



Warsaw, 26.02.2014

Report from the qualification proceeding

This report has been prepared under the contract executed between PKP CARGO S.A. and the Recruiting Consultant MMA Sp. z o.o. Sp. k. /Amrop/ (*hereinafter referred to as: Amrop*)

Pursuant to resolution no. 1271/V/2013 of 17.12.2013 adopted by the Supervisory Board of PKP CARGO S.A. in the matter of the initiation of qualification proceedings, a notice announcing the beginning of qualification proceedings for the position of President of the Management Board of PKP CARGO S.A. seated in Warsaw was published on 18.12.2014 in a nationwide newspaper and on the website of PKP CARGO S.A. The content of the notice was prepared by Amrop, with the reservation of the content of the aforementioned resolution of the Supervisory Board of PKP CARGO S.A.

Amrop received Candidates' applications until noon of 20.01.2014 until the deadline set for the acceptance of applications.

The Members of the Nomination Committee of the Supervisory Board of PKP CARGO S.A. specified below (*hereinafter referred to as: Nomination Committee Members*) assembled on 20.01.2014 at 3 p.m., at the seat of Amrop at Al. Jana Pawła II 19 in Warsaw:

1. Mr. Stanisław Knaflewski, Chairman of the Nomination Committee
2. Ms. Milena Pacia

together with the following representatives of Amrop (*hereinafter referred to as: Amrop representatives*):

1. Mrs. Justyna Kubickiej-Daab
2. Mrs. Agnieszka Sarnacka-Kotas
3. Mr. Tomasz Magda

The Chairman of the Nomination Committee, Mr. Stanisław Knaflewski, declared that he had convened the meeting of the Nomination Committee for the day of 20.01.2014 at 3 p.m. and that the attendance of two Committee Members enables the adoption of binding resolutions.

Next the Members of the Nomination Committee opened fourteen (14) envelopes in the presence of Amrop representatives, that were mailed to the address of Amrop at Al. Jana Pawła II 19 in Warsaw.

One (1) envelope remained sealed and was not subject to analysis as it was received at Amrop after the application deadline.



The Members of the Nomination Committee and the Amrop representatives conducted a preliminary analysis of the applications in the scope of the Candidates' compliance with the formal criteria related to the following:

- possession of a university level of education;
- possession of at least ten years of work experience whereas work experience includes any forms of employment or provision of services e.g. an employment contract, a service agreement, a management contract, etc.;
- possession of rights to fully exercise public rights;
- possession of full capacity of legal action;
- not meeting the legally prescribed limitations or bans on holding the position of Management Board Member in commercial companies.

Amrop representatives evaluated fourteen (14) applications and indicated twelve (12) candidatures that, in their opinion, meet the formal criteria defined in the aforementioned notice, as defined in the Regulation of the Council of Ministers of 18 March 2003 on the performance of qualification proceedings for the position of Management Board Member in some commercial companies (Journal of Laws from 2003, no. 55, item 476, as amended) and the „Regulations of appointing members of the Management Board of PKP CARGO S.A.” effective on the date of the initiation of the qualification proceeding for the position of President of the Management Board of PKP CARGO S.A. Next the Nomination Committee conducted a discussion and adopted resolution no. 3/2014 qualifying twelve (12) candidates to the next stage of qualification proceedings, according to the evaluation presented by the Recruiting Consultant.

The opened applications of Candidates that satisfied the formal criteria were distributed to the Chairman of the Supervisory Board of PKP CARGO S.A., Mr. Jakub Karnowski, the Chairman of the Nomination Committee of the Supervisory Board of PKP CARGO S.A., Mr. Stanisław Knaflewski, and the Amrop representatives, for the purpose of conducting an evaluation of the qualifications of the Candidates.

The competences subject to evaluation consisted of:

- experience on higher management level positions;
- experience in the scope of the operation of the industry representing the object of Company activity;
- experience in company management and the management of large employee teams;
- experience in the implementation of strategies, management and administration of complex projects;
- fluency in English.

The list of Candidates participating in the qualification proceeding has been enclosed as Attachment no. 1 to this „Report from the qualification proceeding”.

According to the provision of § 15 clause 2 of the „Regulations of appointing members of the Management Board of PKP CARGO S.A.” effective on the date of the initiation of the qualification proceeding for the position of President of the Management Board of PKP CARGO S.A., six (6) Candidates exercised their right to present a motion to the Amrop representatives to exclude their personal information in the disclosed report from the qualification proceeding.



