

**RULES OF THE SUPERVISORY BOARD**  
**of the company under the business name of Trakcja Polska-PRKiL S.A.**

**I. General Provisions**

**§1**

The Supervisory Board shall exercise permanent supervision over the Company's activities in all areas of operation.

**§2**

1. The Supervisory Board shall operate in accordance with the Statute of joint stock Company, these Rules, resolutions of the General Meeting of Shareholders, provisions of the Polish Commercial Companies Code as well as taking into consideration the Best Practice principles adopted by the authorities of the Warsaw Stock Exchange, to the extent adopted by the Company's bodies.
2. The Rules of the Supervisory Board are available to general public at the Company's website and in the Company's seat.
3. The Supervisory Board adopts resolutions, gives recommendations and opinions as well as brings requests to the General Meeting of Shareholders.
4. The Supervisory Board cannot give the Management Board any binding instructions as to the management of the Company's affairs.
5. Any dispute between the Supervisory Board and the Management Board shall be resolved by the General Meeting of Shareholders.

**§3**

1. The Supervisory Board may establish committees within the Supervisory Board, especially Remuneration Committee and Audit Committee.
2. Committees give recommendations, however cannot give the Supervisory Board nor Management Board any binding instructions.
3. The Supervisory Board adopts in a resolution rules of a committee.
4. At least one member of the committee shall be an independent member of the Supervisory Board.

**Explanation:** There are committees present in the Supervisory Board and above added provisions are needed.

**Explanation:** following removed duties are a repetition of a Statute. There is no need to have them in the Rules, which is an act of a lower significance, since Supervisory Board acts based on the Statute.

~~The statutory duties of Supervisory Board, aside from other matters provided for in applicable laws, include:~~

- ~~1. appointment and dismissal of the members of the Management Board of the Company;~~
- ~~2. determination of rules of remuneration of the Management Board members;~~
- ~~3. approval of the Rules of the Management Board of the Company and any amendments thereto;~~

- ~~4. consent for the Management Board to undertake activities competitive to the Company;~~
- ~~5. consent for the members of the Supervisory Board and candidates for the Supervisory Board, in accordance with the provisions of § 17 herein below, to undertake competitive activities;~~
- ~~6. consent for appointment and dismissal of members of any bodies of any subsidiaries of the Company;~~
- ~~7. appointment of the chartered accountant for the Company;~~
- ~~8. approval of the Company's annual budget, business plan and strategy plan as well as any modifications thereof;~~
- ~~9. consent to undertake activities other than those covered by the scope of the Company's core operations or included in the business plan and strategy plan as approved by the Supervisory Board;~~
- ~~10. opinion on increase or reduction of the Company's share capital before the draft resolution in this matter is presented to the General Meeting of Shareholders (with the proviso that the opinion of the Supervisory Board in this matter is not binding upon the General Meeting of Shareholders);~~
- ~~11. consent for award of options or any other securities convertible or exchangeable to the Company's shares;~~
- ~~12. opinion on dissolution of the Company before the draft resolution in this matter is presented to the General Meeting of Shareholders (with the proviso that the opinion of the Supervisory Board in this matter is not binding upon the General Meeting of Shareholders);~~
- ~~13. consent for the Company to incur financial liabilities (including loans) in the amount exceeding the limits set out by the Supervisory Board;~~
- ~~14. consent to extend loans, issue guarantees, issue promissory notes or bills of exchange or similar instruments on the Company's behalf to secure third parties' obligations and to take actions aimed at securing third parties' obligations in the amount exceeding the limits set out by the Supervisory Board;~~
- ~~15. consent for purchase, lease, sale or any other form of transfer of a real property, perpetual usufruct or interest in real property by the Company, in the amount exceeding the limits set out by the Supervisory Board;~~
- ~~16. consent for suggested amendments of charters (articles of association) of any subsidiaries of the Company as well as other draft resolutions presented by relevant Management Boards prior to their presentation to the General Meeting of Shareholders of a given subsidiary;~~
- ~~17. consent for appointment of commercial proxy [prokurent] for the Company;~~
- ~~18. consent for the Company to enter into a contract, transaction or several related contracts or transactions going beyond the scope of the Company's regular operations or unrelated to the Company's core operations, in the amount exceeding the limits set out by the Supervisory Board;~~
- ~~19. consent for purchase, sale, rental and disposal or any tangible assets or any other assets of the Company under a transaction going beyond the scope of the Company's~~

