



budimex

**FOR PEOPLE
FOR A BETTER LIFE
FOR THE ENVIRONMENT**



Non-financial report of the Budimex Group for 2023

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1. LETTER FROM THE PRESIDENT

[GRI 2-22]

**Dear Stakeholders,
Budimex Group's business and community partners!**

Presented below is the Budimex Group's non-financial report for 2023. In the report, we show how we are turning challenging environmental plans and social goals into measurable results. In these difficult times, we are not afraid to challenge ourselves to meet the expectations of our stakeholders. I would like to thank every employee who has contributed to our sustainability efforts.

In 2023, the construction sector stabilized after the difficulties caused by the pandemic and the war in Ukraine. Poland is now considered the largest construction site in Europe due to its large number of projects, especially in infrastructure. Although local conditions are favorable, we are not a green island – we face the same problems as other European Union countries, such as soaring costs and insufficient availability of workers.

In order to strengthen our potential in the sustainability area and to be even more responsive to the challenges of the future, we announced the *ESG Strategy 2023-2026 with an outlook until 2050*. The document systematizes our approach and plans in the environmental, social and governance areas. At its core are strategic goals that address key challenges for the construction sector and are consistent with the UN Sustainable Development Goals. They will set the pace for our operations.

As a proactive company, we focus on sustainable development. In 2023, we continued to increase our commitment to green energy. We invested in photovoltaics and in electrifying our vehicle fleet, and all the electricity we obtained from third-party suppliers came from renewable sources, which is confirmed by relevant guarantees.

We are raising the environmental awareness of our employees. Last year, they had the opportunity to take part in a grant program and win funds for grassroots projects in the ESG area, including education or climate change prevention projects. There has been a significant increase in the number of employees involved in research and development projects.

In the environment area, of particular relevance, in the context of the current environmental situation, is our promise to reduce CO₂ emissions from Scopes 1 and 2 by 20% by 2030 compared to 2020, and to aim for climate neutrality by 2050. Because of the focus of our activities, a significant positive impact will come from developing a circularity policy and its implementation. In the social and governance area, in turn, one should mention especially, among other things, the annual implementation of training and programs to promote a safety culture on our construction sites, the further equalization of wages between men and women, and the launch of a process of systemic identification and analysis of ESG risks.

I am convinced that by adopting a sustainable development perspective, we will collectively turn the current challenges into success.

I invite you to read the report and reflect on the Budimex Group's efforts for a better, sustainable future.

President of the Budimex SA Management Board

Artur Popko

2. ABOUT THE BUDIMEX GROUP

[GRI 2-1] [GRI 2-6] [ESRS SBM-1]

2.1. Business model and value chain

The Budimex Group provides a wide range of construction and assembly services, performed under the general contracting system in Poland and abroad, using the mineral and asphalt mixtures and prefabricated steel products it produces. In addition, it is expanding its presence in the waste management, infrastructure maintenance, building maintenance, renewable energy production and electromobility sectors.

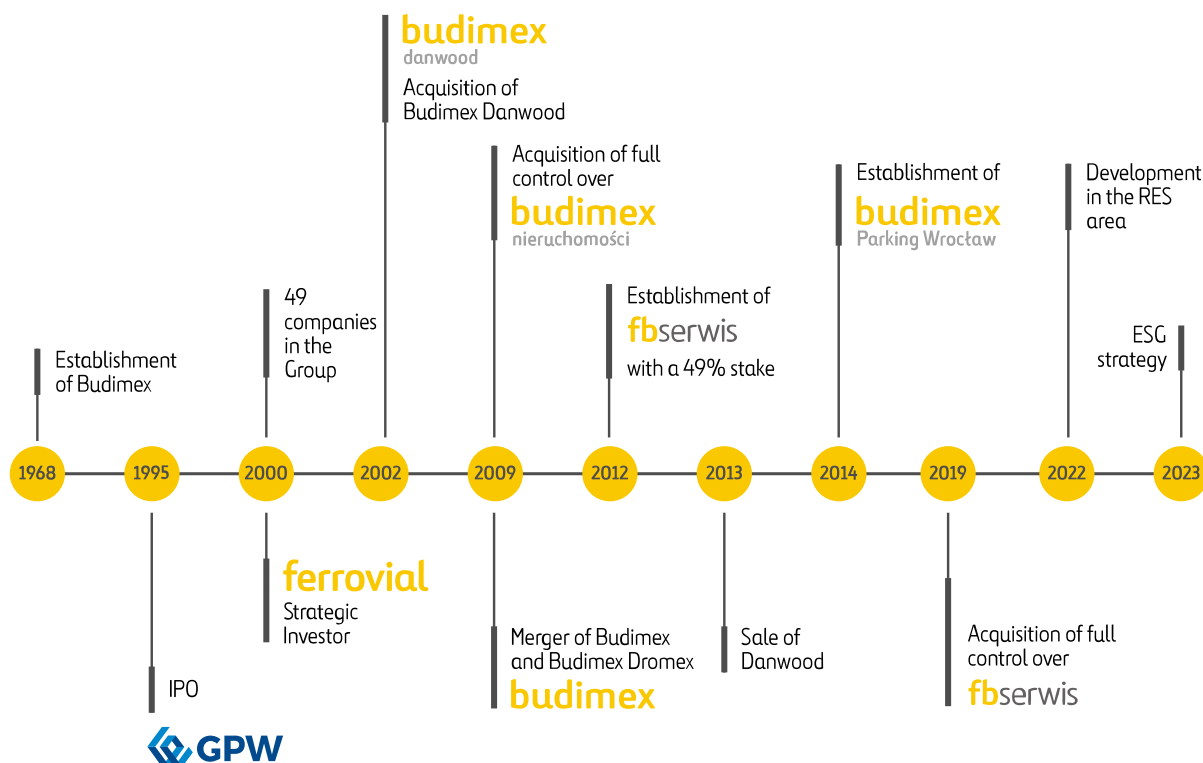
The largest entities in the Group are:

- Budimex SA (the parent company), which is a general contractor of infrastructure, railroad, building and industrial facilities, which it executes in cooperation with Budimex Budownictwo and Budimex Kolejnictwo,
- Mostostal Kraków SA, offering prefabrication, supply and assembly of steel structures, as well as mechanical assembly services for machinery and equipment for the cement and lime, power, metallurgical and chemical industries,
- The FBSerwis Group, which includes six companies that provide services in waste management (they have, among other things, their own processing facilities and landfills), road infrastructure maintenance, technical maintenance of facilities, and modernization of street lighting.

The offerings of individual Budimex Group companies are described in detail in the following section.

The distinguishing features of the company, whose history dates back to 1968, include a professional approach to the tasks entrusted, based on international management standards, extensive experience and highly qualified staff, the use of state-of-the-art technological solutions that are efficient and safe for people and the environment, and tailoring of services to customers' needs.

Figure 1. History of the Budimex Group



In 2000, a controlling stake in Budimex SA was purchased by one of the largest construction companies in the world – the Spanish construction concern Ferrovial. This confirms the company's strong foundations and high growth potential, while the market position and know-how of the strategic investor further support Budimex's competitive advantage.

Figure 2. Number of completed contracts

The Budimex Group carries out economic activities primarily in Poland, but also in foreign markets. The German Market Branch of Budimex SA has been operating for many years, with its operations focused on subcontracting services for companies in the following areas: production of prefabricated reinforced concrete elements, production of prefabricated elements for building and engineering construction, reinforcement works and production of steel structures for the construction of power plants, bridges, halls, containers, tanks and machinery. The local market is also the area where a branch of Mostostal SA and Budimex Bau operate, the latter having entered the market through the acquisition of construction contracts. Budimex SA provides services through separate branches in the Czech, Slovak and Latvian markets. For more information about the Group's foreign operations, see section 7.3.

Creating enterprise value

The Management Board of Budimex SA takes measures aimed at a steady increase in the company's value for all shareholders and defines the company's development directions. In 2024, the Budimex Group's activities will be focused on increasing the margins of its order portfolio and winning new profitable construction contracts in Poland and on foreign markets. In the long term, the Management Board of Budimex SA will strive to diversify the Group's business, both in the construction segment (inter alia increasing its market share in the railroad or hydro-engineering segments) and in the services segment (developing new fractions of waste and increasing processing capacity), as well as through the development of renewable energy activities on the way to building its own portfolio of wind and photovoltaic installations. Business objectives are supported by the ESG strategy published in 2023, the main principles of which are described in Section 3.3.

2.1.1. Main areas of activity

BUDIMEX SA

Infrastructure construction

As part of the Infrastructure Construction Division, the company carries out road, bridge and hydraulic engineering. The Division has its own equipment base, an asphalt plant and a network of certified laboratories. Its rich technological and equipment background enables it to undertake technically advanced projects throughout the country. Its offer is complemented by Budimex Group's FBSerwis Group, which provides comprehensive road infrastructure maintenance services.

General construction

Building construction is one of the pillars of Budimex SA's long-standing activities. The company's General Construction Division performs the full range of services of this segment and provides comprehensive support at every stage of the project. The General Construction Division's offer includes general contracting of public buildings, and commercial, industrial, military, residential and sports facilities. In the implementation of projects, it provides customers with full support of the technical office and optimal technological solutions, including those based on the BIM methodology, streamlining the process of designing, operation and management of facilities. Budimex SA's activities in the building segment are supported by other companies of the Budimex Group: Mostostal Kraków SA, specializing in the execution of steel structures, and FBSerwis in the area of technical maintenance of facilities.

Railroad construction

Railroad construction is another major area of Budimex SA's operations. The company carries out comprehensive railroad projects with full infrastructure facilities, such as platforms, stations and overpasses, including participation in the construction of new and modernization of existing railroad lines of strategic importance for Poland and the region. The Railway Construction Division has extensive and

modern equipment facilities and is constantly developing the competence of its personnel in the field of, among other things, high-speed rail construction. Budimex SA is among the three largest contractors for the modernization of railroad lines in Poland. The Division's offering is complemented by Budimex Kolejnictwo, which provides a variety of services for railroad construction, including equipment, welding, transportation and surveying.

Power and industrial construction

As a general contractor or in consortia with leading companies in the industrial sector, Budimex SA builds, among others, gas and steam units, gas transmission pipelines, thermal waste conversion installations, as well as water treatment stations and flue gas desulfurization or denitrification installations. The Power and Industrial Construction Division also participates in the development of nuclear power, supporting Poland's energy transition.

Laboratory services

The company has its own extensive laboratory and technological facilities, consisting of the Central Laboratory and 25 field laboratories. It makes it possible to effectively conduct ongoing quality control of individual construction work ranges, in accordance with contract terms and technical specifications, and to perform as-built analyses. Budimex SA Laboratories also provide services to third parties. The Central Laboratory is accredited by the Polish Accreditation Center under number AB1414.

Production of mineral and asphalt mixtures

Budimex SA has bitumen plants with a capacity of up to 320 tons per hour. High-end technological and laboratory facilities allow the company to produce mineral and asphalt mixtures that meet the requirements of European standards for construction products. To ensure production stability and maintain high quality, a Company Production Control system has been implemented in accordance with the requirements of the harmonized standards of the PN-EN 13108 series. The compounds produced are not only used for ongoing contracts, but also sold to external customers.

Equipment services

The Directorate of Equipment and Manufacturing Services¹ performs, among others, earthmoving and earth spreading, pavement milling, crane and transportation of oversized machinery and equipment services. The combination of state-of-the-art equipment, skilled operators and supervisory staff, and innovative solutions allows construction work to be carried out with the highest quality.

MOSTOSTAL KRAKÓW SA

Manufacturing of steel structures

The company's core business areas include prefabrication, supply and assembly of steel structures, as well as providing design services. The backbone of the company is the steel structure plants located in Kraków and Kleszczów, and from May 2023, also the Konstalex plant in Radomsko, which deals with heavy, mainly bridge steel structures. The company's total production potential exceeds 18,000 tons per year. Deliveries of structures are made, among others, for industrial, bridge and environmental facilities.

Industrial projects

The company is a designer and general contractor of steel structures for the construction of logistics centers, warehouses, industrial and power facilities, among others. It has established teams responsible for developing its modular construction offerings and implementing multi-level steel system parking lots.

¹ Until 1 February 2024, under the name Equipment Services Division.

FBSEWIS GROUP

Waste management

FBSEwis Group companies offer a full catalog of services in the area of municipal and industrial waste management, including collecting and transporting waste, managing waste processing facilities and landfills. In addition, they post employees to handle processes at customer sites, and advise on waste management and legal requirements in the environmental area. They perform tasks related to the maintenance of green areas and cleaning in cities and municipalities. The FBSEwis Group's operations are complemented by Circular Construction SA, whose business activities focuses on the collection, storage and processing of waste. The company specializes in the recycling of building materials.

Comprehensive road infrastructure maintenance services

The FBSEwis Group provides comprehensive summer and winter maintenance services for roads, engineering structures and outdoor areas, taking care of their proper condition, passability, cleanliness and appearance, as well as maintenance of horizontal and vertical road signs and traffic lights, etc. It also performs construction work and temporary signage for road works and events.

Lighting infrastructure management

FBSEwis performs comprehensive lighting modernization projects – from the system design stage, through obtaining construction permits and executing the works, to ongoing maintenance, and warranty and post-warranty repairs.

Technical building maintenance

The company provides technical maintenance and upkeep services for building installations, fit-out services, i.e. comprehensive development of building space, cleaning and green space maintenance services, as well as providing administrative and security services for facilities. In addition, it performs energy audits, or reviews of energy consumption with an indication of achievable savings.

In addition, the Budimex Group is active in renewable energy production and the development of electromobility infrastructure, as described in more detail in Section 7.4. The company's activity in foreign markets is presented in Section 7.3.

2.1.2. Our customers and suppliers

Budimex SA performs contracts for both public (state and local government) and private entities.

The most common kinds of entities in the company's supply chain are:

- construction contractor,
- building material suppliers,
- construction machinery service providers,
- fuel and energy suppliers,
- suppliers and service providers in support processes.

The company's customers include:

- road infrastructure managers (General Directorate for National Roads and Motorways, voivodship governments),
- railroad infrastructure manager (PKP Polskie Linie Kolejowe),
- manufacturing companies,
- developers,
- public institutions in the areas of administration, health care, culture, sports, etc.

Scale of Budimex SA's operations in 2023:

- putting 105 kilometers of new railroad track into service,
- putting nearly 121 kilometers of new roads into service,
- signing 71 new contracts with a total value of nearly PLN 7.5 billion.

Mostostal Kraków SA's customers include both private and public entities:

- industrial companies (including those in the cement and lime, metallurgical, chemical and power and fuel industries),
- railroad entities and municipal transportation companies,
- foreign customers purchasing mainly steel structures (including power and bridge companies and waste incinerators).

The most common kinds of entities in the company's supply chain are:

- suppliers of metallurgical materials and steel structures,
- installation work service providers,
- steel structure assembly service providers,
- companies engaged in hiring hourly workers,
- suppliers of construction materials and scaffolding.

Scale of Mostostal Kraków SA's operations in 2023:

- 58 contracts executed in Poland and abroad,
- signing 35 new contracts with a total value of PLN 525 million,
- the plant in Kraków produced 4,048 tons of steel structures, the plant in Kleszczów produced 3,932 tons, and the plant in Radomsko, since becoming part of the Mostostal Kraków Group in May 2023 – 3,608 tons.

Customers of FBŚerwis Group companies are public and private entities, including in particular:

- road managers,
- local governments (cities, municipalities, counties),
- retail chains,
- logistics and distribution centers,
- building owners/administrators,
- retail customers (including commercial undertakings of all sizes, including micro-undertakings).

The most common kinds of entities in the company's supply chain are:

- Waste management service providers – mainly waste processing and waste transportation, including waste collection,
- construction service providers,
- providers of services performed with vehicles, machinery and specialized equipment,
- providers of vehicles, machinery and specialized equipment rental services,
- fuel and energy suppliers,
- material suppliers,
- suppliers and service providers in support processes.

Scale of FBŚerwis Group's operations in 2023:

- technical maintenance of approx. 1,800 km of national roads and motorways and 6.5 million sqm of surface area,
- providing waste collection services to more than 600,000 residents nationwide,
- operation of five facilities for mechanical-biological processing of municipal waste and three landfills.

In 2023, there were no significant changes in the value chain (upstream, downstream) of any of the key Budimex Group companies.

Information on the Budimex Group's sales revenue structure and other data on the scale of operations and value chain can be found in the financial section of the 2023 report.

2.2. Management systems

Budimex Group companies have Integrated Management Systems (IMS) in place, which includes all the organizational units and functions of the entity and is characterized by:

- clear division of responsibilities and powers related to official positions,
- involving all employees in achieving the goals of the IMS,
- conducting all activities in accordance with the Integrated Management System Book and relevant procedures and instructions,
- documenting all required activities,
- periodic evaluation and continuous improvement.

The framework for the policies governing IMS in the companies is provided by the *Budimex Group Policy*. Some IMS documents are managed centrally and apply in unchanged form and content to all Group companies. A common system makes it possible to deepen the integration and systematization of the activities of all entities to ensure stable development and the achievement of ever higher levels of organization.

The said policy is discussed with the companies' employees during training sessions. It is subject to regular reviews, the results of which are the basis for corrective and preventive actions and other activities aimed at continuous improvement of the systems.

BUDIMEX SA

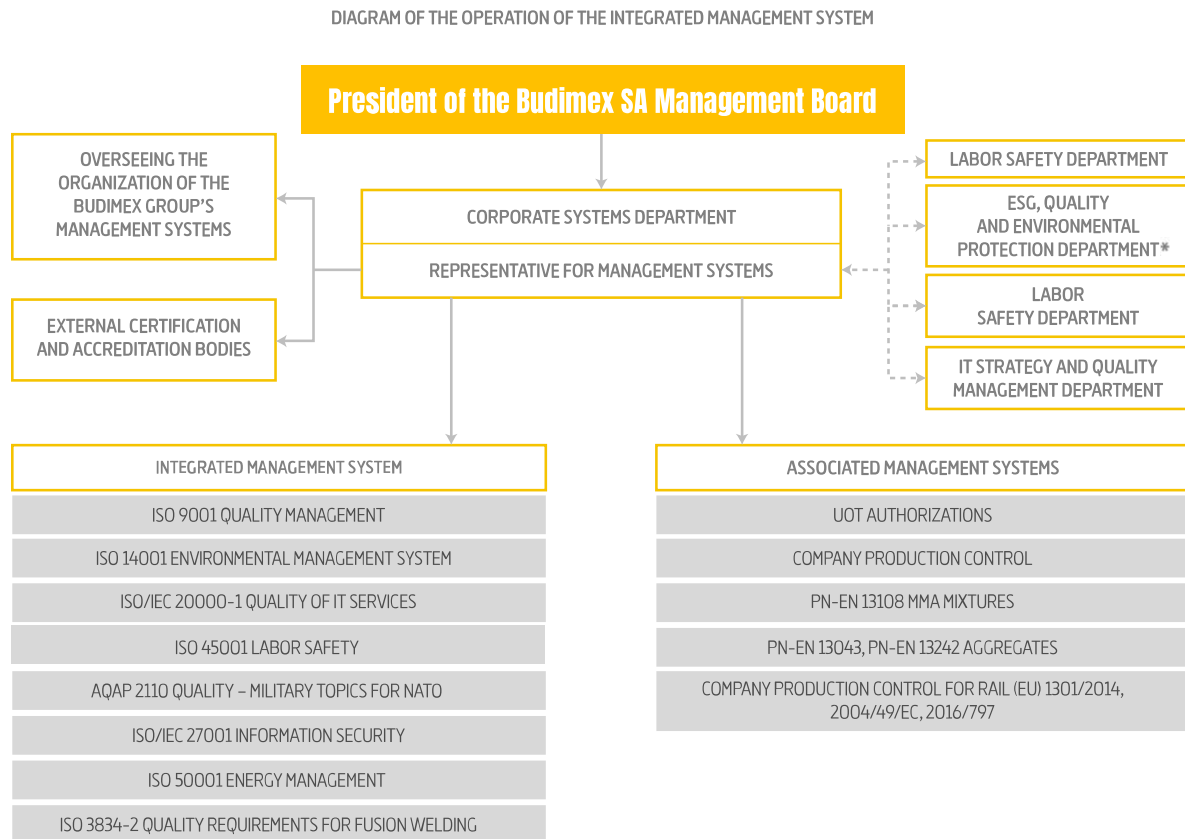
In the organization and implementation of investment projects, Budimex SA applies an Integrated Management System that includes:

- quality management system in accordance with the requirements of ISO 9001,
- ISO 14001-compliant environmental management system,
- ISO 45001-compliant occupational health and safety management system,
- ISO 50001-compliant energy management system,
- welding quality management system in accordance with ISO 3834-2,
- quality assurance system based on the requirements of the NATO AQAP 2110 standard,
- ISO/IEC 27001-compliant information security system,
- ISO/IEC 20000-1-compliant IT service quality management system.

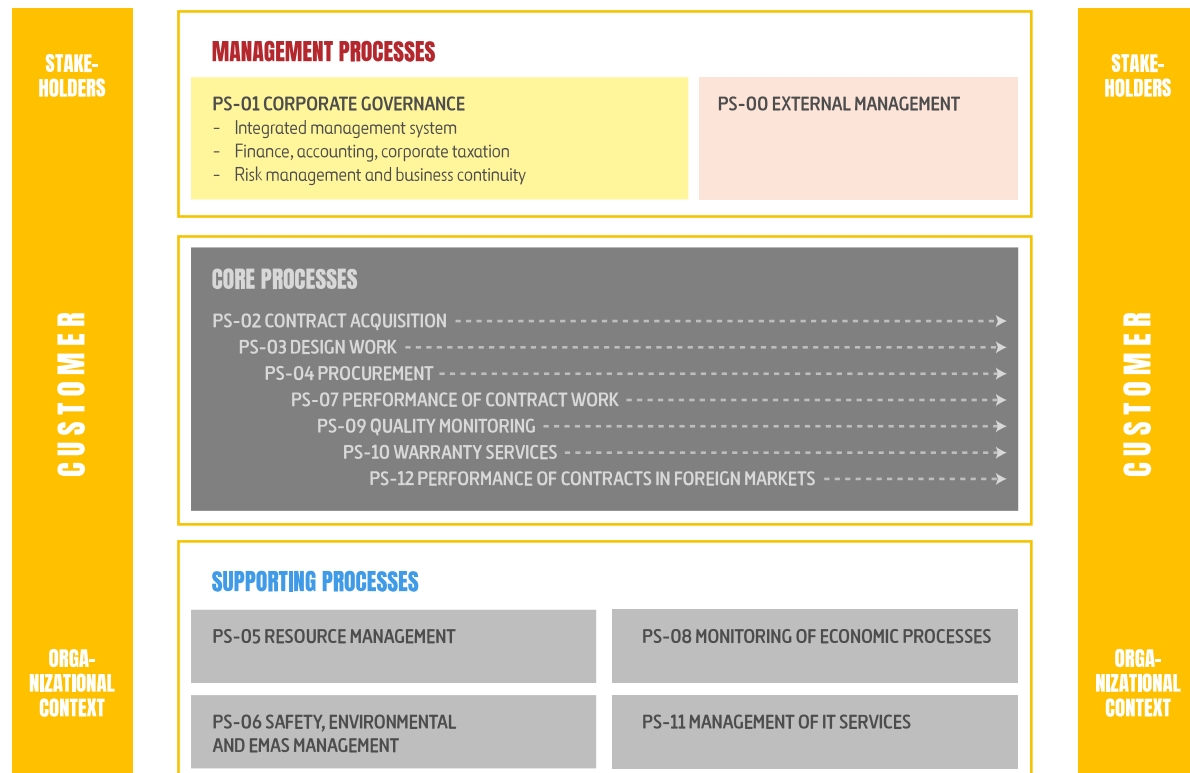
The Integrated Management System is coordinated jointly with associated systems, including:

- supervision of the fulfillment of the relevant organizational and technical requirements to maintain the authorizations granted by the Office of Technical Inspection, and concerning the manufacture, repair and modernization of technical equipment, as well as materials and components used in their manufacture,
- Company Production Control (ZKP), which is a permanent internal control following from the laws ensuring repeatability of production and providing evidence of compliance with the technical specifications adopted for individual construction products used in EU countries. At Budimex SA, the ZKP includes in particular the production of mineral and asphalt mixtures and aggregates used in road construction, as well as projects in the area of railroad construction.

