



The analysis

of the DB Cargo Polska Group
influence on economic, social
and natural environment

Table of Contents

About DB Cargo Polska	The activity of the Group in Poland The Companies of the Group in Poland Why did the DB Cargo Polska Group decide to make the analysis of influence?	2
Economic dimension	Turnover generated in Polish economy by DB Cargo Polska Some results of DB Cargo Polska Added value Employment Household incomes Taxes Taxes. Local dimension	7
Social dimension	Safety of the rail traffic Safety of work Training of employees Employee retention Employee volunteering	19
Environmental dimension	Usage of fuel and emissions Intermodal transport Insulation of the building Modernisation of lighting	27

About DB Cargo Polska

DB Cargo Polska S.A. was established in 2009 in result of taking over and merging small and medium-sized companies, mainly from the coal transportation services sector. Taking benefit from its geographical location and support in the form of one of the biggest logistics networks in Europe, DB Cargo Polska constitutes a core for transport in Middle-East Europe, reinforcing the role of Poland as a gateway to the East of Europe.



The activity of the Group in Poland

Services offered by the Group:

Freight transports

Intermodal transports

Rolling stock maintenance

Siding services

Terminal and forwarding services

Maintenance of infrastructure

Re-loading in harbours

Production of silica sand

Technical advisory services



DB Cargo Polska – key figures



Transported mass

57.0 million ton



The transport work

2.8 billion tkms



The number of employees

3,100 people



Locomotives

243

Source: http://pl.dbcargo.com/rail-polska-pl/company/about_dbst_polska/facts_figures.html;
data for 2016

DB Cargo Polska was the **second biggest cargo forwarder in Poland in terms of the transported mass of goods, with the 18% market share** and fifth place held in terms of transport works done with the market share of **5.2%**.

Source: UTK (The Office of Railway Transport)

The Companies of the Group in Poland

The DB Cargo Polska Group consists of four companies of various activity and service range profiles.

DB Port Szczecin Sp. z o.o. Premises: Szczecin

DB Port Szczecin is a part of the biggest cargo handling structure in the Western region of the Baltic sea, with the free zone included. This is an important transit hub on international transport routes, connecting railway and sea routes. Over 63,000 sq.m. of storage capacity and 200,000 sq.m. of stacking yards plus modern equipment allow for handling and storage of containers, general cargo as well as of large and dangerous goods.

DB Cargo Spedkol Sp. z o.o. Premises: Kędzierzyn-Koźle

The main profile of the Company's activity is including forwarding, handling of cargo, carriage of chemicals in tank wagons, leasing of tank wagons and management of sidings.

Infra SILESIA S.A. Premises: Rybnik

The basic scope of the Company's activity is comprehensive and efficient implementation of investment projects and railway infrastructure modernisation, repairs and maintenance. The Company makes railway lines and sidings being under its management available to other railway carriers.

DB Cargo Polska S.A. Premises: Zabrze

The Company is comprehensive logistics solutions provider. The wide range of services is including, among other things, carriages of fuels, chemicals (including dangerous goods), steel products, construction materials, and carriages for automotive and intermodal industries, performed by whole trains and single wagons. The carriages are organized both in Company's own wagons and in Client's wagons. In co-operation with the partners in DB Cargo Group, the Company is offering transports all over Europe and organizes carriages to and from China and countries of former Commonwealth of Independent States. The Company is also performing transports of large cargo which require tailored solutions.



Why did the DB Cargo Polska Group decide to make the **analysis of influence**?

Benefits for the Company stemming from the survey:



Building of **understanding of the Group's role** in the social and economic environment, at the national and local levels.



Better knowing its key – positive and negative – spheres of influence, which allows for taking better business decisions and **optimisation of the activities undertaken up to date.**



Showing **concrete and measurable figures**, allowing for better understanding of the scale of influence.



Better and richer internal and external information.



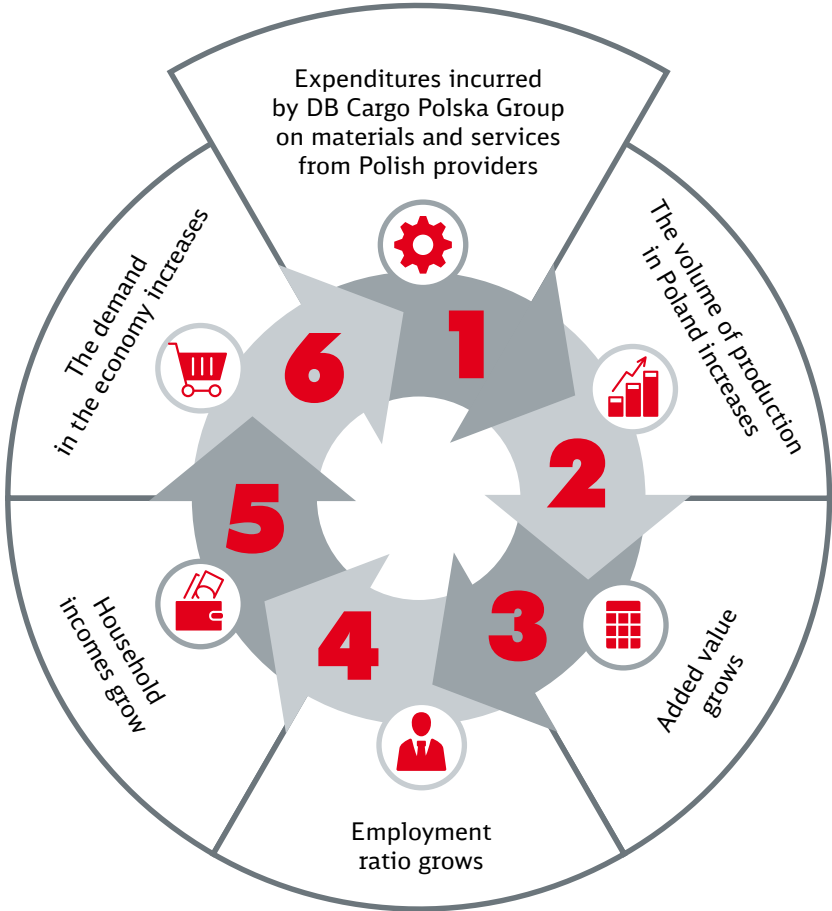
Building better relationships with stakeholders and ensuring professional dialogue based on concrete, real and credible arguments.