~~regular operations or unrelated to the Company's core operations, with the purchase price exceeding the limits set out by the Supervisory Board;~~

~~20. consent to take up or buy shares in other companies or to make another investment in other companies or to join a joint venture, when the amount of single investment exceeds the limits set out by the Supervisory Board;~~

~~21. consent to form a joint venture with third parties or enter into a similar agreement with third parties, in the amount exceeding the limits set out by the Supervisory Board;~~

~~22. consent for participation in tender procedure, in the amount exceeding the limits set out by the Supervisory Board;~~

~~23. establishment of any encumbrance or other collateral or any assets or commercial undertakings of the Company, in the amount exceeding the limits set out by the Supervisory Board, except for encumbrances established in relation to guarantees issued by the Company or for the Company's obligations in connection with transactions referred to in the point herein below;~~

~~24. guarantees to third parties, other than guarantees given in connection with works that may arise from transactions under regular operations of the Company with regard to railway industry and municipal rolling stock;~~

~~25. consent to purchase or sell intellectual and/or industrial property and to enter into license agreements, in the amount exceeding the limits set out by the Supervisory Board;~~

~~26. consent to enter into any contracts, transactions or several related contracts or transactions with related parties as defined in Article 4.1.4 and 4.1.5 of the Polish Commercial Companies Code (except for contracts and transactions with the companies being members of the Company's group), in the amount exceeding the limits set out by the Supervisory Board;~~

~~27. consent to enter into exclusivity agreements, in the amount exceeding the limits set out by the Supervisory Board.~~

#### §4

1. The Supervisory Board elects the chartered accountant in such a manner so as to ensure his/her independence in performance of entrusted tasks.

2. The Supervisory Board shall change the chartered auditor pursuant to the generally applicable law at least once in 7 years, in accordance with the procedure ensuring the Company's safety.

3. When determining the remuneration for Management Board members, the Supervisory Board takes into account the motivating nature thereof as well as the need to ensure effective and smooth management of the Company. The remuneration shall be adequate to the Company's size and economic performance, and should be also related to the scope of liability involved in fulfilled function as well as take into account the level of remuneration for the Management Board members in peer companies in a comparable market.

**Explanation:** the Company selects the chartered auditor according to the generally applicable law. Due to law changes in this matter, it would be inconvenient to include provisions of the generally applicable law in this regard to this Rules of the Supervisory Board.

## §5

1. In order to perform its duties properly, the Supervisory Board shall receive from the Management Board regular and exhaustive information updates about all material matters related to the Company and about the risk associated with pursued business and risk management methods. The Supervisory Board can examine all documents of the Company, demand the Management Board and employees to give reports and clarifications as well as review the condition of the Company's assets.
2. Every year, the Supervisory shall present to the Ordinary General Meeting of Shareholders a concise assessment of the Company's situation. This assessment shall be made available to the shareholders at such a time as would allow them to study the assessment before the Ordinary General Meeting of Shareholders.
3. The members of Supervisory Board should participate in General Meetings of Shareholders and [give clarifications and information] within the scope of their competences and to the extent necessary for resolution of matters discussed by the General Meeting.

## II. Organisation of the Supervisory Board

### §6

1. The Supervisory Board shall be composed of ~~five-seven~~ members.
2. The Supervisory Board shall be composed of the Chairman, ~~two~~ Vice-Chairman and other members.
3. From among its members the Supervisory Board shall appoint the Chairman and Deputy Chairman (Vice-Chairman).