Supervision of the functioning of the IMS and associated systems at Budimex SA is exercised by the Corporate Systems Department and the Management Board Systems Representative. Internal audits in this area are carried out by the Management Systems Audit Department, a unit of the Internal Audit Department.

Figure 3. Diagram of the operation of the Integrated Management System

* Until February 2024 under the name of the Procurement, Quality and Environmental Protection Department.

Figure 4. Defined processes in IMS

MOSTOSTAL KRAKÓW SA

At Mostostal Kraków SA, the Integrated Management System (IMS) consists of:

- ISO 9001-compliant quality management system,
- ISO 14001-compliant environmental management system,
- ISO 45001-compliant occupational health and safety management system.

They are supervised by the Management Board's Integrated Management System representative.

The scope of the IMS described above includes the organization and management of comprehensive project implementation, construction, supply and installation of general, industrial and communications construction facilities, as well as the implementation of industrial pipelines. Scope of the IMS applies to construction contracts performed in the Republic of Poland and abroad.

Associated systems, which are consistent with the IMS and use part of its procedures and instructions, include:

- Company Production Control (CPC) system – based on the requirements of the harmonized standard PN-EN 1090-1, which is part of the group of European standards for the design and manufacture of steel or aluminum supporting structure elements,
- welding quality management system – based on the requirements of ISO 3834-2,
- quality system for the competence of the plant laboratory – based on the requirements of ISO/IEC 17025.

FBSEWIS GROUP

The environmental management system at the FBSeWis Group is based on policies grounded in the requirements of *Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 establishing best available techniques (BAT) conclusions for waste treatment*. BAT conclusions have been implemented at FBSeWis Dolny Śląsk, FBSeWis Karpatia, FBSeWis Kamieński and FBSeWis Wrocław based on operating procedures.

FBSeWis Wrocław has implemented an Integrated Management System compliant with ISO 9001 and ISO 14001. Its scope includes pick-up, collection and transportation of solid waste (municipal and industrial), collection and transportation of liquid waste, mechanical-biological processing of municipal waste, trading in recyclables, cleaning of outdoor and indoor areas, and summer and winter maintenance of roads and sidewalks.

Management systems certificates

The effectiveness of the implemented management systems is guaranteed by the constant supervision of external independent certification bodies. In 2023, the systems discussed above underwent adequate external supervision audits, which resulted in the maintenance of certificates of compliance with the relevant ISO standards.

2.3. Group structure

The Group's structure as of 31 December 2023 is as follows:

- Budimex SA – parent company

Consolidated companies:

- Budimex SA
- Mostostal Kraków SA – 100% shares
- Mostostal Kraków Energetyka Sp. z o.o. – 100% of shares (indirectly through Mostostal Kraków SA)
- Budimex Bau GmbH – 100% shares
- Budimex Budownictwo Sp. z o.o. – 100% shares
- Budimex Kolejnictwo SA – 100% shares
- Budimex Parking Wrocław Sp. z o.o. – 51% shares
- Budimex Most Wschodni SA (special purpose vehicle) – 100% shares
- FBSeWis SA – 100% shares
- FBSeWis A Sp. z o.o. – 100% shares (indirectly through FBSeWis SA)
- FBSeWis B Sp. z o.o. – 100% shares (indirectly through FBSeWis SA)
- FBSeWis Karpatia Sp. z o.o. – 100% shares (indirectly through FBSeWis SA)
- FBSeWis Wrocław Sp. z o.o. – 100% shares (indirectly through FBSeWis SA)

- FBSerwis Dolny Śląsk Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- FBSerwis Odbiór Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- FBSerwis Kamieński Sp. z o.o. – 80% shares (indirectly through FBSerwis SA)
- FBSerwis Paliwa Alternatywne Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- JZE Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- Circular Construction SA – 100% shares (indirectly through Budimex Most Wschodni SA)
- Magnolia Energy Sp. z o.o. – 100% shares
- Zakład Przetwarzania Odpadów Zawisty Sp. z o.o. – 100% shares (indirectly through FBSerwis SA i JZE Sp. z o.o.)
- RailBX GmbH – 100% shares
- Budimex Slovakia s.r.o. – 100% shares
- Budimex Mobility SA (before 2023 under the name Budimex PPP SA) – 100% shares
- Fotowoltaika HIG XIV Sp. z o.o. – 100% shares
- Budimex F Sp. z o.o. – 100% shares (special purpose vehicle)
- PPUH “Konstalex” Sp. z o.o. – 100% shares (indirectly through Mostostal Kraków SA)

Other companies with Budimex SA's shareholding:

- Budimex A Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex C Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex D Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex H Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex I Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex J Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex K Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex M Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex N Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex O Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex P Sp. z o.o. – 100% shares (special purpose vehicle)
- Budimex R Sp. z o.o. – 100% shares (special purpose vehicle)
- ConVentures Sp. z o.o. – 100% shares (special purpose vehicle)
- Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in liquidation bankructcy – 100% shares (indirectly through Budimex Kolejnictwo SA)
- Budimex SA Cadagua SA III S.c. – 99.9% contributions
- Budimex SA Cadagua SA IV S.c. – 99.9% contributions
- Budimex SA Cadagua SA V S.c. – 99.9% contributions
- Budimex SA Sygnity SA Sp.j. – 67% contributions
- Budimex SA Técnicas Reunidas SA Turów S.c. – 50% contributions
- ASI 1 ConVentures sp. z o.o. SKA – 100% shares
- Budimex Construction Prague s.r.o. – 100% shares
- BXF Energia Sp. z o.o. – 51% shares (the remaining 49% shares are held by Ferrovial EG SE)
- WMSerwis SA – 100% shares
- ARGE Brücke Oderberg – 5% shares (the remaining 95% shares are held by Budimex Bau GmbH)
- ARGE Brücke Wittstock – 5% shares (the remaining 95% shares are held by Budimex Bau GmbH)
- ARGE Oberkrämer – 5% shares (the remaining 95% shares are held by Budimex Bau GmbH)
- ARGE Campus Düppel – 5% shares (the remaining 95% shares are held by Budimex Bau GmbH)
- Green Waste Management 1 Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- Green Waste Management 2 Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- Green Waste Management 3 Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- Green Waste Management 4 Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- Green Waste Management 5 Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)
- Green Waste Management 6 Sp. z o.o. – 100% shares (indirectly through FBSerwis SA)

2.3.1. Major changes in the structure of the Budimex Group in 2023:

Consolidation of Budimex F Sp. z o.o. and Budimex Slovakia s.r.o.

The above companies were consolidated due to the start of significant operations.

Establishment of civil partnerships under German law

Budimex SA and Budimex Bau GmbH, a wholly owned subsidiary of Budimex SA, have jointly established 4 civil companies under German law: ARGE Brücke Oderberg, ARGE Brücke Wittstock, ARGE Oberkrämmer and ARGE Campus Düppel. They are treated as joint entities and were established to perform construction contracts.

C BXF Energia Sp. z o.o.

The articles of incorporation of BXF Energia Sp. z o.o. were signed on 17 May 2023. The company was entered in the National Court Register on 25 September 2023.

Establishment of WMSerwis SA

On 22 May 2023, Budimex SA established WMSerwis SA. The company was registered with the National Court Register on 12 July 2023. It was not consolidated due to the absence of significant operating activities.

Establishment of Green Waste Management 1, 2, 3, 4, 5, 6 Sp. z o.o.

In June and July 2023, FBSerwis SA established 6 limited liability companies. They were registered with the National Court Register in June, July and August 2023. They have not been consolidated due to the lack of significant operating activities.

Dissolution of Budimex SA Ferrovial Construcción SA Sp.j.

On 13 January 2023, the company was deleted from the National Court Register, according to an application filed on 29 December 2022.

Dissolution of Budimex SA Ferrovial Agroman SA 2 S.c.

On 17 May 2023, the company's shareholders – Budimex SA (95% of the contributions) and Ferrovial Agroman SA (5% of the contributions) – adopted a resolution to dissolve the company due to its inability to achieve the economic purpose for which it was established.

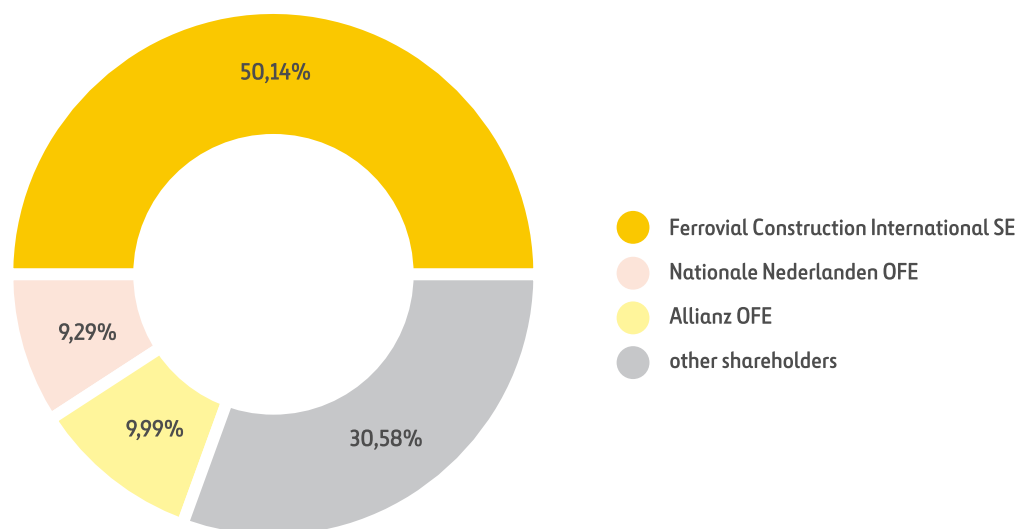
Acquisition of PPUH Konstalex Sp. z o.o.

On 15 May 2023, Mostostal Kraków SA, a wholly owned subsidiary of Budimex SA, concluded an agreement with two individuals for the acquisition of 80 shares in Przedsiębiorstwo Produkcyjno-Usługowo-Handlowe Konstalex Sp. z o.o., representing 100% of the company's share capital and entitling to 100% of votes at the company's shareholder meeting.

2.3.2. Shareholding structure

The shareholding of Budimex SA, to the company's knowledge as of 31 December 2023, was as follows:

Figure 5. Share of Budimex SA's share capital to the company's knowledge as of 31 December 2023.



In January 2023, the company received information from Powszechne Towarzystwo Emerytalne Allianz Polska SA about the merger of this entity with Aviva Powszechne Towarzystwo Emerytalne Aviva Santander SA, pursuant to Art. 492 sec. 1 item 1 CCC and Article 67 of the *Act on Organization and Operation of Pension Funds*, as a result of which the share in the share capital and the total number of votes in Budimex SA in the accounts of the funds managed by PTE Allianz Polska SA increased to 2,689,466 shares representing 10.53% of the share capital. In June 2023, the company received information from PTE Allianz Polska S.A. that, as a result of the sale of its shares, the company's share in Budimex SA's share capital and total number of votes in the Allianz OFE account was 2,551,331 shares, representing a total of 9.99%.

Budimex SA has been listed on the Warsaw Stock Exchange since 1995. As of September 2019, the company has been a member of the WIG-ESG index, which brings together the most responsible listed companies, and prior to joining it, from 2011 to 2019, it was part of its predecessor, the Respect Index.

On 31 August 2023, Budimex SA was included in the MSCI Poland index, run by New York investment bank Morgan Stanley for investment funds and aggregating Polish companies with the greatest growth prospects and a stable financial position. The selection of companies included in MSCI Poland index is based on several variables, the most important of which are the value (market capitalization) and how often and willingly market participants buy or sell shares of a given company. Only 14 entities have so far qualified for the main index for Poland.

On 29 February 2024, the results of the annual revision of stock market indices were announced by WSE Benchmark, as a result of which Budimex SA joined the prestigious WIG20 index. It groups together the largest companies listed on the WSE, which are reference points for domestic and foreign investors. Budimex will be listed as the 10th largest share of the WIG20. The company returns to the index after a 20-year hiatus – it was part of the index between 1995 and 2004.

2.4. Budimex Group's governing bodies

[GRI 2-9] [GRI 2-11] [ESRS GOV-1]

Management Board composition

As at 31 December 2023, the Management Board of Budimex SA consisted of the following members:

- Artur Popko – President of the Management Board, Director General,
- Jacek Daniewski – Management Board Member, Director of the Legal and Organizational Division,
- Anna Karyś-Sosińska – Management Board Member, Director of the Human Resources Division,
- Maciej Olek – Management Board Member, Chief Operating Officer of Railway, Power and Industrial Construction,
- Cezary Łysenko – Management Board Member, Chief Operating Officer of Infrastructure,
- Marcin Węglowski – Management Board Member, Director of the Economic and Financial Division.

On 6 February 2023, the Supervisory Board suspended Mr. Artur Pielech from the Management Board of Budimex SA. On 30 March 2023, the Supervisory Board dismissed Mr. Artur Pielech from the company's Management Board.

The members of the management body do not hold any positions within the company outside the area of responsibility defined in the aforementioned job title.

Composition of the Supervisory Board

As at 31 December 2023, the Supervisory Board of Budimex SA consisted of the following members:

- Marek Michałowski – Chairman of the Supervisory Board,
- Juan Ignacio Gaston Najarro – Deputy Chairman of the Supervisory Board,
- Igor Adam Chalupec – Secretary of the Supervisory Board,
- Janusz Dedo – member of the Supervisory Board,
- Artur Kucharski – member of the Supervisory Board,
- Danuta Dąbrowska – member of the Supervisory Board,
- Silvia Rodríguez Hueso – member of the Supervisory Board,
- Ignacio Aitor Garcia Bilbao – member of the Supervisory Board,
- Mario Manuel Menendez Montoya – member of the Supervisory Board.

On 30 March 2023, the Supervisory Board was enlarged with a new member Mr. Silvia Rodríguez Hueso with effect from 1 April 2023. As of 27 April 2023, Mr. Dariusz Blocher resigned as a member of the Supervisory Board.

Members of the Supervisory Board do not perform operational functions in the company. Some members of the Supervisory Board serve on Supervisory Board committees. The compositions of the Supervisory Board Committees are presented in Section 6.

Neither the Management Board nor the Supervisory Board includes representatives of stakeholders, such as a trade union delegate, yet both these corporate bodies take into account the results of dialogue with the social environment in their decisions. The scope and mechanisms of this dialogue are described subsections 6.1.1. and 5.8.1.

The Supervisory Board is made up of experienced managers, engineers and academics (law, economics, banking, auditing), which is a significant advantage for the company in terms of potentially complementing the competence of the Management Board and being able to provide it with information and guidance in specialized areas.

Full information about the education and career paths of the members of the Management Board and Supervisory Board is published by the company on the website <https://www.budimex.pl/pl/o-budimex/wladze>.

2.5. Capital of the Budimex Group

[ESRS SBM-1]

Financial capital

The capital from which the Budimex Group finances its operations is the funds entrusted to it by shareholders and lenders, and generated by the company through its profits. The Group allocates these resources to purchase necessary raw materials and supplies, and pays its obligations to its business partners in a timely manner, which contributes to their liquidity.

In 2023, the management of financial capital was in line with the set targets. There was a 13.8% increase in sales in the construction segment compared to the previous year. The segment's gross sales margin reached 10.9%, up from 9.6% in 2022, despite a sharp increase in material prices. The company maintained its contract margin target for most projects. Cost discipline was maintained, with a combined SG&A expense ratio of 3.9% (3.8% in 2022). Net profit stood at PLN 746.1 million, compared with PLN 548.1 million the previous year. Paid a dividend of PLN 459.3 million from the 2022 profit. Effectively managed finances, increasing the net cash position at the end of 2023 to PLN 3.8 billion, an increase of 22.6% over the previous year.

Table 1. Achieved results – financial capital

Measure	31.12.2022	31.12.2023	Change y/y
Equity (PLN million)	1,299.5	1,570.3	270.8
Non-current liabilities (PLN million)	1,029.0	1,096.2	67.2
Current liabilities (PLN million)	5,058.7	5,751.7	693.0
Annual sales revenue (PLN million)	8,619.1	9,801.5	1,182.4
Annual net profit (PLN million)	548.1	746.1	198.0

More information on financial capital can be found in the *2023 Report on the Activities of the Budimex Group and Budimex SA*, available at: <https://inwestor.budimex.pl/raporty-okresowe>.

Human capital

The Budimex Group is made up of a diverse team of experienced engineers and employees from other professions committed to building its lasting value. The company consistently provides its team and business partners with decent working conditions, and supports the development of their competence. The priority value is concern for the health and life of all participants in the construction process, so not only the employees of the Budimex Group, but also the staff of its consortium members or suppliers, among others.

In 2023, human capital management included, in particular, thoroughly analyzing the most serious occupational health and safety incidents, organizing safety visits to construction sites and Safety Week, organizing employee development programs (including Young Engineer Academy, Contract Manager Academy, Super Leader, Brick Success), and conducting another engagement survey, through which areas for improvement or enhancement were identified.

Table 2. Achieved results – human capital

Measure	31.12.2022	31.12.2023	Change y/y
Number of employees (as of the end of the year)	7,022	7,337	4%
Percentage of employees hired for an indefinite term	67.6%	68.7%	1.1 p.p.
Employee turnover	-	25.3%	-
Accident frequency rate (number of workplace accidents per 1,000 employees)	12.3	14.9	21%
Unadjusted gender pay gap ratio	-1.9%	-1.7%	0.2 p.p.

For more information on the Budimex Group's human capital, see the section of this report entitled *Corporate Social Responsibility*.

Organizational capital

The organizational capital of the Budimex Group is its unique structure, enabling it to offer a wide range of complementary services, as well as its implemented management systems. These assets also include a modern fleet of machinery and equipment necessary for the performance of contracts.

In 2023, organizational capital management primarily included the establishment of BXF Energia Sp. z o.o., the acquisition of PPUH Konstalex Sp. z o.o., and the opening of a Budimex SA branch in Riga, Latvia.

Table 3. Achieved results – organizational capital

Measure	31.12.2022	31.12.2023	Change y/y
Value of property, plant and equipment (as at the end of the year in PLN million)	640.7	718	77.3
Acquired intangible assets and property, plant and equipment (PLN million)	125.2	141.9	16.7

For more information on the Budimex Group's organizational capital, see Sections 2.1., 2.2. and 2.3., among others.

Intellectual capital

The intellectual capital of the Budimex Group is the knowledge and competence of its employees, as well as the unique technical solutions developed by the company, enabling it to, among other things, ensure the safety of the recipients of the Group's projects and the environment.

In 2023, intellectual capital management included the operation of the Innovation Department and a network of specialized laboratories, as well as the Group's involvement in 62 carefully selected R&D projects.

Table 4. Achieved results – intellectual capital

Measure	31.12.2022	31.12.2023	Change y/y
Intangible assets (year-end balance in PLN million)	145.1	131.1	-10%
Average hours of training hours per year per employee	14.4	15.1	5%
Number of employees involved in research and development projects	270	434	61%
Quality conformance indicator	96.9%	96.3%	-0.6 p.p.

For more information on intellectual capital, see Sections 2.9., 2.10., 2.11. and 5.6.

Social capital

A company's social capital is the relationships it has built with its surroundings, including suppliers, subcontractors, local communities, other companies in the construction sector or public administration.

In 2023, the Budimex Group's social capital management included, among other things: organizing consultations and information campaigns related to ongoing contracts, compensating local communities for nuisances caused during works, working with other companies to solve common problems of the industry, developing original social programs, running the employee volunteer program Grant for Volunteers, implementing educational projects for pupils and students, and supporting the common good through donations.

Table 5. Achieved results – social capital

Measure	31.12.2022	31.12.2023	Change y/y
Number of environmental conflicts that contributed to stopping construction work	0	0	0%
Total value of donations made (PLN thousand)	2,200*	1,610	-27%
Number of pupils and students covered by educational programs	-	5,369	-

** Data revised from those published in the 2022 integrated report*

For more information on social capital, see Section 5.8.

Natural capital

The Budimex Group uses natural capital, consuming raw materials and potentially contributing to their depletion through negative impacts on ecosystems and the climate.

In 2023, natural capital management consisted of minimizing direct and indirect environmental impacts and included, among other things, increasingly efficient management of raw material consumption (including activities in line with the idea of a circular economy), appropriate planning and securing of construction sites, application of environmental responsibility principles in the supply chain, and a systematic increase in the percentage of electric and hybrid vehicles in the Budimex Group's fleet.

Table 6. Effects achieved

[GRI 302-3] [GRI 305-4] [ESRS E1-5] [ESRS E1-6]

Measure	31.12.2022	31.12.2023	Change y/y
Electricity consumption in MWh per PLN 1 million sales revenue	3,3*	3.0	-9.1%
Share of energy from renewable sources in total energy consumption	7.2%	4.5%	-2.7 p.p.
Scope 1 and 2 (market-based) greenhouse gas emissions in Mg CO ₂ e per PLN 1 million of sales revenue	8.3	9.5	14%

* Data revised from that presented in the 2022 report.

For more information on the Budimex Group's natural capital, see the *Environmental Responsibility* section of this report.