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On 21.01.2014, the Chairman of the Nomination Committee, Mr. Stanisław Knaflewski, informed the Amrop representatives of the decision that qualification interviews performed by the Supervisory Board of PKP CARGO S.A. in the presence of Amrop representatives, have been planned for 27.01.2014 between 8 a.m. and 2 p.m. at the seat of PKP CARGO S.A. at ul. Grójecka 17 in Warsaw.

On 21.01.2014 and 22.01.2014, Amrop representatives informed the twelve (12) Candidates satisfying the formal criteria of the dates of the scheduled qualification interviews before the Supervisory Board of PKP CARGO S.A. conducted in the presence of Amrop representatives.

On 23.01.2014, the Amrop representatives provided a "Report from the qualification proceedings for the position of President of the Management Board of PKP CARGO S.A. Input material for the qualification interviews with Candidates" to the Members of the Nomination Committee. The aforementioned "Report" was prepared by the Recruiting Consultant – Amrop and contained the profiles of twelve (12) Candidates satisfying the formal criteria prepared on the basis of an analysis of the résumés and cover letters submitted by the Candidates in the qualification proceedings.

On 24.01.2014, one (1) Candidate of the twelve (12) satisfying the formal criteria, informed the Amrop representatives of his withdrawal from the qualification proceedings and declared his absence on the date scheduled for the qualification interview before the Supervisory Board of PKP CARGO S.A. In consequence, his candidature was not subject to consideration.

On 27.01.2014, qualification interviews were conducted by the Supervisory Board of PKP CARGO S.A. with eleven (11) Candidates satisfying the formal criteria, in the presence of Amrop representatives. The interviews began at 8:30 a.m. and concluded at 2 p.m. The scope of matters discussed during the qualification interviews complied with Attachment no. 1 to the „Regulations of appointing members of the Management Board of PKP CARGO S.A.” effective on the date of the initiation of the qualification proceeding for the position of President of the Management Board of PKP CARGO S.A., and consisted of the following:

- know-how in the scope of Company activity and the industry sector in which the Company conducts operations;
- knowledge of issues related to the management and administration of employee groups;
- knowledge of the conditions of operation of commercial companies, with particular emphasis of companies in which the State Treasury is an (indirect or direct) Shareholder; knowledge of the remuneration conditions in State Treasury owned companies, limitations in conducting business operation by persons holding public functions; and knowledge of the principles of ownership supervision;
- experience necessary to perform the function of Management Board Member in the Company;
- knowledge of at least one of the issues related to the field of another Member of the Management Board: accountancy, evaluation of investment projects, company finance, audit and financial controlling of a business, market and competition analysis, marketing, promotion, sales, public relations, conditions and provisions of labor law, the role of the Management Board in relations with employee



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representatives, collective labor conditions, hiring policy, assessment and motivation system, training and employee development, other qualifications corresponding to the scope of competence and duties of a Management Board Member;

- other competences relevant to the scope of competence and duties of the President of the Management Board.

Nine (9) Members of the Supervisory Board participated in the qualification interviews on the part of the Supervisory Board of PKP CARGO S.A.:

1. Mr. Jakub Karnowski, Przewodniczący Rady Nadzorczej
2. Mr. Stanisław Knaflewski, Przewodniczący Komitetu ds. Nominacji
3. Ms. Milena Pacia
4. Mr. Konrad Anuszkiewicz
5. Mr. Krzysztof Czarnota
6. Mr. Kazimierz Jamrozik
7. Mr. Michał Karczyński
8. Mr. Marek Podskalny
9. Mr. Paweł Ruka

Three (3) persons participated in the qualification interviews on the part of the Amrop representatives:

1. Mrs. Justyna Kubicka-Daab
2. Mrs. Agnieszka Sarnacka-Kotas
3. Mr. Tomasz Magda

Upon consideration of the evaluation presented by Amrop representatives, following a discussion and voting, the Supervisory Board of PKP CARGO S.A. selected a short list of four (4) Candidates for further qualification interviews. The next interview round will be preceded by a psychometric assessment of the four (4) selected Candidates and the collection of reference letters by the Amrop representatives. The Supervisory Board of PKP CARGO S.A. scheduled the additional round of qualification interviews for 03.02.2014, between 8 a.m. and noon, at the seat of PKP CARGO S.A. at ul. Grójecka 17 in Warsaw.

