

**Report from the recruitment procedure for the position of PKP CARGO S.A.
Management Board Member responsible for Operations**

This report has been prepared in performance of the Agreement entered into on 9 September 2017 by and between PKP CARGO S.A., hereinafter referred to as "PKP CARGO" or "Company" and the Recruitment Consultant - Amrop Polska Sp. z o.o. Sp. k., hereinafter referred to as "Amrop" or "Recruitment Consultant", in accordance with the general provisions contained in § 1 of the "Bylaws for appointment of members of the PKP CARGO Spółka Akcyjna Management Board" and § 15 Section 1 of the "Bylaws for appointment of members of the PKP CARGO Spółka Akcyjna Management Board".

Pursuant to Resolution No. 1692NI/2017 adopted by the PKP CARGO S.A. Supervisory Board on 11 September 2017 on initiating the recruitment procedure, on 14 September 2017, an announcement initiating the recruitment procedure for the position of PKP CARGO S.A. Management Board Member responsible for Operations was published in a national newspaper, subject to the contents of Resolution No. 1692NI/2017 adopted by the PKP CARGO S.A. Supervisory Board of on 11 September 2017.

The draft of the aforementioned Resolution was prepared by Amrop. The purpose of this recruitment process was to select a PKP CARGO Management Board Member responsible for Operations.

The Recruitment Consultant waited for the Candidates' applications in its seat until 10:00 am, 16 October 2017, specified in the aforementioned announcement as the deadline for applications (in accordance with Resolution No. 1692NI/2017 adopted by the PKP CARGO S.A. Supervisory Board of on 11 September 2017).

On 16 October 2017, at 12:00 hours, in the seat of the Recruitment Consultant, Amrop, at Al. Jana Pawła II 19 in Warsaw, the following representatives of PKP CARGO and its supervisory bodies gathered:

1. Ms. Zofia Dzik - Chairperson of the Nomination Committee
2. Ms. Joanna Ziemak
3. Mr. Jakub Płażyński

and Amrop's representatives:

1. Ms. Katarzyna Zielińska
2. Ms. Agnieszka Sarnacka
3. Ms. Justyna Krajewska

The aforementioned Amrop representatives, in the presence of the aforementioned representatives of PKP CARGO and the Company's supervisory bodies, opened ten (10) envelopes received at Al. Jana Pawła II 19 in Warsaw in response to the announcement.

In total, 10 applications were filed with the Recruitment Consultant, of which 1 Candidate sent documents twice (as a supplement), hence 2 envelopes sent by this Candidate were classified as a single application.

The aforementioned Amrop representatives carried out an initial analysis of the applications from the standpoint of satisfaction of the formal requirements by the Candidates for the position of Management Board Member responsible for Operations:

- university education;
- minimum 10 years in service, including at least 5 years of experience on a managerial position in the operations area in rail transport;
- enjoyment of full public rights;
- holding of full legal capacity;
- not being subject to any legally prescribed restrictions or bans from holding the position of management board member in commercial companies.

The aforementioned Amrop representatives, in the presence of representatives of PKP CARGO and the Company's supervisory body, carried out an initial analysis of nine (9) applications and identified nine (9) Candidates satisfying the formal requirements specified in the announcement, determined by the Regulation issued by the Council of Ministers on 18 March 2008 on the Conduct of the Recruitment Procedure for the Position of Management Board Members in Certain Commercial Companies (Journal of Laws of 2003 No. 55 Item 476, as amended) and "Bylaws for Appointing Management Board Members in PKP CARGO S.A." prevailing as at the date of commencement of the recruitment procedure for the position of Management Board Member. One (1) Candidate was asked to additionally send, by 18 October 2017, a specific representation to be submitted to the PKP CARGO Nomination Committee - the original in one (1) counterpart was delivered to Amrop's seat pm 17 October 2017 and on the same day it was handed over to Ms. Joanna Ziemak.

The opened applications of the nine (9) Candidates satisfying the formal requirements specified in the announcement were directed as follows:

- one (1) set of ten (10) applications i.e. nine (9) Candidates, was handed over to Mr. Krzysztof Mamiński – PKP CARGO Supervisory Board Chairperson,
- one (1) set of ten (10) applications i.e. nine (9) Candidates, was handed over to Ms. Zofia Dzik – PKP CARGO Supervisory Board Nomination Committee Chairperson,
- one (1) set of ten (10) applications i.e. nine (9) Candidates, was left in Amrop's seat for the purposes of the Recruitment Consultant to assess the qualifications of the Candidates.