2.6. Key performance indicators in the ESG area

Table 7. Key performance indicators in the ESG area: Budimex SA

	Unit	2021	2022	2023	Change y/y
ENVIRONMENT					
GHG emissions (Scope 1 and 2) <i>location-based</i>	Mg CO ₂ e	74,364.4	63,790.4	56,708.2	-11%
GHG emissions (Scope 1 and 2) <i>market-based</i>	Mg CO ₂ e	68,459.8	51,039.6	44,351.3	-13%
Total electricity consumption	MWh	14,349.0	19,320.3	18,987.2	-1.7%
Total water withdrawal	m ³	108,686.4	177,347.2	108,035.6	-39%
Waste diverted to recovery and recycling	% of all waste generated	-	73.5	97.5	33%
Percentage of the Group's capital expenditures in line with the EU Taxonomy of Environmentally Sustainable Activities		-	34.7%	17.0%	-17.7 p.p.
SOCIETY					
Number of employees	-	4,365	5,076	5,117	1 %
Ratio of average gross monthly salary in Budimex SA and average gross monthly salary in Poland		2.35	2.39	2.28	-5%
Average hours of training per employee		14.0	17.7	18.8	6%
Number of workplace accidents among employees		64	62	66	6%
Total amount of donations made	PLN thousand	1,681	1,945	1,280	-34%
CORPORATE GOVERNANCE					
Total value of signed contracts	PLN billion	-	7.2	7.5	4%
Number of corruption cases		0	0	1	100%
Number of confirmed cases of human rights violations		0	0	0	-

Table 8. Key performance indicators in the ESG area: Budimex Group

	Unit	2021	2022	2023	Change y/y
ENVIRONMENT					
GHG emissions (Scope 1 and 2) <i>location-based</i>	Mg CO ₂ e	93,893.0	84,529.0	109,084.1	29%
GHG emissions (Scope 1 and 2) <i>market-based</i>	Mg CO ₂ e	88,274.9	71,380.5	93,071.2	30%
Total electricity consumption	MWh	23,814.1	28,075.3	29,674.20	6%
Total water withdrawal	m ³	145,588.2	215,085.1	182,278.4	-15%
Waste diverted to recovery and recycling	% of all waste generated	57.5	68.9	87.5	27%
Percentage of the Group's capital expenditures in line with the EU Taxonomy of Environmentally Sustainable Activities		-	78%	45%	-33 p.p.
SOCIETY					
Number of employees		6,939	7,022	7,337	4%
Ratio of average gross monthly salary in the Budimex Group and average gross monthly salary in Poland		2.07	2.05	-	-
Unadjusted gender pay gap ratio	difference between the average total pay of men and women	-	-1.9%	-1.7%	0.2 p.p.
Average hours of training per employee		15.2	14.4	15.1	5%
Number of workplace accidents among employees		110	86	109	27%
Total amount of donations made	PLN thousand	1,889	2,200*	1,610	-27%
CORPORATE GOVERNANCE					
Total value of signed contracts	PLN billion	7.00	7.88	8.29	5%
Number of corruption cases		0	0	1	100%
Number of confirmed cases of human rights violations		0	0	0	-

* Data revised from those published in the 2022 integrated report

2.7. Membership associations

[GRI 2-28]

Budimex Group companies are members of numerous industry organizations. As such, they actively participate in meetings, conferences and gatherings of program councils and other statutory bodies

Leading Budimex Group companies belong to the following organizations:

BUDIMEX SA

- Business Centre Club
- Federation of Polish Entrepreneurs
- ITS Polska
- Polish Chamber of Power Industry and Environmental Protection
- Economic Chamber of Land Transport
- Luxtorpeda 2.0 Cluster
- Polish Economic Chamber of Road Construction
- Polish Chamber of Railway Equipment Producers and Railway Service Providers
- Polish Cluster of Construction Exporters
- Polish Association of Construction Industry Employers in which a representative of Budimex SA serves as a member of the council
- Polish Wind Energy Association, whose activities are influenced by a representative of BXF Energia, which belongs to Budimex SA – this influence stems from its status as an ordinary supporting member
- Polish Alternative Fuels Association
- Polish Association of Asphalt Pavement Contractors, in which the director of the ESG, Quality and Environmental Protection Department² serves as President of the Management Board
- Polish-Spanish Chamber of Commerce
- Polish-German Chamber of Commerce
- Railway Business Forum
- Polish Association of Listed Companies
- Zväz stavebných podnikateľov Slovenska
- Polish Union of Designers and Engineers

MOSTOSTAL KRAKÓW SA

- Polish Chamber of Power Industry and Environmental Protection
- Polish Chamber of Steelwork
- Polish-German Chamber of Industry and Commerce
- Scandinavian-Polish Chamber of Commerce

FBSEWIS GROUP

- Federation of Polish Entrepreneurs
- Polish Economic Chamber of Road Construction
- Polish Chamber of Waste Management
- Polish Facility Management Council
- Polish Human Resources Management Association
- Polish-Spanish Chamber of Commerce
- Employers of Poland
- Association of Producers of Fuels from Waste and Biomass (through FBSeewis Kamieński)

² Until February 2024 under the name of Procurement, Quality and Environmental Protection Department.

2.8. Awards and distinctions

The effectiveness of the Budimex Group's activities for the sustainable socio-economic development of Poland is confirmed by the awards and titles received in 2023.

Construction of the Year 2022 – Budimex SA received awards from the Polish Association of Civil Engineers and Technicians for the modernization of the Institute of Thermal Engineering at Warsaw University of Technology and the construction of the Łągiwnicka Route in Kraków.

Modernization of the Year 2023 – in the 27th edition of the Modernization of the Year & Construction of the 21st Century competition, Budimex SA's modernization of the century-old Silesian Planetarium in Chorzów was awarded.

POLITYKA'S 2023 CSR White Leaf – Polityka weekly awarded Budimex SA with a prestigious distinction for improving the company's social and environmental impact management activities.

WNP Award 2023 – Budimex SA received an award from the WNP.PL portal and the Economic Magazine "New Industry". The award was given for contributions to the development of the Polish economy.

General contractor friendly to construction companies – Budimex SA once again received the title from construction industry experts in a ranking conducted by ASM Center for Analysis and Market Research. The company took first place in three subcategories:

- general contractor that ensures the highest safety standards on construction sites,
- general contractor with whom cooperation is rated the best,
- general contractor offering the most favorable financial terms and timely payments.

In addition, the company ranked second in the subcategory of general contractor recommended as the best partner to work with.

Diversity Leader 2024 – Budimex SA was ranked among the top ten construction companies in the world in a ranking based on a global survey organized by the Financial Times on companies' support for diversity and women's professional development (see subsection 5.3. for more information).

List of 500 – Budimex SA made it to the list of the largest Polish companies, compiled by the Rzeczpospolita daily and the Coface financial group on the basis of sales revenue for 2022. Ranked 66th overall, the company was well ahead of all competitors in the construction industry.

Rzeczpospolita's Employer – Budimex SA received an honorable mention in the aforementioned competition in the category of best remuneration solutions. The Rzeczpospolita daily pointed to companies compensating employees for the decline in the value of their salaries due to inflation as these exemplary initiatives.

Construction Company of the Year 2022 – the title in the general contractor category was awarded to Budimex SA by "Builder" magazine as part of the 20th edition of the Builder Awards.

Best solution from the area of circular economy – in a competition organized by the Polish Agency for Enterprise Development in the category of best implemented products, Budimex SA received an honorable mention for its innovative technology for the production of mineral-asphalt mixtures using recycled asphalt pavement material.

TopBuilder 2023 – the prestigious award honored the reconstruction of track systems along with accompanying infrastructure on the E-59 railroad line between Rokietnica and Wronki, completed by Budimex SA.

Lower Silesian Construction of the Year 2022 – for the construction of the PepsiCo plant Budimex SA was honored with an award in the competition of the Polish Association of Construction Engineers and Technicians in the industrial construction category.

Dividend Company of the Year 2022 – Budimex SA won the title in a poll honoring companies contributing to investor awareness and building products and services of the highest quality, accompanying the Invest Cuffs conference.

Golden Hundred of Łódzkie Voivodship – FBSerwis Kamieński was ranked 3rd in the ranking of “Dziennik Łódzki” in the category of the largest companies by net sales profitability in 2022.

TOP Brand 2023 – Budimex SA is the undisputed leader in terms of recognition among Polish construction and development companies. It won first place in the Top Brand 2023 ranking in its industry, and was thus among the 50 strongest brands in Poland.

The Budimex Group’s staff was also recognized in 2023 for its contribution in the sustainability area, among other aspects.

President of the Budimex SA Management Board **Artur Popko** has been awarded in the Builder Awards in the Industry Personality 2022 category.

Representatives of Budimex SA have been nominated for the European Women In Construction & Engineering Award 2023, an award for women working in the European engineering and construction industry who have outstanding achievements and are an inspiration to others. Among them are:

- **Natalia Wierzbicka**, works manager – nominated in the civil engineer category,
- **Małgorzata Witkiewicz**, sectional works manager – nominated in the structural engineer category,
- **Kinga Grzegorzczuk**, OHS Manager – nominated in the occupational health and safety category,
- **Anna Pukowiec**, Head of the Technical Department – nominated in the railroad engineering category,
- **Kamila Goławska-Feduniak**, chief contractual conditions specialist – nominated in the quantity surveyor category.

In the competition organized for all OHS areas of Ferrovial Group companies, one of the awards went to **Maja Zielińska**, OHS manager of District 9 of the General Construction Directorate at Budimex SA.

Already after the end of the period covered by the report, in February 2024, Budimex SA Management Board Member, Chief Operating Officer of Railway, Energy and Industrial Construction **Maciej Olek**, Budimex SA Management Board Member, Chief Operating Officer of Infrastructure **Cezary Łysenko**, and President of the Management Board, Managing Director of Mostostal Kraków **Jacek Lech** received the **Builder Awards** in the 2023 Industry Personality category.

Information on the awards and distinctions received by the Budimex Group is published on an ongoing basis at: <https://media.budimex.pl/category/3193>.

2.9. Quality of service

[GRI 3-3] [Own indicator 3]

Caring for the highest quality of provided services is one of Budimex SA’s core values, and meeting the principle of due diligence in this area is guaranteed by the certified Integrated Management System operating in the company. It includes both a quality management system that complies with the requirements of ISO 9001 and a quality assurance system for design, development and production based on the AQAP 2110 standard, which specifies NATO requirements.

Uniform quality procedures apply during the company’s performance of all contracts. They regulate in detail the conduct of quality control at construction sites and the management of the quality of mineral and asphalt mixtures, concrete mixtures and aggregates. The relevant procedures also specify the rules for the procurement and use of individual raw materials at various stages of the construction process, and indicate the actions to be taken if deviations from the standard are found. The highest quality of contract performance is confirmed by numerous certificates and accreditations.

In 2023, day-to-day control of the quality of work performed and materials used, including in the context of the safety of building structures, was carried out by the Central Laboratory and 25 field laboratories owned by the company.

The Central Laboratory operates in accordance with ISO/IEC 17025 and has been accredited by the Polish Accreditation Center since 2013, with accreditation extended to the field laboratory in Szczecin in 2024.³

³ Its scope can be viewed at: <https://www.pca.gov.pl/akredytowane-podmioty/akredytacje-aktywne/laboratoria-badawcze/AB%201414,plik.html>.

Accreditation ensures transparency and is objective proof that the organization operates in accordance with the best practices. The laboratory regularly participates in comparative inter-laboratory studies and proficiency tests, with the aim of constantly improving its testing methods and raising the level of its services. As part of its activities, it constantly cooperates with recognized testing bodies.

Budimex SA's Quality Department conducts research and development activities and shares knowledge and experience, taking an active part in scientific conferences and publishing articles in industry journals. In addition, it provides technology consulting.

Budimex SA's laboratories provide, among other services, the following:

- testing of asphalts and asphalt emulsions,
- testing and design of mineral and asphalt mixtures,
- testing of soil-binder and mineral-cement-emulsion (MCE) mixtures,
- soil testing,
- aggregate testing,
- testing of cements and cement mortars,
- testing of concrete mixtures and hardened concrete,
- diagnostics of asphalt and concrete pavements,
- field acceptance testing of road construction layers,
- geological exploration of the subsoil.

Tests and measurements are carried out by qualified personnel, using proven equipment and premises that meet environmental standards. Competent and experienced personnel and specialized equipment make it possible to provide laboratory services in accordance with the terms of contracts and technical specifications for the execution of individual work ranges.

An important part of the laboratories' work is to strive to optimize the use of natural resources, in particular to analyze the feasibility of using recycled and waste materials in construction. To this end, among other things, new testing methods are being developed and implemented, an example of which is the Study of Crack Propagation (SCB), which is important for the possibility of using asphalt granules in asphalt mixtures. Care for the environment is also manifested by the laboratories' use of energy from renewable sources. There are photovoltaic panels on the roof of the laboratory building, which, combined with a system for monitoring electricity consumption, significantly reduces the carbon footprint.

Achievement of the goal of continuous improvement of service quality is monitored by the quality conformance index, which in 2023 reached 96.3%.

2.10. Research and development activities

[GRI 3-3] [Own indicator 1]

Budimex SA as a modern company enterprise participates in the development of technologies. They make it possible to optimize the cost of execution work and reduce its environmental impact, as well as to make finished facilities more sustainable.

One of our primary areas of focus is the recycling of building materials, which reduces the industry's need for natural resources. We focus on the reuse of materials resulting from the milling of pavements made of mineral-asphalt mixtures and cement concrete.

Recyclobeton

Recyclobeton is a project based on the idea of processing crushed concrete directly on the construction site for local use of this raw material in a closed system. The project conducted a series of concrete mix tests in 2023, using both crushed stone and fresh mix, experimenting with different proportions and methods of adding and mixing components. Working on the recycling of construction materials is a key area of focus for Budimex following from the assumptions of its ESG strategy. An industry article on this issue can be found at: <https://inzynierbudownictwa.pl/transformacja-budownictwa-do-obiegu-zamknietego-zastosowanie-materialow-z-recyklingu/>

Mineral and asphalt mixtures with asphalt granules

For years Budimex has been successfully developing a circular materials and production economy through the use of asphalt granules in the production of mineral and asphalt mixtures. These activities use the latest technologies in the extraction, processing and remarketing of recycled materials. Control over the process is exercised by employees of Budimex laboratories and employees of the Directorate of Equipment and Production Services⁴.

Self-healing asphalt pavements

The SeHePa (Self-Healing Pavement) project, subsidized by the National Center for Research and Development and implemented by Budimex SA in cooperation with the Warsaw University of Technology, involves the development and real-world testing of mineral and asphalt mixtures with special microcapsules. A key feature of such mixtures is self-healing properties. They make it possible to increase the service life of road surfaces, which brings tangible economic benefits and reduces the negative impact on the environment by reducing the frequency of maintenance and repair interventions and reducing the consumption of raw materials.

2.11. Technologies used

Budimex SA has for many years maintained its position as a leader in the construction industry thanks to, among other things, reaching for modern technologies to support the company's activities in many areas, and in particular, by constantly expanding the scope of application of the *Building Information Modeling* (BIM) methodology. We also pay a lot of attention to pilot implementations of technologies not previously used in the Polish construction industry.

Building Information Modeling

We use the BIM methodology to optimize all stages of the construction process, from design through construction to maintenance of buildings, as well as to optimize internal processes and improve operational efficiency. In 2023, we continued these activities and sought new areas for applying the aforementioned methodology in our organization. It is applied in the company in two key areas, which are:

- modern technologies/tools,
- efficient processes.

One of the basic assumptions of the methodology in question is the use of the CDE (Common Data Environment) platform during the construction process as a central system for managing documentation and BIM models and for streamlining processes, such as work acceptance.

In 2023, we used the BIM methodology in a number of projects, among which the reconstruction of the Warsaw West railroad station, the construction of the PepsiCo factory in Środa Śląska, and the construction of the Military Clinical Hospital building in Kraków deserve special mention.

BIM-based design

State-of-the-art design software based on the BIM methodology allows us to develop designs in the form of 3D models with the necessary material and quantitative information early in the process. This type of design involves making a digital prototype of the planned project and continuing the work in the virtual world, so we are able, among other things, to find errors in the design before they occur on the construction site.

3D scanning

Another key BIM-based solution that we commonly use in our company is 3D scanning. This technology enables efficient inventory-taking of building and infrastructure facilities. We are able to acquire data from the area of the planned project in a very short time or take measurements during the ongoing work to verify the original design assumptions. 3D scanning is a surveying measurement, but the result is a set of points that can be reflected in 3D.

⁴ Until 1 February 2024, under the name Equipment Services Division.

2.11.1. Implemented innovative projects

The company's structure includes an Innovation Department, which manages innovation projects and the implementation of new technologies.

We take steps to strengthen the culture of innovation. Our goal is for everyone employed at the Budimex Group to feel encouraged to propose new solutions and supported in developing them. We are committed to creating an environment where team members have the freedom to experiment, and where management is open to, appreciates and strives to implement ideas that are submitted. In this way, we plan to generate innovations that will not only address the company's business needs and the challenges facing the construction industry, but also realize the aspirations of employees.

In 2023, 434 Budimex SA employees were involved in 62 carefully selected R&D projects, some of which were a continuation of activities initiated in previous years.

Advanced mobile collaborative robot

The object of the Concert project, funded by the European Commission under Horizon 2020, is to develop robots with high power and strength that can work alongside humans in a variety of often unstructured and dynamically changing environments. The initiative aims not only to increase efficiency and productivity in construction, but also to pave the way for the use of collaborative robotics in the manufacturing sector. The venture is being implemented from 2021 by a consortium involving Budimex SA, combining the experience of experts from Poland, Italy, Austria and Germany.

In 2023, within the framework of the aforementioned project, we began testing a robot that can perform the most physically demanding tasks for construction workers. Powered by an environmentally friendly electric motor and controlled by gestures, among other things, the device is able to work and safely avoid people and obstacles in a variety of conditions, enabled by advanced 360-degree cameras, four steering wheels or a lidar system. The innovative "cobot" (collaborative robot, a robot that works together with a human) can move completely autonomously, for which it can use an uploaded BIM model of the facility. Thanks to its modular design, it can be easily adapted to different applications.

The robot, developed by an international team of engineers in cooperation with the Central Institute for Labor Protection, was tested by us at the construction site of the Military Clinical Hospital in Kraków, where it helped in transporting heavy items and drilling, among other tasks. During the tests, we presented the "cobot" to students from Kraków universities, with the aim of introducing them to the practical aspects of using robots on construction sites, inspiring them to further innovation in the industry, but also drawing their attention to the need for ethical and safe implementation of the technology.

A short video about our tests can be viewed at: <https://www.youtube.com/watch?v=9IGeOyLkg0w>, and additional information about the entire Concert project can be found on its website: <https://concertproject.eu/>.

3D printing from concrete

The use of 3D printing technology for the design and construction of concrete stairs at the Ełk railroad station being modernized by Budimex was the first application of this technology in Poland in construction practice. With a length of 7 meters, a width of 80 cm and a height of about 4.5 meters, the staircase, made up of three elements weighing a total of nearly 2 tons, is a perfect example of the efficiency and flexibility that 3D printing offers in our industry.

The goal of the project was to better understand 3D printing technology from concrete and assess its practicality. The results of the implementation indicate that 3D printing can offer significant environmental benefits, such as reduced waste, reduced carbon footprint and more efficient use of materials.

3. OUR COMMITMENTS

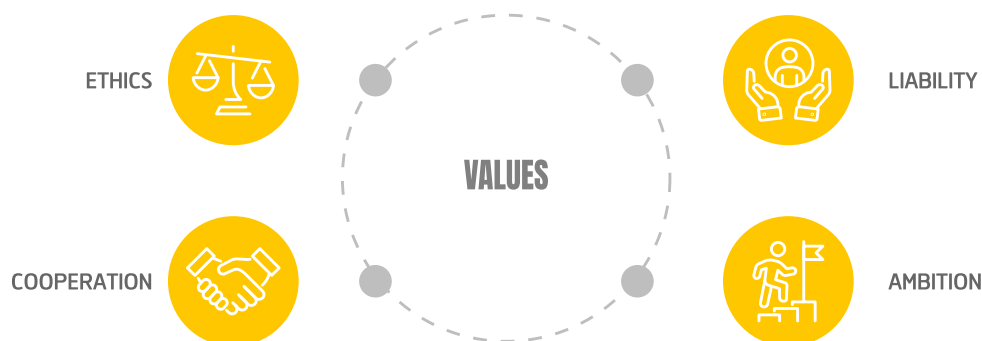
3.1. Values of the Budimex Group

[ESRS G1-1]

The Budimex Group's mission is to execute construction projects in a manner worthy of a market leader, with respect for the environment and ethics, with attention to customer satisfaction and user comfort. The company achieves all this through professionalism derived from experience and a passion for building, high operational efficiency, and partnerships with suppliers and subcontractors.

The Budimex Group is fully aware of the scale of measures to be taken in the area of climate change mitigation and resource conservation. Equally important are investments in human capital and the local communities surrounding the Group's projects. The organization wants to continuously develop. Its enduring commitments are special diligence in ethical conduct, attention to occupational health and safety, mitigation of environmental impact, and ensuring customer satisfaction and the highest quality of services delivered. This holistic approach is reflected in the *ESG Strategy 2023-2026*, described in more detail in Section 3.3., which touches on three areas: environmental, social and governance. It represents a commitment to building with respect for the environment, strengthening employees and business partners, and responsible management.

Figure 6. Values of the Budimex Group



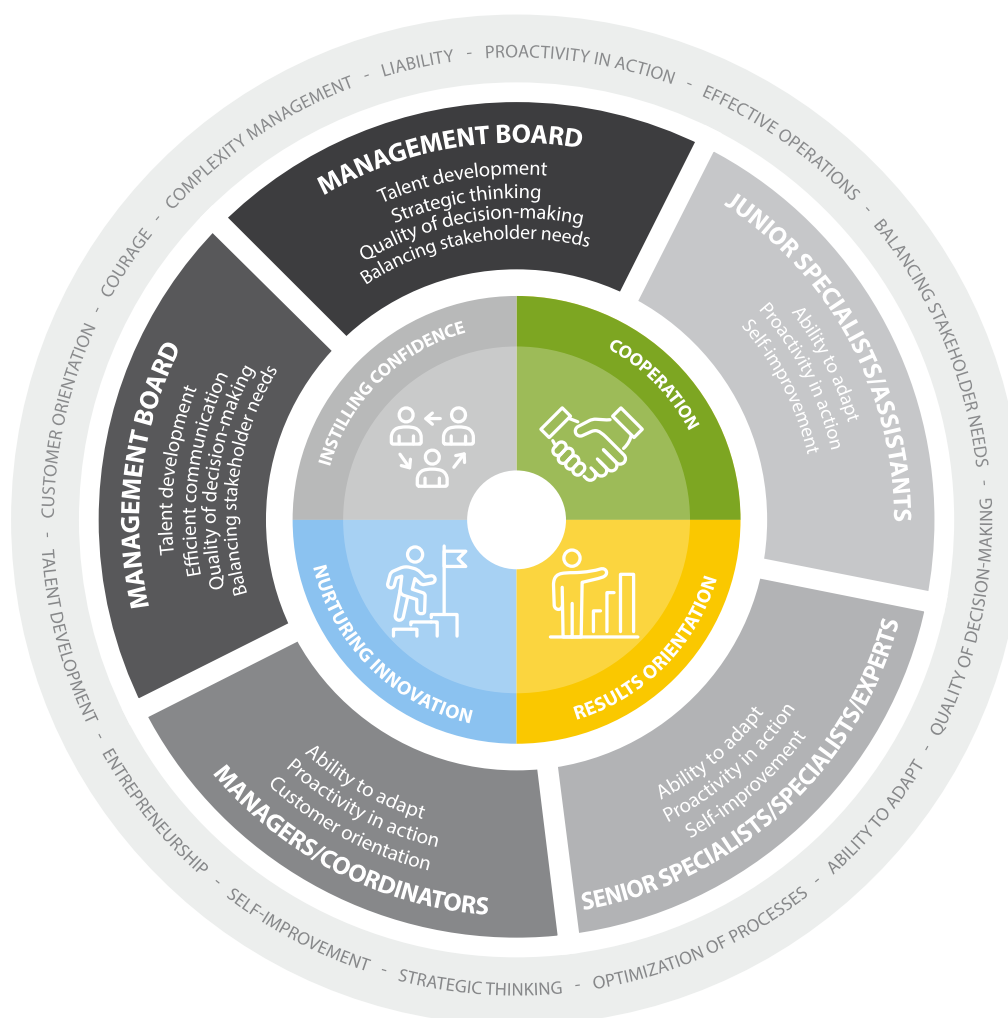
Code of Conduct

In order to create a stable benchmark for the proper conduct of its employees, the Budimex Group has developed and adopted a *Code of Conduct*. This internal document describes the Group's four aforementioned values, identifies areas of special adherence to ethical values, and sets out guidelines for conduct in the listed types of relationships and areas of influence of the organization. Its provisions are guarded by the Ethics Committee, which includes the Legal Director of the Compliance area, the Director of the Human Resources Management Division and the Director of the Internal Control Department. The Committee investigates violations of the Code and provides guidance on compliance with the principles contained therein, while maintaining the necessary standards of confidentiality. Any violations of the document can be reported through the mechanisms described in subsection 6.1.2. In the FBSerwis Group and Mostostal Kraków SA, oversight of compliance with the *Code of Conduct* is the responsibility of compliance officers.