On 27.01.2014, the Amrop representatives informed the aforementioned four (4) Candidates that they have been selected by the Supervisory Board of PKP CARGO S.A. to the next round of qualification interviews as well as of the scheduled date thereof, the matters to be discussed, the decision to conduct psychometric testing and the collection of references.

On 30.01.2014, the Amrop representatives informed the other seven (7) Candidates that they have been excluded from further qualification proceedings by decision of the Supervisory Board of PKP CARGO S.A. and thanked them for their applications on behalf of the Supervisory Board of PKP CARGO S.A.

On 30.01.2014, the Amrop representatives provided two reports to the Members of the Nomination Committee. In the first document entitled „Report from the qualification proceeding for the position of President of the Management Board of PKP CARGO S.A., prepared by the Recruiting Consultant Amrop. Material prepared following qualification interviews with Candidates”, the Amrop team presented the profiles of eleven (11) Candidates satisfying the formal criteria in the qualification proceeding who, at the scheduled



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date, attended the qualification interview before the Supervisory Board of PKP CARGO S.A. that was conducted in the presence of Amrop representatives. The aforementioned profiles were prepared on the basis of an analysis of the résumés and cover letters submitted by the Candidates in the qualification proceedings as well as on the basis of conclusions drawn following the qualification interviews conducted with the Candidates on 27.01.2014. In the second document entitled „Report from the qualification proceeding for the position of President of the Management Board of PKP CARGO S.A., prepared by the Recruiting Consultant Amrop. Input material for qualification interviews with shortlisted Candidates”, the Amrop team presented the profiles of the four (4) Candidates selected after the first round of interviews to the short list. The aforementioned profiles were prepared on the basis of an analysis of the résumés and cover letters submitted by the Candidates in the qualification proceedings as well as on the basis of conclusions drawn following the qualification interviews conducted with the Candidates on 27.01.2014, and the analysis of the results of psychometric tests completed by the Candidates and information obtained about the Candidates whilst collecting their professional references.

On 03.02.2014, the next round of qualification interviews were conducted by the Supervisory Board of PKP CARGO S.A. in the presence of Amrop representatives, with the four (4) Candidates selected to the short list. The interviews began at 8 a.m. and ended at noon. The scope of topics discussed during the qualification interview consisted of:

- the Candidate's vision of the operation of the Company;
- plan to internationally expand the activity of the Company;
- the Candidates approach to employee matters;
- the plan to improve the efficiency of the Company;
- the concept of changes in the commercial sector;
- the approach to cooperation with the owner.

Nine (9) Members of the Supervisory Board participated in the qualification interviews on the part of the Supervisory Board of PKP CARGO S.A.:

1. Mr. Jakub Karnowski, Przewodniczący Rady Nadzorczej
2. Mr. Stanisław Knaflewski, Przewodniczący Komitetu ds. Nominacji
3. Ms. Milena Pacia
4. Mr. Konrad Anuszkiewicz
5. Mr. Krzysztof Czarnota
6. Mr. Kazimierz Jamrozik
7. Mr. Michał Karczyński
8. Mr. Marek Podskalny
9. Mr. Paweł Ruka

Three (3) persons participated in the qualification interviews on the part of the Amrop representatives:

1. Mrs. Justyna Kubicka-Daab
2. Mrs. Agnieszka Sarnacka-Kotas
3. Mr. Tomasz Magda

A session of the Supervisory Board of PKP CARGO S.A. was convened for noon of 03.02.2014. The session began as scheduled and was attended by all the aforementioned



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Members of the Supervisory Board who participated in the next round of qualification interviews and by Ms. Danuta Tyszkiewicz.

The Supervisory Board of PKP CARGO S.A. asked the Amrop representatives to present an evaluation of the Candidates following the first and second round of qualification interviews. The Recruiting Consultant gave a positive opinion of two (2) of the Candidates for the position of President of the Management Board of PKP CARGO S.A. The opinion was presented verbally to the Supervisory Board of PKP CARGO S.A. and then promptly provided in writing to the Chairman of the Nomination Committee, Mr. Stanisław Knaflewski.

