

Future - Assumptions regarding the natural environment

Implementation of the Company's strategy is based on adapting its resources and organization to the requirements of the contemporary transportation market, taking into account the principles of sustainable development, in accordance with the adopted policy of the Integrated Management System (IMS): quality, occupational health and safety, environmental protection.

The Company's environmental policy forms an integral part of its overall corporate management system. The strategic objective for responsible actions taken by PKP CARGO S.A. in the field of environmental protection is to ensure a safe carriage of merchandise using rolling stock that meets the applicable environmental requirements. The Company invests both in the purchases of new rolling stock and in the modernization of its existing rolling stock as well as in maintenance and repair facilities and devices for diagnostics of the Company's rolling stock. These efforts are aimed at achieving high standards of rolling stock maintenance and protecting the natural environment against the possible consequences of breakdowns and accidents involving the Company's rolling stock.

Investment connected with environment protection in 2018.

- modernization of locomotive engines and train cars;
- construction of fueling stations;
- double-jacket tanks for worked oils;
- modernization of water supply and sewage networks;
- locomotive painting plants;
- construction of waste storage;
- modernization of boiler plants, heating networks, etc.

Planned investments for the next years:

PKP CARGO S.A. is going to invest in straightening out the water and sewage management, which will enable the legal situation regarding environmental protection to be fully regulated, fees and charges for using water services to be reduced, and the risk of sewage with parameters inconsistent with the laws being discharged to the sewerage to be minimized. As regards more cost-intensive projects, a renovation and alteration of the sewage and stormwater discharge network in Rolling Stock Maintenance Centers in Rybnik and Opole were commenced in 2018 (the activities are going to be continued in 2019). Moreover, inspections of the water and sewage network are carried out on an ongoing basis, involving the cleaning of oil-derived substance separators and the required tests of sewage parameters.

Rail transport is crucial for the achievement of the European objectives related to the reduction of greenhouse gas emissions. All activities leading to the development and growth of the rail market, resulting in an increased share of this type of transport in the overall transport, always translate into the ecological effect in the form of improved air quality and mitigated climate changes.

Therefore, the tasks performed by the Company focus on gradual modernization and obtainment of an increasing number of new diesel and electric locomotives, which leads to a reduction of harmful gas and particulate matter emissions to the environment and permits savings of fuel and energy (agreement with Newag and PESA). The Company implements also rolling stock solutions for energy consumption optimization through modernization of electric locomotives by installing a modern electrical apparatus.

The Company supports also innovative solutions and research and development works on a new generation rolling stock to improve the efficiency of freight turnover and enable the applications of solutions for reduced energy and fuel consumption and exhaust emissions involved in the commercial use of rail cars and locomotives.

In its activities for air protection, the Company invests not only in the rolling stock. It gradually modernizes and removes sources of low emission by overhauling and liquidating solid fuel boiler plants and shifting to more ecological fuels, such as fuel oil and gas. Both the results of the Energy Audit and local anti-smog regulations are taken into account here. Climate protection effects are ensured also by purchasing high-quality fuels and investing in thermal performance improvement of the utilized backup facilities.