Competency model

Budimex SA is constantly striving to develop and achieve the best possible results. The organization is focused on achieving new, increasingly ambitious and complex goals. The dynamic business environment and stakeholder expectations are forcing fast, effective actions oriented toward further successes. In order to function efficiently in such realities, the company has developed a set of attitudes, behaviors and skills called a competency model. According to it, each position was described through four key competencies: inspiring trust, collaboration, results orientation and nurturing innovation, as well as through job competencies specific to each pay grade. Each competency is described by specific behaviors, making them easier to see in daily practice, which in turn allows the company to consciously work on improving them.

Figure 7. Competency model



3.2. Budimex Group's contribution to Agenda 2030

The Sustainable Development Goals (SDGs) are an important determinant of the Budimex Group's activities. They are enshrined in the United Nations resolution "*Transforming Our World. The 2030 Agenda for Sustainable Development*" with its 169 assigned tasks. The document, as highlighted in its preamble, is a roadmap to 2030 for people, planet and prosperity, and its implementation will ensure a balance between the three aspects of sustainable development: economic, social and environmental.

In 2022, Budimex SA joined the Partnership for the Implementation of the Sustainable Development Goals coordinated by the Ministry of Development and Technology. On 30 June 2023, the Budimex Group announced its *ESG Strategy for 2023-2026*. This is the first document of its kind to define precisely the company's commitments in the environmental (E), social (S) and governance (G) areas.

The company's strategic activities allow it to contribute to the following Sustainable Development Goals:



Goal 3: Ensure healthy lives and promote well-being for all at all ages

Ensuring proper working conditions and raising awareness of physical and mental health is a prerequisite for employees' wellbeing and high levels of motivation. That is why employees of the Budimex Group can benefit from, among other things, a private medical benefits package, health webinars, and a range of activities and training to raise their awareness in the area of occupational safety.



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Operating in the rapidly changing construction industry, which is important for sustainable development, motivates the Budimex Group to continuously improve and expand its knowledge. Among other things, the company offers employees a wide catalog of professional and development courses and training. Through cooperation with technical schools and universities, it is increasing the number of people with high professional competence.



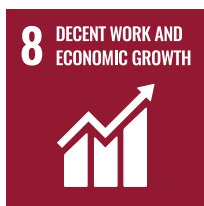
Goal 5: Achieve gender equality and empower all women and girls

The Budimex Group attaches great importance to ensuring equal opportunities and non-discriminatory working and pay conditions. The company is successively striving to eliminate the gender pay gap and is supporting the women it employs to improve their competencies and take on managerial positions.



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy

In line with business diversification, the Budimex Group is increasing its involvement in green energy and sustainable transportation projects. Group companies are investing in renewable energy sources, as well as developing a national electric vehicle charging infrastructure. Our goal is that by 2026, 100% of the electricity consumed by Budimex is generated from renewable sources by Budimex Group companies.



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

The company's priority is to create a safe and stable workplace for years to come. To this end, the Budimex Group continuously develops and implements policies and procedures in the areas of respect for diversity, anti-discrimination and anti-mobbing, and compliance, among others. In addition, the company promotes construction jobs to high school and college students.



Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

In view of its business profile, the Budimex Group is making a fundamental contribution to the development of reliable, sustainable and resilient infrastructure in Poland in support of sustainable social and economic development. This is possible, among other things, through innovation. The company has a specialized cell dedicated to this area.



Goal 12: Ensure sustainable consumption and production patterns

The Budimex Group supports the transformation of the construction industry to a circular economy being aware of the negative environmental effects caused by the construction sector's increasing demand for natural resources.



Goal 13: Take urgent action to combat climate change and its impacts

In order to minimize its climate impact, the Budimex Group, among other things, is reducing the energy and material intensity of its operations and increasing the share of energy obtained from zero-carbon sources in the mix of purchased energy. To more effectively reduce its carbon footprint, the company has expanded its identification of greenhouse gas emissions to include Scope 3. An important contribution of the company to climate change adaptation is the search for design solutions that can withstand extreme weather events.



Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

The Budimex Group undertakes numerous measures to protect ecosystems in the vicinity of its projects. They concern, among other things, reducing construction noise and protecting biodiversity.

The Budimex Group makes a particularly significant contribution, in connection with its business model, to goals 7, 8 and 9.

As it continues to expand the scope of its activities in the sustainability area, the Budimex Group is also increasingly contributing to the achievement of two further goals adopted by the international community:



Goal 6: Ensure access to water and sanitation for all through sustainable management of water

The Budimex Group will be one of the first companies in Poland to measure its water footprint, i.e. its impact on water resources, in order to develop a comprehensive plan based on scientific knowledge for further activities to reduce the intake and consumption of this valuable resource.



Goal 11: Make cities inclusive, safe, resilient and sustainable

The construction of modern roads, bridges, railroads and stations is the subject of a large proportion of the Budimex Group's contracts, which is crucial for expanding access to safe and sustainable transportation systems, including public transportation. In addition, the company is developing the infrastructure of local government transportation companies, including responding to the challenges of a sustainable future (electric vehicle charging stations).

3.3. ESG Strategy

[ESRS SBM-1]

Responsibility, honesty or sensitivity to others are values that Budimex Group has been following for years. The creation of the *Budimex Group CSR Strategy for 2021-2023* was aimed solely at organizing and accelerating activities in this regard and did not require a change in the company's identity or organizational culture. In order to strengthen its potential and respond even better to the challenges of the future and become an even more reliable partner in business, the organization's past experience in the sustainability area has been transformed into the *ESG Strategy for 2023-2026 with an outlook until 2050*. The document announced on 30 June 2023, whose title and, at the same time, guiding principle is *We change the world for you! And We Change Ourselves*, systematizes the approach and plans of the Budimex Group with regard to the *environment (E)*, *social responsibility (S)* and *governance (G)*. In each of these areas, strategic goals have been set that respond to key challenges for the construction sector and are consistent with global UN Sustainable Development Goals. They are intended to set the pace for the organization's activities and make it easier to measure progress. Fulfilling them will support the company's sustainable development, including allowing it to achieve climate neutrality in the long term and lead positive change in the construction industry as a whole.

The implementation of the commitments set forth in the strategy is the responsibility of the team leaders who had a hand in drafting the document: the Director of the ESG, Quality and Environmental Protection Department⁵ (strategy oversight), the ESG Manager (environmental area), the Director of the Human Resources Management Division (social area) and the Legal Director of Corporate Areas (corporate governance).

3.3.1. Commitments and goals in the environmental area

We build with respect for the **environment** because we believe that our responsible decisions can positively shape industry standards.



We prevent climate change

We are tying this to taking a series of measures to bring us to climate neutrality. This means, on the one hand, the need to invest in renewable sources to ensure access to clean energy, and on the other hand, it obliges us to undertake numerous projects to reduce CO₂ emissions from the design stage of the project to its implementation. Accordingly, we plan to optimize our design processes to include an analysis of the reduction potentials of a given construction site, and we intend to gradually increase the share of low-emission transportation and heavy machinery in the construction process.

⁵ Until February 2024 under the name of Procurement, Quality and Environmental Protection Department.

Our strategic goals:

- 2023** Aiming to source 100% of electricity from RES from the market
- 2026** 100% of the energy produced by Budimex Group companies for Budimex comes from RES
- 2030** Aiming to reduce CO₂ emissions from Scopes 1 and 2 by 20% (compared to 2020).⁶
- 2050** Achieving climate neutrality

**Closing the circulation of raw materials**

We will start closing the raw material circulation by analyzing the potentials of implementing the circular model throughout the value chain so as to develop and implement a circularity policy in the next step. The resulting performance standards will apply both within the Group and in cooperation with business partners. We want to use raw materials from certified sources and those that have a lower carbon footprint. We intend to consistently increase the percentage of waste recovered, including recycling, and use raw materials that are already recycled.

Our strategic goals:

- 2024** Recycle and recover 70% of soil and land waste
- 2024** Recover at least 70% of non-hazardous waste
- 2025** Develop a circularity policy
- 2026** Perform circularity analyses for each new project

**We protect resources**

At the same time, we want to increase our commitment in the field of natural resource conservation. In order to do this in an informed and responsible manner, it is essential to conduct impact analyses on water resource use and biodiversity. We aim to develop comprehensive plans to reduce our footprint in these two dimensions. We declare that we will undertake this challenging task with full commitment.

Our strategic goals:

- 2025** Conduct an assessment of the exposure of the company's operations to water stress
- 2025** Conduct an analysis of the company's dependence on biodiversity and the company's impact on biodiversity
- 2025** Calculate the Corporate Biodiversity Footprint (CBF).⁷
- 2026** Strive for a Biodiversity Net Positive.⁸

⁶ The goal includes a 33% reduction in emissions from the vehicle fleet and a shift to using only renewable electricity.

⁷ An indicator measuring the scale of a company's impact on biodiversity, developed by Iceberg Data Lab. For more information see: <https://www.icebergdatalab.com/solutions/biodiversity/>.

⁸ I.e. to achieve a net positive impact on biodiversity, i.e., a state in which a company's unavoidable negative impacts on biodiversity become less than its contribution to restoration of ecosystems.

3.3.2. Commitments and goals in the social area

We empower **employees and business partners** because we know that only dialogue is a guarantee of sustainable growth.



We are a company that integrates generations

Our strength lies in building diversity. We value both experience and innovation, which is why we form close-knit, strong and multi-generational teams. We believe in equal access to work. We are breaking stereotypes, especially in the perception of the role of women in construction. For years, we have been increasing their share of the workforce, including in managerial positions. We enable them to develop in tailored leadership programs. At the same time, we take care to level the playing field in the area of wages – we have established a dedicated fund for this purpose. Continuously building team competence and strong leadership is one of the pillars of Budimex Group's activities. By developing key business areas, we support our employees and motivate them to succeed.

Our strategic goals:

2026 Strive to maintain a voluntary turnover rate of no more than 8.5%

2026 Aim for a GPGR (*gender pay gap ratio*)⁹ of less than 9%

2026 GCR (*glass ceiling ratio*) – Aim to increase the percentage of women in middle and senior management at 22% (up from 19% in 2022).



We guarantee safe and decent work

Every day we do everything to ensure the safety of our employees and the participants of the projects we implement and their beneficiaries. Our strategy in this area is based on two pillars: "Always Safe, Always Ready". Its foundations are accountability, dialogue within teams, and the constant search for and implementation of new solutions to support the creation of a safe workplace. This idea guides not only us. We also promote it to our stakeholders and the business community – subcontractors and business partners, as part of our annual Safety Week.

Our strategic goals:

Each year, top management will make regular safety visits to contract performance sites combined with meetings with company employees and business partners

annually Conduct of training and programs to promote a safety culture with 100% of employees

annually Organization of Safety Week in the Budimex Group for at least 90% of contracts

⁹ Gender pay gap ratio, calculated in accordance with the methodology adopted for all Ferrovial companies.



We are a good neighbor and we strengthen our relations

We are aware that through our projects we significantly affect the daily life of local communities. Our goal is to improve people's quality of life, but we are not indifferent to their needs – here and now. We are open to dialogue. We regularly meet with local stakeholders, listen to their expectations and make every effort to maintain good neighborly relations. We support local initiatives, facilitate communication around ongoing projects and join in charitable activities, building valuable relationships for years to come. Promoting areas that are important to the Budimex Group – development and education – we establish contacts with universities and technical schools in the regions, offering programs that prepare people for work in the construction industry. By sharing our experience, we believe we are enabling younger generations to have a better start in the future.

Our strategic goals:

Conduct educational programs in schools and technical colleges for 5,000 students each year.

2023 No less than 50 outreach activities on all ongoing contracts

3.3.3. Commitments and goals in the governance area

We manage **responsibly** because we always put our values first.



We are an ethical company

We conduct a number of activities to strengthen the ethical culture among both employees and business partners. In order to exercise the utmost diligence in adhering to sustainability standards, we are taking a number of measures, including implementing a *Code of Conduct for business partners*, as well as conducting awareness-building training on preventing and addressing conflicts of interest.

Our strategic goals:

Regular information campaigns in the area of ethics and conflict of interest management

2023 Revision and expansion of issues of the *Code of Conduct*

2023 Development of a manual for dealing with situations where conflicts of interest occur or may occur

2024 Development of the *Code of conduct for business partners*



Anti-corruption

We do not condone any form of corruption in the actions of our employees in internal and external relations. We regularly conduct training among our employees to keep their knowledge and sensitivity in this area at a high level.

Our strategic goals:

Conduct of **periodic** training sessions among employees on anti-corruption issues



We consciously manage risk

ESG issues and risks are not a separate area for us, unrelated to the Group's business strategy. We want to manage business and ESG risks in an integrated manner, so as to promote sustainable development and ensure stable and long-term growth of the Group's value.

Our strategic goals:

2023 Integrate ESG risks into the risk management system



We care about cybersecurity

Ensuring the highest standards of cybersecurity is a priority for us, so we will improve the protection of IT systems and enhance the security of sensitive data through monitoring and increased oversight of data processing. At the same time, we train our employees in this area and raise awareness of the risks, as well as the ability to respond appropriately to their occurrence.

Our strategic goals:

Continuous improvement of protection mechanisms against cyber risks for Budimex Group's information systems.

You can find our sustainability strategy at: <https://esg.budimex.pl/>.

Information on the implementation of the company's strategic goals can be found in the individual sections of this report.

4. ENVIRONMENTAL RESPONSIBILITY

4.1. Environmental impact management

4.1.1. Policies and accountability

[GRI 3-3] [GRI 306-1] [ESRS E1-2] [ESRS E2-1] [ESRS E3-1] [ESRS E4-2] [ESRS E5-1]

BUDIMEX SA

The overarching document at Budimex SA governing environmental and climate impact management is the *Integrated Management System Policy*. It contains commitments and principles for reducing environmental interference, such as efficient use of natural resources and promoting environmental responsibility.

The company is aware of the impact that its operations may have on the environment and climate, in the:

- local dimension – by interfering with the functioning of ecosystems as a result of construction work,
- global dimension – through (positive or negative) impacts on the climate.

In order to improve environmental performance, Budimex SA has implemented an environmental management system based on the requirements of the PN-EN ISO 14001:2015 standard. The company has undergone certification by an external, independent and accredited certification body. As part of the management system, the company has developed goals, as well as indicators by which it monitors its environmental impact. Responsibility for the management of the environmental area stems from established internal procedures.

MOSTOSTAL KRAKÓW SA

The overarching document at Mostostal Kraków SA governing environmental management is the *Integrated Management System Policy*. It includes the company's commitments to minimize emissions and the amount of waste generated, as well as to systematically raise environmental awareness. In addition, the company pledges to conserve natural resources by, among other things, reducing water, fuel and electricity consumption.

Mostostal Kraków SA has implemented an environmental impact management system based on the requirements of PN-EN ISO 14001:2015. The company has undergone certification by an external, independent and accredited certification body. Responsibility for the management of the environmental area stems directly from established internal procedures.

In 2023, Mostostal Kraków SA has pledged to reduce fuel consumption by replacing its vehicle fleet.

FBSEWIS GROUP

The FBSeWis Group's environmental impact management policy is based on the requirements of The FBSeWis Group's environmental impact management policy is based on the requirements of *Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 establishing best available techniques (BAT) conclusions for waste treatment*. The conclusions were implemented in the company in 2022 and address dust, gas, odor, wastewater, waste and noise emissions, as well as energy consumption and emergency management. Adequate prevention procedures have been developed and implemented for the occurrence of such emissions. In situations where prevention is not possible, procedures are in place to reduce emissions, minimize their impact and monitor the actions taken. Responsibility for environmental impact management stems from internal procedures adopted by the company.

The FBSeWis Group has implemented *PO (FBS-Z)-06-02* procedures for the environmental impact management system in individual companies (FBSeWis Dolny Śląsk, FBSeWis Karpatia, FBSeWis Kamieński, FBSeWis Wrocław). The following attachments are an integral part of these procedures:

- *List of wastewater and waste gas streams,*
- *Waste stream management,*
- *Emergency management plan,*
- *Odor management plan,*
- *Noise and vibration management plan,*
- *Energy efficiency plan and energy balance register.*

FBSeWis Wrocław has implemented the PN-EN ISO 9001:2015 and ISO 14001:2015 management systems.

Principles of the *Integrated Management System Policy* related to environmental impact

Budimex Group companies have implemented a customized approach to environmental and climate impact management, tailored to their business models. This area is managed by the Director of the ESG, Quality and Environmental Protection Department¹⁰.

BUDIMEX SA

In the system in force at Budimex SA, the axis of which is the *Principles of the Integrated Management System policy*, the basic assumptions are:

- minimizing the negative impact of the company's operations on the environment,
- efficient use of natural resources, energy and materials through energy-efficient solutions and recycled materials,
- reducing the amount of waste generated, water and energy consumption, and greenhouse gas emissions.

Budimex SA operates according to accepted procedures, instructions and environmental standards. Operational activities, i.e. the performance of construction contracts, comply with environmental management procedures and internal operating standards, among other environmental issues.

Budimex SA's environmental standards regulate the principles of proper protection of water, soil, air and biodiversity during construction work and ancillary processes.

These standards apply to:

- storage of hazardous waste in an environmentally safe manner,
- safe handling of liquid fuels during storage and refueling of equipment and vehicles,
- safe handling of hazardous substances during their storage and use,
- equipping construction sites with the so-called environmental first-aid kit for the efficient elimination of small spills and leaks,
- organization of works that cause dust emissions into the air,
- organization of works that cause noise emissions,
- organization of works that cause vibration,
- organization of works performed in the riverbed or in the basin of a lake, pond or sea, as well as in the proximity of watercourses and reservoirs and on the shoreline of watercourses and reservoirs in a manner that is safe for the aquatic environment,
- organization of drainage works in such a way as to protect water from suspended solids emissions,
- cleaning vehicle wheels from mud and equipment contaminated with concrete, cement-lime or gypsum mixtures in a way that is safe for the water and soil environment,
- ensuring effective protection of trees and shrubs from damage or destruction during construction work,
- ensuring effective protection and minimizing losses to amphibian populations during construction activities,
- legible and understandable labeling of waste collection sites, environmental protection infrastructure and environmental monitoring sites.

Prior to the start of construction work, the identification of environmental aspects that are subject to supervision is carried out. They are identified according to an internal procedure that defines a uniform method of evaluation by determining:

- the nature of the environmental impact (positive/neutral/negative),
- the scale of the environmental impact,
- the duration of the influence exerted,
- the intensity of the impact by determining the scale of the impact,
- legal requirements for the given impact,
- probability of occurrence.

¹⁰ Until February 2024 under the name of the Procurement, Quality and Environmental Protection Department.

Based on the identified potential environmental risks and impacts of the planned construction work, a health and safety plan (hereinafter: BIOZ plan) is agreed internally, which, as of 1 January 2024, has been transformed into an environmental protection plan (hereinafter: OŚ plan). This document includes a waste management plan that specifies ways to selectively collect waste, labeling and acceptable ways to manage waste generated at construction sites, as well as an environmental task plan that, based on identified activities, identifies types of emissions and indicates hazards and measures to protect and minimize environmental impacts during construction activities. The environmental task plan specifies:

- the interaction of the construction with the environment and ways of reducing the nuisance caused by the execution of construction work, as well as an analysis of the construction environment and facilities in terms of proximity to sensitive infrastructure (e.g., schools, hospitals, residential areas), an industrial plant with an increased or high risk of industrial accidents or a plant with an increased sanitary regime – in such cases, the plan also indicates how to proceed,
- the operation of social, technical and production facilities of construction sites in a way that ensures the economical use of land, the study of the possibility of the foundation of construction facilities at a given site, the appropriate protection of the site and also the restoration of the site to its original state after the completion of construction,
- rules for the use of water and disposal of wastewater, taking into account the safest for the given conditions of the construction supply of water and disposal of wastewater,
- rules for protection of the soil and water environment in construction works,
- earthworks related to the excavation of earth masses (including contaminated ones) and indicates safeguards for the soil and water environment,
- sources of waste emissions with an indication of the ways of proceeding to reduce these emissions – including ways to protect the land and water environment from the effects of waste,
- sources of air emissions with identification of ways to minimize emissions,
- sources of noise and vibration emissions with an indication of safeguards and ways to minimize them,
- consumption of natural resources and materials, taking into account their economical use and the use of recycled materials,
- rules for handling hazardous substances with an indication of safeguards,
- impact on biodiversity with an indication of measures to reduce and minimize this impact,
- impact on cultural heritage with an indication of measures to reduce and minimize this impact,
- potential emergency situations with an indication of rescue equipment.

In addition, the consumption of fuels and energy used to drive machinery, vehicles and installations in the construction process is monitored – their operation should be carried out economically and minimize emissions to the environment.

Each organizational unit of Budimex SA, for which aspects with an environmental and climate impact have been identified, is responsible for the implementation of the operational activities specified in the BIOZ plan and the OŚ plan. They are then subject to assessment, as a result of which significant risks and opportunities generated by the company's activities are identified. With regard to significant environmental aspects, the activities that undergo environmental impact analysis are identified. This serves as the basis for establishing Budimex SA's environmental goals.

