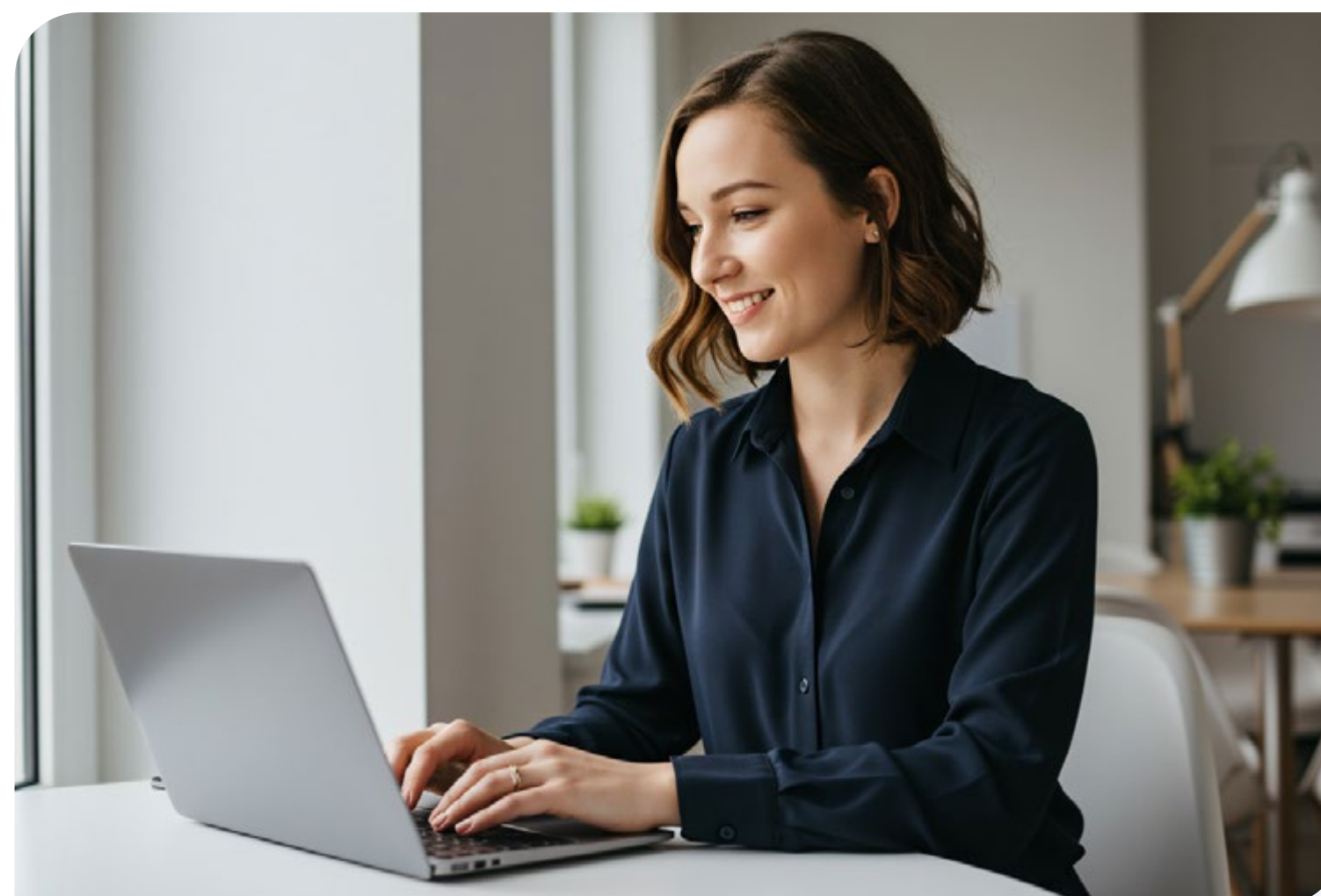
# EU Taxonomy

## Environmental information – Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

In accordance with the EU Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, OJ L 198 of 22.6.2020, pp. 13–43), the PKP CARGO Group is required to disclose the following information in its annual report:

- percentage of turnover derived from products or services related to activities classified as environmentally sustainable,
- percentage of capital expenditure (CapEx) allocated to assets or processes related to environmentally sustainable activities,

- percentage of operating expenses (OpEx) related to assets or processes that are part of environmentally sustainable activities.



In order for an activity to be classified as environmentally sustainable, it must be assessed for compliance with the requirements set forth in the EU Taxonomy. According to these regulations, an activity may be considered Taxonomy-aligned if it:

- contributes materially to the achievement of at least one of the six environmental objectives set forth in the EU Taxonomy,
- does no significant harm to any of the other environmental objectives of the EU Taxonomy,
- is carried out in accordance with minimum safeguards (assessed at the group level),

- fulfills the Technical Screening Criteria set forth in Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity does no significant harm to any of the other environmental objectives, OJ L 2023/2486, 21.11.2023, and Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, OJ L 442, 9.12.2021, pp. 1–349. Collectively, these documents are referred to as technical screening criteria (TSCs).



The EU Taxonomy identifies six main environmental objectives that form the basis for assessing the sustainability of economic activities. These are:



**mitigation of climate change**



**adaptation to climate change,**



**sustainable use and protection of water and marine resources,**



**transition to a circular economy,**



**prevention and control of pollution,**



**rotection and restoration of biodiversity and ecosystems.**

Within the framework of Taxonomy reporting, a comprehensive reporting process was implemented, broken down into the following four key stages:

1. assessment of compliance with minimum safeguards,
2. assessment of eligibility for the Taxonomy classification in terms of activities carried out,
3. assessment of compliance with Technical Screening Criteria and collection of supporting documentation,
4. assignment of financial data to determine Taxonomy-eligible and Taxonomy-aligned turnover, CapEx and OpEx.

# EU Taxonomy reporting process

## Organization of the reporting process within the PKP CARGO Group

The Financial Controlling Section in the Controlling Department, in cooperation with the Investor Relations and Non-Financial Reporting Section, was responsible for coordinating the Taxonomy reporting process in the PKP CARGO Group. As a rule, the organizational units responsible for accounting were responsible for the implementation of tasks within the subsidiaries.

In order to ensure a uniform approach to the process within all companies of the PKP CARGO Group, work was carried out within a working group and information for reporting purposes was collected using standardized documents. The Financial Controlling Section of PKP CARGO S.A. under restructuring ensured a uniform approach across all subsidiaries and that the same rules for determining reported KPIs were applied as in financial reporting.

### Assessment of compliance with minimum safeguards

In order for an economic activity to be considered Taxonomy-aligned, it must be carried out in accordance with the minimum safeguards set forth in Article 18 of the EU Taxonomy. This means that the activity should:

- comply with the OECD Guidelines for Multinational Enterprises,
- be consistent with the UN Guiding Principles on Business and Human Rights,
- and take into consideration the “do no significant harm” principle referred to in Article 2(17) of Regulation (EU) 2019/2088.

Within the framework of its assessment of activities in 2024, the PKP CARGO Group confirmed its compliance with the minimum safeguards.

### Assessment of eligibility for classification under the Taxonomy in terms of conducted activities

Within the framework of the reporting process, the activities of the PKP CARGO Group were analyzed in terms of their eligibility for classification under the EU Taxonomy. The identification of Taxonomy-eligible activities was carried out on the basis of the descriptions contained in the annexes to the delegated regulations specifying the Technical Screening Criteria.







The following activities were identified in the PKP CARGO Group under the first environmental objective – Climate Change Mitigation (CCM):

- CCM 3.3 – Manufacture of low carbon technologies for transport
- CCM 6.2 – Freight rail transport,
- CCM 6.5 – Transport by motorcycles, passenger cars and light commercial vehicles,
- CCM 6.6 – Freight transport services by road,
- CCM 6.14 – Infrastructure for rail transport

No eligible activities were identified for the other environmental objectives.

#### Assessment of the compliance of activities with the Technical Screening Criteria and collection of supporting documentation

The PKP CARGO Group, in assessing the compliance of its activities with the EU Taxonomy criteria, conducted an analysis of the criteria for material contribution and no significant harm based on the TSCs. As a result of the verification of these criteria, we concluded that the following areas of the PKP CARGO Group's activities are compliant with the requirements of the EU Taxonomy:

- **CCM 3.3 – Manufacture of low carbon technologies for transport**
- **CCM 6.2 – Freight rail transport.**

#### Allocation of financial data to determine Taxonomy-eligible and Taxonomy-aligned turnover, CapEx and OpEx

Under this stage, turnover, capital expenditure (CapEx) and operating expenditure (OpEx) were allocated to the distinct activities identified in the previous analysis. Turnover and CapEx were determined in a manner consistent with the principles applied in the financial reporting of the PKP CARGO Group. For OpEx, the definition of operating expenses resulting from the provisions of the EU Taxonomy was adopted.

Based on the data collected during the analysis of the Taxonomy-eligibility and Taxonomy-alignment, the PKP CARGO Group developed the required tables and prepared descriptions in accordance with the applicable regulatory requirements.

#### Accounting principles

The basis for calculating turnover ratios, capital expenditure (CapEx) and operating expenditure (OpEx) were the definitions contained in Annex I to Commission Delegated Regulation (EU) 2021/2178.

Distinct types of activity were assigned to only one activity qualifying for the Taxonomy. No portion of the Group's turnover, CapEx or OpEx was double-counted. In cases where revenue (turnover) generated from the respective activity was considered eligible for the Taxonomy, also the CapEx and OpEx related to this activity were assigned to it in full and excluded from other activities. The remaining CapEx and OpEx values (not related to the eligible turnover-generating activities) were evaluated in terms of their possible inclusion in other categories of eligible activities. Distinct CapEx and OpEx items were ascribed to only one activity. In situations where it seemed reasonable to ascribe them to more than one activity, the most suitable one was selected.



The calculation of the share of turnover eligible for the Taxonomy was based on the following principles:

- for the turnover ratio, adopted as the basis for the calculation (the ratio denominator) was the consolidated revenue from contracts with customers,
- in turn, plugged into the numerator was the consolidated revenue generated from activities eligible for Taxonomy.

Turnover was calculated based on consolidated revenues from contracts with customers included in the “Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2024, in accordance with EU IFRS.”

The calculation of the CapEx ratio eligible for the Taxonomy was based on the following principles:

- the calculation (ratio denominator) was based on the PKP CARGO Group’s consolidated capital expenditures, which included: property, plant and equipment, intangible assets and right-of-use assets.
- capital expenditures related to activities eligible for the Taxonomy were plugged into the numerator.

Consolidated capital expenditure was used to calculate CapEx, as presented in section 3.5 The Company’s and the PKP CARGO Group’s investments in the “Management Board Report on the activities of PKP CARGO S.A. under restructuring and the PKP CARGO Group for 2024.”

The calculation of the OpEx ratio eligible for the Taxonomy was based on the following principles.

- the denominator was the cost categories specified in the Taxonomy definition of OpEx, including all direct costs incurred to maintain the PKP CARGO Group’s assets in working condition. These included costs such as: maintenance and repair of wagons and locomotives, track infrastructure and container terminals, costs of repairs and renovations of other real estate, costs related to repairs and renovations of machinery and equipment and motor vehicles, costs of cleaning, building security, IT infrastructure maintenance, costs of equipment legalization, short-term lease of fixed assets.
- OpEx related to activities eligible for the Taxonomy were plugged into the numerator.

Other information

No economic activity was identified that would meet the Technical Screening Criteria for two or more environmental objectives at the same time.

The Group does not conduct, finance or have exposure to activities specified in sections 4.26–4.31 of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139, that is those related to energy generation from nuclear processes or energy generation from fossil gas fuels.

Information on activities related to nuclear energy and natural gas

Row	Activities related to nuclear energy	
1.	The undertaking conducts research, development, demonstration and deployment of innovative electricity generation installations that generate energy from nuclear processes with minimal waste from the fuel cycle, finances these activities or is exposed to them.	NO
2.	The undertaking constructs and safely operates new nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes such as hydrogen production and modernizes them for safety purposes using the best available technologies, or finances or is exposed to such activities.	NO
3.	The undertaking safely operates existing nuclear facilities that generate electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, and modernizes them for safety purposes, finances this activity or is exposed to it.	NO
Fossil gas-related activities		
4.	The undertaking constructs or operates installations for the production of electricity from fossil gas fuels, finances this activity or is exposed to it.	NO
5.	The undertaking constructs, modernizes and operates installations for the combined production of heat/cooling and electricity using fossil gas fuels, finances this activity or is exposed to it.	NO
6.	The undertaking constructs, modernizes and operates installations for the production of heat generating heat/cooling using fossil gas fuels, finances this activity or is exposed to it.	NO

## Results

### Turnover

Within the framework of the analysis of Taxonomy-alignment, the turnover of the PKP CARGO Group in 2024 was analyzed.

The following activities were classified as Taxonomy-eligible and Taxonomy-aligned in the context of turnover:

- 6.2. freight rail transport – that is the rental and operation of means of freight transport on mainline rail networks as well as short line freight railroads. Revenue generated from the carriage of goods, excluding fossil fuels, using locomotives and wagons with zero direct emissions of CO<sub>2</sub> in exhaust gases when operated on tracks with the necessary infrastructure and using locomotives fitted with conventional engines where such infrastructure is unavailable (electric-and-combustion);

The alignment assessment also confirmed compliance with the DNSH principle for activities.

The following activities were classified as Taxonomy-eligible but non-Taxonomy-aligned in the context of turnover:

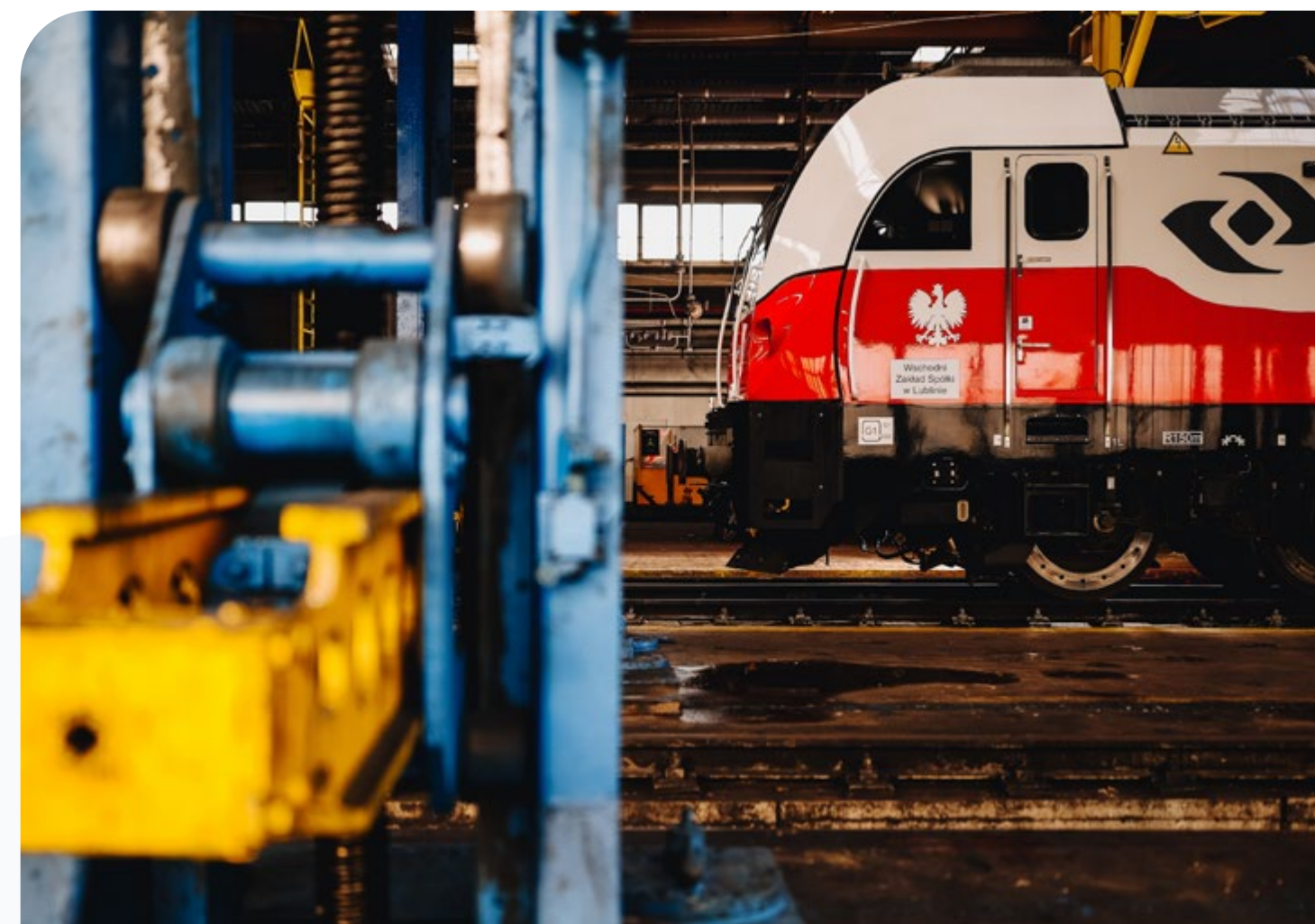
- 3.3. manufacture of low carbon technologies for transport – that is the repair, maintenance, modernization, reassignment and retrofitting of low-emission transport vehicles and rolling stock. All revenues from the repair and maintenance of locomotives and freight wagons were classified as environmentally unsustainable;

- 6.2. freight rail transport – that is the rental and operation of means of freight transport on mainline rail networks as well as short line freight railroads. Assigned to this category was revenue from the carriage of goods by locomotives using conventional combustion engines and revenue from the carriage of fossil fuels;
- 6.6. freight transport services by road – that is the purchase, financing, lease, rental and operation of vehicles for the provision of freight transport services by road. Assigned to this category were all activities considered environmentally unsustainable;
- 6.14. infrastructure for rail transport – that is the construction, modernization, operation and maintenance of surface and underground railroads, bridges, tunnels, stations, terminals and rail service infrastructure facilities, and safety and traffic management systems, including the provision of architectural and engineering services, design services, construction oversight services, and surveying and mapping services, etc., conducting physical, chemical and other analytical tests on all types of materials and products. All revenues from the maintenance and operation of track-side infrastructure and from the provision of infrastructure and installations (terminals and supporting structures) for the transshipment of cargo were classified as environmentally unsustainable.