The qualifications subject to assessment pursuant to § 6 of Resolution No. 1692NI/2017 adopted by the PKP CARGO Supervisory Board on 11 September 2017 on commencement of the recruitment procedure comprised the knowledge of the following areas:

- transportation and logistics services market, including in particular: good, detailed understanding of the market in which the Company operates, the environment, business partners and competition and market trends;
- rolling stock maintenance, including in particular: rolling stock management and maintenance process and technical infrastructure usage management;
- rolling stock operation, including in particular: management of rolling stock technical documentation and organization and technology of its inspections and repairs, management of development projects and R&D work, preparation and issuance of opinions on technical and technological documentation, and current update of the rolling stock maintenance system documentation and cooperation with the Office of Rail Transport in this respect;
- rail transport safety, including in particular: management of overall issues aimed at improving traffic safety, including cooperation with the Office of Rail Transport and State Railway Accident Investigation Commission and other institutions to the extent related to rail transport safety;
- supply chain logistics, including in particular: planning of route requirements, preparation of the annual timetable, transport programming, defining the rules for launching trains and establishing the demand for cargo trains in the medium and long run.
- management of the transportation process, including in particular: execution and management of rail lines access agreements, including close cooperation with the infrastructure manager as regards scheduled transport with optimum utilization of the resources;
- experience in team management;
- experience in change management;
- openness to learning and other persons' development.

Amrop representatives carried out a detailed analysis of the documentation sent by the nine (9) Candidates satisfying the formal requirements specified in the announcement.

On 19 October 2017 at 1:00 pm Amrop representatives:

1. Ms. Katarzyna Zielińska
2. Ms. Agnieszka Sarnacka

during the meeting of the Nomination Committee attended by all Nomination Committee Members:

1. Ms. Zofia Dzik
2. Mr. Krzysztof Mamiński
3. Mr. Mirosław Antonowicz

presented the results of the detailed assessment of satisfaction of the obligatory requirements by the nine (9) Candidates in the "Report prepared before interviews with the Candidates". Then the PKP CARGO Nomination Committee had a discussion and adopted Resolution no. 11/2017, qualifying six (6) Candidates to the next stage of the recruitment procedure, in accordance with the assessment presented by the Recruitment Consultant, who satisfied both formal requirements and the obligatory requirements which could be assessed by the Recruitment Consultant on the basis of the documents presented by each Candidates in the application, in particular the managerial maturity and adequacy of the professional experience to the position of Management Board Member responsible for Operations.

Pursuant to Resolution No. 1692NI/2017 adopted by the PKP CARGO S.A. Supervisory Board on 11 September 2017 and as a result of the meeting the Nomination Committee, it was agreed that the interviews of the PKP CARGO S.A. Supervisory Board, in the presence of Amrop representatives will be held on 24 October 2017 and 25 October 2017 at 8.00 am – 12.30 pm in the seat of PKP CARGO S.A. at ul. Grójecka 17 in Warsaw.

On 19 October 2017, Amrop representatives informed by telephone the six (6) Candidates satisfying the formal requirements and admitted to the next stage of the recruitment procedure about the date and place of the interview with the PKP CARGO Supervisory Board held in the presence of Amrop representatives.

On 19 October 2017, Amrop representatives thanked the remaining three Candidates by telephone for applying and informed them about finishing their participation in the recruitment procedure due to lack of qualifications required for the position of PKP CARGO Management Board Member responsible for Operations.

On 23 October 2017, Amrop representatives submitted to the PKP CARGO Supervisory Board the "Report prepared before interviews with the Candidates". In this report Amrop representatives presented the profiles of the six (6) Candidates satisfying the formal criteria and admitted to the next stage of the recruitment procedure, based on a detailed assessment of the qualifications, prepared on the basis of an analysis of the CVs and motivation letters submitted by the Candidates in the recruitment procedure.