The significant aspects identified by the organization in 2023 are closely related to the type of conducted operations and pertain to:

- the emission of significant amounts of construction waste in the form of unusable earth masses and demolition materials, the generation of hazardous waste and the risks associated with the generation of such waste,
- waste recovery carried out on construction sites and the associated environmental opportunities in the form of a significant reduction in the amount of construction waste generated and the saving of natural resources,
- air emissions from the use of combustion-powered equipment and vehicles and the operation of their own heat sources,
- the activities of the production facilities of construction sites – including asphalt plants, concrete batching plants and the associated risks to the earth's surface,
- conducting work in riverbeds or reservoir basins, as well as on the shorelines of watercourses and reservoirs that result in a change in water flow and carry the risk of water pollution,
- impacts on biodiversity by cutting down trees and shrubs that are in conflict with the infrastructure under construction (e.g., road or rail),

- consumption of large quantities of raw materials, materials, fuels and energy.

For these aspects, a number of minimization measures have been taken to reduce their negative impact and maximize environmental gains through:

- optimization of designs and balancing of earth masses (excavation/embankment),
- implementing the principles of a circular economy,
- application of rules pertaining to qualification and management of materials obtained in the course of works, facilitating the identification of materials, the possibility of their use and also indicating the legal aspects of such activities,
- implementing documentation for the safe transfer of natural material for use by non-business entities,
- determining, for each contract, prior to the start of the project, a waste management plan specifying the types of waste to be generated, the method of safe and company-approved waste collection, the method of marking collection sites and waste containers, and the method of waste management,
- efficient operation of diesel-powered equipment and vehicles,
- replacement of old equipment units with Stage IV and Euro 6 compliant ones,
- implementing electrically powered equipment and vehicles,
- allowing only operable equipment units and vehicles on construction sites,
- organization of construction facilities at existing sites,
- reducing losses in the tree population thanks to supervision of the works related to removal of trees and shrubs in conflict with the ongoing project, in terms of compliance with the investor's documentation to avoid cutting down plants not intended for removal,
- conducting works taking into account their specifics and the specifics of the areas in question, and ensuring appropriate environmental measures (e.g., nature supervision, checking trees and shrubs for bird and bat nests),
- additional voluntary planting of vegetation, including a tree planting campaign (as part of the "Green April" campaign – more in subsection 4.1.6.).

The applicable performance standards for Budimex SA pertain to:

- safe storage of hazardous waste,
- safe handling of liquid fuels during storage and refueling of equipment and vehicles,
- safe handling of hazardous substances during their storage and use,
- equipping construction sites with an environmental emergency kit for efficient elimination of with small spills and leaks to prevent environmental pollution,
- environmental labeling system, introducing clear and understandable labeling of waste collection sites, environmental protection infrastructure and environmental monitoring sites,
- reducing noise and dust nuisance, among other things, when conducting waste recovery.

The company's impact on the environment is generated in large part by suppliers of services and products, so it is important for Budimex SA to agree and cooperate with business partners also on the issue of environmental protection. Business partners undergo pre-qualification – their activities are verified for compliance with environmental regulations. Suppliers, when deciding to cooperate with the company, undertake to act in accordance with its policies (procedures, instructions, standards and other internal regulations). Subcontractors operating on the company's project sites receive training on waste management and dealing with environmental incidents. The company evaluates, among other things, supplier's experience and responsibility in the area of environmental impact. For more information on building a responsible supply chain, see Section 7.5.

MOSTOSTAL KRAKÓW SA

The basic principles of the *Integrated Management System Policy* in the area of environmental impact at Mostostal Kraków SA are:

- continuously reducing the environmental impact of the company's operations,
- meeting the requirements and obligations under applicable laws and standards,
- minimizing waste generation and emissions of hazardous substances,
- systematically raising the environmental awareness of employees and suppliers,
- conservation of natural resources by reducing waste generation and consumption of water, electricity and fuels.

The company responded to the above challenges by developing and implementing procedures, such as:

- *Organization and environmental management during contract performance,*
- *Identification and qualification of environmental aspects,*
- *Emission reporting and environmental effect monitoring,*
- *Instruction for qualification and management of materials acquired in the course of works,*
- *Detailed rules for recording fixed assets and low-value items – containing controlled substances,*
- *Environmental monitoring and measurement,*
- *Environmental emergencies and incidents.*

Mostostal Kraków SA's impact on the environment is largely related to the operation of the Steel Structures Plant in Kraków and Kleszczów. In this area, the work is carried out by both the company's own services and business partners. Service providers receive training on the company's environmental procedures, including rules for dealing with environmental emergencies.

FBSERWIS GROUP

The basic aspects of the company's *Environmental Policy* are:

- commitment to environmental protection, including prevention of emergencies and pollution, and fulfillment of compliance obligations,
- continuous improvement of the quality and environmental management system to improve environmental performance,
- continuous improvement of the environmental performance of the installations.

The environmental impact management system policies, which follow from the requirements of *Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 establishing best available techniques (BAT) conclusions for waste treatment* pertain to:

- control, mitigation and protection measures in connection with the generation of dust and gas emissions, odors, wastewater and noise,
- monitoring and management of waste streams from receipt, through the treatment process, to final management of the treatment residue,
- measures to prevent and mitigate the consequences of potential accidents that have a negative impact on the environment,
- measures to monitor and reduce energy consumption.

The company responded to these challenges by developing and implementing procedures:

- procedure for controlling and methods to reduce pollutants discharged into the environment in the form of gas, dust and wastewater emissions,
- waste handling procedure,
- emergency management plan,
- odor management plan,
- noise management plan,
- energy efficiency plan.

Changes in the management of the environmental area

BUDIMEX SA

In 2023, the company conducted continuous monitoring of its environmental impact and in 2024, to avoid embedded waste, monitored environmental aspects. Accordingly, a thorough analysis of environmental documentation was carried out to help identify environmental threats and opportunities. As of 2024, new/updated environmental documentation has been implemented. Therefore environmental documentation has been excluded from OHS structures and a separate set of documents has been developed to address environmental issues. The *Environmental Management* operating procedure and the questionnaire identifying environmental aspects and requirements for business units have been modified. The OŚ plan, formerly part of the BIOZ plan, has been implemented and expanded, and the process for assessing environmental aspects has been modified. Budimex SA's 14 environmental standards facilitating safe construction operations have been updated. A catalog of environmental labeling has been expanded, making it easier for workers on construction sites to properly

collect waste. In addition, in 2023 an embankment material acceptance form was implemented, making it easier to identify the material they are accepting to avoid embedded waste.

The company, in the interest of effective environmental management, has decided to implement the European eco-management standard – EMAS. It is a legally sanctioned system of the European Union, supporting the idea of voluntary environmental action. The primary goal of the program is to initiate such processes that will help successively reduce negative environmental impacts, implement clean technologies, move toward a circular economy, and inform local communities about possible impacts on ecosystems. The implementation of the EMAS standard will expand the range of tools to help conduct environmental due diligence throughout Budimex SA's value chain. The analysis and update of environmental documentation also took into account additional requirements of this scheme.

MOSTOSTAL KRAKÓW SA

There were no changes in environmental impact management in 2023.

FBSERWIS GROUP

There were no changes in environmental impact management in 2023.

4.1.2. Identification and management of ESG risks, including climate-related risks

[GRI 201-2] [ESRS SBM-3]

A comprehensive assessment of ESG risks, including those related to climate, was first carried out in 2023, in cooperation with an external consulting firm. As part of the double materiality analysis, consistent with the *Corporate Sustainability Reporting Directive* (CSRD) and further described in Section 8.1., ESG risks, including those related to climate, were identified. Risks were identified through the following processes:

- analysis of Budimex Group's documentation, and specialized and industry reports,
- diagnostic workshop with internal stakeholders,
- expert workshop with external stakeholders,
- analysis of the finished risk library and the results of the company's 2021-2022 analysis of climate-related risks,
- industry benchmark for ESG reporting on risks,
- specialized consultations inside the consulting agency's team.

As a result of the analysis, individual risks were assigned a probability of materialization according to a four-point scale:

- high,
- medium,
- low,
- very low,

and one of four levels of severity/impact:

- very serious,
- serious,
- moderate,
- minor.

A total of 37 risks presented in Table 9 were subjected to the process.

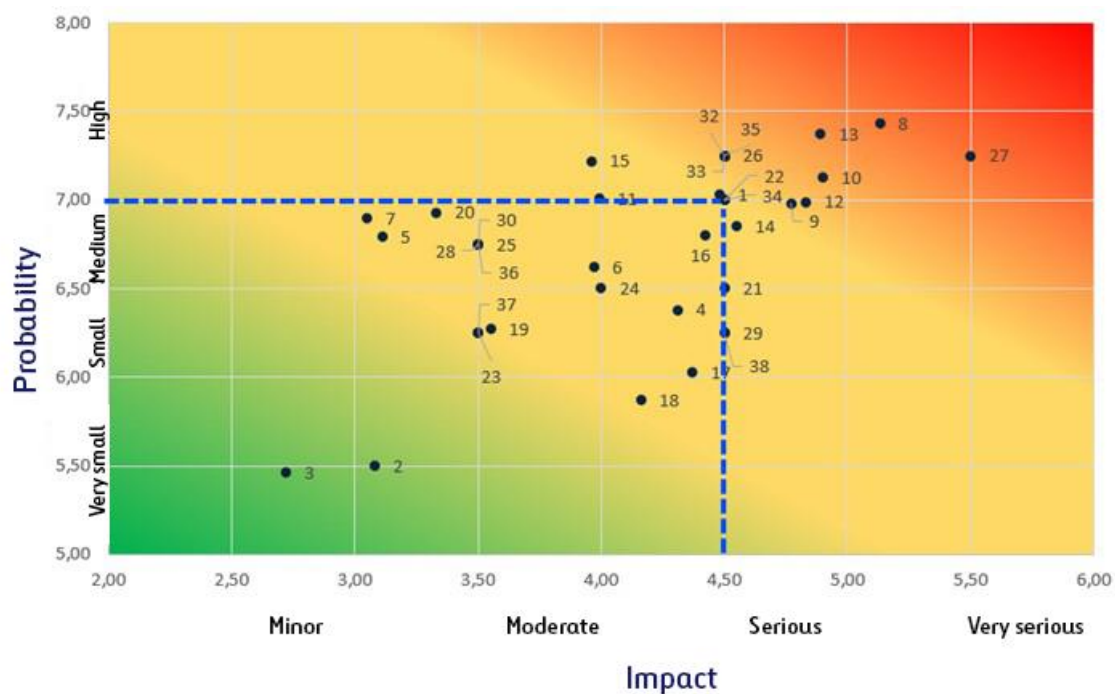
Table 9. ESG risks

1	Climate risks (physical)	Risks associated with the global phenomenon of climate change including the threat of the impact of rising average temperatures on contract working conditions
2		Risks related to the global phenomenon of climate change including the threat to the Group's operations by more frequent fires
3		Threats associated with the impact of changing weather patterns on the availability of renewable energy (lower wind intensity)
4		The threat of the impact of rising average temperatures on the feasibility of using existing solutions in construction
5		Threat of flooding of suppliers' production facilities or transportation infrastructure located close to the sea shoreline
6		Threat of increasing frequency of epidemics and pandemics
7		Violent weather changes such as cyclones, storms and thunderstorms
8	Climate risks (transitional)	Threat of cost increase due to introduction of tax, duty or other carbon fees
9		Threat of rising energy prices as a result of high-carbon electricity mix in Poland or other countries
10		Threat of stricter energy efficiency regulations for buildings
11		Infrastructure constraints for electromobility
12		Threat of increased costs of raw materials, supplies and services caused by other climate-related risks
13		Threat of having to calculate and report the carbon footprint of buildings
14		Threat of having to calculate the carbon footprint of all products and services throughout their life cycle
15		Risk of lack of or reduced access to financing if banks or investment funds or insurers fail to meet expectations to address the climate crisis
16		Threat of climate change adaptation legislation
17		Threat of lawsuits over company's contribution to climate crisis
18		Threat of lawsuits for failure to properly adapt buildings to climate change
19		Threat of low energy efficiency of buildings, vehicles and machinery
20		Threat of persistence of high-carbon electricity mix in Poland or other countries
21		Rising investment insurance costs due to stakeholder pressure
22	Pollution	Reduction of pollution emitted during construction work
23		Impediments to the implementation of projects in accordance with the approved work schedule
24	Circular economy	Tightening regulations on waste and hazardous substances and failure to comply with them
25		Regulatory impediments on the Polish market in the context of the implementation of a circular economy
26	Water and marine resources	Threat of regulations raising water prices
27		Shrinking of water resources available for commercial use
28	Biodiversity and ecosystems	Negative impact of projects on biodiversity
29	Employees of the organization	Occurrence of discrimination on ethnic or civil grounds
30		Image risks of neglecting diversity issues in the company

31	Employees in the value chain	Occurrence of a serious/fatal accident at a construction site or while performing assigned tasks
32		Aging population
33	Consumers and end users	Competition from companies outside the European Union
34	Conduct of economic activity	Regulatory changes in the area of ESG and Compliance
35		Cyber risks
36		Incorrect or ineffective verification of key business partners
37		Occurrence of corruption incidents

The matrix of the results of the analysis conducted is as follows:

Figure 8. ESG risk matrix



The risks that the consulting agency recommended for management and monitoring are summarized in Table 10.

Table 10. Key ESG risks

Area	Risk description	Severity/ impact	Probability	Time perspective	Change in probability over the time horizon
Mitigating climate change	Risks associated with the global phenomenon of climate change including the threat of the impact of rising average temperatures on contract working conditions	Very serious	High	Medium-term (up to 5 years)	▲
	Threat of cost increase due to introduction of tax, duty or other carbon fees	Very serious	High	Medium-term (up to 5 years)	=
	Threat of rising energy prices as a result of high-carbon electricity mix in Poland or other countries	Moderate	Medium	Short-term (up to 1 year)	=
	Threat of stricter energy efficiency regulations for buildings	Serious	High	Medium-term (up to 5 years)	=
	Infrastructure constraints for electromobility	Moderate	High	Medium-term (up to 5 years)	=
	Threat of increased costs of raw materials, supplies and services caused by other climate risks	Very serious	High	Medium-term (up to 5 years)	▲
	Threat of having to calculate and report the carbon footprint of buildings	Very serious	High	Medium-term (up to 5 years)	=
	Threat of having to calculate the carbon footprint of all products and services throughout their life cycle	Serious	Medium	Medium-term (up to 5 years)	=
	Risk of lack of or reduced access to financing if banks or investment funds or insurers fail to meet expectations to address the climate crisis	Moderate	High	Short-term (up to 1 year)	▲
	Rising investment insurance costs due to stakeholder pressure	Serious	Medium	Medium-term (up to 5 years)	▲
Pollution	Reduction of pollution emitted during construction work	Serious	High	Medium-term (up to 5 years)	—
Water and marine resources	Threat of regulations raising water prices	Serious	High	Long-term (more than 5 years)	—
	Shrinking of water resources available for commercial use	Very serious	High	Long-term (more than 5 years)	—

Area	Risk description	Severity/impact	Probability	Time perspective	Change in probability over the time horizon
Employees of the organization	Occurrence of discrimination on ethnic or civil grounds	Serious	Low	Medium-term (up to 5 years)	—
Employees in the value chain	Aging population	Serious	High	Long-term (more than 5 years)	—
Consumers and end users	Competition from companies outside the European Union	Serious	Medium/High	Medium-term (up to 5 years)	—
Conduct of economic activity	Regulatory changes in the area of ESG and Compliance	Serious	Medium/High	Medium-term (up to 5 years)	—
	Cyber risks	Moderate	Medium	Medium-term (up to 5 years)	—

4.1.3. Key indicators

Raw materials

The construction industry consumes significant amounts of natural resources and building materials. The most commonly used in the construction process are concrete, cement, steel, asphalts and aggregates. One method of reducing the company's consumption of raw materials is the recovery of construction materials. The Budimex Group has specific goals in this area, which are presented in Section 3.3.

In 2022, a change was introduced in the approach to reporting on purchases of raw materials. A breakdown into natural and artificial aggregates and recycled materials was presented. The same approach was also applied in the reporting year. In addition, in 2023, the item "recovered and recycled materials" was separated for the purpose of meeting environmental goals under the ESG strategy.

Table 11. Used raw materials and materials

[GRI 301-1] [ESRS E5-4]

Non-renewable materials and raw materials	Unit	Budimex SA			Budimex Group
		2022	2023	Change y/y	2023
Concrete	m ³	593,840.3	411,447.0	-31%	416,212.0
Cement	Mg	67,191.7	52,242.8	-22%	56,699.9
Steel	Mg	52,811.0	35,028.8	-34%	42,798.6
Asphalt	Mg	39,046.1	28,111.9	-28%	28,734.5
Natural aggregates	Mg	4,336,095.2	4,679,193.9	8%	4,787,366.6
Artificial aggregates	Mg	239,823.3	172,400.0	-28%	172,400.0
Recovered and recycled materials	Mg	1,102,260.1	1,272,501.5	15%	1,281,712.6

When analyzing Table 11, it is noteworthy that the consumption of concrete, cement, steel, asphalt and artificial aggregates has declined between 22%-34% relative to 2022, despite a 12.8% increase in sales revenue in the construction business segment. The decrease in the consumption of construction materials

is due to the structure of Budimex SA's contracts, specifically, the significant share of infrastructure projects in the early stages of implementation, with earthworks predominating. The same factor accounts for a 15% increase in the use of recycled and recovered materials. We expect consumption of major materials to increase in 2024 as a direct result of a change in the structure of ongoing contracts.

Table 12. Used raw materials and materials at Mostostal Kraków SA

[GRI 301-1] [ESRS E5-4]

Materials	Unit	2022	2023	Change
Steel	Mg	13,734.00	7,098.70	-48%

Table 13. Percentage of recycled input raw materials/materials used in the manufacture of primary products and services

[GRI 301-2] [ESRS E5-4]

	Budimex SA	Budimex Group	
	2023	2023	
	Weight [t]	Weight [t]	Volume [m ³]
Total weight or volume of materials used	6,239,478.59	6,369,453.95	513,906.49
Weight or volume of processed input materials used	1,272,501.45	1,281,453.85	97,636.00
Percentage of recycled input materials used	20%	20%	19%

In 2023, the total weights and volumes of recycled input raw materials and materials used were disclosed for the first time, as required by ESRS E5-4. In 2023, at both Budimex SA and the Budimex Group, raw and processed materials accounted for 20% of the total weight of materials used in the construction process.

Waste

Table 14. Year-on-year waste generated

[GRI 306-3] [ESRS E5-5]

Waste generated [Mg]	Budimex SA			FBSerwis			Budimex Group		
	2022	2023	Change y/y	2022	2023	Change y/y	2022	2023	Change y/y
Non-hazardous	2,431,166.66	1,951,370.64	-20%	430,353.45	509,671.06	18%	2,878,331.90	2,480,186.98	-14%
Hazardous	3,344.14	3,818.59	14%	10.93	7.77	-29%	3,373.63	3,855.75	14%
Total	2,434,510.80	1,955,189.23	-20%	430,364.38	509,678.83	18%	2,881,705.53	2,484,042.73	-14%

In 2023, the weight of waste generated at Budimex SA decreased by 20% compared to 2022, including a 20% decrease in the weight of non-hazardous waste and a 14% increase in the weight of hazardous waste. The increase in the amount of hazardous waste generated is due to the identification within this category of pulverized asphalt. A similar trend was observed for the Budimex Group, for which the decrease in the weight of waste generated was 14%.

Table 15. Waste recovered

[GRI 306-4] [ESRS E5-5]

Waste recovered [Mg]	Budimex SA			FBSerwis			Budimex Group		
	2022	2023	Change y/y	2022	2023	Change y/y	2022	2023	Change y/y
Non-hazardous	1,789,384.59	1,904,035.29	6%	195,624.11	265,855.12	36%	1,985,008.70	2,181,840.89	10%
Hazardous	846.63	2,316.39	174%	10.43	7.77	-25%	857.06	2,326.06	171%
Total	1,790,231.22	1,906,351.68	6%	195,634.54	265,862.89	36%	1,985,865.76	2,184,166.94	10%

The weight of waste sent for recovery in 2023 by Budimex SA increased by 6%, while the group as a whole saw a 10% increase over 2022.

Table 16. Waste recovered at Budimex SA, broken down by management method

Waste processed through recovery processes [Mg]	Processed by Budimex SA			Processed outside the Budimex SA site		
	2022	2023	Change y/y	2022	2023	Change y/y
Non-hazardous	1,102,260.14	1,273,851.45	16%	687,124.45	630,183.84	-8%
Preparation for reuse	0	0	0%	0	0	0%
Recycling	141,682.94	72,788.09	-49%	568,718.90	622,840.33	10%
Other recovery methods	960,577.20	1,201,063.36	25%	118,405.55	7,343.51	-94%
Hazardous	0	0	0%	846.63	2,316.39	174%
Preparation for reuse	0	0	0%	0	0	0%
Recycling	0	0	0%	13.39	1,766.01	13,089%
Other recovery methods	0	0	0%	833.24	550.38	-34%
Total	1,102,260.14	1,273,851.45	16%	687,971.08	632,500.23	-8%

The total weight of non-hazardous and hazardous waste sent for recovery in 2023 by Budimex SA increased by 6%. Recovery was carried out through recycling (R5) and recovery (R12 and R13) processes.

The decrease in the amount of waste for disposal, both hazardous and non-hazardous, occurred both due to Budimex SA's development of recovery and recycling processes and as a result of the identification of waste management processes at external customers. Waste with an unidentified management process is included in the statement (Table 19) as disposed waste. Under current regulations, the waste collector is not required to provide information on how the waste will be managed.

Table 17. Waste sent for recovery at FBSerwis, broken down by management method

Waste processed through recovery processes	Processed by FBSerwis			Processed outside the FBSerwis site		
[Mg]	2022	2023	Change y/y	2022	2023	Change y/y
Non-hazardous	96,384.04	118,555.23	23%	99,240.07	147,299.89	48%
Preparation for reuse	0	0	0%	0	0	0%
Recycling	0	0	0%	18,648.95	19,582.03	5%
Other recovery methods	96,384.04	118,555.23	23%	80,591.12	127,717.86	58%
Hazardous	0	0	0%	10.43	7.77	-26%
Preparation for reuse	0	0	0%	0	0	0%
Recycling	0	0	0%	0	0	0%
Other recovery methods	0	0	0%	10.43	7.77	-26%
Total	96,384.04	118,555.23	23%	99,250.50	147,307.66	48%

In 2023, the structure of recycled waste changed. There was a 26% decrease in the weight of hazardous waste recovered and a 48% increase in the weight of non-hazardous waste recovered.