All Taxonomy-aligned turnover consisted of revenue from contracts with customers. The value of Taxonomy-aligned turnover which was generated for own consumption (consolidation exclusions) within distinct activities was as follows:

- 6.2 Freight rail transport: PLN 250.6 million.

Turnover is at a similar level to the previous reporting period. The slight increase in the value is due to a decrease in the share of fossil fuel transport in total transport.





Percentage of turnover from products or services related to Taxonomy-aligned activities – based on disclosures for 2024

	2024	Criteria for significant contribution								Criteria for the DNSH principle ("do not do serious damage")										
Business activity (1)	Code or codes (2)	Trunover (3)	Part of turnover, year 2024 (4)	Mitigating climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Closed loop economy (9)	Biodiversity and ecosystems (10)	Mitigating climate change (11)	Adaptation to climate change (12)	Water and marine resources (13)	Closed loop economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum guarantees (17)	"Share of activities in line with systematics (A.1.) or eligible for systematic (A.2.) turnover, year 2023 (18)"	Supporting activities category (19)	Category Transition activities (20)	
		mIn PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T	
A. ACVITIVIES ELIGIBLE FOR SYSTEMATICS																				
A.1. Enviontmentally sustainable activities (according to the systematic)																				
Freight transport by rail	CCM 6.2	1 641,6	36,8%	T	N/EL	N/EL	N/EL	N/EL	N/EL		T		T	T		T	35,7%			
Turnover from environmentally sustainable activities (according to the systematic) (A.1)		1 641,6	36,8%	36,8%	0,0%	0,0%	0,0%	0,0%	0,0%	T	T	T	T	T	T	T	35,7%			
Including supporting		0,0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	T	T	T	T	T	T	T	0,0%	E		
Including for the sake of transition		0,0	0,0%	0,0%						T	T	T	T	T	T	T	0,0%		T	
A.2 Activities that qualify for systematics but are environmentally unsustainable (activities not in line with systematics)																				
				"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"											
Production of low-carbon technologies for transport	CCM 3.3	9,6	0,2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,1%			
Freight rail transport	CCM 6.2	1 622,4	36,4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								38,9%			
Road freight transport services	CCM 6.6	47,9	1,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1,1%			
Infrastructure for railway transport	CCM 6.14	416,8	9,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8,1%			
Trunover from activities eligible for the systematics, but not environmentally sustainable (non-systematic activities) (A.2)		2 096,7	47,0%	47,0%	0,0%	0,0%	0,0%	0,0%	0,0%								48,2%			
A. Trunover from activities eligible for the systematic approach (A.1+A.2)		3 738,3	83,8%	83,8%	0,0%	0,0%	0,0%	0,0%	0,0%								83,9%			
B. INELIGIBLE ACITIVITIES																				
Trunover from non-systematically eligible activities (B)		722,1	16,2%																	
TOTAL (A+B)		4 460,4	100,0%																	

T – Yes, activity eligible for systematics and in line with systematics for the relevant environmental objective

N – No, activity eligible for systematics but not compatible with systematics for the relevant environmental objective

EL – activities eligible for systematisation for the respective purpose

N/EL – activities that do not qualify for systematisation for the relevant purpose

	Part of tuover / Total tuover	
	Compatilibility with the systematics at the level of objectives	Eligibility for systematisation by purpose
CCM – Mitigating climate change	36,8%	83,8%
CCA – Climate change adaptation	0,0%	0,0%
WTR – Water management and marine resources	0,0%	0,0%
CE – Closed loop economy	0,0%	0,0%
PPC – Pollution prevention and control	0,0%	0,0%
BIO – Biodiversity and ecosystems	0,0%	0,0%

## CapEx

As part of the Taxonomy-alignment assessment, capital expenditures incurred in 2024 were analyzed.

The following activities were classified as Taxonomy-eligible and recognized as Taxonomy-aligned in the context of capital expenditures:

- 3.3. manufacture of low carbon technologies for transport – that is the repair, maintenance, modernization, reassignment and retrofitting of low-emission transport vehicles and rolling stock. Assigned to this category were capital expenditures on electric locomotives and freight wagons not intended for the carriage of fossil fuels;
- 6.2. freight rail transport – that is the rental and operation of means of freight transport on mainline rail networks as well as short line freight railroads. Assigned to this category was the purchase of electric locomotives and freight wagons not intended for the carriage of fossil fuels.

The Taxonomy-alignment assessment also confirmed compliance with the DNSH principle for the activities in question.

The following activities were classified as Taxonomy-eligible but non-Taxonomy-aligned in the context of capital expenditures:

- 3.3. manufacture of low carbon technologies for transport – that is the repair, maintenance, modernization, reassignment and retrofitting of low-emission transport vehicles and rolling stock. Capital expenditures on diesel locomotives and freight wagons intended primarily for the transport of fossil fuels was classified.
- 6.5. Transport by motorcycles, passenger cars and light commercial vehicles. The purchase of motor vehicles was classified.
- 6.14. infrastructure for rail transport – that is the construction, modernization, operation and maintenance of surface and underground railroads, bridges, tunnels, stations, terminals and rail service infrastructure facilities, and safety and traffic management systems, including the provision of architectural and engineering services, design services, construction oversight services, and surveying and mapping services, etc., conducting physical, chemical and other analytical tests on all types of materials and products. Assigned to this category were all activities considered environmentally unsustainable.

All Taxonomy-aligned capital expenditures constituted increases in property, plant and equipment. The value of Taxonomy-aligned CapEx, broken down by activity, was as follows:

- 3.3 Manufacture of low-emission technologies for transport: PLN 125.0 million,
- 6.2 Freight rail transport: PLN 50.7 million.

The increases presented were unrelated to acquisitions resulting from business combinations.

The value of Taxonomy-aligned CapEx is at a similar level to that of the previous reporting period. The slight increase in the value results from an increase in the share of repairs of electric locomotives and freight wagons not intended for the transport of fossil fuels in total capital expenditures.





Percentage of capital expenditures on products or services related to Taxonomy-aligned activities – based on disclosures for 2024

	2024			Criteria for significant contribution						Criteria for the DNSH principle ("do not do serious damage")									
Business activity (1)	Code or codes (2)	Investment expenditure (3)	Percentage of capital expenditure, year 2024	Mitigating climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Closed loop economy (9)	Biodiversity and ecosystems (10)	Mitigating climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Closed loop economy (9)	Pollution (8)	Biodiversity and ecosystems (10)	Minimum guarantees (17)	"Share of activities in line with systematics (A.1.) or eligible for systematic (A.2.) Capital expenditure, year 2023 18)"	Support-ting activities category (19)	Category Transition activities (20)
		mIn PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T
A. ACVITIVIES ELIGIBLE FOR SYSTEMATICS																			
A.1. Types of environmentally sustainable activities (consistent with the systematics)																			
Production of low-carbon technologies for transport	CCM 3.3	125,0	21,2%	T	N/EL	N/EL	N/EL	N/EL	N/EL		T		T	T		T	15,6%		
Freight transport by rail	CCM 6.2	50,7	8,6%	T	N/EL	N/EL	N/EL	N/EL	N/EL		T		T	T		T	11,1%		
Investment expenditures for environmentally sustainable activities (consistent with the system) (A.1)		175,7	29,8%	29,8%	0,0%	0,0%	0,0%	0,0%	0,0%	T	T	T	T	T	T	T	26,7%		
Including supporting		0,0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	T	T	T	T	T	T	T	0,0%	E	
Including for the sake of transition		0,0	0,0%	0,0%						T	T	T	T	T	T	T	0,0%		T
A.2 Activities that qualify for systematics but are environmentally unsustainable (activities not in line with systematics)																			
				"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"										
Production of low-carbon technologies for transport	CCM 3.3	305,0	51,7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								47,1%		
Transport by motobikes, passenger cars and light commercial vehicles	CCM 6.5	11,0	1,9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,0%		
Infrastructure for railway transport	CCM 6.14	3,5	0,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,6%		
Capital expenditures from systematic eligible activities but environmentally unsustainable (non-systematic activities) (A.2)		319,4	54,1%	54,1%	0,0%	0,0%	0,0%	0,0%	0,0%								47,7%		
Capital expenditures for activities eligible for systematics (A.1+A.2)		495,1	83,9%	83,9%	0,0%	0,0%	0,0%	0,0%	0,0%								74,4%		
B. INELIGIBLE ACITIVITIES																			
Capital expenditures for activities not eligible for systematics (B)		95,2	16,1%																
TOTAL (A+B)		590,4	100,0%																

T – Yes, activity eligible for systematics and in line with systematics for the relevant environmental objective

N – No, activity eligible for systematics but not compatible with systematics for the relevant environmental objective

EL – activities eligible for systematisation for the respective purpose

N/EL – activities that do not qualify for systematisation for the relevant purpose

Part of investment expenditure / Total investment expenditure

	Compatibility with the systematics at the level of objectives	Eligibility for systematisation by purpose
CCM – Mitigating climate change	29,8%	83,9%
CCA – Climate change adaptation	0,0%	0,0%
WTR – Water management and marine resources	0,0%	0,0%
CE – Closed loop economy	0,0%	0,0%
PPC – Pollution prevention and control	0,0%	0,0%
BIO – Biodiversity and ecosystems	0,0%	0,0%

## OpEx

As part of the Taxonomy-alignment assessment, operating expenses incurred in 2024 were analyzed.

The following activities were classified as Taxonomy-eligible and Taxonomy-aligned in the context of operating expenses:

- 3.3. manufacture of low carbon technologies for transport – that is the repair, maintenance, modernization, reassignment and retrofitting of low-emission transport vehicles and rolling stock. In particular, expenses related to the repair and maintenance of electric locomotives and freight wagons with zero direct emissions of CO<sub>2</sub> in exhaust gases when operated on tracks with the necessary infrastructure and using locomotives fitted with conventional engines where such infrastructure is unavailable (electric-and-combustion).

The Taxonomy-alignment assessment also confirmed compliance with the DNSH principle for the activities in question.

The following activities were classified as Taxonomy-eligible but non-Taxonomy-aligned in the context of operating expenses:

- 3.3. manufacture of low carbon technologies for transport – that is the repair, maintenance, modernization, reassignment and retrofitting of low-emission transport vehicles and rolling stock. Assigned to this category were expenses related to the repair and maintenance of diesel locomotives and those freight wagons that are predominantly intended for the carriage of fossil fuels;

- 6.2. freight rail transport – that is the rental and operation of means of freight transport on mainline rail networks as well as short line freight railroads. Assigned to this category was the short-term lease of diesel locomotives and those freight wagons that are predominantly intended for the carriage of fossil fuels;
- 6.5. Transport by motorcycles, passenger cars and light commercial vehicles. Assigned to this category were all activities considered environmentally unsustainable;
- 6.6. freight transport services by road – that is the purchase, financing, lease, rental and operation of vehicles for the provision of freight transport services by road. Assigned to this category were all activities considered environmentally unsustainable;
- 6.14. infrastructure for rail transport – that is the construction, modernization, operation and maintenance of surface and underground railroads, bridges, tunnels, stations, terminals and rail service infrastructure facilities, and safety and traffic management systems, including the provision of architectural and engineering services, design services, construction oversight services, and surveying and mapping services, etc., conducting physical, chemical and other analytical tests on all types of materials and products. Assigned to this category were all activities considered environmentally unsustainable.

The value of Taxonomy-aligned operating expenditure components, within distinct activities, was as follows:

- 3.3 Manufacture of low-emission technologies for transport: PLN 74.8 million – costs of ongoing repairs of electric locomotives (PLN 65.2 million) and wagons not intended for the transport of fossil fuels (PLN 9.6 million).

The value of Taxonomy-aligned operating expenses was lower than in the previous reporting period. This was predominantly due to lower costs of ongoing repairs of rolling stock caused by a decrease in transport volumes.

Other expenses related to the ongoing maintenance of property, plant and equipment, but non-Taxonomy-aligned or non-Taxonomy-eligible were the following: maintenance and repair of diesel locomotives and wagons intended for the transport of fossil fuels, maintenance and repair of track infrastructure and terminals intended for the transshipment of cargo, costs of repairs and renovations of other real estate, costs related to repairs and renovations of machinery and equipment and motor vehicles, costs of cleaning and security of buildings, IT infrastructure maintenance costs, equipment legalization costs, non-Taxonomy-aligned short-term lease of fixed assets.





Percentage share of operating expenses on products or services related to Taxonomy-aligned activities – based on disclosures for 2024

Business activity (1)	2024		Criteria for significant contribution							Criteria for the DNSH principle ("do not do serious damage")										Supporting activities category (19)	Category Transition activities (20)
	Code or codes (2)	"Operating expenditure (3)"	Percentage of capital expenditure, year 2024	Mitigating climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Closed loop economy (9)	Biodiversity and ecosystems (10)	Mitigating climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Closed loop economy (9)	Pollution (8)	Biodiversity and ecosystems (10)	Minimum guarantees (17)	Share of activities complying with systematics (A.1) or qualifying to systematics (A.2) Operating expenditure, year 2023 (18)				
		mln PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%			E	T
A. ACVITIVIES ELIGIBLE FOR SYSTEMATICS																					
A.1. Types of environmentally sustainable activities (consistent with the systematics)																					
Production of low-carbon technologies for transport	CCM 3.3	74,8	22,2%	T	N/EL	N/EL	N/EL	N/EL	N/EL		T		T	T		T	30,5%				
Operating expenditure for environmentally sustainable activities (consistent with the system) (A.1)		74,8	22,2%	22,2%	0,0%	0,0%	0,0%	0,0%	0,0%	T	T	T	T	T	T	T	30,5%				
Including supporting		0,0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	T	T	T	T	T	T	T	0,0%		E		
Including for the sake of transition		0,0	0,0%	0,0%						T	T	T	T	T	T	T	0,0%			T	
A.2 Activities that qualify for systematics but are environmentally unsustainable (activities not in line with systematics)																					
				"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"												
Production of low-carbon technologies for transport	CCM 3.3	143,7	42,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								31,7%				
Freight tranposrt by rail	CCM 6.2	8,1	2,4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4,2%				
Transport by motobikes, passenger cars and light commercial vehicles	CCM 6.5	2,8	0,8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,0%				
Toad freight tranposrt services	CCM 6.6	2,8	0,8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,4%				
Infrastructure for railway transport	CCM 6.14	17,0	5,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								22,7%				
Operating expenditure for activities that qualify for systematics but are environmentally unsustainable (non-systematic activities) (A.2)		174,5	51,8%	51,8%	0,0%	0,0%	0,0%	0,0%	0,0%								59,0%				
A. Operating expenditure in qualifying activities for systematics (A.1+A.2)		249,3	74,0%	74,0%	0,0%	0,0%	0,0%	0,0%	0,0%								89,5%				
B. INELIGIBLE ACITIVITIES																					
Operating expenditure on non-eligible activities for systematics (B)		87,7	26,0%																		
TOTAL (A+B)		337,0	100,0%																		

T – Yes, activity eligible for systematics and in line with systematics for the relevant environmental objective

N – No, activity eligible for systematics but not compatible with systematics for the relevant environmental objective

EL – activities eligible for systematisation for the respective purpose

N/EL – activities that do not qualify for systematisation for the relevant purpose

Part of operating expenditure / Total operating expenditure

	Compatibility with the systematics at the level of objectives	Eligibility for systematisation by purpose
CCM – Mitigating climate change	22,2%	74%
CCA – Climate change adaptation	0,0%	0,0%
WTR – Water management and marine resources	0,0%	0,0%
CE – Closed loop economy	0,0%	0,0%
PPC – Pollution prevention and control	0,0%	0,0%
BIO – Biodiversity and ecosystems	0,0%	0,0%

# > ESRS E1 Climate change

## ESRS 2 SBM 3 Material impacts, risks and opportunities and their interaction with strategy and business model

A description of the strategy and business model is provided in this statement under ESRS 2 General information.

## ESRS 2 IRO-1 Description of the processes to identify and assess climate-related material impacts, risks and opportunities

The impacts, risks and opportunities of the PKP CARGO Group were identified in the double materiality analysis. A detailed description of the analysis is provided in this statement in under ESRS 2 General information.

## E1-1 Transition plan for climate change mitigation

In 2024, the Group did not have a transition plan in place for climate change mitigation. As at the date of this report, the Group is not in a position to clearly state whether or when it will prepare such a transition plan. This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action on climate issues, both within the Company and the Group, will depend on the provisions of the plan and the strategy to be adopted.