Economic dimension

The DB Cargo Polska activity generates multi-dimensional effects in Polish economy. The expenditures incurred by the Group for purchases of materials and services from Polish providers create additional incentive which translates into, among other things, increased production, demand and competitiveness of Polish national economy.



Turnover generated in Polish economy by DB Cargo Polska



Some results of DB Cargo Polska



873.9 PLN mio

ADDED VALUE

generated in Poland thanks to the Group's activity in 2016



10,609

WORK PLACES

generated and maintained in Poland thanks to the Group's activity in 2016



292 PLN mio

HOUSEHOLD INCOMES

generated in Poland thanks to the Group's activity in 2016



576 PLN mio

PURCHASES

value of the Group's purchases from Polish providers in 2016



34.2 PLN mio

VALUE OF TAXES

paid by the Group in Poland in 2016



Added value

What is the added value?

Added value is a very important economic category. It measures the input of a given company in the process of goods and services production.

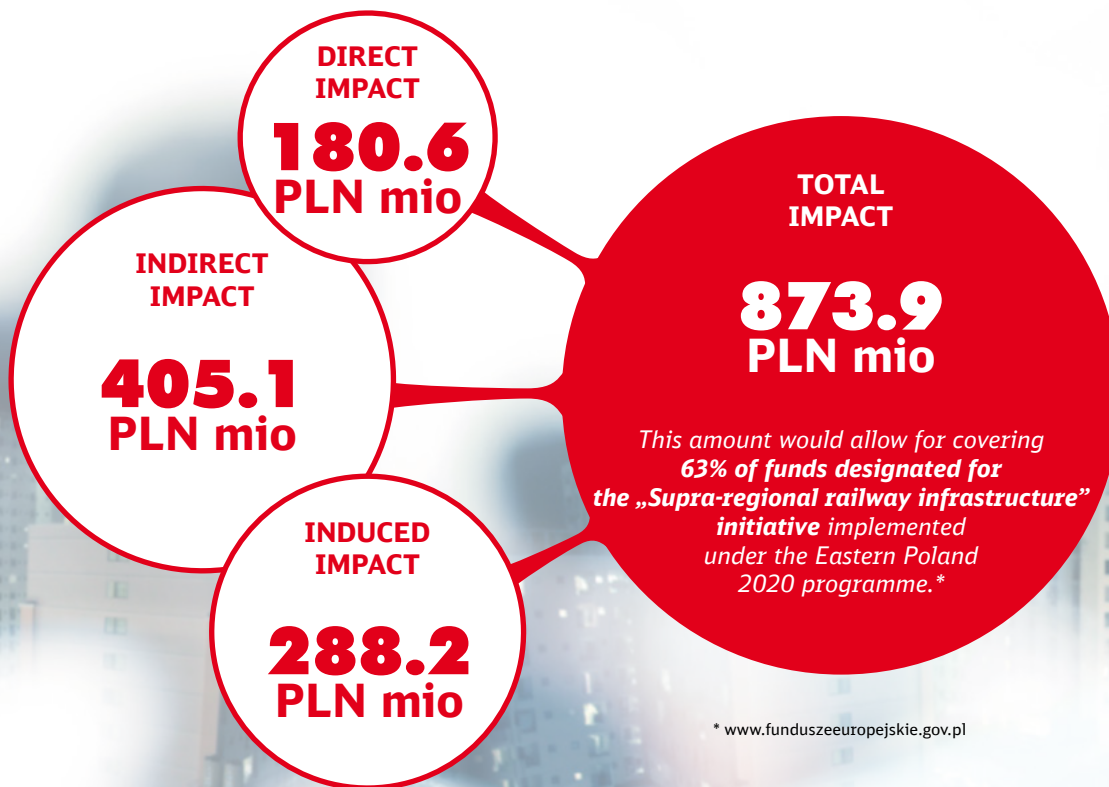
In accounting terms, added value is the part of global output of the company remaining after deduction of intermediate consumption, i.e. of the value of goods and services used as outlays in the process of production.

The higher share of the added value in the final product of a company, the greater this company's creative contribution to the production process and higher share in GDP.