Table 18. Waste directed to disposal

[GRI 306-5] [ESRS E5-5]

Waste subjected to disposal [Mg]	Budimex SA			FBSerwis			Budimex Group		
	2022	2023	Change y/y	2022	2023	Change y/y	2022	2023	Change y/y
Non-hazardous	641,782.07	26,612.52	-96%	234,651.52	243,815.94	4%	893,323.20	270,471.93	-70%
Hazardous	2,497.52	1,333.56	-47%	0.5	0	-100%	2,516.57	1,353.48	-46%
Total	644,279.59	27,946.08	-96%	234,652.02	243,815.94	4%	895,839.77	271,825.41	-70%

Table 19. Waste directed to disposal by method of disposal

Non-hazardous waste diverted to disposal [Mg]	Budimex SA			FBSerwis			Budimex Group		
	2022	2023	Change y/y	2022	2023	Change y/y	2022	2023	Change y/y
Incineration (with energy recovery)	0	10.59	100%	43,167.56	85,454.67	98%	43,167.56	85,465.26	98%
Incineration (without energy recovery)	0	0	0%	57,503.92	0	-100%	57,503.92	0	-100%
Storage	1,194.11	2,232.80	87%	126,354.92	158,361.27	25%	127,626.87	160,608.24	26%
Other methods of disposal	640,587.96	24,369.13	-96%	7,625.12	0	-100%	665,024.85	24,398.43	-96%
Total non-hazardous waste	641,782.07	26,612.52	-96%	234,651.52	243,815.94	4%	893,323.20	270,471.93	-70%
Hazardous waste directed to disposal [Mg]	Budimex SA			FBSerwis			Budimex Group		
	2022	2023	Change y/y	2023	2022	Change y/y	2022	2023	Change y/y
Incineration (with energy recovery)	914.5	879.55	-4%	0	0	0%	914.50	879.55	-4%
Incineration (without energy recovery)	6.92	2.66	-62%	0	0	0%	6.92	2.66	-62%
Storage	0	0.12	100	0.50	0	-100%	0.50	20.04	3,908%
Other methods of disposal	1,576.10	451.23	-71%	0	0	0%	1,594.65	451.23	-72%
Total hazardous waste	2,497.52	1,333.56	-47%	0.50	0	-100%	2,516.57	1,353.48	-46%

In 2023, the weight of waste diverted by Budimex SA to disposal decreased by 96%. The decrease in the amount of diverted to disposal occurred both due to Budimex SA's development of recovery and recycling processes and as a result of the identification of waste management processes at external customers premises.

In order to reduce the generation of waste, year after year, Budimex SA has been increasing its potential for recovery of construction waste on the basis of its permits, which is in line with the idea of a circular economy promoted by the company.

Water

Water is nowadays understood as a natural resource and a common good to be managed sparingly. This raw material has economic value and is an important factor in production processes. A summary of water withdrawal is shown in Table 20.

Table 20. Water intake

[GRI 303-3] [ESRS E3-4]

	Unit	Budimex SA			Budimex Group		
		2022	2023	Change y/y	2022	2023	Change y/y
Water purchased	m ³	111,861.10	106,575.58	-5%	143,303.10	174,841.39	22%
Water from own intakes	m ³	58,956.10	1,460.00	-98%	65,252.10	7,437.00	-89%
Rainwater	m ³	6,530.00	0	-100%	6,530.00	0	-100%
Total water withdrawal	m ³	177,347.20	108,035.58	-39%	215,085.10	182,278.39	-15%
Water withdrawal per sales revenue	m ³ /PLN m	23.6	12.8	-46%	25	18.6	-26%

At Budimex SA, water is drawn mainly for social and domestic purposes and partly for production and technological purposes. Water is mainly drawn from the existing water supply networks, less frequently from deep wells. Water is drawn from the company's own intakes (deep wells) only on the basis of relevant permits. During the period under review, water withdrawal decreased by 39% and 15 % in the Budimex Group.

Wastewater

Wastewater is water consumed in the course of human activities for living and production purposes. Data on wastewater discharged in 2023 are summarized in Table 21.

Table 21. Wastewater discharge

[GRI 303-4]

	Budimex SA			Budimex Group		
	2022	2023	Change y/y	2022	2023	Change y/y
Municipal wastewater discharged into the network [m ³]	37,413.10	53,399.81	43%	44,460.10	69,848.10	157%
Industrial wastewater discharged into the network [m ³]	238,640.10	2,017.00	-99%	288,281.40	48,994.20	17%
Total wastewater discharged [m ³]	276,053.20	55,416.81	-80%	332,741.50	118,842.30	36%
Wastewater discharged per sales revenue [m ³ /PLN m]	36.8	6.5	-82%	38.6	12.1	-69%

The wastewater generated by Budimex SA is mainly social and living wastewater. Only 4% of the wastewater generated by the company is industrial wastewater, and for the group the ratio is 41%. Wastewater is discharged into sewer networks. In the absence of infrastructure, it is collected in sealed, drainless tanks and transferred to authorized entities for management. Budimex Group companies follow the same rules..

Energy and fuels

Energy and fuels are important elements of the construction process. Their consumption affects the environment. Budimex SA, as a socially responsible company, has set ambitious targets for reducing emissions from the combustion of fossil fuels. They are part of the company's ESG strategy and are discussed in Section 3.3.

It should be noted that the entire volume of electricity purchased by Budimex SA in 2023 had guarantees of origin from renewable sources, thereby contributing to a significant reduction in emissions

The table below shows data on fuel and energy consumption at Budimex SA and across the Budimex Group.

Table 22. Energy consumption within the organization

[GRI 302-1]

		Budimex SA			Budimex Group		
	Unit	2022	2023	Change y/y	2022	2023	Change y/y
Fuel consumed in buildings and installations							
Light fuel oil	GJ	28,291.50	20,957.77	-26%	28,809.30	23,594.67	-18%
Heavy fuel oil (LSC)	GJ	0	0	-	0	0	-
Lignite coal dust	GJ	226,432.20	169,231.61	-25%	226,432.20	169,231.61	-25%
Network natural gas	GJ	1,492.90	2,950.42	98%	5,258.00	10,436.32	98%
LPG	GJ	0	0	-	0	0	-
Propane	GJ	0	214.82	100%	3156.00	214.82	-93%
Propane-butane	GJ	0	47.38	100%	0	47.38	100%
Eco-pea coal	GJ	0	82.80	100%	0	82.80	100%
Fuels consumed in transportation by own vehicles							
Gasoline	GJ	54,791.20	66,100.92	21%	118,908.60	81,322.40	-32%
Diesel oil	GJ	72,077.20	69,580.26	-3%	145,530.00	188,006.09	29%
LPG	GJ	0	0	-	539.60	62.45	-88%
CNG	GJ	0	0	-	5,015.00	4,496.98	-10%
Fuels used to drive the machinery fleet							
Gasoline	GJ	5,915.60	5,432.07	-8%	6,046.50	6,682.61	11%
Diesel oil	GJ	181,794.30	189,299.76	4%	230,668.80	654,738.03	184%
LPG	GJ	145.50	0	-100%	259.9	6,919.42	2,562%
Propane	GJ	0	0	-	35.30	2,254.80	6,288%
Propane-butane	GJ	0	3.54	100%	471.5	117.74	-75%
Energy generated							
Electricity generated from renewable sources	GJ	289.30	567.88	96%	703.80	30,159.45	4 185%
Energy purchased							
Electricity	GJ	69,553.20	68,353.91	-2%	101,071.10	106,827.10	6%
Thermal energy	GJ	31,304.50	19,725.57	-37%	31,677.40	20,055.19	-37%

		Budimex SA			Budimex Group		
	Unit	2022	2023	Change y/y	2022	2023	Change y/y
Sources of fuel and energy							
Energy from all renewable sources (derived from fuels and purchased)	GJ	64,754.10	68,354.00	6%	65,168.70	88,578.00	36%
Percentage of energy from renewable sources	%	0.1	0.11	0%	0.07	0.07	0%
Energy from all non-renewable sources (derived from fuels and purchased)	GJ	607,471.20	543,627.00	-11%	839,414.40	1,186,512.00	41%
Percentage of energy from non-renewable sources	%	0.9	0.89	-1%	0.93	0.93	0%
Total energy from all sources	GJ	672,225.30	611,981.00	-9%	904,583.10	1,275,090.00	41%
Total energy consumption (the sum of fuel consumption, purchased heat and electricity, and consumed energy generated from renewable sources in own installations)	GJ	672,225.30	611,981.00	-9%	904,583.10	1,275,090.00	41%

Conversion indicators from KOBIZE and the DEFRA Database were used for the calculation.

BUDIMEX SA

The energy demand and carbon footprint of construction works are closely related to the stage of the project and factors such as asphalt mix production, transportation and construction equipment engaged. Variability in procurement and the long duration of the construction process mean that comparing energy consumption and carbon performance on an annual basis can be inaccurate: the results may depend more on current procurement progress than on changes in operations. Nevertheless, the Budimex Group, including Budimex SA, is taking many measures to sustainably reduce energy consumption and emissions, such as replacing construction equipment, investing in renewable energy, training and initiatives to improve energy efficiency. They contribute to a reduction in total energy consumption compared to previous years. Budimex SA has introduced an energy management system that identifies areas for energy efficiency improvements. The Company has an energy efficiency improvement policy, the implementation of which is monitored by the Energy Management Committee.

MOSTOSTAL KRAKÓW SA

Energy consumption and emissions at steel structure plants are related to the phase of work and the number of structures produced in a given year and the distance they are transported. The diversity in these factors means that comparing energy consumption and efficiency on an annual basis may not be reliable.

FBSERWIS GROUP

The FBSerwis Group has introduced energy efficiency plans which include a series of measures such as shutting down individual machines and equipment during process downtime, inspecting and servicing process lines to eliminate points of excessive energy consumption, using high-quality equipment with low electricity consumption, and automatically controlling the parameters of the biological waste processing process. FBSerwis Group facilities maintain energy balances that include information on energy consumption and flow.

4.1.4. Energy Management Committee

In Budimex SA, a specially established Energy Management Committee is responsible for indicating the direction of activities related to the energy management system, as well as for setting and reviewing targets in this regard. The committee monitors the fulfillment of the organization's energy management goals, and keeps track of related policies and guidelines – both at the Polish and European Union levels. Taking into account Poland's ongoing energy transition, as well as Budimex SA's new business segments related to green energy, the committee includes in its considerations the prospect of electromobility, decarbonization based on RES, among other things, and analyzes the possibility of implementing new technologies. The result of the team's work is a review of the company's activities in this area, as well as the revision of existing and development of new strategic assumptions in the ESG area. Committee meetings are held quarterly. Composition of the Committee:

- ESG Manager,
- Infrastructure Construction Director,
- Technical Director,
- Administration Director,
- Management Board Representative for Management Systems,
- Director of Industry Construction,
- Director of the Directorate of Investment and Development,
- Chief Automation Specialist,
- Purchasing Director.

4.1.5. Greenhouse gas emissions

Limits of reported emissions

The scope of the Budimex Group's greenhouse gas emissions inventory includes subsidiaries and the parent company. The calculation excludes companies that did not conduct any significant operating activities affecting the generation of significant fuel and energy consumption in 2023. In addition, a calculation for the parent company, Budimex SA, was additionally presented separately.

The largest emitters of greenhouse gases in the Budimex Group remain Budimex SA, the FBSerwis Group and Mostostal Kraków SA. Scope 1 and Scope 2 emissions arising from the operations of the other companies in the Group do not collectively exceed the threshold of a 10% share of total Scope 1 and Scope 2 emissions (*market-based*).

Scope of reported emissions

The Budimex Group reports Scope 1 and Scope 2 emissions in accordance with the GHG Protocol standard¹¹. Implementation of a comprehensive Scope 3 emissions calculation process is in the preparation stages.

- **Direct emissions (Scope 1)** arise from the combustion of fuels in stationary or mobile sources owned or controlled by the company, as well as from technological processes or escape of refrigerants into the atmosphere.
- **Indirect emissions (Scope 2)** are related to the production of purchased electricity and heat. Scope 2 emissions are calculated using two methods. The location-based method takes into account average generation-related emission rates for specific geographic locations, while the market-based method is based on emission rates specific to energy suppliers and reflects informed choices made by the company.

Calculation methodology and assumptions made

- Emissions were calculated in accordance with the GHG Protocol methodology. The calculations involved six greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆). Emission values are given in metric tons (Mg) of carbon dioxide equivalent (CO₂e).
- The volume of emissions from the generation of purchased energy according to the market-based method was calculated on the basis of indicators published by energy suppliers (where the supplier was known). For electricity from RES confirmed by guarantees of origin, an indicator equal to 0 kg CO₂e/kWh was adopted.
- In the case where the heat supplier did not make the data available, the indicators were adopted in accordance with the data reported for Poland by the Energy Regulatory Office in the document *Thermal Energy in Figures – 2022*, Warsaw, October 2023 (also applied in the case of calculations using the location-based method).
- The global warming potential (GWP) creation factors used in the calculations are in accordance with the AR5, *The Fifth Assessment Report of the IPCC*.
- No biogenic emissions were found.
- 2021 was taken as the base year.

Scope 1 and 2 emissions

[GRI 305-1] [GRI 305-2] [GRI 305-4] [GRI 305-5]

In the calculation of Scope 2 location-based emissions, the EFC (emissions factor at consumption) was used due to the precautionary approach taken. The use of the mentioned indicator ensures that greenhouse gas emissions resulting from transmission losses are included in the calculation.

The dataset and scope 2 calculation were based on actual energy consumption.

Below, Table 23 summarizes Scope 1 and Scope 2 greenhouse gas emissions.

¹¹ *GHG Protocol. Corporate Accounting and Reporting Standard, Revised Edition*, World Resources Institute and World Business Council for Sustainable Development.

Table 23. Scope 1 and 2 greenhouse gas emissions

Scope	Unit	Budimex SA				Budimex Group			
		2021	2022	2023	Change y/y	2021	2022	2023	Change y/y
Scope 1									
Emissions resulting from fuel consumption in buildings and installations	Mg CO ₂ e	26,216.6	23,606.1	18,228.0	-23%	28,342.7	24,060.6	18,803.7	-22%
Emissions resulting from fuel consumption in transportation	Mg CO ₂ e	8,361.9	9,267.2	9,736.7	5%	16,672.8	19,613.4	19,820.0	1%
Emissions resulting from fuel consumption in the machinery fleet	Mg CO ₂ e	20,882.9	14,047.1	14,403.8	3%	23,345.5	17,748.4	49,132.4	177%
Total GHG emissions in Scope 1	Mg CO ₂ e	55,461.4	46,920.3	42,368.4	-10%	68,361.0	61,422.4	87,756.2	43%
Scope 1 emissions per sales revenue	Mg CO ₂ e/PLN m	7.9	6.2	5.0	-19%	8.6	7.1	9.0	27%
Scope 2 location-based									
Emissions resulting from purchase of electricity	Mg CO ₂ e	15,041.6	13,678.8	12,356.9	-10%	21,648.2	19,877.3	19,312.0	-3%
Emissions resulting from purchase of heat	Mg CO ₂ e	3,861.4	3,191.3	1,982.8	-38%	3,883.8	3,229.3	2,015.9	-38%
Total GHG emissions in Scope 2 <i>location-based</i>	Mg CO ₂ e	18,903.0	16,870.1	14,339.7	-15%	25,532.1	23,106.7	21,328.0	-8 %
Scope 2 emissions <i>location-based</i> per sales revenue	Mg CO ₂ e/PLN m	2.7	2.2	1.7	-23%	3.2	2.7	2.2	-19%
Scope 2 market-based									
Total GHG emissions in Scope 2 <i>market-based</i>	Mg CO ₂ e	12,998.3	4,118.2	1,982.8	-52%	19,913.9	9,958.0	5,315.0	-47%
Scope 2 emissions <i>market-based</i> per sales revenue	Mg CO ₂ e/PLN m	1.8	0.5	0.2	-60%	2.5	1.2	0.2	-58%
Scope 1+2 location-based									
Total GHG emissions in Scopes 1 and 2 <i>location-based</i>	Mg CO ₂ e	74,364.4	63,790.4	56,708.2	-11%	93,893.0	84,529.0	109,084.1	29%
Scope 1 and 2 emissions <i>location-based</i> per sales revenue	Mg CO ₂ e/PLN m	10.6	8.5	6.7	-21%	11.9	9.8	11.1	13%

Scope 1+2 market-based									
Total GHG emissions in Scope 1 and 2 <i>market-based</i>	Mg CO ₂ e	68,459.8	51,039.6	44,351.3	-13%	88,274.9	71,380.5	93,071.2	30%
Scope 1 and 2 emissions market-based per sales revenue	Mg CO ₂ e/ PLN m	9.7	6.8	5.2	-24%	11.2	8.3	9.5	14%

Significant changes in reported emissions

There have been year-on-year changes in emissions in both scopes monitored by the Budimex Group. In Scope 1 there was a 177% increase in emissions resulting from fuel consumption in the fleet category for the Group compared to the previous year which was mainly influenced by an increase in diesel fuel consumption at Budimex Kolejnictwo.

Emissions resulting from fuel consumption in buildings and facilities and in transportation in turn are lower by 22% and higher by 1% respectively which ultimately translates into an aggregate 43% decrease in absolute Scope 1 emissions.

The results achieved in Scope 1 are influenced by the current energy intensity and characteristics of ongoing construction work as well as changes in the mix of fuels used.

In Scope 2 (*market-based*) significant reductions in GHG emissions were achieved through Budimex SA's purchase of renewable energy origin guarantees for the whole volume of purchased electricity. This measure along with the sourcing of some energy from renewable sources as well helped reduce Scope 2 (*market-based*) emissions for Budimex SA and the Group by 52% and 47% respectively.

Additional information

Continued efforts to improve the accuracy of Budimex Group's reporting of greenhouse gas emissions information in addition to preparing for Scope 3 emissions reporting have resulted in the replacement of the previously used *UK Government Conversion Factors for greenhouse gas (GHG) reporting for fuel emission factors* published by the UK Department for Environment Food and Rural Affairs (UK DEFRA) with the local *Calorific Values and CO₂ Emission Factors in 2020 for Emission Trading Scheme reporting for 2023* published by KOBIZE which more adequately reflect the characteristics of the fuels used by the Budimex Group.

The calculation of Scope 2 emissions using the *location-based* method was based on the most recent indicators from the document *Emission factors of CO₂, SO₂, NO_x, CO and total dust for electricity based on information contained in the National database of greenhouse gas and other substance emissions for 2022* published by KOBIZE in December 2023.

The above changes only improve accuracy, do not result in the need to recalculate the base year, and do not affect the consistency of reporting.

Other emissions

Due to the need to ensure continuity of operations Budimex SA operates asphalt plants and fuel tanks to enable smooth production activities. The plants and fuel tanks emit volatile organic compounds, nitrogen oxides and benzo(a)pyrene, which is part of persistent organic compounds (POPs), as well as sulfur oxides and dust.

Table 24. Emissions of dust and other substances

[GRI 305-7]

Substance [kg]	Budimex SA			Budimex Group		
	2022	2023	Change y/y	2022	2023	Change y/y
Volatile organic compounds (VOCs)	7,493.20	5,510.86	-26%	-	73,778.87	-
NO _x	29,434.63	16,314.30	-45%	-	16,446.97	-
SO _x	25,053.49	10,056.42	-60%	-	10,146.86	-
Persistent organic pollutants (POPs)	0.2	0.26	30%	-	13,369.93	-
Total dust	17,925.92	10,093.94	-44%	-	10,659.52	-
CO ₂ *	-	-	-	-	89,877.09	-
CO	-	-	-	-	38.33	-
WWA	-	-	-	-	183.06	-
Ammonia (NH ₃)	-	-	-	-	398.1	-
Other organic compounds	-	-	-	-	626.35	-

* Emissions from own boiler plant not included in the 305-1 and 305-2 index.

The 44% decrease in dust emissions, 45% decrease in nitrogen oxides and 60% decrease in sulfur oxides, and 26% decrease in volatile organic compounds is due to the decrease in the production of mineral and asphalt mixtures in 2023. In 2024 the trend is expected to reverse.

Analysis of the load of pollutants identified as hazardous air pollutants in GRI 305-7(a)(v) has revealed that they do not represent a significant item among the reporting unit's pollution load.

4.1.6. Biodiversity

Biodiversity refers to the diversity of ecosystems and species. It is essential for the environment and humans because it provides the functions that sustain ecosystems.

Budimex SA

[GRI 3-3]

Budimex SA, when executing projects commissioned by investors (e.g. General Directorate for National Roads and Motorways, PKP Polskie Linie Kolejowe (Polish Railways)), relies strictly on contractual documentation provided by them (e.g. decision on environmental conditions, location decision, design). The company does not participate in decisions on the course and location of the projects, so it has no influence on whether or not a particular project is carried out in protected areas. It also has no influence on the number of trees to be cut down in connection with the construction of a new road, for example, nor does it decide the number of animal crossings planned. Nevertheless, it does take measures to minimize losses in the natural potential of the areas where it carries out the construction in question. To this end, Budimex SA has implemented standards for:

- ensuring effective protection of trees and shrubs from damage or destruction during construction work,
- ensuring effective protection and minimizing losses to amphibian populations during construction activities,
- organization of work in the proximity of watercourses and bodies of water in order to make it safe for the aquatic environment how to perform work in the riverbed or in the basin of a lake, pond or sea, as well as on the shoreline of watercourses and bodies of water,
- organization of drainage works to protect water from suspended solids emissions.

In addition, when felling trees and shrubs interfering with the project, supervision is exercised to ensure compliance with the investor's documentation. This is to avoid cutting down plants not intended for removal. The company also carries out activities aimed at improving biodiversity by carrying out voluntary – not covered by contractual documentation – plantings of vegetation, installing nesting boxes for birds or bats, creating refuge points for lizards, erecting herpetological fences to limit losses in amphibian populations, or installing floating islands for aquatic animals – depending on interference and environmental needs.

In order to protect the most valuable natural areas, in 2023, Budimex SA by way of Management Board resolution, undertook not to carry out construction works in areas listed as UNESCO World Heritage Sites under criteria IX and X.

U C H W A Ł A Nr 25/2023
Zarządu Budimex S.A.
z dnia 11 września 2023 roku

w sprawie: powstrzymania się Budimex S.A. od realizacji inwestycji / prac budowlano – montażowych zlokalizowanych na obszarach wpisanych na listę Światowego Dziedzictwa UNESCO, jako obiekty przyrodnicze, zgodnie z kryterium IX i X klasyfikacji Komitetu Światowego Dziedzictwa.

Działając na podstawie § 17 ust. 1 Statutu Spółki Budimex S.A. oraz §8 ust. 1 Regulaminu Zarządu Budimex S.A. uchwała się, co następuje:

§ 1.

Zarząd Budimex S.A. mając na względzie zgłoszone spółce wątpliwości, dotyczące udziału Budimex S.A. w realizacji inwestycji, związanej z budową zabezpieczenia na granicy polsko – białoruskiej, jako inwestycji budzącej kontrowersje zarówno od strony etycznej jak i środowiskowej, a nadto, biorąc pod uwagę cele postawione spółce przez Zarząd w ramach przyjętej Strategii ESG, obejmującej obszar środowiskowy (**Environmental**) i zobowiązanie w zakresie realizacji przez spółkę inwestycji z poszanowaniem środowiska naturalnego, z zastrzeżeniem § 2 niniejszej Uchwały,

podjmuje decyzję o powstrzymaniu się Spółki od brania udziału w realizacji inwestycji / robót budowlano – montażowych zlokalizowanych na obszarach geograficznych wpisanych, jako obiekty przyrodnicze, na Listę Światowego Dziedzictwa UNESCO według kryterium IX i X, znajdujących się na terenie Polski oraz na terenie innych państw, w których Budimex S.A. (samodzielnie lub za pośrednictwem spółek z Grupy Budimex S.A.) realizuje albo będzie realizował projekty budowlane.