## E1-2 Policies related to climate change mitigation and adaptation

In 2024, the PKP CARGO Group did not have any policies in place related to climate change mitigation. As at the date of this report, PKP CARGO S.A. under restructuring is not in a position to clearly state whether or when it will prepare a climate policy. This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action on climate issues, both within the Company and the Group, will depend on the provisions of the plan and the strategy to be adopted.

## E1-3 Actions and resources in relation to climate change policies

In 2024, the Group did not take any measures related to climate change adaptation or mitigation. As at the date of this report, PKP CARGO S.A. under restructuring is not in a position to clearly determine whether or when it will prepare a climate change adaptation action plan. This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action on climate-related matters both within the Company and the Group will depend on the provisions of the plan and the strategy to be adopted.

## E1-4 Targets related to climate change mitigation and adaptation

In 2024, the PKP CARGO Group did not have any climate change mitigation targets. Due to the ongoing restructuring of the parent company, the Group does not currently plan to set any targets or general levels of ambition.

## E1-5 Energy consumption and energy mix

The Group measured the severity of its environmental impact by monitoring its energy mix. The table below presents the Group's total energy consumption in 2024, broken down by main sources. The data are expressed in megawatt hours (MWh) and as a percentage of total consumption for each source. The largest share of energy consumption is accounted for by fuels derived from crude oil and petroleum products as well as electricity, heat, steam and cooling purchased or obtained from the grid from fossil fuel sources.



Total energy consumption of the PKP CARGO Group in 2024 broken down by main sources

	Unit	Quantity
1) Fuel consumption from coal and coal products	MWh	16,913
2) Fuel consumption from crude oil and petroleum products	MWh	536,975
3) Fuel consumption from natural gas	MWh	97,666
4) Fuel consumption from other fossil sources	MWh	161
5) Consumption of purchased or obtained electricity, heat, steam and cooling from fossil fuel sources	MWh	514,471
6) Total energy consumption from fossil fuels (calculated as the sum of lines 1–5)	MWh	1,166,186
Share of fossil sources in total energy consumption	%	99.90
7) Energy consumption from nuclear sources	MWh	0
Share of consumption from nuclear sources in total energy consumption	%	0.00
8) Fuel consumption for renewable sources, including biomass (also including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	275
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	868
10) Renewable energy consumption generated independently without the use of fuel	MWh	37
11) Total renewable and low-carbon energy consumption (calculated as the sum of lines 8–10)	MWh	1,180
Share of renewable sources in total energy consumption	%	0.10
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	MWh	1,167,366

E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

The results of the carbon footprint calculation broken down into Scope 1, Scope 2 and Scope 3 for each category are presented below. Table 12 contains the final data and the final summary. The other tables are for reference purposes only. A detailed description of the methodology used is provided later in this section.

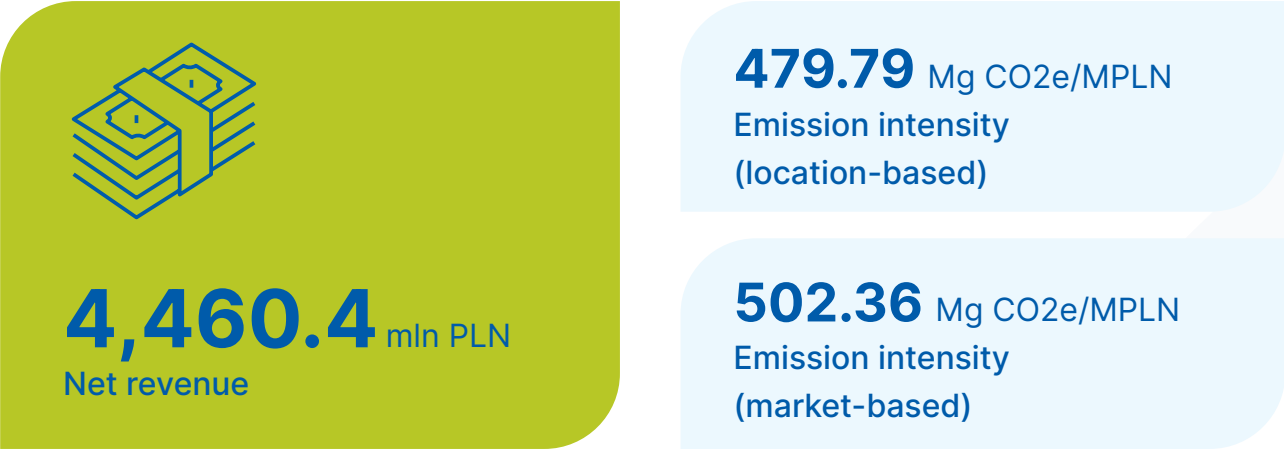
Greenhouse gas (GHG) emissions of the PKP CARGO Group in 2024

	Unit	Base year 2024
GHG emissions in Scope 1		
Gross GHG emissions in Scope 1	Mg CO2e	126,608
Gross biogenic emissions in Scope 1	Mg CO2e	6,247
Percentage of GHG emissions in Scope 1 from a regulated emissions trading system	%	0
GHG emissions in Scope 2		
Gross GHG emissions in Scope 2 according to the location-based method	Mg CO2e	249,434
Gross GHG emissions in Scope 2 according to the market-based method	Mg CO2e	350,134
GHG emissions in Scope 3		
Total indirect gross GHG emissions in Scope 3	Mg CO2e	1,763,997
1 Purchased freight and services	Mg CO2e	200,551
2 Capital goods	Mg CO2e	11,505
3 Fuel and energy activities not included in Scope 1 or 2	Mg CO2e	184,753
4 Upstream transportation and distribution	Mg CO2e	65,280
5 Waste generated from operations	Mg CO2e	2,343

	Unit	Base year 2024
6 Business commuting	Mg CO2e	279
7 Employee commuting	Mg CO2e	4,948
8 Upstream leased assets	Mg CO2e	5,494
9 Downstream transportation	Mg CO2e	1,223,931
11 Use of sold products	Mg CO2e	64,374
13 Downstream leased assets	Mg CO2e	536
Total GHG emissions		
Total GHG emissions in Scopes 1+2 (location-based) +3	Mg CO <sub>2</sub> e	2,140,035
Total GHG emissions in Scopes 1+2 (market-based) +3	Mg CO <sub>2</sub> e	2,240,735

The table below presents GHG emission intensity in relation to the PKP CARGO Group's net revenue (for details, see the Group's Consolidated Financial Statements of the Group, Note 2.1 Revenues from contracts with customers). This indicator was calculated by dividing total net revenue by the total amount of GHG emissions determined using the location-based and market-based methods.

GHG emission intensity



Description of the methodology used

The calculation methodology covers Scope 1, Scope 2 and Scope 3 emissions. All calculations were performed in accordance with the GHG Protocol guidelines, ensuring their compliance with international GHG emission reporting standards.

Three emission scopes were taken into account in the calculations:

- **Scope 1** – direct emissions related to the Group's assets (units, offices, fleet, machinery).
- **Scope 2** – indirect emissions resulting from the purchase of electricity, heat, cooling or process steam.
- **Scope 3** – other indirect emissions, including the purchase of capital goods and services, emissions related to fuels and energy, waste, transport, employee commuting, business commuting and the use of sold products.

The analysis covers the calculation period from 1 January 2024 to 31 December 2024. The base year for the calculations is 2024. The scope of the calculation covers the whole Group.

The methodology for calculating the carbon footprint in Scope 3 for 2024 is based on the use of a basic equation for determining emissions  $c_f$ , which takes into account emission sources and their emission factors.

$$c_f = \sum f_{i,j} a_i g_j$$

where:

- $f_{i,j}$  is the emission factor for a specific activity ( $a_i$ ) and greenhouse gas ( $g_j$ )
- $a_i$  is the activity carried out (such as combustion of fossil fuels, consumption of raw materials)
- $g_j$  is the global warming potential of the greenhouse gas in question

Because in Scope 3 the vast majority of factors are expressed in kilograms or tons of carbon dioxide equivalent (kgCO<sub>2</sub>e or tCO<sub>2</sub>e), the above equation is simplified to:

$$c_f = \sum f_i a_i$$

The latest global warming potential (GWP) values published by the IPCC based on a 100-year time horizon were used to calculate CO<sub>2</sub>eq emissions. These factors are used for Scope 1 and Scope 2 emissions as well as for most of the indicators used in Scope 3. The exception is monetary indicators, for which values from IPCC AR5 were used.



## Organizational boundaries and emission scopes

The Group's emissions were calculated in accordance with the following assumptions. The report includes the following companies based on actual and financial data:

- PKP CARGO S.A. under restructuring,
  - PKP CARGO SERVICE sp. z o.o.,
  - PKP CARGOTABOR sp. z o.o. w restrukturyzacji,
  - PKP CARGO TERMINALE sp. z o.o.,
  - CARGOSPED TERMINAL BRANIEWO sp. z o.o.,
  - CARGOTOR sp. z o.o.,
  - PKP CARGO CONNECT sp. z o.o.,
  - PKP CARGO INTERNATIONAL a.s.
- Due to the absence of operating activities, the following companies were excluded:
- PKP CARGOTABOR USŁUGI sp. z o.o. w likwidacji (100%),
  - ONECARGO CONNECT sp. z o.o. (100%),
  - PKP Linia Chełmska Szerokotorowa sp. z o.o. (100%),

- CENTRALNY TERMINAL MULTIMODALNY sp. z o.o. (100%),
- MIĘDZYNARODOWA SPEDYCJA MIRTRANS sp. z o.o. (w likwidacji) (43.99%),
- INTERCONTAINER INTERFRIGO SA (in liquidation) (0.71%).

Due to their immateriality, the following companies in which the parent company held a stake of less than or equal to 20% were excluded:

- COSCO SHIPPING Lines (Poland) Sp. z o.o. (20%) – company excluded due to the nature of its business (office activities) – in 2023, the costs incurred for materials and energy were PLN 269 thousand, which means that the emissions included in Category 15 of Scope 3 will be below 0.01% of the Group's total emissions.
- EUROTERMINAL SŁAWKÓW sp. z o.o. (9.32%) – company excluded due to estimated emissions – according to the report for 2024, the company spent PLN 6,121,501.57 on materials and energy (in this case, emissions resulting from a maximum of approx. PLN 600 thousand spent on energy should be included). Assuming, for simplicity, the purchase of electricity related to transshipment infrastructure at a final price of PLN 1 per kWh, the estimated emissions were 310 tCO<sub>2</sub>e, representing less than 0.01% of the Group's total emissions.

- BUREAU CENTRAL DE CLEARING S.O.R.I. (1.34%) – this is an office company that does not generate material emissions, which fact, combined with its marginal share, warrants its exclusion.
- RUDOPORT S.A. (1.11%) – based on information from the 2023 financial statements, it was determined that, as the company does not employ any workforce, it is a technical undertaking that does not generate any emissions.
- IDEON S.A. (0.15%) – the company published its last report for 2017, generating cash flows of PLN 14 million at the time. With a share of 0.15%, it is an immaterial source of emissions below 0.01%.

**The Group took into account all 15 Scope 3 emission categories, although in accordance with the ESRS methodology, some categories were deemed immaterial. They are recalculated at least once every 3 years.**

Based on the assessment of activities, all categories were analyzed and those applicable to the Group's activities were identified:

- Category 1: Purchased goods and services,
- Category 2: Capital goods,
- Category 3: Fuel and energy-related activities (not included in Scopes 1 and 2),
- Category 4: Upstream transportation and distribution,
- Category 5: Waste generated in operations,
- Category 6: Business commuting,
- Category 7: Employee commuting,
- Category 8: Upstream leased assets,
- Category 9: Downstream transport and distribution,
- Category 11: Use of sold products,
- Category 13: Downstream leased assets.

Other categories (10, 12, 14) are not subject to reporting as they are unrelated to the Group's activities (they do not generate emissions during use). Only in the case of category 15 was it decided to exclude companies in which the Group holds an equity stake due to immaterial emissions.



Sources of data and emission indicators

The data used to calculate GHG emissions were obtained from various sources, depending on the scope of emissions. The primary input data consisted of actual information such as purchase invoices, accounting data, company data management systems, operational data and surveys in the case of employee commuting data.

The table below provides an overview of the data sources used for Scope 1, 2 and 3. The table contains abbreviated database names:

- KOBIZE – Emission factors for electricity for 2023, December 2024,
- DEFRA – Greenhouse gas reporting: conversion factors, July 2024,

- AIB – European Residual Mixes, Results of the calculation of Residual Mixes for the calendar year 2023, May 2024,
- URE (Energy Regulatory Office) – Heat energy in figures 2023, URE, January 2025,
- EPA – EPA 2025 GHG Emission Factors Hub, January 2025,
- Ecoinvent 3.11,
- Exiobase 3.8.

The data and indicators were adjusted to Polish economic and energy conditions, taking into account exchange rate differences and inflation.

Sources of data and indicators used to calculate the carbon footprint

Scope/Category	Data sources	Databases
Scope 1	Extracts from the undertaking's internal systems covering the consumption of distinct liquid, solid and gaseous fuels. Refrigerant leaks. Expenditure on the purchase of natural gas	DEFRA 2024
Scope 2	Extracts from the undertaking's internal systems covering electricity, heat and cooling consumption (physical and financial data)	Location-based method: KOBIZE (December 2024), market-based method: AIB (May 2024) and supplier indicators
Category 1: Purchased goods and services	Extracts from internal company systems covering the weight of raw materials purchased. Extract from the accounting system covering distinct services and other non-raw material expenses	Goods: Ecoinvent 3.11 (physical factors), Exiobase 3.8 (monetary factors). Services: Exiobase 3.8 (monetary factors for distinct services), Climatiq
Category 2: Capital goods	Summary of expenditure for specific investments and fixed assets	Exiobase 3.8 (physical factors), Climatiq (monetary factors)

Scope/Category	Data sources	Databases
Category 3: Fuel and energy-related activities	Data for Scope 1 and 2, including energy distributed to other undertakings	DEFRA (July 2024), AIB (May 2024), KOBIZE (December 2024), ERO
Category 4: Upstream transport and distribution	List of raw materials purchased, transport distances and means of transport	Ecoinvent 3.11, DEFRA (July 2024)
Category 5: Waste generated in operations	Data on the amount of waste generated	DEFRA (July 2024), Ecoinvent 3.11
Category 6: Business commuting	Extract from the business travel system	DEFRA (July 2024)
Category 7: Employee commuting	Workforce survey	DEFRA (July 2024)
Category 8: Upstream leased assets	Expenditures	Climatiq
Category 9: Downstream transport and distribution	Summary of transport distances for specific raw materials	Ecoinvent 3.11.
Category 11: Use of sold products	Data on electricity, heat and natural gas consumption by own and partner facilities	DEFRA (July 2024), KOBIZE (December 2024)
Category 13: Downstream leased assets	Estimated energy consumption based on own-use facilities	KOBIZE

Biogenic emissions from fuel combustion in vehicles were determined based on the DEFRA database.



## Approach to reporting and extrapolating data

The measurement of Scope 3 emissions is based on data from specific segments of the value chain, upstream (before the service is created) and downstream (in the later stages of the service's life).

## Primary data obtained from suppliers and partners in the value chain accounted for 0% of emissions.

## Recalculation policy

A policy of recalculating emissions in the base year was adopted, whereby recalculations were made when projected changes in emissions exceeded 5%. Material changes in emissions that require recalculation may result from:

- changes in organizational structure, such as the purchase or sale of an equity stake or a demerger of the organization,
- outsourcing or insourcing of activities resulting in emissions,
- changes in the carbon footprint calculation methodology, improvements in the accuracy of emission factors or more accurate data on activities,
- improvements in the accuracy of emission factors, particularly in the context of the carbon footprint of energy in calculations based on market data,
- identification of material errors in calculations.

## Limitations resulting from the methodology adopted

Despite a clearly defined methodological framework, there are certain calculation limitations that may arise from data availability, scientific uncertainty (including the properties of the factors used) and estimates. For selected Scope 3 categories, monetary factors were used instead of physical factors, especially for services and capital goods.

Emissions and intensity data were not independently verified by an external body.

## E1-7

## GHG removals and mitigation projects financed through carbon credits

The Group does not currently carry out or plan to implement any GHG removals or storage projects within the framework of its own operations or those in which it participates on an upstream or downstream basis.

## E1-8

## Internal carbon pricing

The Group does not use any internal carbon pricing systems.

## E1-9

## Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The Group makes use of the option to omit disclosure of the anticipated financial impacts of material physical risks and transition risks and potential opportunities related to climate change in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023.



## > ESRS E2 Pollution

### ESRS 2 IRO-1

#### Description of the processes to identify and assess climate-related material impacts, risks and opportunities

The impacts, risks and opportunities of the PKP CARGO Group were identified in the double materiality analysis. A detailed description of the analysis is provided in this statement in under ESRS 2 General information.

### E2-1

#### Policies related to pollution

The Group does not have a uniform pollution policy in place – this area is managed through policies and procedures adopted by some companies. In the Group's parent company, PKP CARGO S.A., pollution prevention is part of the Integrated Management System Policy. In the Policy, the Company declares that it strives, without limitation, to:

- protect the natural environment by taking responsible actions to prevent its pollution, including by promoting and deploying rail transport as an environmentally friendly form of freight carriage,

- reasonably use raw materials, other materials and energy and water in accordance with the legal requirements of environmental protection and sustainable development,
- invest in a modern rolling stock,
- improve the qualifications of employees in the spirit of responsibility for the quality of services offered and the natural environment.