The added value is also the major element of the GDP:

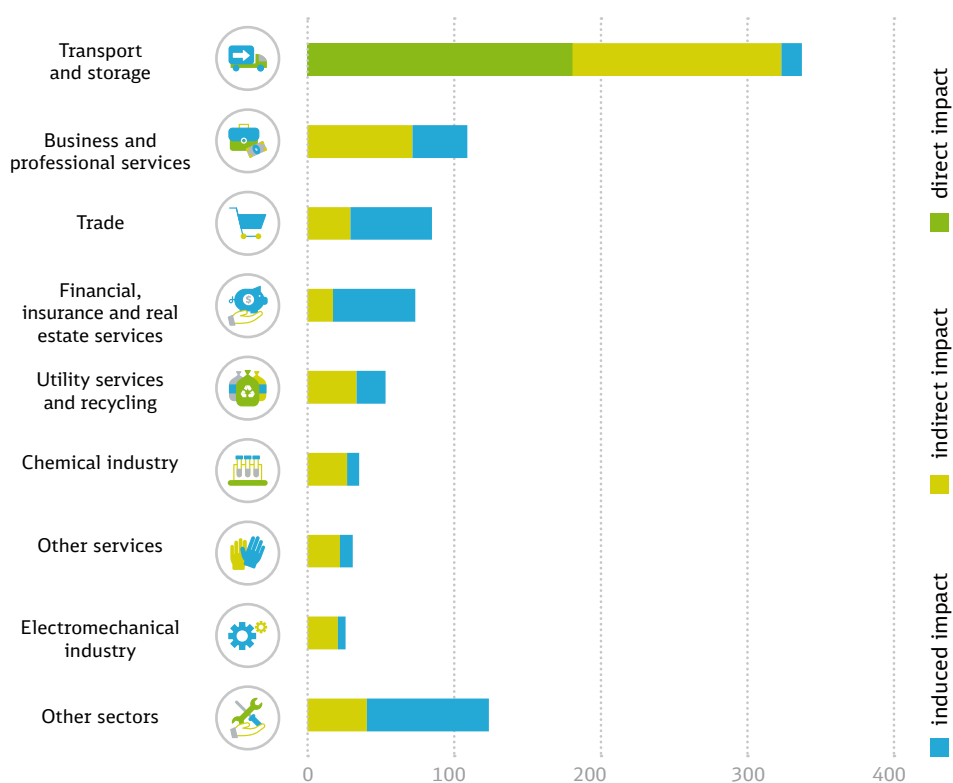
GDP = sum total of added value from all sectors of economy + taxes on products - subsidies on products

Added value generated in Poland in 2016
thanks to the DB Cargo Polska activity, broken down into kinds of impact



* www.funduszeuropejskie.gov.pl

Added value* generated in particular sectors in 2016 thanks to the DB Cargo Polska activity (PLN million)



Source: Own materials of Deloitte

* Added value measured in basic prices

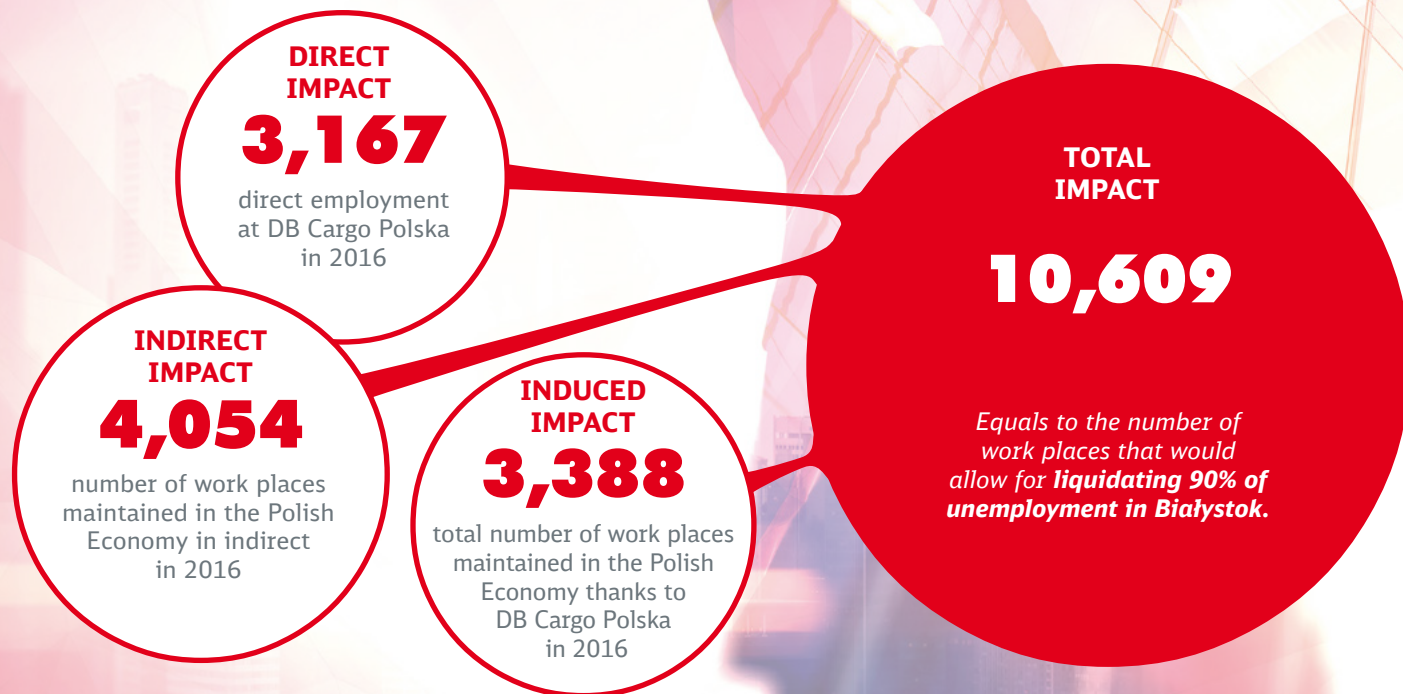


Each one zloty of added value generated by DB Cargo Polska contributes to generating of the total of **4.84 zlotys** in Polish economy.