Next, the Supervisory Board of PKP CARGO S.A. conducted a discussion and a secret ballot vote on the resolution selecting the candidate for President of the Management Board of PKP CARGO S.A. By Resolution of the Supervisory Board of PKP CARGO S.A. no. 1278/V/2014 of 03.02.2014, the Supervisory Board selected Mr. Adam Purwin as the candidate for the position of President of the Management Board. Ten (10) valid votes were cast in the voting including nine (9) in favor of the resolution and one (1) vote abstaining.

On 03.02.2014, the Amrop representatives presented the decision of the Supervisory Board of PKP CARGO S.A. to Mr. Adam Purwin selecting him as the Candidate for the position of President of the Management Board of PKP CARGO S.A. That same date, Mr. Adam Purwin confirmed his consent to the appointment to the position of President of the Management Board of PKP CARGO S.A.

A session of the Supervisory Board of PKP CARGO S.A. was convened on 06.02.2014 at 8 a.m. and began as scheduled. The session was attended by all the Members of the Supervisory Board of PKP CARGO S.A., namely:

1. Mr. Jakub Karnowski, Chairman of the Supervisory Board
2. Mr. Konrad Anuszkiewicz
3. Mr. Krzysztof Czarnota
4. Mr. Kazimierz Jamrozik
5. Mr. Michał Karczyński
6. Mr. Artur Kawaler
7. Mr. Stanisław Knaflewski
8. Ms. Milena Pacia
9. Mr. Marek Podskalny
10. Mr. Paweł Ruka
11. Ms. Danuta Tyszkiewicz

The Chairman informed the Members of the Supervisory Board of the consent of Mr. Adam Purwin to the appointment to the position of President of the Management Board of PKP CARGO S.A. and ordained a secret ballot vote over the resolution appointing Mr. Adam Purwin to the position of President of the Management Board. As a result of the secret ballot vote, the Supervisory Board adopted resolution no. 1279/V/2014 of the Supervisory Board of PKP CARGO S.A. of 06.02.2014 appointing Mr. Adam Purwin to the position of President of the Management Board. Eleven (11) valid votes were cast in the vote including ten (10) votes in favor of the resolution and one (1) vote abstaining.

On 06.02.2014, the Amrop representatives presented the decision of the Supervisory Board of PKP CARGO S.A. to the three (3) shortlisted Candidates who were not appointed to the



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position of President of the Management Board of PKP CARGO S.A., informing them of the conclusion of their participation in the qualification proceeding by decision of the Supervisory Board of PKP CARGO S.A., and thanking them for the presentation of their candidature on behalf of the Supervisory Board of PKP CARGO S.A.

The documents of the Candidates who were not selected in the qualification proceeding for the position of the President of the Management Board of PKP CARGO S.A. and the documents of Candidates whose application were not subject to consideration for reasons of their non-compliance with the formal criteria, shall be returned to the Candidates by the Amrop representatives by registered mail with information on the completion of the qualification proceeding.

It is hereby declared that the qualification proceeding for the position of the President of the Management Board of PKP CARGO S.A. was conducted in accordance with the procedure of appointing a Management Board Member, in this case the President of the Management Board, as defined in the „Statute of PKP CARGO S.A.” and the „ Regulations of appointing members of the Management Board of PKP CARGO S.A.” effective on the date of the initiation of the qualification proceeding for the position of President of the Management Board of PKP CARGO S.A.

For the Recruiting Consultant
MMA Sp. z o.o. Sp. k. /Amrop/:

For the Supervisory Board of
PKP CARGO S.A.:

Tomasz Magda
President of the Management Board

Jakub Karnowski
Chairman of the Supervisory Board

Stanisław Knaflewski
Chairman of the Nomination Committee

Milena Pacia
Member of the Nomination Committee



Attachment no. 1 to the „Report from the qualification proceeding”

**List of candidates in the qualification proceeding for
the position of the President of the Management Board of PKP CARGO S.A.***

1. Candidate no.1
2. Candidate no.2 (Candidate has filed 2 applications)
3. Candidate no.3
4. Candidate no.4 (Mr. Adam Purwin)
5. Candidate no.5
6. Candidate no.6
7. Candidate no.7
8. Candidate no.8
9. Candidate no.9
10. Candidate no.10
11. Candidate no.11
12. Candidate no.12
13. Candidate no.13

* The names of the candidates have been removed due to the protection of personal data – Personal Data Protection Act of 29 August 1997 (Journal of Laws No. 133 of 1997, item 883).