Later on in the recruitment procedure, the Recruitment Consultant carried out a further, in-depth assessment of the Candidates in terms of the qualifications subject to assessment pursuant to § 6 of Resolution No. 1692NI/2017 adopted by the PKP CARGO Supervisory Board on 11 September 2017 on commencement of the recruitment procedure and the analysis of:

- strategic thinking skills, highly developed leadership skills, building cooperation culture, focus on attainment of objectives, and negotiation and organization skills;
- knowledge of the rules of functioning of commercial companies.

On 24 October 2017, the interviews of the PKP CARGO S.A. Supervisory Board with three Candidates held in the presence of Amrop representative started at 08:00 am and ended at 12:15 pm.

On 25 October 2017, the interviews of the PKP CARGO S.A. Supervisory Board with the next three Candidates held in the presence of Amrop representative started at 08:00 am and ended at 12:30 pm.

Amrop representatives collected for the needs of the recruitment procedure the references for the six (6) Candidates satisfying the formal criteria and admitted to the next stage of the recruitment procedure on the basis of a detailed assessment of the qualifications and submitted them in writing to the PKP CARGO Supervisory Board Members, on 23 October 2017 and 24 October 2017, respectively for the interviews scheduled for 24 October 2017 and 25 October 2017, in accordance with the schedule of the interviews planned for the aforementioned dates.

During the interview the Candidates had the possibility of presenting their experience and knowledge of the industry and processes in place in the Company, providing answers to the questions prepared by the Supervisory Board Members.

On the part of the PKP CARGO S.A. Supervisory Board, nine (9) Supervisory Board Members took part in the interviews on 24 October 2017:

1. Mr. Krzysztof Mamiński, Supervisory Board Chairperson
2. Ms. Zofia Dzik - Chairperson of the Nomination Committee
3. Mr. Marek Podskalny
4. Mr. Krzysztof Czarnota
5. Ms. Małgorzata Kryszkiewicz
6. Mr. Czesław Warsewicz
7. Mr. Tadeusz Stachaczyński
8. Mr. Władysław Szczepkowski
9. Mr. Mirosław Antonowicz

On the part of the PKP CARGO S.A. Supervisory Board, seven (7) Supervisory Board Members took part in the interviews on 25 October 2017:

1. Ms. Zofia Dzik - Chairperson of the Nomination Committee
2. Mr. Marek Podskalny
3. Mr. Krzysztof Czarnota
4. Ms. Małgorzata Kryszkiewicz
5. Mr. Tadeusz Stachaczyński
6. Mr. Władysław Szczepkowski
7. Mr. Mirosław Antonowicz

On the part of Amrop, two (2) representatives took part in the interviews on 24 and 25 October 2017:

1. Mr. Tomasz Magda
2. Ms. Agnieszka Sarnacka

On 26 October 2017, Amrop representatives submitted to the PKP CARGO Supervisory Board the "Report prepared after interviews with the Candidates", prepared as a result of an analysis of the Candidates with whom the PKP CARGO Supervisory Board, in the presence of Amrop representatives, carried out, on 24 October 2017 and 25 October 2017, interviews, assessing them in terms of the required substantive knowledge, adequate professional experience, managerial skills, leadership competences, strategic thinking skills, communication skills and level of energy and professional ambition. The Recruitment Consultant issued a positive opinion on three (3) out of the six (6) Candidates and recommended two (2) Candidates to be further considered as Candidates for the position of PKP CARGO Management Board Member responsible for Operations.

On 26 October 2017, at 4:30 pm a meeting of the Nomination Committee analyzed the Recruitment Consultant's report and adopted a resolution to recommend to the PKP CARGO two (2) out of the three (3) Candidates who obtained a positive opinion of the Recruitment Consultant to be further considered for the position of the Company's Management Board Member responsible for Operations. On 26 October

2017, at the PKP CARGO Supervisory Board Chairperson convened for 6:00 pm, the PKP CARGO Supervisory Board Chairperson, having listened to the position of the Nomination Committee, ordered a discussion and secret ballot on the resolutions to select the Candidate for the position of Management Board Member responsible for Operations. The ballot was carried out in alphabetical order for all three Candidates which obtained positive opinions of the Recruitment Consultant. In this respect PKP CARGO Supervisory Board adopted Resolution No. 1697NI/2017 dated 26 October 2017.