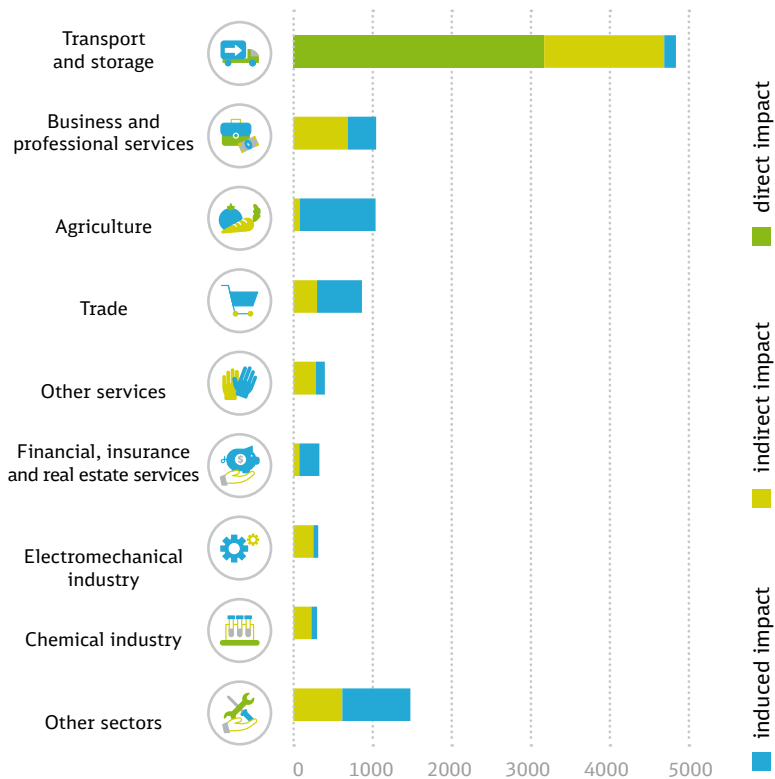
Employment

DB Cargo Polska is an important employer in the scale of both the whole country and locally. Positive impact of the Group on local labour markets is particularly visible in smaller municipalities and places where chances to find stable employment remain unsatisfactory.

Places of work created and maintained in Poland in 2016 thanks to the DB Cargo Polska



Places of work created and maintained in particular sectors in 2016 thanks to the DB Cargo Polska



Source: Own materials of Deloitte

* Added value measured in basic prices



The Group's impact is not restricted to direct creation and maintaining of work places; it is also supporting the labour market in direct and induced ways – by stimulating Polish economy by purchases from Polish providers and consumer spending.

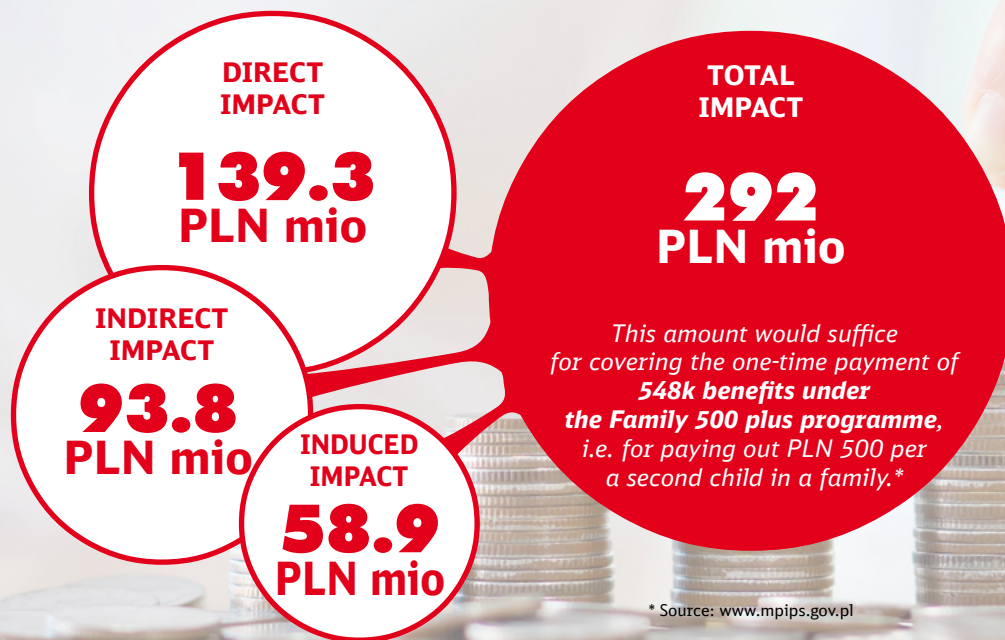
Each one place of work maintained by DB Cargo Polska contributes to maintaining the total of

3.35 work places in Poland.

Household incomes

DB Cargo Polska by direct employment and creating indirect effects in the economy among its providers and subcontractors who are employing people and paying them salaries has favourable impact on creation of income in all sectors of Poland's national economy.

