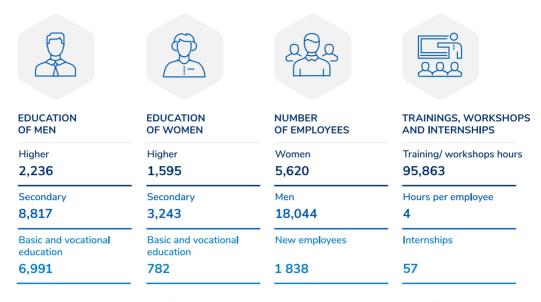
PKP CARGO Group is one of the biggest employers in Poland.



The employees are a key asset and value for the Group. As human capital, they are necessary to create the Company's value over time. Human capital statistics are monitored in the Group in a comprehensive manner.



Our capitals - Human Capital

PKP CARGO Group companies adopted policies on employment area. Among aspects included in those policies are:

Recruitment

In 2018, similar to 2017, internal and external recruitment processes were ongoing. Additionally, following activities were organized within the scope of three major programs:

- The vocational internships program;
- The scholarship program;
- The summer internships program.

In addition, new employees without professional qualifications were allowed to participate in an extensive training project to prepare them to work as a train driver, rolling stock auditor or switchman.

In addition, collaboration with local organizations and with the Polish Ministry of Education to support employment in specific facilities was continued.

Trainings

PKP CARGO S.A. aims to obtain the status of a learning organization, using knowledge- and experience-based management and various forms of professional development that would support the accomplishment of business goals.

In 2018, the Company supported its employees in post-graduate studies, foreign language teaching courses were launched and training in the form of e-learning was introduced.

Social dialogue and trade unions

Social agreements concluded and honored by PKP CARGO S.A. Social Partners, among which particular importance is attached to the Agreement of 14 February 2005 on mutual obligations of parties to the Collective Bargaining Agreement involving employees employed by PKP CARGO S.A. facilities, form the foundation of collaboration and social dialog in the Company. Informing the employer and staff about important matters, including regular meetings with trade unions, allows early identification of issues posing a risk to Company activities, prevents conflicts and disputes and ensures that business processes can be performed without social disturbances.

Representation of employees in PKP CARGO S.A. corporate bodies increases risks related to information protection, but also has a positive effect on Company management since it allows staff to identify with corporate objectives, increases responsibility and the level of economic awareness among employees and offers a realistic assessment of possibility of meeting trade union demands.

Various initiatives and actions undertaken to develop the partnership idea contribute to increasing the level of social dialog and have a positive impact on business processes in the Company.

The number of trade unions in 2018 in the entire Group was 179. Less than 18 ths employees belong to trade unions.

Social operations and travel benefits

The Company Social Benefits Fund (CSBF) has been established at PKP CARGO S.A., based on the rules following from generally applicable provisions of law and the Collective Bargaining Agreement (CBA. In particular, use of CSBF funds is granted to employees, old age and disability pensioners and members of their families.

Employees can take advantage of a wide-ranging package of social benefits. Meeting the expectations of employees halfway, the possibility of co-financing the stay of children in kindergartens and nurseries has been introduced and is enjoying considerable popularity.

Caring about employee health and comfort, the ability to use sport facilities, sport and recreational programs, FITPROFIT cards and other sports cards that allow access to a number of facilities nationwide has been added.

In 2018, the Company has made a CSBF charge for 39,909 eligible persons, including 17,253 employees and 22,656 old age and disability pensioners.

Employees and members of their families, as well as old age and disability pensioners, are eligible for discounted travel services in the form of preferential fares in trains throughout the country. The cost of employees purchasing a discounted travel service for the second class is covered entirely by the employer. These benefits are offered pursuant to an Agreement of 27 November 2013 between ZPK and carriers operating passenger railway transport on discounted travel services, and the Company's internal regulations.

In 2018, a total of 27,309 such benefits were purchased, including:

- for employees 13,100;
- for members of employees' families 2,121;
- for old age and disability pensioners from the railway sector 12,088.

Safety in the workplace

The purpose of the project is to increase rail traffic safety through psychological support of the human factor.

The project is carried out in all organizational units and covers over 7000 employees. It is dedicated to members of train crews and other employees directly involved in rail traffic and rail traffic safety, as well as members of permanent rail commissions.

The project's main deliverables include:

- The Psychological Support Helpline staffed by specialist psychologists;
- A psychologist consultation:
- In 2017, training held devoted to the psychological aspects of railway accidents. The training will be continued in 2019.

Education in the area of psychological aspects of rail accidents - including Acute Stress Disorder (ASD) and Post-Traumatic Stress Disorder (PTSD) is of a long-term character. In 2018, the Company organized the next stage of communication activities designed to disseminate and promote the Post-Accident Psychological Support project and knowledge in this area. Our activities in this area have also been recognized by the Responsible Business Forum, which discussed the PPS in its annual Best Practices Report.

Many dedicated and engaging initiatives have been launched and organized by the PKP CARGO Group. In addition, PKP CARGO S.A. often is a partner of many social campaigns organized, among others by the PKP S.A. Foundation and other entities from the logistics industry. Details of initiatives are described in Social Capital.



Our capitals - Social capital