

Wording of the amended and new provisions of the Articles of Association adopted by the Ordinary Shareholder Meeting of PKP CARGO S.A.

on 26 June 2019 and registered by the Court on 26 July 2019.

In § 12 sec. 2 of the PKP CARGO S.A. Articles of Association, items 5-7 have been deleted and item 8 has been changed to item 5.

In § 12 of the Articles of Association, section 3 has been deleted.

The following new wording of § 25 sec. 3 item 13 has been adopted:

“13) giving consent:

- a) for the Company to purchase or sell or encumber with limited right in rem a real property, a perpetual usufruct right or interest in real property or a perpetual usufruct right;-----
- b) for subscription to, acquisition or sale of shares in another company, except for the subscription to shares in the increased share capital of the Company’s subsidiaries;
- c) for the Company to purchase or sell a license or a copyright;
- d) for the Company to incur liabilities and dispose of its rights;
- e) for the Company to buy and sell fixed assets:

- with the market value of PLN 20,000,000 (twenty million Polish zloty) or more, provided that, where agreements are concluded for a limited term, it is assumed that the value of the Company’s performance is as agreed in the agreement or anticipated in the period of five years, except when the agreements are executed within the scope of the Company’s line of business specified in § 5 sec. 1 item 1 of the Articles of Association, including transportation agreements, freight forwarding agreements and agreements on the provision of comprehensive traction and maneuvering services, subject to other provisions of § 25 sec. 3 items 13a, 13b, 13c, 13d and § 12 sec. 4 and 5;”

In § 25 sec. 3 of the Articles of Association, the following items 13a, 13b, 13c and 13d have been added after item 13:

“13a) giving consent to the disposal of non-current assets within the meaning of the Accounting Act, included in intangible assets, property, plant and equipment or long-term investments, including a contribution made to a company or cooperative, if the market value of such assets exceeds 5% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements, and delivery of such assets for use to another entity, for a period longer than 180 days in the calendar year, on the basis of a legal transaction, if the market value of the subject matter of the legal transaction exceeds 5% of total assets, with delivery for use in the case of:

- a) lease, rental and other agreements on delivery of an asset for paid-for use to other entities
 - the market value of the subject matter of the legal transaction is understood as the value of the considerations for:
 - the year - if the delivery of the asset took place on the basis of agreements concluded for an unspecified term,

- the entire term of the agreement – in the case of agreements concluded for a definite term,
 - b) lend for use and other agreements on delivery of an asset for paid-for use to other entities
 - the market value of the subject matter of the legal transaction is understood as the equivalent of the considerations that would apply in the event of conclusion of a rental or lease agreement, for:
 - the year - if the delivery of the asset takes place on the basis of an agreement concluded for an unspecified term,
 - the entire term of the agreement – in the case of agreements concluded for a definite term;
- 13b) giving consent to the acquisition of non-current assets within the meaning of the Accounting Act, with a value exceeding:
- a) PLN 100,000,000 or
 - b) 5% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;
- 13c) giving consent to the subscription for or acquisition of ownership interests or shares in another company with a value exceeding:
- a) PLN 100,000,000 or
 - b) 10% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;
- 13d) giving consent to the disposal of ownership interests or shares in another company with a market value exceeding:
- a) PLN 100,000,000 or
 - b) 10% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;”.

The following new wording of § 12 sec 4 - 5 of the Articles of Association has been adopted:

- “4. Non-current assets with a market value exceeding 0.1% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements, shall be sold by the Company in a tender or auction procedure.
5. The requirement to sell non-current assets in a tender or auction procedure referred to in Section 4 shall not apply to:
- 1) making contributions to cover subscribed shares in another company,
 - 2) demerging or merging of the Company,
 - 3) disposal of ownership interests or shares in another company.”

The following new wording of § 14 sec. 6 item 2 of the Articles of Association has been adopted:

“2) the Management Board members appointment procedure shall be carried out with participation of the nomination committee;”.