Household incomes created in Poland in 2016 thanks to the DB Cargo Polska



Each one zloty of household income generated by DB Cargo Polska contributes to generating of the total of

2.10 zlotys

of Polish households' income.

* Source: www.mpips.gov.pl

Taxes

The positive impact of DB Cargo Polska on Polish economy is also reflected in the amount of paid taxes. They constitute direct support in financing of the Government activity and make it possible to carry out budget tasks like, for example, development of infrastructure, education or health care. Taxes paid by DB Cargo Polska contribute to the State Budget and to local administration budgets in places where the Group is operating. Thus, they support realisation of tasks at both central and local levels.

In 2015, it were the below-given taxes that had been important for the State Budget:

PLN 123,121 mio	VAT
PLN 62,808 mio	Excise
PLN 45,040 mio	PIT
PLN 25,813 mio	CIT
PLN 1,337 mio	Tax on games

* Source: www.finanse.mf.gov.pl

34.2 PLN mio

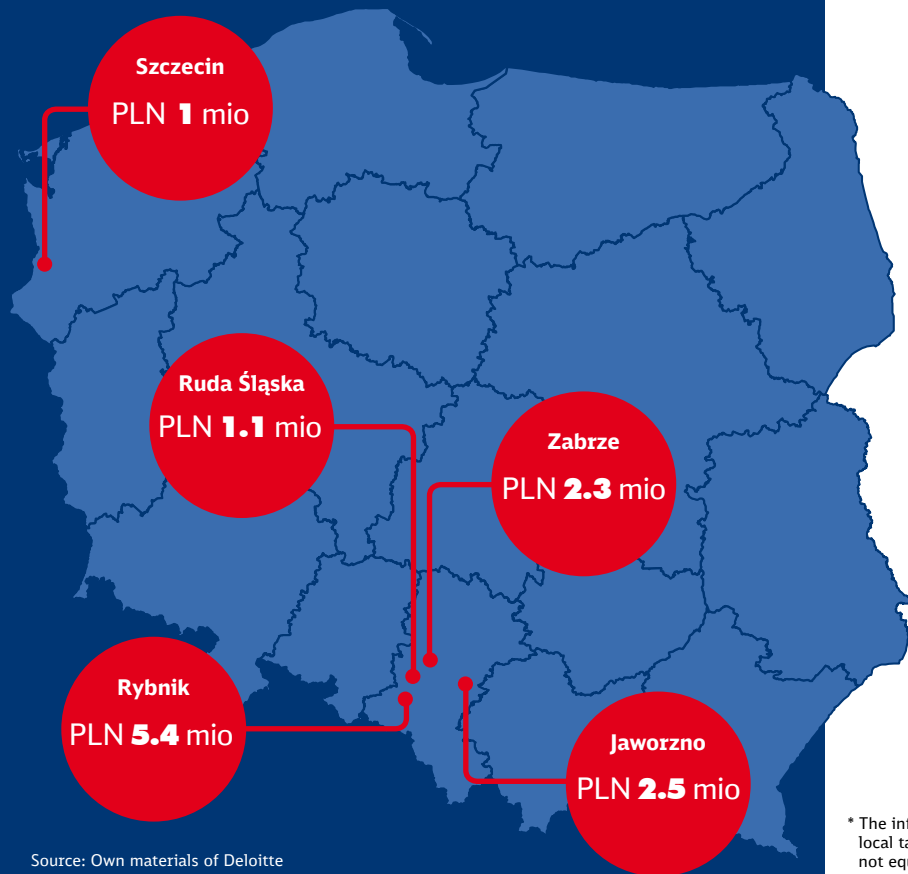
The total value of taxes paid by the Group DB Cargo Polska in 2016

This amount would be enough to **build a bicycle path 114 km long**** which is the distance between Lublin and Sandomierz.



** Based on the available sources of data average cost of a bicycle path was adopted amounting to PLN 300k per 1km.

Municipalities where DB Cargo Polska pays the highest amounts of local taxes*



Source: Own materials of Deloitte

Taxes

Local dimension

DB Cargo Polska exercises major local influence, paying money to local government budgets where it is running its business.

The scale of the impact may be illustrated by the fact that taxes paid in 2016 by the Group in **Rybnik (PLN 5.4 mio) were practically equal to the amount of the planned income of the City on the shares in CIT for 2017.**

On the other hand, the taxes paid in 2016 in **Zabrze (PLN 2.5 mio) are more than half of the amount the City is going to designate for health care in 2017.**

* The information is showing selected municipalities where the amounts of local taxes paid by the Group are the highest. The sum total of local taxes is not equal to the sum total of all taxes paid by the Group.



Social dimension

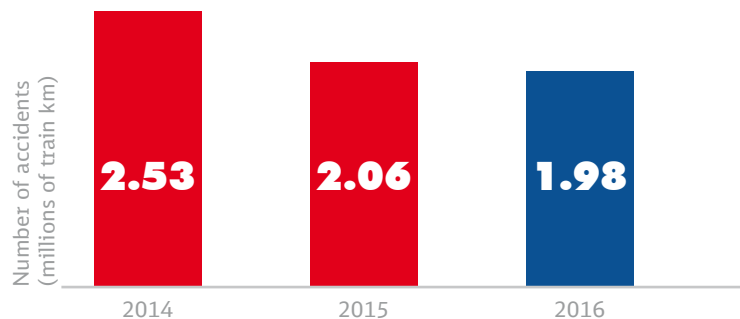
DB Cargo cares of the environment in which it is functioning and undertakes a range of initiatives and activities addressed to the local communities and its employees. They include, among the other things, actions connected with safety of rail traffic, training courses, regular General Surveys, counteracting excessive employee turnover and employee volunteering efforts.