**Explanation:** change adapted according to the provisions of the Statute.

### §7

1. A Supervisory Board member should not resign from his/her function during his/her term of office if this would make it impossible for the Supervisory Board to function, particularly if it could hinder the timely adoption of an important resolution.
2. A member of Supervisory Board shall give to the Supervisory Board information about functions, which he/she fulfils, as well as other relations of a member of Supervisory Board as referred to in § 17 of the Statute of the Company, including personal, actual and organisational ties of the Supervisory Board member with the shareholders, in particular the majority shareholder, as well as any changes in this regard for the purposes of making such information available to the general public.
3. A member of the Supervisory Board shall give to the Management Board information about purchase or sale of shares in the Company or the Company's holding company or the Company's subsidiary as well as about any transactions with such companies, if such information is relevant to his/her financial standing or when the obligation to publish the information about executed transactions results from applicable laws on current and periodical information to be given by issuers of securities, so as to enable the Management Board the delivery of such information in a public manner and in compliance with the aforesaid laws.

### §8

1. The meetings of Supervisory Board shall be held in the Company's seat or in another place within the territory of the Republic of Poland as set out in the invitation, subject to § 9.2 of the Rules.
2. The meetings of the Supervisory Board, except for the matters related directly to the Management Board or its members, in particular: the consent for involvement in activities competitive to the Company and the determination of remuneration, should be open for and available to the members of the Management Board.
3. The Supervisory Board can invite employees of the Company or other individuals from outside the Company to the Supervisory Board's meetings, if their presence is beneficial for the Company. The decision to invite third parties is made by the person who convenes the meeting or presides over it.

## §9

1. The Supervisory Board adopts resolutions when there is at least ~~3/5 (three-fifths)~~half of its members present at the meeting, including the Chairman ~~or and at least one~~ Vice-Chairman, and all members have been invited to the meeting. The invitation shall be deemed to have been effective if made in writing, by fax to the fax number specified by a given member of the Supervisory Board or by e-mail to the e-mail address specified by a given member of the Supervisory Board. The invitation should contain information about the date and agenda of the meeting. If there is no quorum at the meeting of the Supervisory Board, the Chairman shall set another date for the meeting, to be held not later than within 7 days of the date of the meeting which was not effectively held due to lack of quorum.
2. It is admissible for the Supervisory Board to adopt its resolutions by circular or with use of direct remote communication means in accordance with § 14 herein below. For a resolution of the Supervisory Board to be adopted by circular or with use of direct remote communication means, required are: the majority of votes and quorum specified in the Statute of 3/5 of the members and ~~the participation of 3/5 of the members in voting shall be required.~~ A resolution is valid if all members of the Supervisory Board were notified of the text of draft resolution as described in § 14.2 and § 14.7, respectively, herein below.
3. Adopting resolutions in the manner specified in § 9.2 shall not apply in the case of election of the Chairman and Vice-Chairman of the Supervisory Board, appointment of a member of the Management Board or dismissal or suspension of the same.

**Explanation:** change adapted according to the provisions of the Statute.

## §10

1. The agenda of the meeting of the Supervisory Board shall be determined ~~7~~4 days prior to the anticipated date of the meeting and shall be approved by the Chairman.
2. The invitation, containing the date and anticipated agenda of the meeting, should be delivered to the members of the Supervisory Board at least ~~3-7 business~~ days prior to the date of the meeting. The invitation should be accompanied by information materials regarding the matters on the agenda. ~~The time referred to hereinabove may be shortened if there are extraordinary extenuating circumstances to do so.~~
3. The agenda of the meeting of the Supervisory Board should not be changed or supplemented during the meeting, to which it pertains, unless all members of the Supervisory Board are present at the meeting and agree to change or supplement the agenda, or when the specific action on the part of the Supervisory Board is necessary to prevent damage to the Company, also in the case of a

resolution concerning the assessment whether there is a conflict of interest between a member of the Supervisory Board and the Company.

**Explanation:** change adapted according to the provisions of the Statute.

#### **§11**

1. Resolutions of the Supervisory Board shall be adopted with simple majority of votes. In the case of an equal number of votes “for” and “against”, the Chairman of the Supervisory Board has the casting vote.
2. The voting at the Supervisory Board meetings shall be open. Personal matters shall be voted by secret ballot. Secret ballot can be ordered by the Chairman also at the request of at least one member of the Supervisory Board.