The following new wording of § 14 sec. 6 item 3 of the Articles of Association has been adopted:

“3) unless the Supervisory Board decides otherwise, the recruitment procedure for the position of a Management Board member is prepared and organized and carried out by a professional personnel consultancy company (“Recruitment Consultant”) selected by a resolution adopted by the Supervisory

Board on the terms and conditions set forth in the Bylaws for Appointing Management Board Members;”.

The following new wording of § 14 sec. 6 item 4 of the Articles of Association has been adopted:

“4) The Recruitment Consultant taking part in the recruitment procedure shall prepare a written opinion containing at least an indication that the required criteria have been met and a recommendation for the individual candidates; in the event that none of the candidates meets the criteria required for a position of a Management Board member, the recruitment procedure will be closed without resolution and the Supervisory Board will launch a new recruitment procedure;”.

The following new wording of § 14 sec. 6 item 5 of the Articles of Association has been adopted:

“5) appointment of a Management Board member is made only from among the candidates taking part in the recruitment procedure. The nomination committee will provide the Supervisory Board with a recommendation concerning the candidates taking into account information obtained in the course of the recruitment procedure.”.

The following new wording of § 14 sec. 6 item 6 of the Articles of Association has been adopted:

“6) the nomination committee accepts a report on the conducted recruitment procedure; the Company will make the report from the recruitment procedure available to the public, within 7 days of its acceptance, in the form and in accordance with the rules set forth in the Bylaws for Appointing Management Board Members, including in the form of a current report and by publication on the Company’s website;”.

The following new wording of § 14 sec. 6 item 8 of the Articles of Association has been adopted:

“8) the Company covers the costs of the recruitment procedure, including remuneration of the Recruitment Consultant;”.

The following new wording has been adopted for § 15 of the Articles of Association:

“If the Management Board consists of one person then the Company is represented by the President of the Management Board. If the Management Board consists of more than one person then the Company is represented by two Management Board members acting jointly or by a Management Board member acting jointly with a commercial proxy.”

The following new wording of § 17 sec. 2 of the Articles of Association has been adopted:

„2. The Management Board shall be obligated to submit to the Supervisory Board at least once a year a report on representation expenditures and expenditures on legal services, marketing services, public relations services, social communication services and management consulting services as well as a report on the application of good practices referred to in Article 7 Section 3 of the Act on the Rules for Managing State Property to the extent that they apply to the Company along with a report of the governing body on the Company’s activity in the previous financial year.”

In § 25, sec. 3 of the PKP CARGO S.A. Articles of Association, item 22 has been deleted

The following new wording of § 19 sec. 2 of the Articles of Association has been adopted:

„2. PKP S.A. shall be entitled to appoint and dismiss Supervisory Board members in a number equal to half the composition of the Supervisory Board determined in accordance with section 8 (if such number is not an integer, it shall be rounded down to the nearest integer) plus one.”.

The following new wording of § 19 sec. 12 of the Articles of Association has been adopted:

„12. A Management Board member, commercial proxy, liquidator, branch manager, plant manager or the chief accountant, a legal counsel or attorney employed by the company or a person directly

reporting to a Management Board member or to a liquidator may not simultaneously be a Supervisory Board member. The rule laid down in the first sentence shall apply accordingly to management board members and liquidators of a subsidiary company or cooperative. A Supervisory Board Member may be a person who satisfies the requirements specified in Article 19 Sections 1-3 and 5 of the Act on the Rules for Managing State Property, however the requirement to obtain a favorable opinion from the Council for Companies with State Treasury Shareholding and State-Owned Legal Persons referred to in Article 24 Section 1 of the Act on the Rules for Managing State Property, the requirement to satisfy the conditions set forth in Article 19 Section 1 Item 1 of the Act on the Rules for Managing State Property and the prohibition of remaining in the employment relationship referred to in Article 19 Section 1 Items 2 and 4 of the Act on the Rules for Managing State Property do not apply to employee representatives elected to the Supervisory Board.”