Safety of the rail traffic

The standard of the rail traffic safety in Poland is the area that needs continuous improvement.

DB Cargo Polska takes many efforts to contribute to better safety of the rail traffic. The ratio of train accidents that occurred in realisation of cargo carriages has dropped in the recent two years.

The ratio of train accidents caused by DB Cargo Polska



Source: Own materials of Deloitte

This means that the ratio achieved by DB Cargo Polska in 2014 was **20% lower than the national average** (3.19). In 2015, it was already **lower by 30%** (2.92).

In 2016, DB Cargo Polska was a partner of a social campaign “Safe level crossing – gate against the risk” and co-organiser of the competition for junior high school students.

The campaign “**Safe level crossing – gate against the risk**” has been run by Polish Railways PKP.

Its goal is to shape proper behaviour and raise awareness of risk stemming from failure to be cautious and contempt of safety rules.

Additionally, these actions are to limit the number of accidents on tracks.

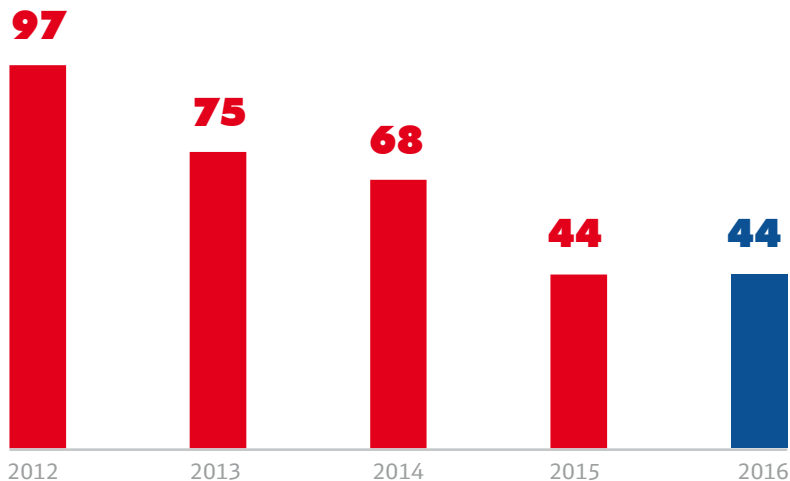




Safety of work

The improvement of work safety standards is not only stemming out of the main strategic lines of the Group companies, it is embedded in everyday routine of each employee. Making this assumption and basing on observations and analysis of data, DB Cargo Polska Group developed the Health and Safety strategy, the main focus of which **is improvement of the safety of work measured by the safety ratio and further reduction of this ratio.**

The number of accidents at work at DB Cargo Polska



The effects of the Group's efforts aimed at improving the safety are measurable – **the number of accidents at work in the years 2012-2016 dropped by 55%.**

For comparison: the same ratio for all domestic businesses dropped by as little as 3.4% in the years 2012-2016.

Employee retention

Maintaining employees is a big challenge in the railway industry which is lacking qualified specialists in Poland. DB Cargo Polska Group has been noting drop of the employee rotation ratio for three years now; this is translating into concrete savings for the Group.

DB Cargo is actively counteracting the employee rotation. To achieve this, a series of actions is undertaken:

- **project „Retention and recruitment of railway employees”**
The project is addressed to approx. 1,400 railway employees. It assumes, among the others, change of the rules of determining kilometre bonus (raising the rate per 1 km) and managerial staff training in actions that may be undertaken to retain employees in the Company.
- **development activities**
 - External and internal training
 - Grants for studies and language courses
 - Creation of career paths in railway areas
- **packages of benefits**
- **regular Global Surveys and devising action plans aimed at having employee satisfaction ratio higher**
- **transparent remuneration rules**
- **supporting internal recruitment processes**
- **monitoring of rotation reasons and including them in action plans**



Rotation ratio at DB Cargo Polska

9% 2016

13.2% 2015

16.7% 2014

Training of employees

PLN
7.3 mio



These were the expenses on external training for DB Cargo Polska employees in the years 2014-2016

PLN
625,000



It was the return on investment in external training achieved by DB Cargo Polska in the years 2014-2016

INTERNAL TRAINING

The trainings comprised the following areas:

- interpersonal communication
- time management
- project management according to DB standards
- finance for non-financial people
- creativity
- change management
- assertiveness
- employee appraisal process
- session of creative problem solving
- development of managerial skills
- Lea Games – basics of the Lean Manufacturing philosophy
- effective presentations – Pyramidal Thinking
- GROW Leadership programme
- influencing without authority

EXTERNAL TRAINING

The external training included:

- BSc., MSc., and postgraduate studies (partly funded by the employer)
- language courses
- training in working with IT software
- vocational training courses
- specialized training and commissions allowing to practice railway professions
- participation in specialist congresses, seminars, conferences and workshops

In 2016, the Group paid
PLN 2.4 million
for training of its employees.

In 2016,
the Group's
employees spent
6,250 hours
or **781** working days
at the internal
training courses.