#### **§12**

1. The Supervisory Board is convened by the Chairman.
2. The Supervisory Board is convened as needed, at least ~~four times a year~~ ~~once every two months~~.
3. A convocation of the Supervisory Board can be also demanded by the Management Board or a member of the Supervisory Board, with presentation of the suggested agenda. The Chairman shall convene the meeting within two weeks of having received the request. If the Chairman fails to convene the meeting, the requesting party may convene the meeting himself/herself, stating the date, place and suggested agenda. For avoidance of doubts, the Management Board shall not be authorised to demand the instigation of the procedure for adoption of a Supervisory Board’s resolution in the manners set out in § 14 herein below.

**Explanation:** change adapted according to true practice of the Supervisory Board.

#### **§13**

The resolutions of the Supervisory Board and the meetings of the Supervisory Board are recorded in the minutes by minutes keeper who is not a member of the Supervisory Board or by an individual appointed by the Chairman from among the members of the Supervisory Board. The minutes should contain the agenda, names and surnames of the Supervisory Board members present, number of votes cast with regard to individual resolutions as well as *vota separata*, if any, and the procedure under which the resolution was adopted. The minutes must be signed by all Supervisory Board members present.

#### **§14**

1. The Supervisory Board can adopt resolutions by circular, in form of written statements, except for situations where the law or the provisions of the Company’s Statute prohibit the resolution to be adopted in such a manner. Each member of the Supervisory Board shall, immediately upon appointment, give to the Chairman written information about his/her address. Each member must notify any changes in his/her address to the Chairman.
2. The Chairman of the Supervisory Board or his/her appointee shall send to other members of the Supervisory Board, by e-mail or courier against acknowledgement of receipt, a notice of instigation of the procedure for adoption of resolution or resolutions by circular by the Supervisory Board. The draft resolution or resolutions to be voted by circular must be enclosed to this notice. The notice

should specify the address, to which the members of the Supervisory Board are to send the votes cast in accordance with § 14.3 herein below, or the person to whom such votes should be given.

3. The voting by circular takes place by delivery of written statement placed under the text of resolution or resolutions enclosed to the notice referred to in § 14.2 hereinabove. Such statement must specify whether the vote concerning a given resolution is cast “for” or “against” or abstained, as well as give the rationale and, subject to § 14.5 herein below, should be sent to the address or delivered to the person as per notice made under § 14.2 hereinabove.

4. The notice sent in connection with the instigation of the procedure for voting by circular should specify the time limit, within which the vote should be cast, in accordance with § 14.3 hereinabove. The aforesaid time limit cannot be shorter than 2 days from the date of dispatch of the aforesaid notice. Casting the vote (sending the letter) past the time limit shall mean that a given member of the Supervisory Board did not participate in the voting.

5. If the person who sends the notice of instigation of the procedure for voting by circular concerning resolution or resolutions, in accordance with § 14.2 hereinabove, is a member of the Supervisory Board, he/she does not send the notice to himself/herself, but casts the vote by giving the statement specifying whether the vote was cast “for” or “against” or abstained concerning the resolution or resolutions being voted.

6. The Supervisory Board can adopt resolutions with use of direct remote communication means. The members of the Supervisory Board can use any method of direct remote communications that is available to them at a given moment, and they are not obligated to use the same means of direct remote communication when voting. Each member of the Supervisory Board shall, immediately after voting, give the Chairman written information concerning the means of direct remote communication, i.e. his/her e-mail address, fax number and phone number. Each member must notify any changes in the aforesaid data to the Chairman of the Supervisory Board. A member of the Supervisory Board can notify his/her temporary means of direct remote communication that he/she intends to use in the particular voting.

7. Before voting with use of direct remote communication means, the Chairman or his/her appointee shall set the date of the voting. Such voting will be possible if all members of the Supervisory Board are notified about voting in the aforesaid manner at least 2 (two) business days prior to the date, and provided further that they are delivered the draft resolution or resolutions that are to be adopted in this manner. In emergencies, the voting of the Supervisory Board can take place without observance of the aforesaid time limits, provided that all members of the Supervisory Board consent. Such a consent can be also obtained with use of aforesaid means of direct remote communication.