In § 19 of the Articles of Association, the following sec. 12a has been inserted after sec. 12:

“12a) The competent body or entity referred to in § 19 sec. 1-3 of the Articles of Association are obligated to immediately take action to dismiss a Supervisory Board member who fails to fulfill the requirements set forth in the Articles of Association, except that the obligation to immediately take action to dismiss a Supervisory Board member does not apply to a Supervisory Board member indicated by an entity other than an entity authorized to exercise rights attaching to shares held by the State Treasury, a state-owned legal person, a company in which a stake is held by the State Treasury or by a state-owned legal person or a company in respect of which a company in which a stake is held by the State Treasury or by a state-owned legal person is a parent undertaking within the meaning of Article 4 Section 3 of the Act of 16 February 2007 on Competition and Consumer Protection.”

After § 19 sec. 14, the following sec. 15 of the Articles of Association has been added:

„15. A Supervisory Board Member tenders his/her resignation letter in writing to the Company with a copy to the Supervisory Board Chairperson or Deputy Chairperson.”

The following new wording of § 23 sec. 1 of the Articles of Association has been adopted:

„1. For Supervisory Board resolutions to be valid, all the Supervisory Board members must have been invited and at least half of them must be present, including the Supervisory Board Chairperson or Deputy Chairperson.”

The following new wording of § 23 sec. 2 of the Articles of Association has been adopted:

„2. Resolutions of the Supervisory Board are adopted by a simple majority of votes. If an equal number of votes is cast “for” and “against”, the Supervisory Board Chairperson has the casting vote.”

The following new wording of § 25 sec. 3 item 5 of the Articles of Association has been adopted:

“5) setting the number of Management Board members and setting compensation for Management Board members, subject to § 12 sec. 2 item 3;”

The following new wording of § 25 sec. 3 item 18 of the Articles of Association has been adopted:

“18) giving consent for the Company to enter into: (i) a material agreement with a shareholder holding at least 5% of all the votes at the Shareholder Meeting, or (ii) an agreement whose value exceeds PLN 10,000,000 (ten million Polish zloty) with a related party within the meaning of the Finance Minister’s regulation issued pursuant to Article 60 Section 2 of the Act on Public Offering, while validity of such a resolution requires that it is accepted by at least one of the Supervisory Board members satisfying the criteria of independence from the Company and from the entities with significant ties to the Company

selected following the procedure of § 20 above and in consideration of § 21 above. This obligation does not apply to typical agreements concluded on an arm's length basis as part of the Company's operating activity, with a subsidiary, in which the Company holds the majority equity stake;”.

The following new wording of § 25 sec. 3 item 19 of the Articles of Association has been adopted:

“19) giving consent:

- a) for the Company to enter into a donation agreement or other agreement with a similar effect, the value of which is higher than PLN 20,000 (twenty thousand Polish zloty) or 0.1% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;
- b) to a debt release or other agreement with a similar effect, the value of which is higher than PLN 50,000 (fifty thousand Polish zloty) or 0.1% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;”.

The following new wording of § 25 sec. 3 item 19a of the Articles of Association has been adopted:

“19a) giving consent to execute:

- a) agreements on legal services, marketing services, public relations and social communication services and management consulting services if the total net fee to be paid for such services under such agreement or other agreements executed with the same entity is greater than PLN 500,000 annually;
- b) amendments to agreements on legal services, marketing services, public relations and social communication services and management consulting services increasing the fee above the amount referred to in item (a);
- c) agreements on legal services, marketing services, public relations and social communication services and management consulting services in which the maximum fee is not defined;”

The following new wording of § 27 sec. 7 of the Articles of Association has been adopted:

„7. An amendment to § 26 section 3 or section 4 or this section 7 requires a resolution of the Shareholder Meeting adopted by a majority of four-fifths of the votes in the presence of shareholders representing at least 50% (fifty percent) plus one of all the votes in the Company.”.