The PKP CARGO S.A. Supervisory Board pointed to Mr. Witold Bawor as the Candidate for the position of Management Board Member responsible for Operations. In the vote, 10 valid votes were cast, including 8 votes in favor of the resolution, 1 vote against and 1 abstention.

After a call to the Candidate, who agreed to be appointed to the position, PKP CARGO Supervisory Board in secret ballot adopted Resolution No. 1698NI/2017 dated 26 October 2017 to appoint Mr. Witold Bawor to the position of Company's Management Board Member responsible for Operations. In the vote, 10 valid votes were cast, including 8 votes in favor of the resolution, 1 vote against and 1 abstention.

On 30 October 2017, Amrop representatives reported the decision of the PKP CARGO Supervisory Board to the five (5) Candidates who were not appointed to the position of PKP CARGO Management Board Member responsible for Operations about finishing their participation in the recruitment procedure by virtue of the decision of PKP CARGO Supervisory Board, thanking them on behalf of the PKP CARGO Supervisory Board and the Recruitment Consultant for their application.

The documents of the eight (8) Candidates who have not been selected in the recruitment procedure for the position of PKP CARGO Management Board Member will be returned to the Candidates by the Amrop representatives by registered mail, together with information about closing the recruitment procedure.

The list of the Candidates in the recruitment procedure is attached in Attachment 1 to this "Report from the recruitment procedure for the position of PKP CARGO S.A. Management Board Member responsible for Operations".

In accordance with § 15 Section 2 of the "Bylaws for Appointing Management Board Members in PKP CARGO S.A." prevailing as at the date of commencement of the recruitment procedure for the position of Management Board Member responsible for Operations, three (3) Candidates took advantage of the possibility of asking Amrop representatives to remove their personal data from the published report from the recruitment procedure.

It is hereby represented that the recruitment procedure for the position of Management Board Member responsible for Operations has been conducted in accordance with the procedure for appointment of Management Board Members (in this case Management Board Member responsible for Operations), laid down in the provisions of the PKP CARGO S.A. Articles of Association and the Bylaws for Appointing Management Board Members in PKP CARGO S.A. prevailing as at the date of commencement of the recruitment procedure for the position of Management Board Member responsible for Operations.

On behalf of the Recruitment Consultant Amrop Polska Sp. z o.o. Sp. k.:

Tomasz Magda – Management Board Member (Partner in Amrop Polska)

Ms. Agnieszka Sarnacka – Consultant

On behalf of the PKP CARGO S.A. Nomination Committee:

Ms. Zofia Dzik – Chairperson of the Committee

Mr. Mirosław Antonowicz – Member

Mr. Władysław Szczepkowski – Nomination Committee Member

Attachment 1 to the “Report from the recruitment procedure for the position of PKP CARGO S.A. Management Board Member responsible for Operations”.

**List of Candidates in the recruitment procedure
for the position of PKP CARGO S.A. Management Board Member responsible
for Operations.**

1. In accordance with § 15 Section 2 of the “Bylaws for Appointing Management Board Members in PKP CARGO S.A.” prevailing as at the date of commencement of the recruitment procedure for the position of Management Board Member responsible for Operations, the Candidate took advantage of the possibility of asking Amrop representatives to remove his personal data from the published report from the recruitment procedure.
2. In accordance with § 15 Section 2 of the “Bylaws for Appointing Management Board Members in PKP CARGO S.A.” prevailing as at the date of commencement of the recruitment procedure for the position of Management Board Member responsible for Operations, the Candidate took advantage of the possibility of asking Amrop representatives to remove his personal data from the published report from the recruitment procedure.
3. In accordance with § 15 Section 2 of the “Bylaws for Appointing Management Board Members in PKP CARGO S.A.” prevailing as at the date of commencement of the recruitment procedure for the position of Management Board Member responsible for Operations, the Candidate took advantage of the possibility of asking Amrop representatives to remove his personal data from the published report from the recruitment procedure.
4. Mr. Witold Jaworski
5. Mr. Michał Guzek
6. Mr. Zbigniew Jastrzębski
7. Mr. Dariusz Liszewski
8. Mr. Wojciech Parzyszek
9. Mr. Dariusz Woźniak