The provisions of the Policy emphasize that environmental management in the Company, including pollution, is carried out in accordance with the PN-EN ISO 14001:2015-9 standard. The Policy is available on the PKP CARGO S.A. website. The document has been adopted by the Company's Management Board, and the Integrated Management System Officer is responsible for taking the necessary steps to ensure the proper functioning of the IMS. This regulation was adopted in consideration of the interests of the so-called silent stakeholder, that is the natural environment.

The Integrated Management System Manual, adopted by a decision of the President of the Management Board, includes an indication of the basic objectives in the environmental management area. The Integrated Management System Process and Procedure Manual, which is a document complementary to the IMS Manual, describes the following environmental processes related to pollution:

- 3.1.1 Managing water and sewage,
- 3.1.2.1 Managing emissions into air from technology processes and combustion of fuel in installations and equipment,

- 3.1.2.2 Managing equipment containing substances that deplete the ozone layer and fluorinated greenhouse gases,
- 3.1.5 Managing noise emissions to the environment,
- 3.1.7 Managing threats of damage to the environment.

The Integrated Management System Policy does not contain any provisions on mitigating the adverse effects of pollution. The issue of operating installations and equipment that cause emissions to the environment in a manner that minimizes their impact on the environment and monitoring those impacts, actions in the event of emergencies, handling hazardous substances and environmental requirements for suppliers and service providers at PKP CARGO is governed by the requirements of the Instructions for Compliance with Environmental and Climate Protection Rules. In accordance with the Instructions, units responsible for the repair of rail tracks and the replacement of wooden rail sleepers impregnated with creosote or other hazardous substances are required to consider the possibility of replacing such sleepers with components that do not contain any hazardous substances, if this is justified and technologically feasible. The use, storage and transport of hazardous chemicals and mixtures thereof are permitted if that rules and measures are in place to ensure the protection of workers' health and life, fire protection of buildings, structures and the site, and protection of the environment. The basic protection of the environment against leaks of hazardous substances is the storage of containers with liquid hazardous substances on a sealed substrate, resistant to such substances, with the use of drip trays to catch leaks and the use of sorption mats and sorbents. For solid substances, appropriate insulation from the ground and protection against weather phenomena must be provided. If the hazardous substances or asbestos products stored or transported are waste, specific regulations on their handling must also be observed.

With regard to the prevention of incidents and emergencies, the Environmental and Climate Protection Guidelines describe, among other aspects, the prevention and repair of environmental damage, the procedure to be followed in the event of damage or the risk of a serious accident and the procedure to be followed in the event of historical soil contamination. Moreover, the processes for dealing with emergency situations are included in the Collection of Processes and Procedures of the Integrated Management System, a document complementary to the Integrated Management System Manual, which describes the process for dealing with environmental hazards. In the event of an incident threatening environmental pollution, the Company supervises the site of the accident and notifies the relevant services responsible for restraining the negative impact on the environment.





The pollution policies implemented at PKP CARGO support the EU Action Plan for Zero Pollution of Air, Water and Soil in the following areas:

- improving air quality in connection with rail transport, which is environmentally friendly and prevents an increase in pollution levels in the land transport sector,
- reducing exposure to traffic noise by replacing cast iron brake blocks with composite ones.

None of the PKP CARGO Group subsidiaries have policies in place related to pollution. The applicable regulations outline the general direction of environmental protection within the scope of the activities pursued. The companies do not intend to implement any specific provisions in this area until the completion of the restructuring proceedings.

## E2-2 Actions and resources related to pollution

Steps related to pollution are taken within the PKP CARGO Group by each company within the organization. Those pursued by the Group's parent company in 2024 focused on:

- continuing the process of replacing coal-fired boilers in line with anti-smog requirements (a total of 15 boilers were decommissioned at the Central, Southern, Western, Silesian and Eastern Units),
- remediation of historical pollution; for the Żurawica site in the Southern Unit – continuation of on-site remediation, that is the cleaning of soil and groundwater at the site of contamination (application of a biopreparation, monitoring of free petroleum product in technological wells, scraping of the free phase of the petroleum product, laboratory tests),

- remediation of historical contamination; for the Szczecin location in the Western Unit – continuation of bioremediation works, consisting of spraying green areas with a ready-made biopreparation and injection into application holes,
- replacement of cast iron brake blocks with composite inserts in 414 wagons,
- reducing the amount of asbestos in locomotives by 1,520 kg,
- monitoring the consequences of incidents in transport,
- obtaining water permits:
  - for the Legnica site in the Lower Silesian Unit – permit to discharge rainwater from the locomotive refueling point into a drainage ditch
  - for the Bydgoszcz location in the Northern Unit – permit to discharge industrial wastewater containing substances particularly harmful to the aquatic environment (petroleum substances) into a third-party sewage system,

- for the Tarnów location at the Southern Unit – permit to discharge rainwater from the facilities and premises of the Rolling Stock Maintenance Point into the Wątok stream.
- updating the Environmental and Climate Protection Policy – a new version of the Policy was adopted, supplemented with definitions related to carbon footprint and sustainability and rules for monitoring the Company's impact on the climate.

### Some of the measures will be continued in the short to medium term.

In 2024, no need was identified to take remedial action with respect to persons affected by actual adverse effects of pollution.

The taking of the measures described above did not require any material financial expenditures in the reporting period. Also, no such expenditures are currently planned.

In the mitigation hierarchy, the measures taken by PKP CARGO are assigned to the following classes:

- pollution reduction (decommissioning of coal-fired boilers, asbestos removal, replacement of brake blocks in wagons),
- restoring, regenerating and transforming ecosystems where pollution has occurred (remediation of historical pollution at two units).

AWT Rekultivace, a member of the PKP CARGO INTERNATIONAL Group, has its business model based on providing comprehensive services related to reclamation, earthworks, construction, demolition and design activities. T

These activities primarily involve the establishment and operation of waste heaps, dumps and stabilization ponds for liquid waste, earthworks using machinery and explosives, demolition, construction of landfills and disposal of industrial waste, including its transport, decontamination of soil and restoration of the landscape affected by mining activities. The company is ISO 14001-certified and intends to renew this certification in the short and medium term. Its activities, classified as “restoring, regenerating and transforming ecosystems,” did not require any material financial expenditures.

PKP CARGOTABOR's business model is based on the repair, maintenance and upgrade of rolling stock, the performance of routine and periodic repairs of freight cars and locomotives, inspection and periodic checks, regeneration and production of assemblies and subassemblies for traction and rolling stock. These activities, translating into the operation of rolling stock in optimal condition with limited consumption of raw materials and other materials, contribute to reduced pollution levels. The company's activities, classified as “pollution reduction,” did not require any material financial expenditures.

No other PKP CARGO Group subsidiaries pursued any activities in 2024 that exerted a material impact on pollution. Due to the ongoing restructuring proceedings, the Group is unable to determine as at the date of this report whether or when it will develop an action plan in this area. This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action both within the Company and within the Group will depend on the provisions of the plan and the strategy to be adopted.

In 2024, the Group did not take any measures related to pollution in the value chain.



## E2-3

### Targets related to pollution

In the PKP CARGO Group, environmental management targets, including pollution, were adopted by the parent company, as specified in the Integrated Management System Manual. The adopted objectives indirectly pertain to the prevention of soil, air and water pollution. The objectives were updated for 2025 and subsequent years. They stem from the Group's efforts to minimize its impact on the environment and are based on applicable legal requirements:

1. Carrying out tasks related to the transport of cargo, taking into consideration the principles of environmental protection, in particular:
  - striving to increase the share of rail transport in the transport of cargo, which will contribute to reducing the negative impact of land freight transport on the climate and the environment,
  - making efforts to change the traction electricity consumption model towards increasing the share of renewable energy, taking into account the unique requirements of the rail transport market,
  - ensuring the safe transport of hazardous materials.
2. Aiming to satisfy all requirements following from Polish and European Union laws about using technical infrastructure and background facilities to protect climate and reduce emissions to the environment.

3. Taking into consideration environmental and climate protection aspects in the selection of new investments, solutions, purchases and technologies.
4. Reasonable use of environmental resources by:
  - improving the environmental quality of the rolling stock,
  - preventing the occurrence of waste and minimizing the occurrence of waste that may not be prevented.
  - reducing water and heat losses in transmission systems through thermal modernization of maintenance and repair facilities striving to increase the share of renewable energy sources in the energy used.
5. Implementing, maintaining, improving and standardizing internal rules for handling operated installations and equipment as well as waste generated within the organization.

6. Educating and improving the environmental awareness of workers.

The objectives are relative in nature, apply to PKP CARGO S.A. and do not require the definition of baseline values. The Company does not specify a timeframe for the adopted objectives or milestones, assuming that these are ongoing activities.

The objectives related to pollution pertain to the prevention of pollution and the achievement of full legal compliance with environmental protection regulations. No conclusive scientific evidence was used to set these objectives, but the process was based on legal compliance assessments carried out by PKP CARGO Units. During the year, on a quarterly basis, the Units collect information on whether the release of pollutants into the environment is within the permissible standards and complies with the

provisions of environmental decisions and permits issued, assess whether all permits and licenses for environmental use were obtained in accordance with the applicable legal requirements and analyze the outcomes of external and internal inspections and audits, complaints submitted by external parties, penalties imposed on the Company and any other irregularities and failures in environmental protection. This process is also used by the Company to monitor and evaluate the effectiveness of the process to pursue the objectives. Moreover, at the end of each reporting year, each Unit prepares an Environmental and Climate Management Review. A permanent element of the Review is the presentation of environmental objectives and tasks to be achieved in the coming years.

The objectives were not consulted with stakeholders.





## Achievement of the objectives set for 2024 at PKP CARGO S.A. under restructuring



The objective related to the performance of tasks in the field of freight transport, taking into consideration the principles of environmental protection, may be considered achieved. In 2024, no damage related to the transport of dangerous cargo was reported. In almost all cases, the intervention of the State Fire Service promptly prevented damage to the environment and, accordingly, no further preventive or remedial measures were required. Only one incident required additional measures involving the reloading of cargo from two derailed wagons. The rail commission's work on this incident is ongoing – the entity responsible for the incident is being identified and measures are being taken to investigate the state of the environment and determine further action.



The objective of complying with all requirements under national and European Union laws concerning the use of technical infrastructure and facilities to protect the climate and reduce emissions to the environment was partially achieved – new water permits were obtained (as described in E2-3 Targets related to pollution). However, these are not all the permits required to achieve full legal compliance. Currently, due to the ongoing restructuring process at PKP CARGO S.A., the final requirements for obtaining water permits will be determined after the selection of the locations to remain within the Company's structure and the determination of the manner of their use.



The objective related to the reasonable use of environmental resources by improving the environmental quality of the rolling stock was achieved by replacing brake blocks (as described in E2-3 Targets related to pollution), which is a measure aimed at protecting the environment against noise pollution.

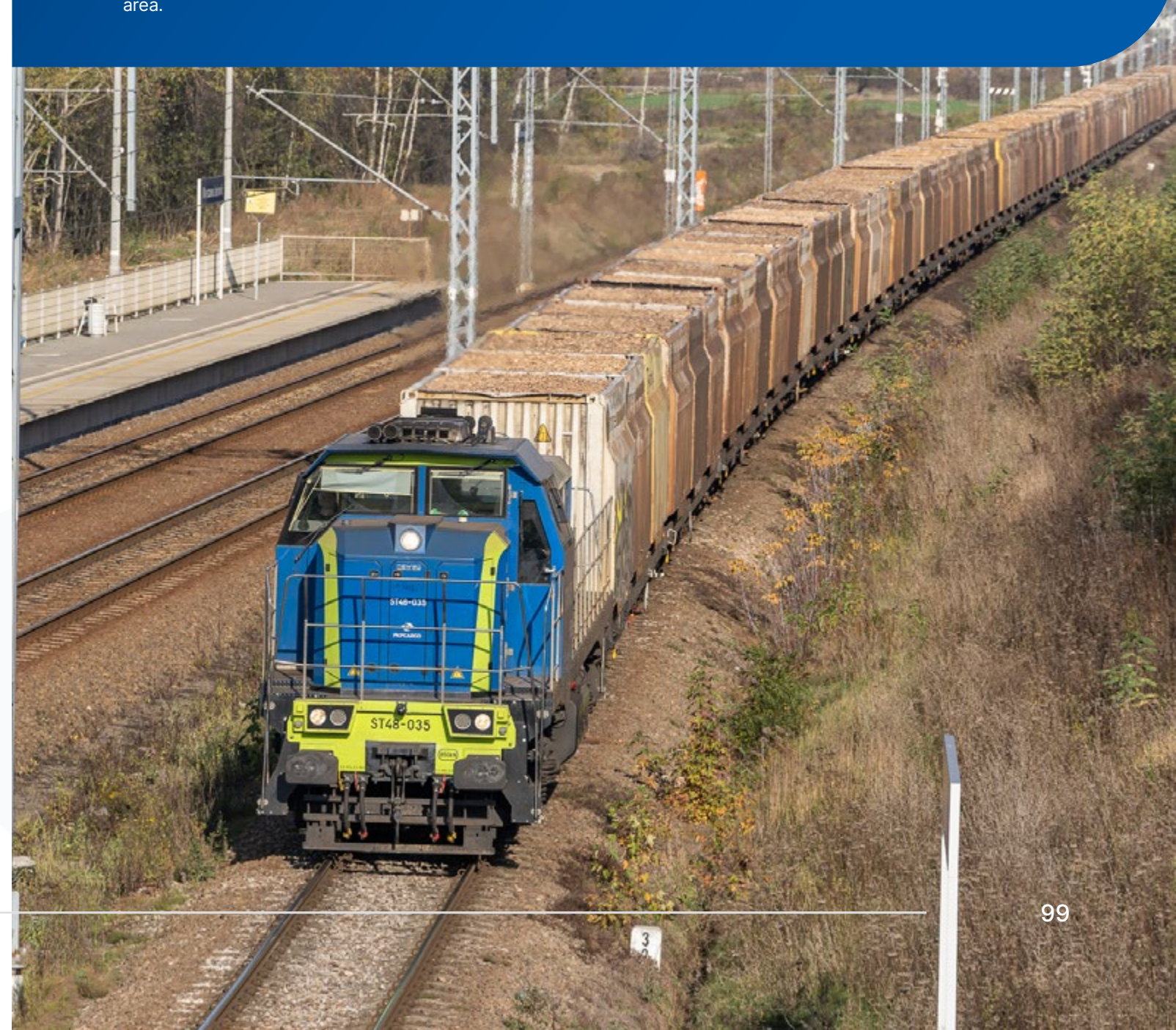


The objective related to the implementation, maintenance, improvement and standardization of internal rules for handling installations, equipment and waste within the organization was achieved through the adoption in 2024 of their new, updated version (as described in E2-3 Targets related to pollution).

The overall strategic direction of AWT Rekultivace and PKP CARGOTABOR is to continue activities leading to the restoration of ecosystems (AWT Rekultivace) or the reduction of waste generation. Accordingly, it is impossible to specify the nature of the objective, the year or the baseline values – these are ongoing activities. The adopted business model directly refers to the prevention of soil, air and water pollution.

No other companies in the PKP CARGO Group set or currently intend to set any pollution-related targets. Due to the ongoing restructuring proceedings, the Group is unable to determine as at the date of this report whether or when it will set any targets in this area.

This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action by both the Company and the Group will depend on the provisions of the plan and the strategy to be adopted.





E2-4

Pollution of air, water and soil

The Group does not exceed the emission parameters specified in Annex II to Regulation 166/2006 in any company, location or process. At the same time, in several locations, it emits pollutants directly into rivers or drainage ditches in the quantities presented below. The Group does not use any microplastics in its own operations, but emissions occur during the braking of trains fitted with composite brake pads. The Group is not in possession of any accurate figures to calculate or estimate the weight of microplastics generated in this process.

Emissions of the PKP CARGO Group into rivers or soil, data for 2023-2024

Substance	Emissions into rivers or soil in 2023 (kg)	Emissions into rivers or soil in 2024 (kg)
BOD5 (kg)	226.7	499.8
COD (kg)	1,191.9	5,199.0
Suspended solids (kg)	492.6	687.9
Total chlorides and sulfates (kg)	6,009.6	91,820.9
Nitrates (kg)	617.7	801.5
Phosphates (kg)	8.3	7.5
Nickel and its compounds (kg)	0.2	7.0
Copper (kg)	0.5	3.9
Lead (kg)	0.2	0.2
Zinc (kg)	0.4	0.6
Dissolved substances	no data	110,018.0
N – NH4	no data	107.0
P total	no data	20.0
C10-C40	no data	48.0
Mn	no data	3.0



For the parent company, the volume of distinct emissions into the air was calculated on the basis of the amounts of fuel and materials consumed, available theoretical literature indicators and specific indicators from the safety data sheets of the substances used. The quality of wastewater discharged is tested by certified laboratories at the frequency required by water permits and national water-law regulations

Information on the measurements taken is sent to local environmental protection authorities in accordance with the applicable laws. PKP CARGO uses specialized software to collect data on direct air pollution.

Each of the Company's Units collects information on the use of the environment at its locations and related emissions in the system. Data on emissions of pollutants into water and soil (drainage ditches) are obtained by environmental protection staff at the Units, and relevant statements are submitted to the State Water Management Authority.

The largest direct emissions into the air at PKP CARGO are unorganized emissions and emissions from installations that are not subject to emission measurement requirements. An installation subject to air emission measurement requirements is the paint shop at the Northern Unit. These measurements concern instantaneous emissions and the use of the results obtained to calculate annual emissions would not fully reflect emissions due to the use of various paints and varnishes. Accordingly, emission calculations are based on actual fuel and preparation consumption and available theoretical indicators.



