

**Justification for the draft resolutions to be adopted
by the Ordinary Shareholder Meeting of PKP CARGO S.A.
convened for 28 June 2021
on: (i) covering the net loss, and (ii) refraining from the distribution of
a dividend**

A loss of PLN 173,853,156.54 (one hundred seventy-three million eight hundred fifty-three thousand one hundred fifty-six Polish zloty and 54/100) is carried in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2020. By resolution of 31 March 2021, the PKP CARGO S.A. Management Board proposed to cover the loss carried in the Standalone Financial Statements of PKP CARGO S.A. with retained earnings. This proposal has been approved by the PKP CARGO S.A. Supervisory Board.

In consideration of the foregoing and in the light of the Company's financial performance and capital expenditure requirements, the PKP CARGO S.A. Management Board recommends to the PKP CARGO S.A. Ordinary Shareholder Meeting that no dividend be disbursed for the financial year ended 31 December 2020.

**Commentary on the draft resolution to be adopted
by the Ordinary Shareholder Meeting of PKP CARGO S.A.
convened for 28 June 2021
to adopt amendments to the *“Compensation policy for Members of
the PKP CARGO S.A. Management Board and Supervisory Board”***

In the performance of the obligation arising from § 2 sec. 3 of the *“Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board”*, the Nomination Committee of the PKP CARGO S.A. Supervisory Board reviewed the company’s existing *“Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board”*.

The draft amendments to the *“Compensation policy for Members of the PKP CARGO S.A. Management Board and Supervisory Board”* proposed by the Nomination Committee of the PKP CARGO S.A. Supervisory Board have been approved by the PKP CARGO S.A. Supervisory Board.

The proposed amendments are of a structuring, clarifying and unifying nature.

**Justification for the draft resolution to be adopted
by the Ordinary Shareholder Meeting of PKP CARGO S.A.
convened for 28 June 2021
on amendments to the Articles of Association**

The proposed amendment to § 14 section 6 item 1 of the Articles of Association concerns the adaptation of the wording of this provision to the applicable provisions of law and involves a reduction of the number of independent Supervisory Board members (from two to one) required to amend the Bylaws for Appointing Management Board Members.

The amendment proposed for § 14 sec. 6 item 1 of the Articles of Association is aimed at increasing the flexibility of the issues specified in the Articles of Association regarding the process of selection of PKP CARGO S.A. Management Board Members by mitigation of the criterion necessary to amend the Bylaws for Appointing Management Board Members in PKP CARGO S.A.

Moreover, the proposed amendment involves substitution of the reference to the Regulation issued by the Council of Ministers on 18 March 2003 on the Conduct of the Recruitment Procedure for the Position of Management Board Member in Certain Commercial Companies (Journal of Laws of 2003 No. 55, Item 476, as amended) with a reference to the Act on the Rules for Managing State Property (consolidated text: Journal of Laws of 2020, Item 735), which amendment is of a technical nature. The Regulation referred to in the preceding sentence has been repealed by the provisions introducing the Act on the Rules for Managing State Property (Journal of Laws of 2016, Item 2260, as amended).