The Group makes it possible for employees to enrol to the **“Railway Manager” postgraduate studies at the Warsaw School of Economics**. The purpose of the studies is to enrich the knowledge in management, familiarising the students with solutions adopted at DB Cargo Polska and with conditions of organisation and technology of the railway transport. The graduates of these studies are prepared to participate in the process of creating the strategy of DB Cargo Polska and to better identify the needs of customers as well as devise attractive proposals how to meet these needs.

Employee **volunteering**

Employee volunteering at DB Cargo Polska is one of the programmes building **friendly work environment** and an initiative **supporting the environment** in which the Group employees and their friends and relatives are functioning. The interest in employee volunteering at DB Cargo Polska is systematically growing.



In 2016,
the number of
DB Cargo Polska
volunteers reached
100 people.



Volunteering at DB Cargo Polska is developed mainly on the basis of annual competition of volunteering initiatives termed **Good Idea**. The competition is open for each employee of the DB Cargo Polska Group. The interested employees submit their ideas for supporting NGO's. Ideas that will be financed by the Group are selected from all the submitted ones. The priority areas of involvement for DB Cargo Polska include:

- **supporting development of children**
- **ecology**
- **promotion of healthy lifestyle.**

It is always important that the initiative engages the biggest possible number of employees.

Environmental dimension

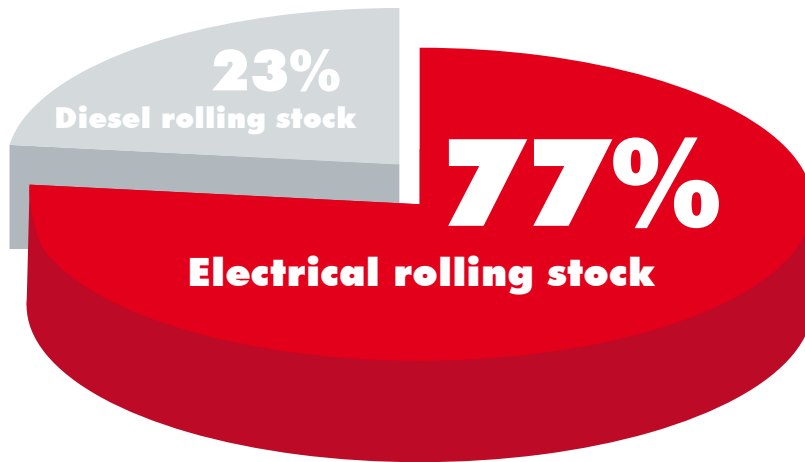
The environment preservation and effective usage of resources aspects are permanently embedded in everyday operational activity of the DB Cargo Polska, from ecological solutions at the place of work, through procurement policy to the waste management. All processes are periodically monitored from the viewpoint of their impact on natural environment and appraisal of risks they pose to the environment.



Usage of fuel and emissions

DB Cargo Polska takes many efforts to minimise the impact of its operations on the environment. The majority of transports made by the Group are performed by electrical rolling stock which is more environment friendly.

The structure of transport works (including Sidings) at DB Cargo Polska in 2016



Source: Own materials of Deloitte

The share of transport works made by the electrical rolling stock in the total transport works effected by the Group **increased**

by **10** pp in 2016 to compare with 2014.



Why are electrical locomotives more eco?

Electrical vehicles do not generate emissions at the places where they are used, unlike combustion engine vehicles which contribute to the low emission. **The general CO₂ emission and pollutions caused by electrical vehicle are limited to the emission of the source of electrical energy.** The total emission of electrical vehicles depends then on the whole country energy mix. Increasing the share of electrical energy coming from renewable sources will be strengthening advantages of electrical vehicles as ecological solutions for transport.

Source: E. Król. Emission of pollutions by electrical vehicles, 2016

Climatic changes bring environmental, social and economic impact. These effects (already existing or foreseen) like, e.g. changes in the level of oceans and seas, more frequent extreme weather conditions, and changes of agricultural production determinants generate socio-economic costs.



Usage of fuel and emissions

Changes of climate are one of the most serious contemporary environment challenges. The reasons of global warming include, among other things, combustion of fossil fuels which increase concentration of greenhouse gases in the atmosphere.

That is why development of low emission solutions for transport and reduction of fuel consumption are so important.



**800,000
LITRES**

In 2016, the Group, performing the same transport works limited fuel consumption by rolling stock and sidings

by **800,000 litres or 8%** in comparison with 2015.

The average lorry would have to drive over **2 million km** to burn this amount of fuel.



**2,130
TONNES**

This in turn, allowed for lowering emissions at the place of usage by **2,130 tonnes of CO₂**.

This amount of CO₂ would need **426,000 big trees every year** to be absorbed.

Source: www.ziemianarozdrozu.pl



**830,000
PLN**

As a result, **costs of climatic changes** resulting from consumption of fuel by the Group dropped by approx. **PLN 830,000** w 2016.