Other companies have different approaches to collecting pollution data. PKP CARGO CONNECT bases its indicators on KOBIZE data related to fuel combustion installations (e.g., light fuel oil, liquefied gas) and installations for the storage or transshipment of crude oil and its derivatives, LPG or CNG. At PKP CARGO INTERNATIONAL, data are collected by an employee working as an environmental officer responsible for the timely submission of the required reports. PKP CARGO TERMINALE determines the volume of emissions based on fuel consumption, while CARGOSPED TERMINAL BRANIEWO obtains data on the amount of air pollutants from the Emission Summary and the quantitative summary of fuel consumption, also based on the KOBIZE database.

E2-5  
Potentially hazardous substances and substances of very high concern

The PKP CARGO Group does not use or produce any SVHC substances in any of its processes. They also do not leave the Group's infrastructure in any form.

The organization does not have the technical capability to specify the quantities of potentially hazardous substances used in its operations, classifying them according to their main hazard class. It was assumed that 100% of the substances purchased in 2024 were used and 100% leave the infrastructure in the form of emissions.

Weights of potentially hazardous substances used in the PKP CARGO Group in 2024

Class	Weight (tons)
Aldehydes	0.16
Alcohols	28.18
Gasoline, kerosene	3.00
Aromatic hydrocarbons	37.86
Aromatic hydrocarbons	32.91
Other compounds	12.30
Esters	0.56
Metals and metal oxides	0.62
Other inorganic compounds	2.08
Phosphates	0.37
Ketones	4.08
Ethers	0.56

E2-6  
Anticipated financial effects from pollution-related impacts, risks and opportunities

The PKP CARGO Group has opted not to disclose this information in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, as this is the first time the entity has prepared a report in accordance with the ESRS requirements.



# > ESRS E3 Water and marine resources

## ESRS 2, IRO-1

### Description of the processes to identify and assess climate-related material impacts, risks and opportunities

The impacts, risks and opportunities of the PKP CARGO Group were identified in the double materiality analysis. A detailed description of the analysis is provided in this statement in under ESRS 2 General information.

## E3-1

### Water and marine resource policies

2024 was the first year in which a double materiality analysis fully compliant with ESRS was performed in the PKP CARGO Group. In previous years, water and marine resources were not analyzed by the Group. For this reason, none of the companies had a separate and detailed policy in this area in 2024. In parallel, PKP CARGO S.A. under restructuring included in its Integrated Management System Policy a general commitment to strive for reasonable water use in accordance with legal requirements, environmental protection

principles and the rules of sustainability. Because the Policy also applies to other environmental areas described herein, issues related to the availability of regulations, responsibility for their implementation, consideration of the interests of stakeholders in their establishment and additional information related to the Integrated Management System Policy are described in section E2 Pollution.

The Group does not have a single consistent policy in place on water and marine resource management. Due to the ongoing restructuring process, it is not in a position to determine, as at the date of this report, whether or when it will develop a Group policy in this area. This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action both within the Company and within the Group will depend on the provisions of the plan and the strategy to be adopted.

## E3-2

### Activities and resources related to water and marine resources

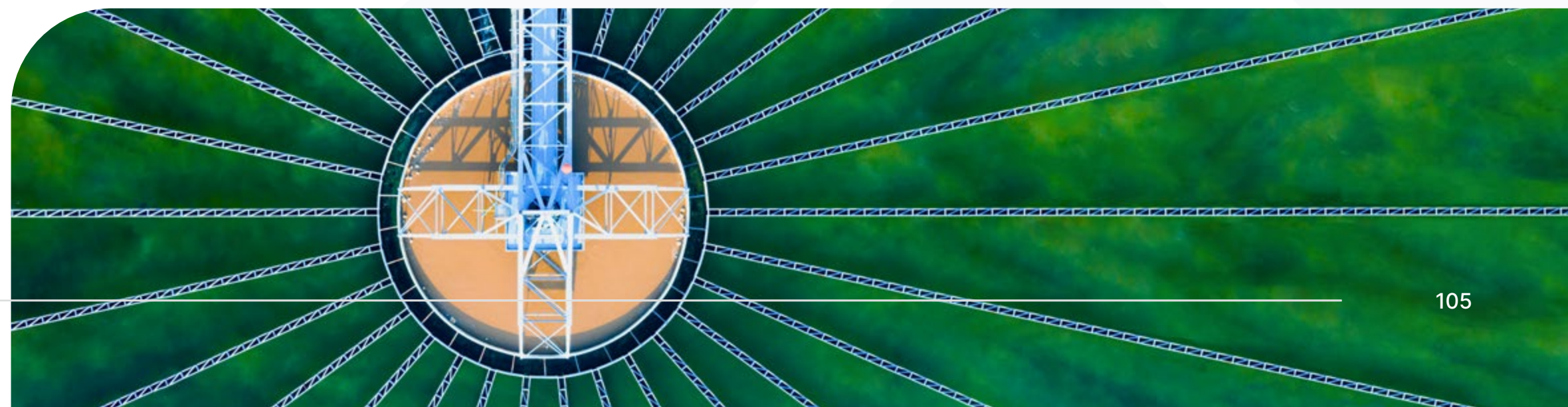
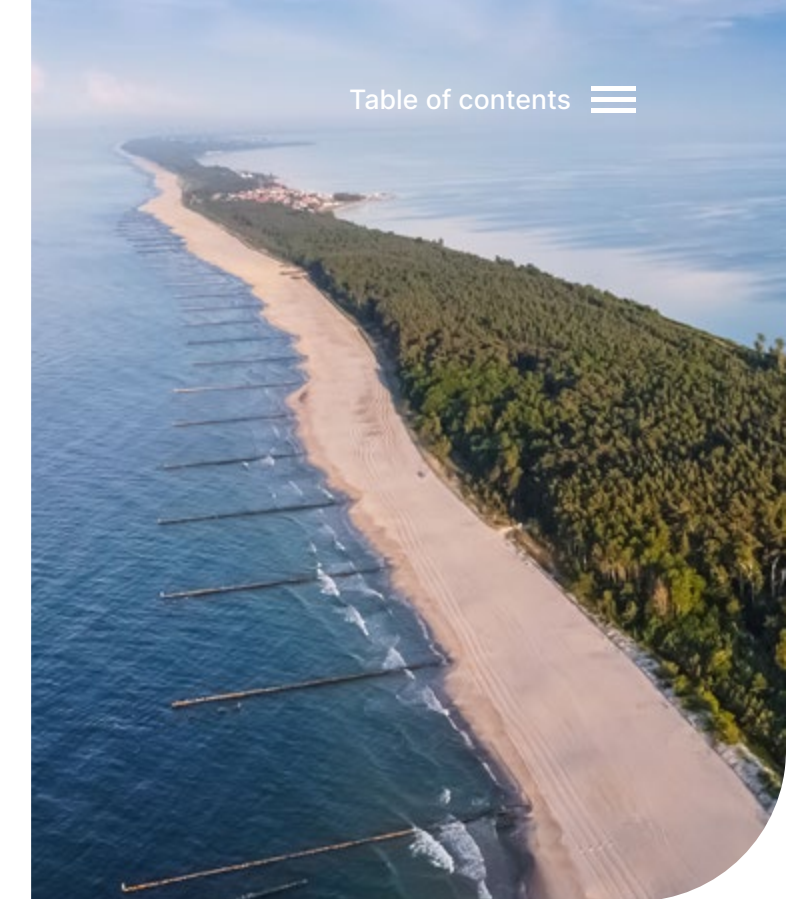
PKP CARGO's key activities related to water resources in 2024 included supervision of the process of achieving full legal compliance. The Company worked on obtaining the missing water permits for the discharge of wastewater into open waters, as described in section E2 Pollution. Due to the restructuring program, no investments were made and work was limited to administrative tasks that did not require any material capital expenditures. As a result, the legal status of the absorption well in Bydgoszcz, which supports local water retention, was regulated. The start date and scope of other potential capital expenditure work depend on the outcome of the restructuring proceedings, which will also determine whether they would involve any material capital expenditures.

Due to the ongoing restructuring proceedings, the Group is unable to determine, as at the date of this report, whether or when it will take measures related to water and marine resources. This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action both within the Company and within the Group will depend on the provisions of the plan and the strategy to be adopted.

## E3-3

### Targets related to water and marine resources

In the PKP CARGO Group, the water-related target was set for the parent company, PKP CARGO S.A., as striving to meet all water-related requirements arising from legal regulations, in particular obtaining the required water permits, as described in section E2 Pollution. No targets are planned for the other companies due to the ongoing restructuring process.





E3-4  
Water consumption

Water consumption balance in the PKP CARGO Group in 2024

	PKP CARGO Group	Unit
Total water consumption	209,876	m3
Total water discharge	209,876	m3
Total amount recycled	510	m3

The Group does not store any water. The total amount of water recycled (510 m³) refers to water used in the rolling stock wash operations, which is returned and reused. No consumption is reported, as all water is used in processes in which it is discharged to the environment or to a third party. The assumption was made that the amount of wastewater is equal to the amount of water consumed. The calculations were based on data from meters or invoices. Because water is drawn from numerous sources (resulting from its dispersed business model), the organization is unable to provide or estimate the value of water withdrawal from water risk areas, including areas subject to high water stress.

The water intensity ratio of the PKP CARGO Group was 201.06 m³ per EUR million (exchange rate as at the last day of the reporting period, 31 December 2024: EUR 1 = PLN 4.2730).



E3-5  
Anticipated financial impacts FROM water and marine resource-related impacts, risks and opportunities

The PKP CARGO Group has opted not to disclose this information in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, as this is the first time the entity has prepared a report in accordance with the ESRS requirements.

> ESRS E4 Biodiversity and ecosystems

ESRS 2, SBM-3  
Material impacts, risks and opportunities and their interaction with strategy and business model

A description of the strategy and business model is provided in this statement in section ESRS 2 General information.

ESRS 2, IRO-1  
Description of the processes to identify and assess climate-related material impacts, risks and opportunities

The Group's impacts, risks and opportunities were identified through a double materiality analysis. A detailed description of the analysis is provided in this statement in section ESRS 2 General information.

E4-1  
Biodiversity and ecosystem transition plan and integration of biodiversity and ecosystems into the strategy and business model

In 2024, an analysis was conducted to assess the potential impact on biodiversity and ecosystems. The PKP CARGO Group and its member companies did not adopt a transition plan for biodiversity or ecosystems. The Group plans to continue analyzing its impacts on and dependencies from biodiversity and ecosystems, but does not currently intend to adopt a transition plan due to the absence of a realistic option to transfer rail traffic outside existing routes.

The Group's area of activity was taken into consideration in the double materiality analysis. It was assumed that rail traffic has an impact on ecosystems, but the Group does not depend directly on the exploitation of natural resources in its own operations. The analysis was conducted in three timeframes: short (1 year), medium (1 to 5 years) and long (over 5 years). Information obtained through stakeholder dialogue conducted under the double materiality analysis was taken into consideration.

The analysis proved that the Group's transport-based business model is resilient – there are no material risks



## ESRS 2, IRO-1

### Description of processes to identify and assess material impacts, risks, dependencies and opportunities related to biodiversity and ecosystems

Material impacts, risks and opportunities related to biodiversity were identified by the PKP CARGO Group in the double materiality analysis described in this statement in section ESRS 2 General information.

## E4-2

### Policies related to biodiversity and ecosystems

In 2024, the Group's member companies did not have any policies in on biodiversity or ecosystems. The organization does not currently intend to adopt any policies in this area. The reason for the absence of such documents is the lack of maintenance and repair activities directly in protected areas or areas of high biodiversity value. At the same time, the protection of biodiversity in the areas used by the Company for rail transport remains the responsibility of the rail line owner.

## E4-3

### Activities and resources related to biodiversity and ecosystems

In 2024, the PKP CARGO Group member companies did not take any activities explicitly aimed at protecting ecosystems and related to biodiversity. The Group does not intend to develop a separate action plan in this area.

## E4-4

### Targets related to biodiversity and ecosystems

The PKP CARGO Group has not set any separate biodiversity targets and currently has no plans to do so. The Group has not set any ambition levels in this area.

PKP CARGO S.A. under restructuring took into consideration areas located within 10 km of the location where maintenance and repair activities are carried out and checked whether there are any areas of natural value. The inventory showed the existence of over 70 areas with varying degrees of formal nature protection (predominantly reserves, landscape parks, protected landscape areas and Natura 2000 sites) within this distance. The closest is the Lower Silesian Forest Natura 2000 site, located

100 meters from the boundary of the site occupied by one of the Lower Silesian Unit's locations. The scale and intensity of activities carried out at this location did not give rise to any complaints from the municipality or forest district, so it may be assumed that they are not particularly burdensome for the nearby protected nature area.

Moreover, CARGOSPED Terminal Braniewo is located in the immediate vicinity of areas of particular value for biodiversity, namely the Pasłęka River Valley, the Warmia Refuge and the Vistula Lagoon.

The Group is not in possession of any precise data on the condition of the ecosystems most affected by its activities; according to data from the Ecoregions reference database, most of its operations (in Poland) are located in areas where more than 20% but less than 50% of habitats are covered by systemic protection.

The Group does not have more detailed knowledge of the parameters of the areas it may impact, such as their structure, coverage or number of species inhabiting them, with particular emphasis on data on endangered species.





# > ESRS E5 Resource use and circular economy



## ESRS 2, IRO-1

### Description of the processes to identify and assess material impacts, risks and opportunities related to resource use and circular economy

The impacts, risks and opportunities of the PKP CARGO Group were identified in the double materiality analysis. A detailed description of the analysis is provided in this statement in under ESRS 2 General information

## E5-1

### Policies related to resource use and circular economy

The PKP CARGO Group does not have a uniform policy in place on resource use or circular economy. However, regulations on waste are adopted at the

level of each undertaking within the organization. Apart from those indicated below, the adopted documents focus on compliance with legal regulations and do not take into account any third-party initiatives. Their implementation takes into consideration the interests of stakeholders, which should be construed as a reduction of waste in the local environment.

- PKP CARGO – the company implemented an Environmental Protection Policy containing general provisions on waste prevention and describing how to handle waste.
- PKP CARGO CONNECT – in its Environmental Policy, the company committed itself to environmentally friendly waste management in accordance with environmental protection law.
- PKP CARGO INTERNATIONAL – the company's integrated ISO and sustainability policy includes a commitment to prevent and reduce waste.
- PKP CARGO TERMINALE – implemented a waste management procedure.
- PKP CARGO TABOR – implemented a waste management procedure.

The highest level in each company responsible for implementing the policy is the management board.

The policies are not disclosed to third parties.

## E5-2

### Activities and resources related to resource use and circular economy

In 2024, activities related to resource use and circular economy among PKP CARGO Group companies did not extend beyond compliance with legal requirements. Within the framework of activities focused on strengthening waste management control and management processes, regulations in some companies have been based on ISO standards. There are plans to renew certification in the short and medium term.

The activities do not require any material financial expenditures. No need for corrective measures was identified. No action plans were in place in previous years.

## E5-3

### Targets related to resource use and circular economy

In 2024, the PKP CARGO Group did not have any targets related to resource use or circular economy. Due to the ongoing restructuring process, the Group is unable to determine, as at the date of this report, whether or when it will set targets in this area. This depends on the provisions of the restructuring plan, which is currently being developed and is expected to be approved in mid-2025. Further action both within the Company and within the Group will depend on the provisions of the plan and the strategy to be adopted.