W szczególności Budimex S.A. powstrzyma się od ubiegania o udział w realizacji kolejnych etapów zabezpieczenia na granicy państwowej polsko – białoruskiej, zarówno jako Generalny Wykonawca jak i podwykonawca innych podmiotów.

§ 2.

Celem wyeliminowania wątpliwości Zarząd Budimex S.A. precyzuje, iż spółka może uczestniczyć w realizacji inwestycji obejmujących szeroko rozumiane prace budowlano – montażowe wykonywane w ramach albo w najbliższym sąsiedztwie obiektów wpisanych na Listę Światowego Dziedzictwa UNESCO, jako obiekty kulturalne albo kulturalno – przyrodnicze według klasyfikacji Komitetu Światowego Dziedzictwa I-VIII, jeżeli celem inwestycji / prac jest w szczególności:

1. konserwacja albo zabezpieczenie tak określonych obiektów przed ich uszkodzeniem albo zniszczeniem,
2. odtworzenie całości albo części obiektów,
3. doposażenie obiektów w systemy ochronne,
4. modernizacja, rozbudowa albo przebudowa obiektów, prowadzona zgodnie z obowiązującymi przepisami i pod wymaganym prawem nadzorem,
5. konieczność czasowego przystosowania obiektów na cele związane z obronnością państwa albo bezpieczeństwem obywateli (szpitale tymczasowe itp.)

Sytuacja, w której Budimex S.A., na podstawie odrębnie wydanych wobec spółki decyzji administracyjnych zostanie zobowiązany do przekazania swoich zasobów, w postaci udostępnienia materiałów, sprzętu lub delegowania pracowników, na potrzeby realizacji inwestycji zlokalizowanych w obszarach, o których mowa w § 1 niniejszej Uchwały, nie będzie uznawana za udział spółki w realizacji tak określonych inwestycji.

§ 3.

Zarząd Spółki, jeżeli będzie tego wymagał interes Spółki albo jej akcjonariuszy, w szczególności w celu wykazania przestrzegania przez Spółkę strategii ESG oraz wewnętrznych instrukcji i procedur obowiązujących w spółce, a dotyczących ochrony środowiska naturalnego może udzielać informacji w zakresie deklarowanego powstrzymywania się od realizacji inwestycji wskazanych w § 1 niniejszej Uchwały o treści zasadniczo zbieżnej z deklaracją stanowiącą załącznik nr 1 do niniejszej Uchwały.

Uchwała wchodzi w życie z dniem podjęcia.

Załącznik

Treść Deklaracji.

Zarząd Budimex S.A.

prezes Zarządu

Artur Popko

TAK ☒

NIE ☐

WSTRZYMUJĘ SIĘ ☐

członek Zarządu

Jacek Daniewski

TAK ☒

NIE ☐

WSTRZYMUJĘ SIĘ ☐

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Anna Karyś-Sosińska

TAK ☒

NIE ☐

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Maciej Olek

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NIE ☐

WSTRZYMUJĘ SIĘ ☐

członek Zarządu

Marcin Węglowski

TAK ☒

NIE ☐

WSTRZYMUJĘ SIĘ ☐

RESOLUTION No. 25/2023 of the Budimex S.A. Management Board of 11 September 2023

in the matter of: Budimex S.A. refraining from the execution of investment projects/construction and assembly work in areas entered in the UNESCO World Heritage List as natural objects in accordance with criteria IX and X of the World Heritage Committee's classification

Pursuant to §17(1) of the Articles of Association of Budimex S.A. and §8(1) of the Rules and regulations of the Budimex S.A. Management Board, it is hereby resolved as follows:

§ 1

The Budimex S.A. Management Board, keeping in mind the doubts reported to the company, concerning the participation of Budimex S.A. in the execution of the project related to the construction of the security barrier on the Polish-Belarusian border as a project that raises controversy both from the ethical and environmental viewpoints. and above all taking into account the objective set by the Management Board for the Company within the framework of the adopted ESG Strategy, covering the environmental area and the commitment to the completion of the project by the Company in line with the environmental concerns, subject to the provisions of §2 of this Resolution,

hereby decides that the Company will refrain from taking part in the execution of investment projects/construction and assembly work in areas entered in the UNESCO World Heritage List as natural objects in accordance with criteria IX and X, located in the territory of Poland and in the territories of other countries where Budimex S.A. (on its own or through other member companies of the Budimex Group) is executing or will execute construction projects.

In particular, Budimex S.A. will refrain from applying for participation in the construction of subsequent stages of the security barrier on the Polish-Belarusian state border, either as a General Contractor or as a subcontractor of other entities.

§ 2

For the avoidance of doubt, the Budimex S.A. Management Board clarifies that the Company may participate in the execution of projects involving broadly construed construction and assembly work to be performed within or in the immediate vicinity of objects entered in the UNESCO World Heritage List as cultural or cultural and natural objects in accordance with the World Heritage Committee's criteria I-VIII. if the purposes of the project/work are, in particular, as follows:

1. Preservation or protection of such identified objects from damage or destruction
2. Restoration of all or parts of such objects
3. Retrofitting of objects with defense systems
4. Upgrade. expansion or reconstruction of objects, carried out in accordance with applicable regulations and under legally required supervision
5. Necessity of temporary adaptation of objects for purposes related to state defense or civic security (temporary hospitals. etc.)

§ 3

A situation in which Budimex S.A., on the basis of administrative decisions issued separately in respect of the Company, will be required to transfer its resources, by furnishing materials, equipment or seconding employees, for the purposes of execution of projects in the areas referred to in §1 hereof, will not be considered the Company's participation in the execution of such projects.

The Company's Management Board, if the interests of the Company or its shareholders so require, in particular in order to demonstrate the Company's compliance with the ESG Strategy and internal instructions and procedures in place at the Company pertaining to environmental protection, may provide information regarding its declared refraining from executing projects of the kind referred to in §1 hereof, the content of which will be substantially consistent with the wording of the declaration forming Attachment 1 hereto.

This resolution shall come into force on the date of its adoption.

Attachment

Wording of the Declaration

Management Board of Budimex S.A.

President of the Management Board Artur Popko YES X NO ABSTENTION [signature]	Management Board member Jacek Daniewski YES X NO ABSTENTION [signature]
Management Board member Anna Kryś-Sosińska YES X NO ABSTENTION [signature]	Management Board member Cezary Łysenko YES NO ABSTENTION [signature]
Management Board member Maciej Olek YES X NO ABSTENTION [signature]	Management Board member Marcin Węglowski YES X NO ABSTENTION [signature]

[GRI 304-1] [GRI 304-2] [ESRS E4-5]

BUDIMEX SA

In 2023 Budimex SA was performing more than 200 contracts. In 58 cases, projects encroached on areas covered by one of the forms of nature protection:

- nature reserve (4 cases),
- national park (3 cases),
- landscape park (6 cases),
- protected landscape area (10 cases),
- Natura 2000 area (29 cases),
- area under plant species protection (2 cases),
- area under animal species protection (1 case),
- nature and landscape complex (1 case),
- natural monument (1 case),
- ecological land (1 case).

In 9 cases, the work was carried out in the immediate vicinity of plots of land where protected areas have been delineated:

- national park (1 case),
- landscape park (1 case),
- protected landscape area (1 case),
- Natura 2000 area (5 cases),
- natural monument (1 case).

Budimex, as a general contractor, has no influence on the location of the projects, but nevertheless takes measures to mitigate the impact of the construction process on protected areas. It carries out its activities through:

- implementation of the work in accordance with applicable standards in the area of environmental protection (these are described in Section 4.1.),
- implementation of internal and external environmental supervision,
- training for own employees and business partners,
- information campaigns to build environmental awareness.

Supervision of this area in the company is exercised by the ESG, Quality and Environmental Protection Department ¹².

¹² Until February 2024 under the name of Procurement, Quality and Environmental Protection Department.

MOSTOSTAL KRAKÓW SA

In its operations, Mostostal Kraków SA strives to minimize negative impacts on the environment, surroundings and biodiversity. As at Budimex SA, during works the company follows national regulations (including the provisions of the *Waste Act* and the *Environmental Protection Law*), as well as internal operating instructions and *Environmental Protection Standards*. Examples of these instructions include:

- *Instructions for handling waste at the construction site and WKS¹³,*
- *Environmental emergencies and incidents.*

In 2023, within the scope of Mostostal Kraków SA's operations, there was 1 case of conducting work near Natura 2000 areas. There, the company acted as a subcontractor to Budimex SA.

FBSERWIS GROUP

The FBSerwis Group strives as hard as possible to reduce the negative impact of its operations on the environment, biodiversity and local communities. To this end, it strictly adheres to the provisions of the applicable legal acts, with particular emphasis on the provisions of the *Environmental Protection Law*, the *Waste Act*, the *Water Law* and the related regulations, which regulate, among other things, waste storage or detailed requirements for collecting municipal waste from property owners. The group also complies with local laws.

¹³ WKS – Wytwórnia Konstrukcji Stalowych (Steel Construction Plant).

4.1.7. Environmentally responsible service delivery

BUDIMEX SA

GRI 3-3

Budimex SA strives to minimize its impact on the environment, including biodiversity. To this end, it conducts numerous activities related to plant and animal protection and noise reduction. The works are carried out in accordance with each company's standards.

The company sets standards for due diligence, inter alia with regard to the environment, with a particular focus on biodiversity. It implements them at every stage of the project, in cooperation with entities along the value chain.

The supplier is required to conclude a contract/acceptance of order, with the appendix *Environmental requirements* constituting its integral part. It thus expresses its full readiness to cooperate with Budimex SA in the field of environmental protection in the process of preparing and executing the construction.

Each supplier is contractually obliged to cooperate with Budimex SA in the following areas: waste management, protection of the soil, water and acoustic environment, acoustic environment and protection of flora and fauna.

Prior to the start of supplies or construction work, training on environmental requirements is provided. Compliance with these requirements is verified during audits conducted on contracts by the the ESG, Quality and Environmental Protection Department¹⁴, Budimex SA Internal Audit Department and external verifiers. Suppliers are also evaluated according to environmental, OSH and social criteria. In 2023, 2,652 business partners were evaluated, including 1,990 in the area of environmental impact.

Table 25. Business partners evaluated using environmental and social criteria by Budimex SA

[GRI 308-1]

	2022	2023
Number of business partners evaluated under Budimex SA's procedures	2,507	2,652
Number of business partners evaluated according to environmental criteria	1,843	1,990
Number of business partners evaluated according to social criteria	2,507	2,652

In 2023, the total number of evaluated counterparties according to scoring sheets increased by 6%. Also, in 2023, we changed our approach to reporting on the evaluation of counterparties using social criteria by adopting principles similar to those applicable to reporting on the evaluation of counterparties using environmental criteria, with a related adjustment to the published 2022 data.

¹⁴ Until February 2024 under the name of the Procurement, Quality and Environmental Protection Department.

4.1.8. Building awareness in the area of environmental protection (E)

Strengthening employee awareness of environmental impacts is an important element of the Budimex Group's sustainable activities. Development and education are embedded in the company's identity and corporate values. At the same time, these activities are in line with and planned on the basis of the goals set out in the UN Agenda 2030.

The Budimex Group promotes environmentally friendly attitudes in the workplace and in private life, as well as sensitivity to the issue of climate protection. The company is building an understanding of the ESG strategy among employees and involving them in its implementation. Projects serving these purposes include:

- **The campaign "Autumn under the sign of ESG"** – In October and November 2023 Budimex SA held a training session open to all staff. The course, consisting of five modules, was conducted by specialists from the CMS law firm and the ESG manager. During the meetings, participants were able to expand their knowledge of ESG regulations for the construction sector, the EU Taxonomy and technical eligibility criteria, as well as other issues relevant to sustainability reporting. A total of 613 employees at various levels of the organization took part in the training in both on-site and online formats.
- **Welcome to the Group** – as part of a training program for newly hired employees, key ESG issues of particular importance to the Budimex Group were presented and discussed. A total of 192 people were trained.
- **"Waste management"** – employees participated in a series of training sessions on environmentally safe and compliant waste management at construction sites, with emphasis on the importance and benefits of recycling processes. 139 people were trained in waste management.
- **"EMAS Environmental Management System"** – as part of the project, a series of training courses was conducted to introduce employees to the European Eco-Management and Audit Scheme and expand knowledge of the internal audit function in accordance with EMAS requirements. A total of 258 people were trained.

As part of building environmental awareness, newly hired employees are familiarized with Mostostal Kraków SA's environmental rules on the day they are hired. This familiarization takes place after the mandatory initial health and safety training.

Educational processes are complemented by information campaigns aimed at Budimex Group teams. In 2023, environmental protection was the subject of two internal projects. These included a number of activities organized centrally and at regional branches and construction sites – the aforementioned "Autumn under the Sign of ESG" and "Green April."

Green April

World Earth Day, celebrated on 22 April, inspired us to declare April 2023 a Green Month. As part of the campaign, organized by Budimex SA together with the FBŚerwis Group and Mostostal Kraków SA, numerous initiatives were undertaken to strengthen employees' environmental awareness and environmental protection activities:

- Teams participating in the construction of the Oświęcim bypass took part in the initiative "Recycling Turns Us On" to clean up the space of the town together with other committed people,
- As part of the "Eco-Grant for Volunteering" campaign, Budimex Group employees were able to obtain funding to implement their ideas for environmental activities. The initiative resulted in 3 events carried out by 13 volunteers thanks to the support of PLN 36,000,
- As the title partner of the "StomilLOVE Budimex Cleaning of Olsztyn Sports Grounds" project, together with the players of the Stomil Olsztyn Football Club, the coaching staff and fans, the Budimex SA contract team went on a joint walk to clean up the green areas around the city,
- The FBŚerwis Lower Silesia team invited students from four elementary schools in the Radków municipality and the rest of the local community to collect waste from the municipality. Together they managed to collect more than a ton of waste,
- A representation of Budimex SA's ESG, Quality and Environmental Protection Department¹⁵ planted 2,300 pine trees in the Celestynów Forest District. More than 500 flowers and shrubs were distributed near the Budimex Group headquarters in Kraków. In addition, in conjunction with the Urban Greenery Board, lilacs were planted on the empty areas under the flyover, built by the company, connecting Zabłocie and Krzemionki stations,
- Nesting boxes for birds have been installed on the premises of the Steel Construction Plant in Kleszczów, belonging to Mostostal Kraków SA, which will be surrounded by flower meadows,
- The company's headquarters located in Warsaw organized a collection of waste paper and electro-waste from construction sites operated by Budimex SA and nearby offices. Those donating waste received potted flowers in return,
- FBŚerwis specialists published an article and instructional video on the intranet with tips on how to properly separate waste and develop environmentally friendly daily habits,
- In two editions, in the spring and autumn, the "Greenery Stop 2023" campaign was organized, addressed to housing communities and cooperatives in the Warsaw districts of Mokotów and Wilanów, located closest to the tramway route being built by Budimex SA. As part of the project, 280 trees were planted in 34 communities/cooperatives. Three neighborhood picnics were also held, attended by more than 500 people.

The FBŚerwis Group promotes pro-environmental attitudes by organizing competitions and workshops for elementary school and kindergarten pupils and involving them in environmental protection activities.

In 2023, the company implemented the following initiatives in this area:

- "Let's be EKO for Wrocław" contest aimed at students of Wrocław's primary schools, for which more than 200 works (posters and spots/videos) were submitted,
- beekeeping workshops for children in Kamieńsk and Gorzędowo, during which the children learned about the important function bees play in nature. FBŚerwis Group companies take care of their own little apiary in Kamieńsk, which produces approx. 50 liters of honey per year, and thus contribute to the preservation of biodiversity of the Radomsko county in Łódzkie voivodship,
- symbolic adoption of long-eared hedgehogs from the Wrocław zoo, which aimed to draw attention to the issue of safety of wild hedgehogs living under protection in Poland,
- participation in events promoting environmental protection, such as a family eco-picnic on the grounds of the Municipal Selective Waste Collection Point at Kazimierza Michalczyka Street in Wrocław, cleaning up the world on Earth Day in partnership with the municipality of Radków, and the organization of the 14th National Educational Eco-Picnic Pobiedziska 2023.

¹⁵ Until February 2024 under the name of Procurement, Quality and Environmental Protection Department.

Autumn under the sign of ESG

Assumptions of the strategy *We are changing the world for you! And we are changing ourselves* (see Section 3.3.), announced in June 2023, were promoted to Budimex Group employees as part of the two-month “Autumn under the sign of ESG” information and education campaign. The campaign aimed not only to familiarize the teams with the company’s priorities laid down in the document, but also to raise their awareness of sustainability issues.

The educational part of the project included a course consisting of five modules. Participants were able to expand their knowledge of ESG regulations and to learn in detail about the most important commitments made in the aforementioned strategy, as well as their impact on the company’s current operations.

An important part of the campaign was the publication on the company’s intranet of materials presenting examples of the Budimex Group’s commitment to sustainable development. The content was devoted to, among other things, the activities of BXF Energia, a company engaged in the development of renewable energy sources, programs in the field of equalization of opportunities and promotion of diversity, as well as policies and applicable rules for ensuring compliance with laws, internal regulations and ethics.

4.2. Alignment with the European Union Taxonomy

What is the EU Taxonomy?

The EU Taxonomy is a classification system that establishes criteria that economic activities must meet to be considered environmentally sustainable. It is a set of pan-European principles and technical indicators that reflect the EU’s climate goals and ambitions for specific areas of the economy, and is designed to redirect capital flows toward more sustainable activities to implement the EU climate and broader environmental policies over the 2030 horizon and beyond. The Taxonomy provides companies, investors and policymakers with clear and uniform definitions of environmentally sustainable activities. In this way, it helps protect companies and investors from greenwashing, among other things.

An environmentally sustainable economic activity is one that meets the following criteria:

- contributes substantially to one or more environmental objectives,
- does not significantly harm any of the environmental objectives,
- is carried out in accordance with minimum safeguards,
- complies with technical screening criteria.

Environmental objectives aligned with the taxonomy include:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

In accordance with the Taxonomy Regulation¹⁶, in the non-financial report the Group discloses:

- the percentage of revenue derived from products or services related to environmentally sustainable activities,
- the percentage of capital expenditures (CAPEX) corresponding to assets or processes related to environmentally sustainable activities,
- the percentage of operating expenses (OPEX) corresponding to assets or processes related to environmentally sustainable activities.

Detailed requirements for the calculation and disclosure of the aforementioned indicators are set forth in Commission Delegated Regulation (EU) 2021/2178¹⁷, the so-called Article 8 Delegated Act.

¹⁶Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

¹⁷ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be

Budimex Group's Taxonomy alignment examination process

A four-step process was conducted to verify alignment with the taxonomy:

1. Identification

The stage consisted of reviewing all the activities carried out by the Budimex Group and determining which activities are EU Taxonomy-eligible. The review covered the companies' earned revenues, capital expenditures and operating expenses. To identify individual activities the companies used the descriptions in the annexes to Commission Delegated Regulation (EU) 2021/2139, as amended (i.e. supplemented by Commission Delegated Regulation (EU) 2023/2485) and Commission Delegated Regulation (EU) 2023/2486. In case of insufficient clarity in the qualification of the activities, the NACE code classification was used as an auxiliary measure¹⁸.

Eligibility was assessed against all six environmental objectives for which lists of eligible activities were published:

OBJECTIVE I – Climate change mitigation (CCM) – as per Annex I of Commission Delegated Regulation (EU) 2021/2139 and for new activities added to the catalog of activities supporting Objective I as defined in Commission Delegated Regulation (EU) 2023/2485

OBJECTIVE II – Climate change adaptation (CCA) – as per Annex II of Commission Delegated Regulation (EU) 2021/2139 and for new activities added to the catalog of activities supporting Objective II as defined in Commission Delegated Regulation (EU) 2023/2485

For the other four environmental objectives set forth in the corresponding annexes to Commission Delegated Regulation (EU) 2023/2486:

OBJECTIVE III – Sustainable use and protection of water and marine resources (WTR),

OBJECTIVE IV – Transition to a circular economy (CE),

OBJECTIVE V – Pollution prevention and control (PPC),

OBJECTIVE VI – Protection and restoration of biodiversity and ecosystems (BIO).

The Group has identified activities eligible for the first two environmental objectives in the previous and current reporting periods. For the current reporting period, the Group has confirmed that the economic activities that concern the Group and are eligible for the other four environmental objectives overlap with the economic activities already identified as eligible for the first two environmental objectives.

2. Allocation

The allocation stage consisted of assigning the value of revenue, capital expenditures and operating expenses to the various identified activities eligible for the EU Taxonomy. Details of the allocation methods used are described in the "Accounting principles" section.

3. Verification of alignment

The stages of verification of alignment with the EU Taxonomy consisted of two levels of evaluation, as described below:

- For activities pertaining to the first two environmental objectives (OBJECTIVE I and OBJECTIVE II), an assessment of the criteria of substantial contribution and doing no significant harm was carried out using the technical eligibility criteria set out in the annexes to Commission Delegated Regulation (EU) 2021/2139. Details of the assessment are presented in the section "Verification of alignment with technical eligibility criteria."

disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

¹⁸ NACE (French: *Nomenclature statistique des Activités économiques dans la Communauté Européenne*, Statistical classification of economic activities in the European Union) – a classification made up of a series of letters and numbers corresponding to five levels of classification.

- The fulfillment of minimum safeguards was based on the evaluation conducted in 2022 and the recommendations implemented in 2023. Details of the assessment conducted are presented in the “Minimum safeguards” section.

In accordance with Commission Delegated Regulation (EU) 2021/2178 (as amended by Commission Delegated Regulation (EU) 2023/2486), the Budimex Group will assess eligibility and alignment for the remaining activities (i.e. for new activities under the first two objectives and for activities under the remaining four environmental objectives) starting from the disclosures published for 2024.

4. Calculation

The process consisted of using the results of verification from stages two and three to produce tables containing the required data in accordance with the requirements of Annexes I and II to Commission Delegated Regulation (EU) 2021/2178, as amended.

The verification was carried out by representatives of the ESG, Quality and Environmental Protection Department¹⁹, representatives of the Controlling Department and contract representatives of Group companies.

Verification of alignment with technical eligibility criteria

Verification of alignment with technical eligibility criteria was carried out for all taxonomy-eligible activities, and consisted of analyzing the individual criteria of substantial contribution and not causing significant harm in relation to OBJECTIVE I and OBJECTIVE II, and verification of the extent to which the type of activity complies with the technical eligibility criteria set forth in Annexes I and II to Commission Delegated Regulation (EU) 2021/2139²⁰, as extended by Commission Delegated Regulation (EU) 2022/1214²¹. The Group carried out the taxonomy assessment on the basis of active contracts, which are in the implementation phase (in the case of Budimex SA, the analysis was carried out on projects that were operational; no technical eligibility criteria were analyzed for contracts in the design phase). During the process of verifying the technical eligibility criteria for activities found not to meet the criterion of substantial contribution, no analysis of the criteria for not causing significant harm was carried out.