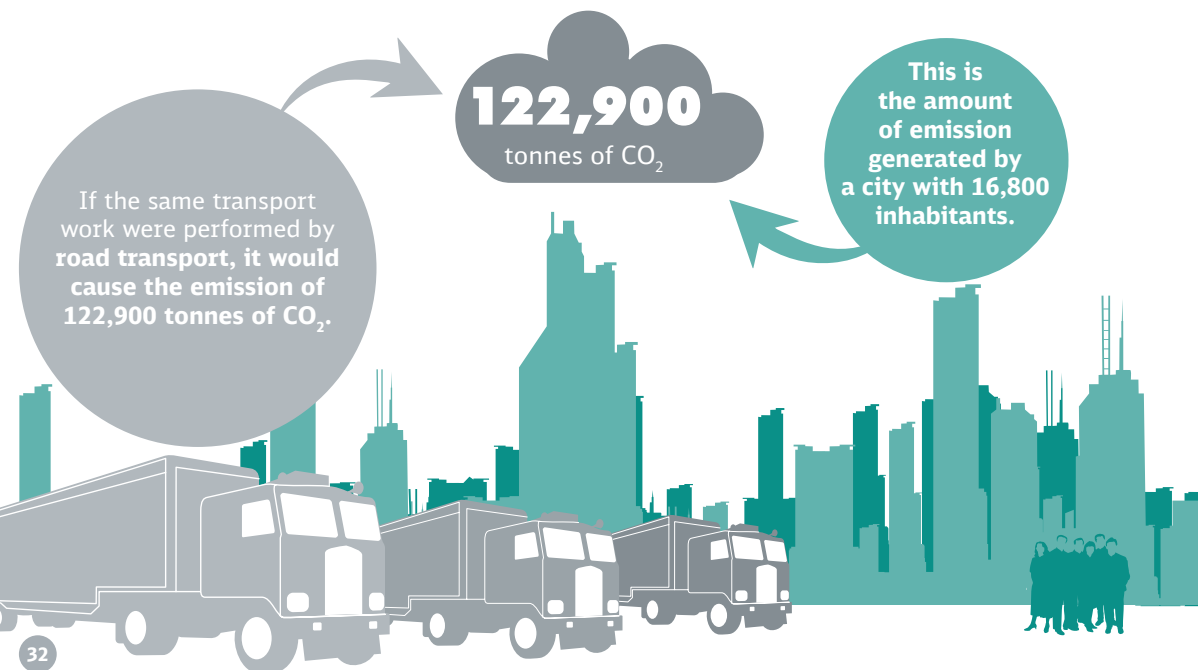



* calculations made with the use of the following ratios: 2.66 kg CO₂ / 1 litre of fuel Source: Ricardo-AEA, Update of the Handbook on External Costs of Transport, 2014

Intermodal transport

DB Cargo Polska is one of the biggest entities on Polish intermodal railway carriages market.

The Group transported 2,400 tonnes of cargo by intermodal transport in 2016, performing thus the transport work equal to 879 million tkms. It must be stressed here that all intermodal transports of the Group are performed by electrical trains.





In 2016 the Group transported
2,400 tonnes
of cargo by intermodal
transport, performing thus
the transport work equal to
879 million tkms.

Insulation of the building

In 2016, the DB Cargo Polska production hall in Rybnik was undergoing thermal modernization. It consisted in implementation of changes that would reduce heat losses and ensure more economic and energy-saving heating of buildings. The following elements were insulated, after consultations with the energy auditor: walls, floors, flat roofs and also windows and doors. This action resulted in many benefits – of both environmental and financial nature.



Annual decrease of demand for energy

23.2%

Thanks to the insulation, improvement of the thermal transmittance value in some dividers was even

4-fold.



The ratio of annual demand for heat (kWh/m²/year) needed for the building decreased by this value.

This equals to annual savings of CO₂ emission amounting to **30 kg per each m²** of the heated part of the building. Relating this to the net area of the building, the reduction of CO₂ emission was over **850 tonnes/year**.

This amount of carbon dioxide is equal to annual CO₂ emission of **281** households.

Modernisation of lighting

Modernisation of lighting made in the hall in Rybnik and in the administration building in Zabrze needs special attention. The modernisation comprised replacement of lighting fixtures in energy saving LED's which are more environment-friendly due to their long life, better efficiency and resistance and also lack of toxic materials in their composition.



855

This is the number of fixtures replaced in the hall in Rybnik and in the administration building in Zabrze.

They were replaced by

815 energy saving LED's.



As a result of the modernisation, the total power installed decreased by more than

86,000 W, which

means the reduction

by **52%**.



Annual energy costs have dropped by more than

HALF.



Thanks to these efforts DB Cargo avoided emission of

297 tonnes of CO₂ per a year

This emission equals to usage of 115,000 litres of fuel or annual CO₂ emission of 28 households.



Assumptions of the report and methodology of the survey

This brochure is the summary of comprehensive survey of the impact in economic, social and environmental areas performed by the team of Deloitte Advisory Ltd. from January to April 2017 for DB Cargo Polska. The survey covered several dozen of impact ratios from three key areas.

ASSUMPTIONS OF THE SURVEY

Estimation of the impact ratios solely for the DB Cargo Polska activity in 2016 in economic area and for selected past years in social and environmental areas. Calculations based on data provided by DB Cargo and external entities.

METHODOLOGY

Economic effects were estimated with the use of calculation model prepared on the basis of the input-output tables.

Total economic effects shown in the brochure are the sum total of economic direct and indirect (generated in the chain of provisions) as well as induced effects (generated by remunerations of employees).

The presented comparisons are basing on generally available statistics. Data used in the survey were delivered by DB Cargo Polska or gained from general sources.

CONTACT

DB Cargo Polska S.A.
ul. Wolności 337
41-800 Zabrze, Polska
+48 32 271 44 41

www.pl.dbcargo.com
www.dbcargo.com

Date of publication: August 2017