E5-5

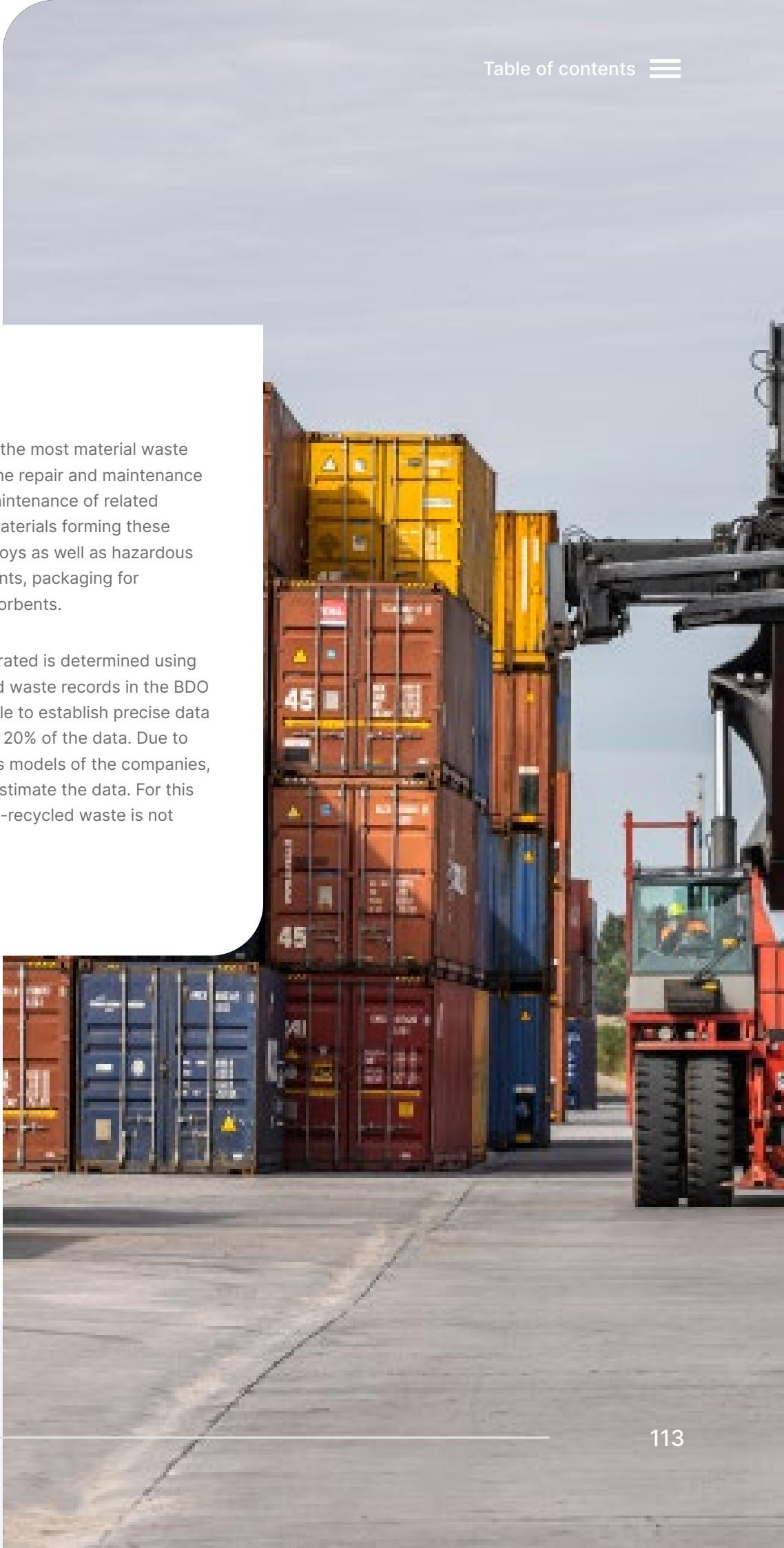
Resource outflows

Balance of waste generated by the PKP CARGO Group, data for 2024

Waste category	Total weight (tons)	Hazardous waste (tons)	Non-hazardous waste (tons)
a) Total amount of waste generated	31,534	2,257	29,276
b) Total amount of waste for which disposal was avoided:	5,663	1,410	4,252
– Preparation for reuse	1,653	1,278	375
– Recycling	4,010	132	3,877
– Other recovery processes	0	0	0
c) Amount of waste sent for disposal:	637	175	462
– Incineration	160	160	0
– Landfilling	326	4	323
– Other disposal processes	151	11	139

In the PKP CARGO Group, the most material waste groups were waste from the repair and maintenance of rolling stock and the maintenance of related infrastructure. The main materials forming these streams are iron and its alloys as well as hazardous waste such as oils, lubricants, packaging for hazardous products and sorbents.

The weight of waste generated is determined using Waste Transfer Sheets and waste records in the BDO system. It was only possible to establish precise data on waste management for 20% of the data. Due to differences in the business models of the companies, no attempt was made to estimate the data. For this reason, the amount of non-recycled waste is not specified.





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## > ESRS S1 Own workforce

### SBM-3

### Material impacts, risks and opportunities and their interactions with strategy and business model

The scope of this statement covers all persons working in the PKP CARGO Group. Within the scope of own human resources, two categories of workers are distinguished:

- persons employed under an employment contract – employees,
- persons who are not employees, but who perform specific work or tasks for the Group companies on the basis of other forms of employment.

During the double materiality analysis, the Group identified nine material negative impacts on its own workforce.

All actual negative impacts pertain to workers of PKP CARGO and are related to the Company's difficult financial situation and the restructuring proceedings commenced in 2024. The analysis demonstrated a negative impact on the sense of job security as a result of the mass layoffs and the related negative impact of failure to pay outstanding amounts due to departing workers.

Moreover, the negative impact on working conditions in connection with the termination of the Company Collective Bargaining Agreement was considered material in the medium and long term. These impacts generate material risks to the Company's finances, potentially related to court proceedings, penalties imposed by the State Labor Inspectorate and the risk of servicing a loan from the Guaranteed Benefits Fund for the payment of these amounts due to the workforce.

The potential negative impact on the Group's workers in the area of occupational health and safety related to the impact on the health and life of workers, which results directly from the nature of rail jobs, was also considered material. Moreover, due to the limited scope of implementation and awareness of the Anti-Mobbing and Anti-Discrimination Policy in the Group, one potential negative impact was identified in the area of prevention of violence in the workplace.

The double materiality analysis identified one positive impact of the Group related to the high level of unionization and the opportunities for workers to have a say in their working conditions. However, the double materiality dialogue with stakeholders revealed a potential negative impact related to the possibility of discrimination based on non-membership or willingness to change trade union membership, which was considered material.

In addition to these risks, the PKP CARGO Group is also exposed to the risk of losing workers due to the generation gap and inadequate employee compensation and training policies, which may translate into increased costs of recruitment and induction of new workers in all three timeframes.

The identified risks do not pertain to any specific groups of people.

A list of all identified impacts, risks and opportunities for the Group's own human resources is provided in section ESRS 2 General information, in part SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model.

In 2024, the Group did not identify any material impacts on workers resulting from transition plans aimed at reducing the negative impact on the natural environment and increasing the environmental and climate-neutral nature of its operations. The Group also does not operate in areas with an increased risk of child labor or forced or compulsory labor.

### S1-1

### Policies related to own workforce

In the PKP CARGO Group, identified impacts on own workforce are managed on the basis of adopted internal regulations – these are adopted either at the level of the whole Group or at the level of distinct companies within the organization. The Management Board of the Parent Company is responsible for the implementation of Group regulations. As regards documents adopted in companies, responsibility for their implementation lies with the management boards of those companies.

Workforce-related issues are addressed in all Group companies by the Code of Ethics. In the section entitled Relations between us, the document emphasizes the Group's commitment to respecting fundamental human rights in accordance with international conventions, prohibiting any form of forced labor, modern slavery or child labor. It is prohibited to employ persons under the age of 15 or to engage youths (under the age of 18) in hazardous work, overtime or night shifts.

Internal relations within the company are based on honesty, openness, mutual respect and trust. The Group declares equal access to employment, promotion and opportunities for professional and personal development, and all conflicts are resolved through objective dialogue. The Code prohibits any form of discrimination or harassment. Nepotism, construed as the use of one's professional position to favor family members at the expense of the powers of others, is particularly frowned upon. Workers are required to take care of the company's property, use it exclusively for business purposes, protect confidential information and comply with occupational health and safety regulations.





In external contacts, professionalism, providing accurate information and responding to any breach of company ethics are required. More information about the Code, including details of external standards, scope, stakeholder engagement and how the regulations are disclosed, may be found in this statement in section G1-1 – Business conduct policies and corporate culture.

At PKP CARGO, workforce relations are also governed by the HR Policy. Although some of the provisions of the document do not take into consideration temporary changes resulting from the restructuring proceedings, in accordance with the provisions of the Policy, the Company, without limitation:

- ensures the professional development of its workers through training programs, professional adaptation, internships and scholarships,
- takes a comprehensive approach to occupational health and safety issues by promoting a culture of safety, conducting regular training and examinations and offering health and social benefits for workers and their families; the Company maintains low employee turnover owing to attractive employment conditions, constant opportunities for development and professional promotion through internal recruitment processes,
- conducts a partnership-based social dialogue through regular communication with employee representatives,
- takes into consideration fair market practices and environmental protection in its daily operations and promotes equal treatment and diversity among its workers and in its business environment.

Moreover, the PKP CARGO Group's parent company has adopted an Anti-Mobbing and Anti-Discrimination Policy. It sets out rules for counteracting mobbing and discrimination, including harassment, also sexual harassment, in the workplace. In accordance with its provisions, the Company does not tolerate any psychological, physical or sexual harassment of workers, or any other form of violence in the workplace. Workers may not be discriminated against on any grounds, either directly or indirectly. Every employee is required to treat other workers equally. The Policy also commits the Company to take the following actions:

- preventive measures, aimed at preventing bullying and discrimination, in particular by conducting an information policy and ongoing monitoring of social relations among employees,
- intervention measures to immediately eliminate instances of harassment and discrimination, to eliminate their effects, to prevent the occurrence of such phenomena in the future, and to apply appropriate sanctions to those responsible.

In 2024, the document was disseminated among workers both in paper form and via the Company's intranet.

Issues related to occupational safety are described in PKP CARGO's Integrated Management System Policy. The document requires the organization to create, in consultation with workers, safe and ergonomic working conditions, prevent accidents at work and occupational diseases in accordance with legal requirements by establishing and respecting procedures to protect the life and health of workers.

The Company's Management Board is responsible for the implementation of the Integrated Management System Policy. The document is based on the requirements of PN-EN ISO 9001:2015-10, PN-EN ISO 14001:2015-9, PN-EN/IEC 27001:2017-06 and PN-ISO 45001:2018-06. The Company publishes the Policy on its website, while the Integrated Management System Manual implementing the provisions of the Policy is available to workers on the intranet.

Moreover, PKP CARGO's Social Responsibility Policy also has links to identified occupational health and safety impacts. On this basis, the Company runs the "Direction: Safety at Work" campaign, which strengthens the culture of a safe workplace and shapes attitudes conducive to the safe performance of duties, and the Post-Accident Psychological Support program. It provides expert psychological support to workers involved in rail accidents and those in difficult personal situations affecting their mental condition and level of concentration.

Issues related to respect for human rights in the PKP CARGO Group are governed in the Code of Ethics and other internal regulations. These issues are described in detail in section G1-1 – Business conduct policies and corporate culture. The regulations adopted by the Group ensure:

- respect for the dignity of workers and their rights,
- prohibition of harassment and discrimination,
- equal treatment in employment,
- right to safe and healthy working conditions,
- right to rest,
- satisfaction of workers' social and cultural needs.

In some of the Group's subsidiaries, in addition to the documents applicable across the organization, detailed regulations related to the area of human resources have also been adopted. All companies have implemented occupational health and safety regulations, while other policies concerning the impact on workers have been adopted, among others, by PKP CARGO (HR Policy), PKP CARGO TERMINALE (Work Rules and Regulations) and PKP CARGO SERVICE (Anti-Mobbing and Anti-Discrimination Procedure).

Any human rights breaches concerning the company's own workers are dealt with in accordance with the Regulations for reporting irregularities and abuses in the PKP CARGO Group.

At PKP CARGO, cooperation with workers takes place primarily through their authorized representatives from trade unions – the Company respects ILO Conventions, the Labor Code and national legislation in this area. Internal regulations concerning employee rights and obligations are consulted with trade unions. Despite the restructuring process, the Company's management supports dialogue based on the principle of equality between the parties, which it considers a natural evolution of social dialogue in a market economy, globalization and increased competition, and as a factor conducive to business development and job preservation.

In 2024, there were no regulations in force in the Group concerning the inclusion of or activities for groups particularly vulnerable to marginalization among its own workforce.

## S1-2

### Processes for engaging with own workforce and workers' representatives about impacts

**The PKP CARGO Group consults its decisions related to material impacts on workers. The only representatives of workers in their relations with the employer are trade unions – their importance and role in the parent company is emphasized by the high level of unionization among workers and their participation in the management of the Company through the secondment of representatives to corporate bodies.**

Cooperation with employee representatives concerns in particular the modification of regulations in force at the Company in line with the expectations of the staff and the current needs and capabilities of the employer. The consultations include:

- agreeing on work regulations, bonus schemes and the company social benefits fund, and participation in the allocation of benefits from this fund.
- participating in distribution of funds earmarked for salaries,
- consulting changes to organizational structures and framework organizational rules and regulations,
- influencing the development of occupational health and safety conditions through participation in OHS commissions and oversight over SIP,
- consulting the intent to terminate, dissolve or amend the content of the employment contract; agreeing upon the changes to employment contracts of persons subject to special protection,
- participation in the procedure of imposing penalties for breach of order.

Moreover, in consultation with employee representatives, the Company pursues initiatives and measures aimed at improving and increasing work efficiency, taking into consideration current market trends.

Because of the structure of PKP CARGO, social dialogue takes place at two levels:

- at the company unit level – between the director of the Company's unit and the company and inter-company trade union organizations,
- at the PKP CARGO level – between the President of the Management Board and inter-company trade unions and company-level organizations.

**Cooperation with trade unions is a continuous process and talks are held on an as-needed basis and in response to requests from workers.**

In 2024, the PKP CARGO Management Board conducted intense dialogue with trade unions regarding the restructuring measures in progress. Proposals for changes aimed at maintaining the operations of the parent company and the necessary jobs were presented to employee representatives. The President of the Management Board is responsible for ensuring cooperation with the trade unions at PKP CARGO. The Company did not enter into any global or local agreements with employee representatives on respect for human rights. No general process of cooperation with its own human resources was implemented to gain insight into the opinions of people who may be particularly vulnerable or marginalized. However, the Anti-Mobbing and Anti-Discrimination Policy and the institution of Trusted Representatives operating at PKP CARGO enable the Company to identify the types of breaches reported by workers.

The effectiveness of cooperation with workers at PKP CARGO is assessed on the basis of jointly developed positions. Negotiations, both at the company and inter-company level, result in agreements and arrangements concerning workforce regulations.

Cooperation with own workers also takes place in other subsidiaries of the PKP CARGO Group:

**PKP CARGOTABOR** cooperates with its own workers predominantly through consultations with trade unions, especially at the stage of developing internal regulations concerning workers. Their opinions are taken into consideration when making decisions affecting them and the effectiveness of this cooperation is evaluated through the quality of dialogue with trade unions. The company has a Collective Labor Agreement in place, but it does not take any measures to seek the opinions of groups particularly vulnerable to marginalization.

**CARGOTOR** does not have a detailed policy in place for cooperation with its own human resources, but has only standard rules in place resulting from the Labor Code and internal standards, such as the Collective Bargaining Agreement, the Anti-Mobbing Policy and the Code of Ethics. Management operations are based on general legal regulations. Issues concerning particularly vulnerable groups of workers are governed by basic documents. The company declares that its Personnel Policy complies with international standards on conflicts of interest and respect for human rights and has a procedure in place for responding to accidents at work, but has not implemented a comprehensive occupational safety management system, basing its activities on general labor laws and management instructions and decisions.

**At PKP CARGO CONNECT**, cooperation with workers takes place through two trade unions, which are consulted on internal regulations concerning workforce matters, including the Social Benefits Fund and procedures for handling breaches of the law. This process is carried out in accordance with the Labor Code and the Trade Unions Act on the basis of a 2016 agreement through the Human Resources Department. The company does not have any global agreements in place on human rights, does not conduct a separate assessment of the effectiveness of cooperation with workers and does not identify any specific groups of workers vulnerable to marginalization, relying solely on general legal regulations in this respect.

**PKP CARGO INTERNATIONAL** enables workers to communicate directly with management through standard channels (e-mail, intranet, personal contact) and trade unions and this communication takes place on an ongoing basis. Operational responsibility for supervising this cooperation lies with the HR Director and the Legal Director. The company assesses the effectiveness of cooperation during regular meetings with workers and trade union representatives, acting in accordance with the applicable collective agreement and internal rules.



**PKP CARGO TERMINALE** takes into consideration the opinions of its workers, particularly in the area of improving transshipment processes, consulting with them on solutions to ensure a faster and safer completion of tasks. The company is of a favorable opinion on its cooperation with workers, appreciating their commitment and timely performance of tasks, but does not have any formal guidelines for cooperation in place. Communication with workers takes place predominantly during daily pre-shift briefings.

**CARGOSPED TERMINAL BRANIEWO** cooperates with its workers through trade unions. The company's management board is the highest body responsible for ensuring that such cooperation is carried out.

**PKP CARGO SERVICE** maintains regular dialogue with its workers and trade unions. Communication takes place through weekly briefings with workers and quarterly meetings with trade unions. Senior management, including president of the company's management board, participates directly in these meetings, discussing current issues and taking workforce opinions into consideration when developing HR and employee compensation policies.



### S1-3

## Processes to remediate negative impacts and channels for own workers to raise concerns

Remedial measures related to material negative impacts on workers in the PKP CARGO Group are implemented at the level of distinct companies, which, when a negative impact is identified, develop remedial measures tailored to the nature and circumstances of the situation.

In the parent company, an Anti-Mobbing and Anti-Discrimination Policy applies to negative impacts on workers related to discrimination and harassment. It introduces procedures and remedial measures to deal with irregularities – any breach of the Policy should be reported to the Trusted Representative, who initially investigates it and may propose a solution to the problem. If the proposal is accepted by all interested parties, the Trusted Representative

prepares a report on the matter for the Anti-Mobbing Committee. If no agreement is reached, the case is dealt with by the Committee. After the proceedings are completed, the Committee prepares a report describing the findings, conclusions and actions taken. The report includes information on the possibility of referring the case to court. Then, it is delivered to all interested parties and the employer.

If the situation requires diagnostic and therapeutic consultation, the employee is entitled to receive the assistance of a psychologist or psychiatrist at the employer's expense.

The Group has also established special channels through which workers may report their concerns or needs. This issue is governed by the Rules for reporting irregularities and abuses in the PKP CARGO Group. A description of the regulations and information on the handling of complaints is provided in section G1-1 – Business conduct policies and corporate culture. The regulations are disseminated among workers on the intranet of the Group's member companies.