8. After the voting ends, the Chairman of the Supervisory Board or the member of the Supervisory Board appointed by the Chairman draws up and signs the minutes. The minutes should contain a description of the voting method, text of voted resolutions, number of votes cast for resolutions, against resolutions and abstained.

## **§15**

1. The Supervisory Board carries out its duties jointly, it may, however, delegate its members to independently fulfil specific supervisory activities. The Supervisory Board is represented by the Chairman, and in the case of his/her absence – by the ViceChairman of the Supervisory Board.

2. The work of the Supervisory Board shall be directed by the Chairman and in the case of his/her absence – by the Vice-Chairman of the Supervisory Board.

3. A member of the Supervisory Board delegated by the Supervisory Board or a group [of shareholders] to exercise continuous supervision shall submit to the Supervisory Board detailed written reports on the function performed.

#### §16

1. The members of Supervisory Board are entitled to adequate remuneration. The remuneration shall be determined by the General Meeting of Shareholders. The remuneration is payable monthly. The information about the total sum of remuneration for all members of the Supervisory Board as well as the amount of remuneration for each member individually is disclosed in the Company's annual report.

2. The members of the Supervisory Board who are delegated to exercise continuous supervision and those who are temporarily delegated to perform the activities of the Management Board shall receive separate remuneration, in the amount determined by the General Meeting of Shareholders.

3. The members of the Supervisory Board are entitled to reimbursement for costs associated with their participation in the Board's work.

#### IV. Non-Competition

**Explanation:** this paragraph is a repetition of the Statute.

#### §17

1. A member of the Supervisory Board may not:

- ~~a) deal in competitive business, which for the purposes of this Article shall include: (i) construction and assembly, (ii) development activities and real property management, (iii) industrial waste management, (iv) municipal waste management, (v) waste treatment, and (vi) production and delivery of energy from renewable sources;~~
- ~~b) participate in any bodies of a competitor,~~
- ~~c) hold shares in a competitor,~~
- ~~d) be an employee, agent, representative or act in conjunction with a competitor, unless he/she was given an express prior consent of the Supervisory Board. For avoidance of doubts, any relation as described hereinabove with a shareholder, who together with its associated companies holds over 50% of votes at the General Meeting of Shareholders, shall not be treated as competitive activities or conflict of interest for the purposes of this Article.~~

~~2. A member of the Supervisory Board shall not take any actions which would be in conflict with his/her duties as a member of the Supervisory Board or may result in conflict of interest.~~

~~3. In the event of a conflict of interest or when taking up competitive activities, the members of the Supervisory Board shall notify this to the Company and shall refrain from taking part in the discussion and voting on this matter.~~

~~4. A member of the Supervisory Board shall apply to the Supervisory Board for its prior consent in the event of anticipated undertaking of competitive activities and shall resign from his/her function if the Supervisory Board refuses to grant its consent to such member of the Supervisory Board to take up competitive activities.~~

~~5. Prior to appointment, a candidate for a member of the Supervisory Board must give to the Company a statement that he/she does not pursue any competitive activities and is not in a conflict of interest, or a statement specifying, respectively, what competitive activities he/she pursues or what is the conflict of interest he/she is in, together with the request to the Supervisory Board for consent to pursue such competitive activities.~~

### **III. Final Provisions**

#### **§178**

1. Office services to the Supervisory Board are provided by the Company and the Company shall be obligated to appoint a person in charge of:
  - (i) notifying the members of the Supervisory Board about the planned meetings as well as obtaining the confirmation or refusal of their arrival;
  - (ii) preparing and delivering to the members of the Supervisory Board all materials needed for the meeting; keeping minutes of the meetings of the Supervisory Board;
  - (iii) drawing up the minutes and obtaining the signatures of the Supervisory Board members;
  - (iv) ensuring proper organisation of the meeting;
  - (v) taking other actions necessary for correct operation of the Supervisory Board.
2. The costs of services and operation of the Supervisory Board shall be paid by the Company.
3. In the case of any discrepancies between the provisions of these Rules and the provisions of the Company's Statute, the relevant provisions of the Company's Statute shall apply.
4. The Rules enter into force on the date of their adoption by the General Meeting of Shareholders.