The PKP CARGO Compliance Section is responsible for tracking and monitoring reports. Once a year, it reports to the Management Board of the parent company and the Audit Committee of the

Supervisory Board on the activities of the Code of Ethics, summarizing reported breaches of the Code and corrective measures taken. The Group companies have not implemented any processes to assess employee confidence in the channels for reporting irregularities.

The Parent Company of the PKP CARGO Group has additionally introduced a Whistleblower Protection Procedure. Under this procedure, every whistleblower is entitled to full protection against retaliation, and the company undertakes not to take any retaliatory measures. All subsidiaries in the Group have implemented their own whistleblower protection regulations.

## S1-4

# Taking action on material impacts on own human resources and applying approaches to manage material risks and opportunities related to own human resources and the effectiveness of those actions

## PKP CARGO Group companies took their own measures related to the identified impacts on the organization's workers.

In the parent company, with regard to the negative impact on the sense of job security related to restructuring measures and the process of mass layoffs and the risk of court proceedings and possible claims, activities in the reporting period focused on intensive social dialogue initiated in May 2024. The company regularly informed trade unions about the current situation by way of official letters and announcements. Responses to their questions were also provided immediately.

PKP CARGO developed and presented to the trade unions proposals for changes aimed at improving the situation in the company and preserving the necessary jobs – all these actions and decisions of the Management Board were taken in compliance with the applicable laws. The Company also conducted an in-depth analysis of the processes taking place within the organization, concluding that it did not have work for all of its workers. The analysis made it possible to specify the demand for specific jobs and adjust the employment structure in specific professional groups. The mass layoffs affected the whole workforce and did not target any specific age group or trade union membership.

The Company also prepared a comprehensive support program for workers affected by the mass layoffs, which they may also benefit from after the notice period. The forms of support offered to the dismissed workers included:

- signing letters of intent with companies from the TFL sector potentially interested in including the departing workers in their own recruitment processes and, as a result, hiring them; moreover, the Company organized open meetings between workers and these companies, enabling them to obtain detailed information about the offers. Such job fairs were organized at the head office of each of the Company's units and additionally in sections in small towns where such a need was reported,
- possibility of psychological support over the phone,
- support in preparing application documents and preparation for job interviews (mock interviews),
- training in the use of office software,
- development and distribution to departing workers of a guide containing tips on self-presentation during the recruitment process and information on job search methods,

- launching a dedicated e-mail address to which workers may send questions about mass layoffs,
- consultations with Social Insurance Institution (ZUS) representatives, an agent from the Labor Office and a dedicated job agent – presentation of the situation on the local labor market, current programs and opportunities to improve or supplement existing qualifications.

In 2024, PKP CARGO also took measures to mitigate the negative impact on workers resulting from the non-disbursement of benefits owed to workers made redundant in mass layoffs and the risks – servicing the costs of a loan from the Guaranteed Employee Benefits Fund to pay outstanding amounts due from the layoff process and wage orders and penalties imposed by the State Labor Inspectorate in connection with outstanding amounts. The court decision to open restructuring proceedings enabled the Company to finance the costs of mass layoffs from the Guaranteed Employee Benefits Fund, and the loan from the Fund materially accelerated the receipt of money by former workers for bonuses, severance pay, annual leave equivalent payments and other receivables arising from the layoffs. The tranche of aid obtained, combined with the Company's own funds, enabled the disbursement of most of the receivables outstanding at the end of October 2024 as a consequence of the mass layoffs.

In 2024, PKP CARGO's financial problems also forced a decision to suspend the payment of certain current benefits, including jubilee awards and retirement severance pay. These issues were audited by the State Labor Inspectorate, which issued payment orders but did not impose a fine on the Company.

In June 2024, the Company also terminated the Collective Bargaining Agreement, which was considered to exert a negative impact on the working conditions of staff in the double materiality analysis. In parallel, the provisions of the Collective Bargaining Agreement will cease to apply in June 2026 – in 2024, the working conditions specified therein remained in force. Negotiations with the social partners on the provisions of a new Collective Bargaining Agreement will be possible after the submission of the Restructuring Plan to the court.

The double materiality analysis also demonstrated a positive impact of the PKP CARGO Group related to the possibility for workers to have a say in their working environment and conditions through a high level of unionization and a potential negative impact related to discrimination against persons due to their non-membership or desire to change their membership in a trade union. In the reporting period, PKP CARGO's activities related to these impacts focused on regular talks and negotiations with the trade unions, aimed at ensuring social peace and stability of the Company's situation and enabling effective business operations. At the same time, in accordance with the provisions of the Trade Unions Act, trade unions are independent in their statutory activities from employers. Accordingly, PKP CARGO has no right to interfere in relations between the organization and its members.

In 2024, PKP CARGO also took measures related to potential negative impacts on occupational health and safety.





The causes of accidents at work are analyzed on an ongoing basis and the results are reported quarterly to the Management Board. A detailed health and safety report is prepared for the Company every six months. Moreover, monthly reports on accidents at work are submitted to the directors of each Unit. The occupational health and safety services systematically carry out inspections and reviews of workstations and monitor the condition of the rail infrastructure at the Company's work sites, reporting any detected irregularities to managers. Ongoing supervision is also effected of the implementation of plans to improve working conditions and regular occupational health and safety training is organized. Since 2018, the "Direction: Safety at Work" program has been implemented, aiming to promote safe working practices among PKP CARGO workers.

With regard to the potential negative impact on workers resulting from the limited implementation and awareness of the Anti-Mobbing and Anti-Discrimination Policy, PKP CARGO informed its workers about the introduction of the regulations and the Policy was made available in paper form to workers in blue collar jobs and in electronic form on the company's intranet.

In 2024, PKP CARGO also took the following measures related to the risk of a generation gap and the loss of qualified workers reaching retirement age:

- Ongoing recruitment – in the first half of 2024, recruitment processes were conducted in line with the current needs of the organization, enabling the filling of positions requiring specific professional skills, such as train driver, inspector and shunter.

- Basic training – new workers had the opportunity to undergo appropriate vocational training aimed at ensuring proper preparation and implementation of key functions in the Company.
- Reorganization of the employment structure – as a result of analyses carried out in 2024, which showed that there was excess employment in relation to actual transport needs, the employment structure was reorganized in order to adjust the number of workers in specific professional groups to the actual needs of the Company and to simplify processes.
- Suspension of employment support activities – due to its tough financial situation, the Company discontinued activities such as cooperation with schools and participation in job fairs, which limited the possibility of recruiting new workers at an earlier stage of their professional education.
- Employee compensation policy – the existing employee compensation regulations remained unchanged, but the termination of the 2004 Collective Bargaining Agreement created an opportunity to develop more modern solutions that might reduce the risk of employee turnover caused by an inappropriate employee compensation policy.

These measures were taken with a view to maintaining an adequate level of workforce competence, minimizing the risks associated with the generation gap and the costs of recruiting and training new workers as well as to align employment with the Company's actual business needs. In parallel, in order to minimize the risk of a generation gap, recruitment activities in the coming years will focus on attracting younger workers, which should enable knowledge transfer within the organization. The entity has also scheduled work on updating the salary grid and creating new regulations enabling the hiring of workers with high professional potential.

PKP CARGO and its other subsidiaries have not implemented any formal processes for tracking or evaluating the effectiveness of actions and initiatives in the area of identified impacts or the identification of necessary actions.

The PKP CARGO Group's sustainability statement for 2024 is the first document of its kind based on complete data in accordance with ESRS – accordingly, it is impossible to disclose quantitative and qualitative information on the progress of actions or action plans disclosed in previous periods. The Group is also not in possession of any data enabling it to report on current and future financial resources related to activities associated with identified impacts on its own workforce resources.

S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The PKP CARGO Group has not set any targets applicable to all companies in relation to all material impacts on workers.

The Company has set targets related to impacts on occupational health and safety. These are included in the Integrated Management System Policy and cover, in particular:

- continuous measures to reduce the number of accidents at work, occupational diseases and near misses,
- reduction in the number of people working in conditions of exposure to harmful, dangerous and arduous factors, along with proposals to eliminate or reduce hazards,
- appropriate selection of collective or individual protective equipment to prevent threats to the life and health of workers,
- improvement in working conditions,
- promotion of an appropriate safety culture at work,
- improvement in workforce qualifications in the field of occupational health and safety,
- implementation of new occupational health and safety standards at workstations,
- promoting physical activity among employees (sports activities, sports cards).

The objectives related to workforce health and safety are relative in nature and do not have target levels or baseline values. They are implemented in the Company on an ongoing basis and the objectives were set based on the knowledge and experience of the entity's occupational health and safety teams and external and internal health and safety standards. No interested parties were involved in the process of setting the objectives. The objectives did not change during the reporting period and no intermediate or temporary objectives were set.








S1-6

Characteristics of the undertaking's employees

The characteristics of the Group's workers refer to the eight companies covered by this sustainability statement. At the end of 2024, the PKP CARGO Group had 14,734 employees working under employment contracts, of which 11,291 men (77%) and 3,443 women (23%).

The table below presents the number of people employed as at 31 December 2024. The number of staff is provided in terms of the number of workers rather than full-time equivalents. The number of workers includes full-time, active workers.

Number of workers of the PKP CARGO Group in 2024 by gender

	PKP CARGO S.A. under restructuring	PKP CARGO Group
Women 	7,269	11,291
Men 	2,517	3,443
Others 	0	0
Not disclosed 	0	0
Total workers 	9,786	14,734

In 2024, there were no workers in the Group who declared a gender other than male/female or who did not disclose their gender.

The number of workers as at 31 December 2024 is consistent with the number of workers reported in section 3.4 Headcount in the Management Board Report on the Activities of PKP CARGO and the PKP CARGO Group.



In 2024, 90% of the Group's workers were employed in Poland. The remaining 10% were workers of PKP CARGO INTERNATIONAL, the only entity within the PKP CARGO Group employing staff outside Poland. PKP CARGO International workers perform their duties in the Czech Republic, Slovakia and Hungary.

Number of PKP CARGO Group workers in 2024 by country

Country	PKP CARGO Group
Poland	13,322
Other: Czech Republic, Slovenia, Hungary	1,412
Total workers	14,734

Number of PKP CARGO Group workers in 2024 by type of contract and gender

	Women	Men	Total workers
PKP CARGO S.A. under restructuring			
Total number of employees	2,517	7,269	9,786
Number of workers employed for an indefinite term	2,419	7,065	9,484
Number of workers employed for a fixed term	98	204	302
Number of full-time workers	2,508	7,235	9,744
Number of part-time workers	8	34	42
PKP CARGO Group			
Total number of employees	3,387	11,347	14,734
Number of workers employed for an indefinite term	3,224	10,743	13,967
Number of workers employed for a fixed term	170	597	767
Number of full-time workers	3,314	10,608	13,922
Number of part-time workers	73	739	812



Turnover rates

During the year, the Group recorded the departure of 5,752 workers and the turnover rate was 31.08%, calculated as the ratio of the number of workers who left during the year to the average number of workers

Number of workers who left the Group in 2024 and employee turnover rate

	2024
PKP CARGO S.A. under restructuring	
Number of workers who left the organization in the reporting period	4,723
Turnover rate in 2024	36.62%
PKP CARGO Group	
Number of workers who left the organization in the reporting period	5,752
Turnover rate in 2024	31.08%

The high turnover rate in 2024 results from the mass layoffs at PKP CARGO S.A. under restructuring and other natural employee departures (e.g., retirement, termination of employment by the employee).

The data have been obtained from internal HR reporting systems and internal data collection processes of the Group. The metrics have not been validated by an additional independent external entity. This information applies to all metrics included in section S1 Own workforce.

S1-8

Collective bargaining coverage and social dialogue

Freedom of association is one of the fundamental rights of PKP CARGO Group workers.

The management boards of each Group member company are required to cooperate with trade unions in the performance of Collective Bargaining Agreements and other regulations governing working and pay conditions as well as other benefits granted to workers, regardless of their trade union membership.

Percentage of PKP CARGO Group workers covered by a collective bargaining agreement and percentage of workers represented by employee representatives, by countries with a significant number of workers (in the EEA), data for 2024

Countries	Percentage of workers covered by collective bargaining agreements	Percentage of workers represented by employee representatives
Poland	83%	100%
Other: Czech Republic, Slovenia, Hungary	90%	100%
All countries	83%	100%

Percentage of PKP CARGO Group workers represented by employee representatives by country for countries with a significant number of workers (in the EEA), data for 2024

PKP CARGO Group		
Coverage	Scope of collective bargaining	Social dialogue
	Workers – EEA (for countries where the entity has >50 workers representing >10% of the total number of workers)	Representation at the workplace (EEA only) (for countries where the entity has >50 workers representing >10% of the total number of workers)
0-19%		
20-39%		
40-59%		
60-79%		
80-100%	Poland	Poland

The PKP CARGO Group is not a party to any agreements with workers on representation by the European Works Council (EWC), the Works Council of the European Societas Europaea (SE) or the Works Council of the Societas Cooperativa Europaea (SCE).

S1-9

Diversity metrics

Within the framework of its diversity metrics reporting, the Group presents data on the age structure of its workers broken down into three age groups. Under the double materiality analysis,

the Group identified a material risk related to the generation gap and the loss of skilled workers reaching retirement age, which translates into the need to recruit and train new workers.

Age structure of PKP CARGO Group workers in 2024

Total number of workers by age group	Data for 2024	
	number	percentage
PKP CARGO S.A. under restructuring		
below 30 years	784	8%
30 to 50 years	3,939	40.3%
over 50 years	5,063	51.7%
PKP CARGO Group		
below 30 years	1,294	8.8%
30 to 50 years	6,204	42.1%
over 50 years	7,236	49.1%

Currently, workers over 50 years of age account for almost half of all Group workers. In order to minimize the risk of a generation gap, the parent company monitors the level of employment and turnover among workers who will become eligible for retirement in the next 5 years (an average of approximately 400 workers per year).

In response to business needs, recruitment activities in the coming years will focus on attracting younger workers and ensuring knowledge transfer within the organization. After the restructuring process is complete, training funds will be allocated primarily to the acquisition of new qualifications necessary to perform tasks resulting from the strategy and current business objectives. These activities will depend on the Company's financial standing.



S1-10

Adequate wages

People employed by the Group receive employee compensation in accordance with the applicable reference indicators, which means that they receive employee compensation at least equal to (or higher than) the national minimum wage.

S1-14

Health and safety metrics

The PKP CARGO Group has not put in place a uniform Health and Safety Management System – the organization of this area varies and is determined at the level of distinct companies. In parallel, all Group workers are covered by an occupational health and safety management system based on legal requirements or recognized standards and guidelines.

In 2024, the Group recorded one fatal accident resulting from work-related injuries and illnesses.

A total of 125 accidents occurred in the companies, of which the largest number, 63, occurred in the parent company. The accident rate in 2024 was 3.13.

Key occupational health and safety management metrics in the PKP CARGO Group, data for 2024

Category	Data for 2024	
Percentage of employees covered by the occupational health and safety management system based on legal requirements and/or recognized standards or guidelines	100%	percentage
Number of fatalities due to work-related injuries and ill health related to work	1	number
Number and rate of recordable work-related injuries among workers:		
Number	125	number
Ratio	3.13	Average number per million hours worked

All Group companies report health and safety issues in accordance with the applicable regulations. In the parent company, the outcomes of accident cause analysis are reported quarterly to the Management Board. A detailed health and safety report is prepared every six months. Moreover, monthly reports on accidents at work are submitted to the directors of distinct Units.

S1-17

Incidents, complaints and severe human rights impacts

In 2024, five complaints were received through the channels for reporting concerns – three to PKP CARGO and one each to PKP CARGOTABOR and PKP CARGO SERVICE. No complaints were reported to the national contact points for the OECD Guidelines for Multinational Enterprises and no fines or penalties related to discrimination and harassment were imposed on any of the companies in the organization.

The Group recorded one case of discrimination, which took place at PKP CARGO SERVICE. The case concerned a report of unequal treatment in employment submitted by an employee. The Commission appointed did not find any clear actions that might confirm the report, but taking into consideration the organizational conditions and information obtained during the proceedings, additional measures were proposed that might improve the clarity of the provisions on social benefits to which workers are entitled, as set forth in the Rules and Regulations of the Company Social Benefits Fund.

No serious human rights incidents involving workers were reported in the PKP CARGO Group during the reporting period.



## > ESRS S2 Workers in the value chain

### SBM-3

### Material impacts, risks and opportunities and their interactions with strategy and business model

#### In this statement, the PKP CARGO Group covers all workers in the value chain.

The organization's material impacts include the workers of the Group's suppliers (e.g., services, materials) located upstream the value chain and the workers of customers (e.g., those using freight transport) located downstream the value chain, whose work involves unloading, reloading of cargo, etc. The Group does not operate in areas associated with the risk of child labor or forced or compulsory labor among workers in the value chain.

The double materiality analysis identified one potential negative impact of the PKP CARGO Group on workers in the value chain. It relates to their life and health – the manual nature of their jobs and their working conditions may increase the likelihood of accidents. The Group has not identified any material positive impacts, risks or opportunities related to workers in the value chain.

In 2024, the Group did not conduct an analysis of the exposure to a higher risk of harm to workers in the value chain with specific characteristics, persons working in specific contexts or persons pursuing specific activities.



### S2-1

### Policies related to workers in the value chain

#### The issue of workforce health and safety in the value chain, which was identified as a material impact of the organization, is addressed in the corporate documents of the PKP CARGO Group.

. In particular, the Group describes this issue in the Code of Conduct for Business Partners of the PKP CARGO Group, which is binding across the organization. In the section on human and employee rights, the Group clearly commits all business partners, including suppliers of goods and services, to take measures to prevent accidents and ensure a safe workplace for workers. The organization expects its business partners to provide their workers with occupational health and safety standards that are at least in line with applicable laws and industry standards. The Group requires that workers in the value chain complete appropriate job training that includes the necessary information on occupational health and safety conditions and requirements. The Code also explicitly prohibits business partners from using child labor, forced labor and involvement in any form of modern slavery, including human trafficking.

Issues related to responsibility for the deployment of supported third-party standards, stakeholder interests and methods of making the Code of Conduct for Business Partners of the PKP CARGO

Group available are described in this statement in section ESRS 2 General information.

PKP CARGO Group companies have not implemented any processes or mechanisms for monitoring human rights issues (for workers in the value chain) in accordance with international standards – nor does the Code of Conduct for Business Partners contain references to any such regulations. The Group has not involved any workers in the value chain in the process to identify material negative impacts, risks and opportunities, nor has it implemented procedures to address the effects of human rights breaches in its value chain.

**In 2024, the Group did not record any cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises in relation to workers in the value chain.**



## S2-2

### Processes for engaging with value chain workers about impacts

In 2024, the PKP CARGO Group did not have in place any general process for engaging workers in the value chain.

## S2-3

### Processes to remediate negative impacts and channels for value chain workers to raise concerns

If the PKP CARGO Group contributes to an adverse impact on workers in the value chain, it determines and implements remedial measures on a case-by-case basis, depending on the nature and circumstances of the incident. In parallel, the Group enables all workers in the value chain to directly report concerns, information about irregularities or needs, providing the same channels for this purpose as for its own workers. These are described in this statement in section G1-1 – Business conduct policies and corporate culture. Moreover, the Group provides information on channels for reporting irregularities in the Code of Conduct for Business Partners of the PKP CARGO Group, which is publicly available on its website. In accordance with its provisions, information concerning the Group's companies may be reported by telephone, e-mail, an online platform or traditional mail.

Information provided by workers in the value chain is monitored by the Head of the Compliance Section at PKP CARGO, who obtains it from the Compliance Coordinators of the subsidiaries. Based on this information, the Compliance Section prepares an annual report on the functioning of the PKP CARGO Group's Code of Ethics, which is submitted to the Management Board and the Audit Committee of the Supervisory Board. The Group also protects whistleblowers – in accordance with the standards adopted in all companies, every whistleblower is entitled to full protection against retaliation, and the companies undertake not to pursue any retaliatory measures. More information on whistleblower regulations is provided in this statement in section G1-1 – Business conduct policies and corporate culture.

The Group has not implemented any procedures to determine the knowledge or trust of workers in the value chain regarding the channels made available by the organization for reporting concerns.

## S2-4

### Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers

In 2024, the PKP CARGO Group did not take any actions related to the identified impact on workers in the value chain – the Group also did not define its plans in this area and did not allocate resources to manage the impact. 2024 was the first year in which a double materiality analysis was performed in full compliance with ESRS. In previous years, the area of identified impact was not subject to analysis by the organization. For this reason, no actions were taken in this respect.

The Code of Conduct for Business Partners of the PKP CARGO Group adopted by the Group includes provisions requiring business partners to respect

human rights, including the right to health and safety of workers, also through appropriate job training and ensuring a safe workplace. The Group has not implemented any mechanisms to monitor the effectiveness of the Code or any processes to support the identification of necessary actions in this area.

In 2024, no serious human rights issues or incidents upstream or downstream the value chain were reported.

## S2-5

### Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group has not adopted any targets for managing material impacts on workers in the value chain.

It also did not monitor the effectiveness of the Code of Conduct for Business Partners in relation to any identified material impacts.

# > ESRS S3 Affected communities

## ESRS 2, SBM-3

### Material impacts, risks and opportunities and their interaction with strategy and business model

The scope of disclosure in accordance with ESRS S3 in this statement covers all affected communities on which the PKP CARGO Group may exert an impact. These are:

- communities living in the vicinity of tracks, transshipment terminals or transport operations, which is associated with noise,
- communities operating in the value chain affected by the activities carried out at contractors' establishments, including communities using the services of power plants, heating plants and cogeneration plants,
- communities living in the vicinity of the Group's operating locations, including units and terminals, in particular in places where the PKP CARGO Group is a material employer.

The organization determined its impact on the affected communities during the double materiality analysis process. The identified material negative impact is related to the noise generated by the transport of cargo, which is a key element of the Group's business. Positive impacts pertain to Poland's security, in particular energy security through the provision of strategic transport services and the labor market, where the Group creates over 14 thousand jobs.

The Group has also identified risks related to its impact on local communities. The risks of restrictions on the movement of rail vehicles on tracks and penalties for exceeding noise standards were considered material. The risk is related to the Noise TSI Regulation, which introduces changes to the Technical Specifications for Interoperability (TSI) and provides for the selection of special sections of rail lines (known as "quiet sections:") on which freight trains with cast iron brake blocks will not be allowed to run after 8 December 2024. However, some types of wagons, including wagons with tired wheels, will be subject to a longer transition period lasting until the end of 2036. The Group considers the risk to be material in the long term.

The double materiality analysis did not identify any material opportunities for the affected communities. Nor did the organization identify any groups within the affected communities that are particularly vulnerable to the identified material impacts or their effects, and no identified risks pertain to any specific community groups.

## S3-1

### Policies related to affecte communities

The PKP CARGO Group has not adopted any policies regarding cooperation with affected communities in relation to the identified impacts. In the Parent Company, issues related to the level of noise generated by trains and the Company's compliance with the Noise TSI regulations are managed by the Rolling Stock and Technical Support Department. The Company cooperates with local communities through its Units, where direct interventions by residents or their representatives are reported. If the issue at hand requires intervention at the Company level, it is forwarded to the Company's head office.

The absence of regulations adopted in the Group results from the lack of analyses of the impact on communities whose activities may be affected. This issue was identified as material during the double materiality analysis conducted in 2024.

## S3-2

### Processes for engaging with affected communities about impacts

The Group has not adopted a general process for engaging with affected communities.

## S3-3

### Processes to remediate negative impacts and channels for affected communities to raise concerns

Remedial measures related to material negative impacts on affected communities are reviewed on a case-by-case basis in the PKP CARGO Group and depend on the specific situation and related circumstances. The organization assesses the needs and seeks solutions to ensure the effectiveness of the remedial measures taken.

The Group enables local residents and their representatives to report their concerns or irregularities. The communication channels provided are the same as those available to the Group's own workers and workers in the value chain – they are described in the relevant sections of this statement.



### S3-4

## Taking action on material impacts on affected communities and applying approaches to manage material risks and opportunities related to these communities and the effectiveness of such actions

The actions taken by PKP CARGO Group companies in connection with the identified impact on affected communities focus on adapting the organization's rolling stock.

**The Company is gradually modernizing the acoustics of its rolling stock. As at the end of 2024, 60% of its wagon fleet, or approximately 17 thousand wagons, had their cast iron brake blocks replaced with composite ones and met the requirements of the Noise TSI Regulation.**

. During the reporting period, another 414 wagons were adapted. In parallel, in 2024, the Group did not incur any material financial expenditures in this area.

The noise reduction measures taken by the organization are the only possible remedial measures available to it. For this reason, the Group companies have not implemented a formalized process to identify any necessary measures or monitor and evaluate their effectiveness and outcomes for the affected communities. Incidents related to noise in specific locations reported in 2024 were dismissed.

### S3-5

## Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The PKP CARGO Group has not set any objectives in the area of managing material impacts on affected communities.





# > Information related to corporate governance

ESRS G1 Business conduct.....146



# > ESRS G1 Business conduct

## G1-1

### Business conduct policies and corporate culture

The PKP CARGO Group's policies related to material impacts, risks and opportunities associated with business conduct and corporate culture identified during the double materiality analysis are as follows:

- in terms of impacts related to supplier relationship management, including payment practices;
- Code of Conduct for Business Partners of the PKP CARGO Group,
- Code of Ethics of the PKP CARGO Group,
- in the area of whistleblower protection, the Group has not adopted any consistent regulations applicable across the organization; the Parent Company has implemented the Procedure for reporting breaches and protecting whistleblowers at PKP CARGO S.A. under restructuring,
- in the area of reporting irregularities, the Rules for reporting irregularities and abuses, adopted by the PKP CARGO Group.

The Code of Conduct for Business Partners of the PKP CARGO Group defines the foundations of the relationship between the Group and its business partners, which includes standards

related to business ethics, employee rights, human rights and respect for the natural environment.

The Group's business partners include suppliers, counterparties, subcontractors and customers who cooperate with the organization to achieve mutual economic benefits. The Code imposes numerous obligations on suppliers, such as: prevent conflicts of interest, introduce a zero-tolerance policy for corruption, respect human and employee rights, prevent discrimination and workplace harassment, and guarantee fair working conditions for their staff. Moreover, the provisions of these regulations require business partners to respect human rights as set forth in the Universal Declaration of Human Rights, the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

**Starting in 2024, in newly executed or amended contracts or agreements, the Group companies will require their business partners to comply with the Code of Conduct for Business Partners.**

The Code of Ethics of the PKP CARGO Group is a declaration of the Group's commitment to building relationships with suppliers based on mutual trust, professionalism, mutual respect and responsibility for actions. The Code is a manifestation of the Group's commitment to the reliable preparation of procurement procedures and to ensuring that all applicants for cooperation have equal access to information. In the document, the Group emphasizes its due diligence in signing contracts with suppliers and its commitment to the proper course of cooperation, in accordance with the time schedule. The provisions of the Code of Ethics are based on the human rights set forth in the Universal Declaration of Human Rights, and incorporate the rights contained in the International Bill of Human Rights and the 1998 International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In the Parent Company, training on the Code of Ethics is conducted by the Compliance Section, which reports the number of workers trained each quarter to the President of the Management Board and the Chair of the Supervisory Board Audit Committee.

The PKP CARGO Management Board is responsible for the implementation of the provisions of the codes. The documents are public and available on the organization's website. Moreover, the content of agreements with the Group's suppliers refers to the provisions of the Code of Conduct for Partners and includes a link to the document on the Internet. The Code of Ethics of the PKP CARGO Group was consulted by the Parent Company with its subsidiaries during its development. The Group did not carry out any consultations with stakeholders when developing the Code of Conduct for Business Partners.

The Group companies enable stakeholders to report irregularities on the basis of either the regulations in force across the organization or the policies adopted in distinct companies. The Code of Conduct for Business Partners of the PKP CARGO Group comprehensively describes the methods of reporting breaches of its provisions, the protection of whistleblowers and the manner of handling reports. In accordance with the provisions of the Code, a person wishing to report a breach in the respective area may submit a report of the breach of the Code anonymously, through an external entity or by name, to the PKP CARGO Ethics Officer or the Compliance Coordinator of the subsidiary to which the report relates. Contact details for reporting are available on each company's website. By choosing an anonymous reporting channel, the whistleblower is guaranteed complete anonymity, as this channel is operated by an external entity and the dialogue is conducted using a PIN code.

When considering a report, the Ethics Officer or the Compliance Coordinator has the right to access the company's information and documents necessary to clarify the matter. He or she is also authorized to enter the premises of the company concerned and his or her actions are always carried out in accordance with the rules of access to legally protected information.

No retaliatory measures are taken against any whistleblowers reporting reasonable suspicions of irregularities in good faith.

Breaches of the Code of Ethics of the PKP CARGO Group are reported in accordance with the Regulations for reporting irregularities and abuses in the PKP CARGO Group. The Regulations describe the methods available to workers and other stakeholders for reporting information, which are identical to the solutions presented in the Code of Conduct for Business Partners.



Additional instruments for reporting notifications of violations of the Code of Ethics are a dedicated telephone line, an e-mail address and special report form, which are accessible in the manner described on the Group's website. Upon receiving a report of a breach, the Ethics Officer or the Compliance Coordinator promptly enters it in the Register of Reports of Breaches of the Code of Ethics. He or she then conducts a preliminary analysis of the report; after assessing the credibility of the allegations, a decision may be made to launch an investigation. When considering the report, he or she has the right to access information and documents of the company in which he or she is employed as well as its real estate (buildings) necessary to clarify the matter, subject to the rules of access to legally protected information. The investigation should be completed as soon as possible after receiving information about the breach of the Code of Ethics, but no later than 3 months after confirming receipt of the report. In special cases, this period may be extended to six months.

The PKP CARGO Group's Parent Company has additionally introduced a Whistleblower Protection Procedure. In accordance with its provisions, every whistleblower is entitled to full protection against retaliation and the Company undertakes not to take any such action. All subsidiaries in the Group have implemented their own regulations related to the protection of whistleblowers, with the exception of CARGOTABOR sp. z o.o., which did so in March 2025.

In 2024, the PKP CARGO Group worked on an anti-corruption policy and procedure for the whole organization in accordance with the United Nations Convention against Corruption. During the reporting period, the Anti-Corruption and Gift Policy in force at PKP CARGO S.A. did not refer to the Convention.

The organization has no policy on political involvement and lobbying – in 2024, the Group was not engaged in any lobbying activities. There are currently no plans to implement such a policy.

## G1-2

### Management of relationships with suppliers

WIn 2024, the PKP CARGO Group did not have any policies in place to prevent late payments. The Group's Parent Company has an Accounting Document Circulation Instruction and a Liquidity Management Policy in place, which describe procedures aimed at ensuring the proper circulation and forwarding of documents for payment within a time limit enabling their settlement on the agreed payment date. During the reporting period, the Company entered into a restructuring procedure, which imposes a number of restrictions on the settlement of liabilities. For instance, the Company is unable to settle liabilities that arose before the opening of the restructuring procedure and, in parallel, it must settle post-restructuring liabilities as one of the conditions for conducting the restructuring procedure, in accordance with restructuring law.

Among the subsidiaries, PKP CARGO INTERNATIONAL adopted a regulation according to which payments in the company are to be settled within 30 days – the provisions of the document do not distinguish between counterparties in terms of size.

PKP CARGO S.A. minimizes risks in the supply chain through implemented and updated purchasing plans and monitoring of the performance of purchase contracts. The Company's procurement procedures take into account social, environmental and economic effects if they may be achieved in the context of the subject matter of the contract. The environmental effect is achieved through the selection of the subject matter of the contract, which limits the amount of energy consumed and is adapted to European standards for pollutant and noise emissions. The criteria for evaluating proposals are always aimed at the objective selection of

contractors and maximum competitiveness of the process. Each time, the Company also examines possible grounds for excluding a contractor for failure to meet the conditions for participation in the procedure.

The Company monitors compliance of the contract performance with the conditions specified in the procedure and maintains ongoing communication with counterparties to enable it to respond to any deviations. The performance of the contract is always completed with the preparation of a contractor evaluation sheet. The outcome of the evaluation is communicated to the contractor.

The approach of the Group companies to relations with suppliers and the impact of the supply chain on sustainability issues is based on the Code of Conduct for Business Partners of the PKP CARGO Group. The document is presented in section G1-1 – Business conduct policies and corporate culture. The Code also describes the organization's approach to social and environmental criteria, referring in detail to the requirements for suppliers related to:

- human rights,
- health and safety of employees,
- prevention of harassment and discrimination,
- fair working conditions and employee compensation,
- prohibition of child labor and forced labor,
- freedom of association,
- appropriate waste management and reduction of GHG emissions,
- identification of environmental risks and development of preventive measures.



In procurement procedures involving the collection of waste, PKP CARGO S.A. requires that the counterparty hold the appropriate environmental permits for its collection, processing and transport. The Company takes similar measures in procedures for the sale of waste, e.g., scrap metal, used oil and rolling stock wrecks.

Bidders who fail to document their permits are excluded from the proceedings. In all proceedings, the Company also verifies that suppliers are not subject to sanctions, economic, financial, commercial or administrative restrictions resulting from generally applicable laws in connection with the war in Ukraine.



G1-5

Political influence and lobbying

During the reporting period, the PKP CARGO Group and its subsidiaries did not engage in any lobbying activities. The Group did not provide any funding for political purposes.

G1-6

Payment practices

The average time taken by the Group companies to settle an invoice from the start of the contractual or statutory payment period varies between its member companies.

Average time taken by PKP CARGO Group companies to settle invoices in 2024

Company	Average time for settling invoices in 2024 (days)
PKP CARGO S.A. under restructuring	60
PKP CARGOTABOR sp. z o.o. w restrukturyzacji	52
CARGOTOR Sp. z o.o.	10.4
PKP CARGO CONNECT sp. z o.o.	27
PKP CARGO INTERNATIONAL a.s.	30
PKP CARGO Terminale sp. z o.o.	60
CARGOSPED Terminal Braniewo sp. z o.o.	30
PKP CARGO SERVICE Sp. z o.o.	29

Group companies apply different standard payment terms. With regard to payment practices towards PKP CARGO's counterparties, the Company takes measures to balance the turnover of liabilities and receivables to the greatest degree possible. Different payment terms are applied depending on individually negotiated conditions. The maximum payment term used in contracts is 60 days.

In 2024, some Group companies were involved in litigation pending in the reporting period in connection with late payments – this situation concerned, among others, PKP CARGO INTERNATIONAL (2 lawsuits).

Administrator of PKP CARGO S.A. under restructuring

Izabela Skonieczna – Powalka

Administrator of PKP CARGO S.A.  
under restructuring (license no. 772)

Warsaw, 28 April 2025