The main types of activities carried out in the Group are those included in the taxonomy as 6.14 Infrastructure for rail transport, 6.16 Infrastructure enabling low carbon water transport, 7.1 Construction of new buildings, 7.2 Renovation of existing buildings, 5.5 Collection and transport of non-hazardous waste in source segregated fractions and 5.9 Material recovery from non-hazardous waste.

The analysis of alignment with the technical eligibility criteria was carried out from October 2023 to December 2023 by representatives of Budimex SA's ESG, Quality and Environmental Protection Department²² as part of the work specified in the contracts for services provided by the Group to its business partners. The verification used tools in the form of alignment checklists implemented from the Ferrovial Group, which is the majority investor in the Budimex Group. In particular, documents such as environmental impact assessments, environmental monitoring plans, construction and demolition waste recovery rate reports, flora and fauna management plans, and corrective action plans for mitigating noise, dust, among others, were analyzed to assess whether DNSH criteria are met.

¹⁹ Until February 2024, Procurement, Quality and Environmental Protection Department.

²⁰ *Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.*

²¹ *Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.*

²² Until February 2024, Procurement, Quality and Environmental Protection Department.

The analysis was conducted on the basis of active contracts generating revenue in 2023 or on the basis of active contracts or assets held by the Group that generate capital expenditures or operating expenses. In this way, the percentage of revenue, capital expenditures and operating expenses aligned with the technical eligibility criteria, which are reported in the tables in this section of the non-financial report, was established for each of the activities.

Verification of alignment with minimum safeguards

According to Article 18 of Regulation 2020/852:

The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the *OECD Guidelines 23 for Multinational Enterprises* and the *UN Guiding Principles on Business and Human Rights*, including the principles and rights set out in the eight fundamental conventions identified in the *Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work* and the *International Bill of Human Rights*.

The alignment with the minimum safeguards was based on the assessment conducted in 2022 and the recommendations implemented in 2023. The examination of compliance with the minimum safeguards was conducted in accordance with the recommendations in the *Final Report on Minimum Safeguards* by the Platform on Sustainable Finance.

According to the recommendations, the following four signs point to non-compliance with the minimum safeguards:

- inadequate or non-existent corporate due diligence processes on human rights, including labor rights, bribery, taxation, and fair competition,
- the company has been held finally liable or found to have breached labor or human rights laws in certain types of labor or human rights court cases,
- the lack of collaboration with the OECD National Contact Point (hereafter OECD NCP) on a notification accepted by the OECD NCP,
- Business and Human Rights Resource Centre (BHRRC) made the allegation against the company, and the company did not respond within 3 months.

In the Budimex Group's verification process, non-compliance based on the above-mentioned signs was examined as follows,

- **Sign 1:** The verification of the completeness of due diligence processes was based on internal verification of the existence and operation of due diligence process elements derived from the framework of those processes contained in the documents listed in the definition of minimum safeguards. The design of due diligence processes as defined proposed in Article 3(c) of *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088* is primarily influenced by the provisions of the *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*. The verification of compliance was carried out with a compliance assessment tool using the assessment methodology proposed by the Platform on Sustainable Finance: World Benchmark Alliance Core UNGP.²⁴ Indicators. As a result of the analysis, it was determined that the organization has in place a functioning complete due diligence process that fulfills the guidelines.
- **Sign 2:** This sign was verified in the process of supplementing the responses to Sign 1 by verifying that there were no final convictions against the persons listed in the body of the sign during the period under review. As a result of the verification, it was found that there was no information qualifying the Group to meet the conditions of sign 2.
- **Sign 3:** A verification of the OECD NCP notification database.²⁵ was conducted, showing that no notifications occurred against the Group during the period under review.

²³ The Organisation for Economic Co-operation and Development.

²⁴ United Nations Guiding Principles.

²⁵ The database is available at: <https://mneguidelines.oecd.org//database/>.

- **Sign 4:** A verification of the BHRRC notification database²⁶ was conducted, showing that no notifications occurred against the Group during the period under review.

As a result of the verification process, it was determined that the Group's activities are carried out in compliance with the minimum safeguards.

Accounting principles

The following rules were used to calculate the percentage of revenue, capital expenditures (CAPEX) and operating expenses (OPEX) that are taxonomy-eligible or aligned:

Revenue

The denominator of the taxonomy's revenue-related indicators is the Budimex Group's total consolidated revenue in 2023, as disclosed in the consolidated financial statements in the consolidated profit and loss account under "Revenue from contracts with customers." Revenues from sales of products, goods and materials are described in Note 30.

The numerator of the EU taxonomy-eligible revenue indicator included revenues from taxonomy-eligible activities (aligned and non-aligned). The numerator of the EU taxonomy-aligned revenue indicator included the portion of revenues that result from activities aligned with the technical criteria.

Capital expenditures (CAPEX)

The denominator of the taxonomy indicators for capital expenditures (CAPEX) is the capital expenditures incurred at all Group companies, which are reported in the consolidated statement of cash flows in investing activities under "Acquisition of intangible assets and property, plant and equipment."

The numerator of the indicator of EU Taxonomy-eligible expenditures includes the portion of CAPEX that relates to the types of activities eligible for the taxonomy (aligned and non-aligned with technical criteria). The numerator of the EU Taxonomy-aligned expenditure indicator includes the portion of CAPEX that relates to activities that are aligned with technical criteria

The main capital expenditures in the year under review pertained to Budimex SA and FBŚerwis Group companies. For capital expenditures incurred for vehicles, equipment, machinery, expansion of handling bases and storage facilities, the direct allocation method was applied to the type of activity in which the acquired assets will be used. For the remaining expenditures not directly mappable to taxonomic activity types, a proportional allocation method was used, as they will be used in the performance of various contracts, both related to taxonomy-eligible and non-eligible activities.

Operating expenses (OPEX)

The denominator of taxonomy indicators for operating expenses (OPEX) represents (as required by Annex I to Commission Delegated Regulation (EU) 2021/2178) all direct, non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of the Group's assets of property, plant and equipment that are necessary to keep such assets in good condition.

The numerator of the indicator of EU Taxonomy-eligible expenses includes the portion of OPEX that relates to the types of activities eligible for the taxonomy (aligned and non-aligned with technical criteria). The numerator of the EU Taxonomy-aligned expense indicator includes the portion of OPEX that relates to activities that are aligned with technical criteria.

In the case of operating expenses for construction machinery and equipment, the direct allocation method was applied in a manner analogous to the CAPEX case described above. For other operating expenditures not directly attributable to activity types, the indirect allocation method was used.

Other information

²⁶ The database is available at: <https://www.business-humanrights.org/en/companies>.

The data used for the calculations came from the Budimex Group's financial and accounting system and from the financial and accounting systems of the individual subsidiaries comprising the Group.

The Group avoided double counting when allocating revenue and capital expenditures by making appropriate consolidation exclusions, in accordance with applicable accounting regulations. For operating expenses, which are defined in the Commission's Delegated Regulation (EU) 2021/2178 in a manner that does not refer to international financial reporting standards, all accounts in the Group's accounting system were reviewed, and then the identified items meeting the definition of OPEX were assigned to given the taxonomy-eligible activity type in each case.

The Group discloses in this report for the second time the share of taxonomy-aligned activities and for the third time the share of activities that are taxonomy-eligible. The disclosure in this report relates to the most recent financial year, i.e. the period 1 January – 31 December 2023.

The analysis showed that there was no need for a detailed disaggregation of key performance indicators among the Group's operating units in accordance with Section 1.2.2.3. Annex I to Commission Delegated Regulation (EU) 2021/2178. For more information, see the comments on each key performance indicator.

The Group does not carry out, finance or have exposure to the activities referred to in Sections 4.26-4.31 of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139 (activities related to nuclear power generation and energy production from gaseous fossil fuels). Accordingly, the Group only discloses the following qualitative regulatory formula in this regard and does not disclose the other quantitative tables set forth in Annex XII of Commission Delegated Regulation (EU) 2021/2178, when all of these quantitative tables would contain zero values for activities related to fossil gas or nuclear energy.

OUTCOMES OF TAXONOMY ANALYSIS

The results of the taxonomic analyses are shown in the graphical diagrams of Figure 9 and Figure 10.

Figure 9. Taxonomy-eligible activities

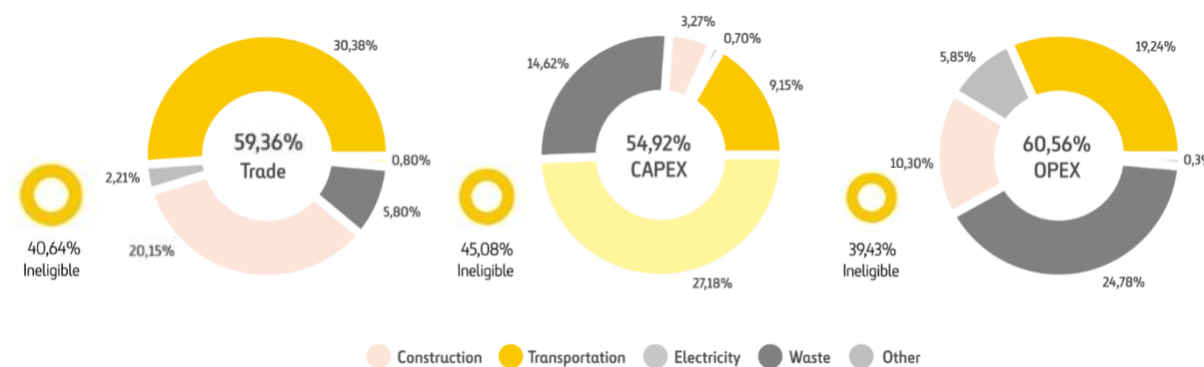


Figure 10. Taxonomy-aligned activities

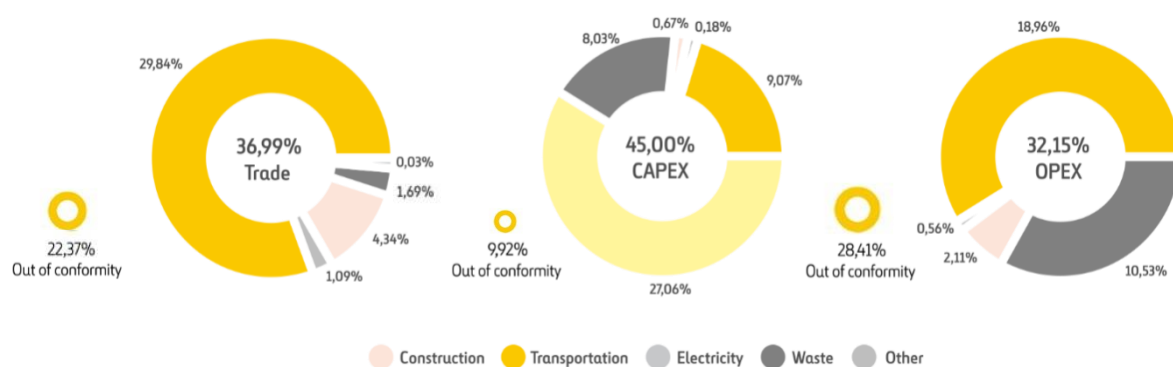


Table 26. Nuclear energy related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Detailed results of the analysis are provided in Tables 27 through 29.

Table 27. Revenue

Table 2.7: Revenue				Criteria for significant contribution					
Business activities	Codes	Revenue (PLN million)	Percent- age of revenue 2023 (%)	Climate change mitiga- tion	Climate change adapta- tion	Water and marine re- sources	Pollu- tion	Circular economy	Biodi- versity
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Types of environmentally sustainable activities (taxonomy-aligned)									
Production of electricity from wind energy	CCM* 4.3	2.91	0.03%		N/EL	N/EL	N/EL	N/EL	N/EL
Construction, expansion and operation of wastewater collection and treatment systems	CCM* 5.3	106.49	1.09%		N/EL	N**	N/EL	N/EL	N/EL
Collection and transport of non-hazardous waste in source segregated fractions	CCM* 5.5	136.06	1.39%		N/EL	N/EL	N**	N**	N/EL
Recover of materials from non-hazardous waste	CCM* 5.9	28.98	0.30%		N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycling logistics	CCM* 6.13	83.06	0.85%		N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for railway transport	CCM* 6.14	2,503.29	25.54%		N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure supporting low-emission water transport	CCM* 6.16	338.59	3.45%		N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM* 7.1	357.00	3.64%		N/EL	N/EL	N/EL	N**	N/EL
Renovation of existing buildings	CCM* 7.2	68.47	0.70%		N/EL	N/EL	N/EL	N**	N/EL
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings)	CCM* 7.4	0.34	0.00%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Revenue from environmentally sustainable activities (taxono- my-aligned) (A.1)		3,625.19	36.99%	36.99%	0.0%	0%	0%	0%	0%
Including supporting activities		2,924.94	80.68%	80.68%					
Including activities for transition		68.47	1.89%	1.89%					
A.2. Taxonomy-eligible activities which is not environmentally sustainable (not taxonomy-aligned)									
Production of electricity from wind energy	CCM* 4.3	0.48	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity transmission and distribution	CCM* 4.9	74.95	0.77%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, expansion and operation of wastewater collection and treatment systems	CCM* 5.3/ WTR* 2.2	40.78	0.42%	EL	N/EL	EL	N/EL	N/EL	N/EL
Collection and transport of non-hazardous waste in source segregated fractions	CCM* 5.5 CE* 2.3/ PPC* 2.1	95.55	0.98%	EL	N/EL	N/EL	EL	EL	N/EL
Recover of materials from non-hazardous waste	CCM* 5.9	307.99	3.14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycling logistics	CCM* 6.13	-	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for railway transport	CCM* 6.14	-	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure supporting low-emission water transport	CCM* 6.16	53.24	0.54%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM* 7.1 /CE* 3.1	1,523.51	15.54%	EL	N/EL	N/EL	N/EL	EL	N/EL
Renovation of existing buildings	CCM* 7.2 / CE* 3.2	26.80	0.27%	EL	N/EL	N/EL	N/EL	EL	N/EL
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings)	CCM* 7.5	68.86	0.70%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Revenue from taxonomy-eligible activities that are not environmentally sustainable (not taxonomy-aligned) (A.2)		2,192.16	22.37%	22.37%	0.0%	0.0%	0.0%	0.0%	0.0%
A. Revenue from taxonomy-eligible activities (A.1+A.2)		5,817.35	59.36%	59.36%	0.0%	0.0%	0.0%	0.0%	0.0%
B. TAXONOMY-INELIGIBLE ACTIVITIES									
Revenue from taxonomy-ineligible activities		3,984.17	40.64%						
TOTAL		9,801.52	100.00%						

*CCM – Climate change mitigation
 *WTR –Water and marine resources
 *CE –Circular economy
 *PPC – Pollution
 *CCA – Climate change adaptation
 *BIO – Biodiversity

**The analysis has not been conducted because it is not mandatory in this examination for four objectives not connected with climate change (adaptation and mitigation)

Criteria concerning the DSNH ('do no significant harm') principle						Minimum guarantees	Share of taxonomy-aligned activities (A.1.) or activities that are taxonomy-eligible (A.2.), revenue in 2022 (%)	Category Supporting activities	Category Activities for transition
Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity				
Y	Y	Y	Y	Y	Y	Y	0.00%		
Y	Y	Y	Y	Y	Y	Y	2.57%		
Y	Y	Y	Y	Y	Y	Y	6.29%		
Y	Y	Y	Y	Y	Y	Y	0.00%		
Y	Y	Y	Y	Y	Y	Y	0.00%	F	
Y	Y	Y	Y	Y	Y	Y	21.06%	F	
Y	Y	Y	Y	Y	Y	Y	3.70%	F	
Y	Y	Y	Y	Y	Y	Y	1.47%		
Y	Y	Y	Y	Y	Y	Y	0.00%		T
Y	Y	Y	Y	Y	Y	Y	0.00%		
Y	Y	Y	Y	Y	Y	Y	35.09%		
							70.56%	F	
							0.00%		T
							0.17%		
							0.00%		
							0.00%		
							0.00%		
							0.00%		
							0.00%		
							0.00%		
							0.67%		
							17.89%		
							0.00%		
							18.73%		
							53.82%		

Table 28. CAPEX

				Criteria for significant contribution					
Business activities	Codes	Capital expenditures (PLN million)	Percentage of capital expenditures 2023 (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Types of environmentally sustainable activities (taxonomy-aligned)									
Production of electricity using photovoltaic technology	CCM* 4.1	13.94	9.83%	Y	N	N/EL	N/EL	N/EL	N/EL
Production of electricity from wind energy	CCM* 4.3	16.23	11.43%	Y	N	N/EL	N/EL	N/EL	N/EL
Construction, expansion and operation of wastewater collection and treatment systems	CCM* 5.3	0.25	0.18%	Y	N	N**	N/EL	N/EL	N/EL
Collection and transport of non-hazardous waste in source segregated fractions	CCM* 5.5	8.88	6.25%	Y	N	N/EL	N**	N**	N/EL
Recover of materials from non-hazardous waste	CCM* 5.9	2.52	1.78%	Y	N	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycling logistics	CCM* 6.13	0.19	0.14%	Y	N	N/EL	N/EL	N/EL	N/EL
Infrastructure for railway transport	CCM* 6.14	11.88	8.37%	Y	N	N/EL	N/EL	N/EL	N/EL
Infrastructure supporting low-emission water transport	CCM* 6.16	0.80	0.56%	Y	N	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM* 7.1	0.86	0.60%	Y	N	N/EL	N/EL	N**	N/EL
Renovation of existing buildings	CCM* 7.2	0.09	0.06%	Y	N	N/EL	N/EL	N**	N/EL
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings)	CCM* 7.4	8.23	5.80%	Y	N	N/EL	N/EL	N/EL	N/EL
Capital expenditures on environmentally sustainable activities (taxonomy-aligned) (A.1)		63.87	45.00%	45.00%	0.0%	0%	0%	0%	0%
Including supporting activities		12.87	20.15%	20.15%					
Including activities for transition		0.09	0.14%	0.14%					
A.2. Taxonomy-eligible activities which is not environmentally sustainable (not taxonomy-aligned)									
Production of electricity from wind energy	CCM* 4.3	-	0.00%		EL	N/EL	N/EL	N/EL	N/EL
Electricity transmission and distribution	CCM* 4.9	0.18	0.12%		EL	N/EL	N/EL	N/EL	N/EL
Construction, expansion and operation of wastewater collection and treatment systems	CCM* 5.3/ WTR* 2.2	0.10	0.07%		EL	EL	N/EL	N/EL	N/EL
Collection and transport of non-hazardous waste in source segregated fractions	CCM* 5.5 CE* 2.3/ PPC* 2.1	2.09	1.47%		EL	N/EL	EL	EL	N/EL
Recover of materials from non-hazardous waste	CCM* 5.9	7.27	5.12%		EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycling logistics	CCM* 6.13	-	0.00%		EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for railway transport	CCM* 6.14	-	0.00%		EL	N/EL	N/EL	N/EL	N/EL
Infrastructure supporting low-emission water transport	CCM* 6.16	0.12	0.09%		EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM* 7.1 / CE* 3.1	3.65	2.57%		EL	N/EL	N/EL	EL	N/EL
Renovation of existing buildings	CCM* 7.2 / CE* 3.2	0.04	0.03%		EL	N/EL	N/EL	EL	N/EL
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings)	CCM* 7.5	0.64	0.45%		EL	N/EL	N/EL	N/EL	N/EL
Capital expenditures on taxonomy-eligible activities which is not environmentally sustainable (not taxonomy-aligned) (A.2)		14.09	9.92%	9.92%	0.0%	0.0%	0.0%	0.0%	0.0%
A. Capital expenditures on taxonomy-eligible activities (A.1+A.2)		77.96	54.92%	54.92%	0.0%	0.0%	0.0%	0.0%	0.0%
B. TAXONOMY-INELIGIBLE ACTIVITIES									
Capital expenditures on taxonomy-ineligible activities		63.99	45.08%						
TOTAL		141.95	100.00%						

*CCM – Climate change mitigation
 *WTR – Water and marine resources
 *CE – Circular economy
 *PPC – Pollution
 *CCA – Climate change adaptation
 *BIO – Biodiversity

**The analysis has not been conducted because it is not mandatory in this examination for four objectives not connected with climate change (adaptation and mitigation)

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Criteria concerning the DSNH ('do no significant harm') principle									
Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum guarantees	Share of taxonomy-aligned activities (A.1.) or activities that are taxonomy-eligible (A.2.), revenue in 2022 (%)	Category Supporting activities	Category Activities for transition
	Y	Y	Y	Y	Y	Y	0.00%		
	Y	Y	Y	Y	Y	Y	25.82%		
	Y	Y	Y	Y	Y	Y	0.55%		
	Y	Y	Y	Y	Y	Y	24.63%		
	Y	Y	Y	Y	Y	Y	0.00%		
	Y	Y	Y	Y	Y	Y	0.00%	F	
	Y	Y	Y	Y	Y	Y	25.84%	F	
	Y	Y	Y	Y	Y	Y	0.80%	F	
	Y	Y	Y	Y	Y	Y	0.32%		
	Y	Y	Y	Y	Y	Y	0.00%		T
	Y	Y	Y	Y	Y	Y	0.00%		T
	Y	Y	Y	Y	Y	Y	77.96%		
							34.17%	F	
							0.00%		T
							0.00%		
							0.00%		
							0.00%		
							0.00%		
							0.00%		
							0.00%		
							0.00%		
							0.16%		
							6.30%		
							0.00%		
							0.00%		
							6.46%		
							84.42%		

Non-financial report of the Budimex Group for 2023

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Table 29. OPEX

				Criteria for significant contribution					
Business activities	Codes	Operating expenses (PLN million)	Percentage of operating expenses 2023 (%)	Climate change mitigation	Climate change adaptation	Water and marine re-sources	Pol-lution	Circular economy	Biodi-versity
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Types of environmentally sustainable activities (taxonomy-aligned)									
Construction, expansion and operation of wastewater collection and treatment systems	CCM* 5.3	0.52	0.56%	Y	N	N**	N/EL	N/EL	N/EL
Collection and transport of non-hazardous waste in source segregated fractions	CCM* 5.5	7.69	8.32%	Y	N	N/EL	N**	N**	N/EL
Recover of materials from non-hazardous waste	CCM* 5.9	2.04	2.21%	Y	N	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycling logistics	CCM* 6.13	0.40	0.43%	Y	N	N/EL	N/EL	N/EL	N/EL
Infrastructure for railway transport	CCM* 6.14	15.47	16.75%	Y	N	N/EL	N/EL	N/EL	N/EL
Infrastructure supporting low-emission water transport	CCM* 6.16	1.64	1.77%	Y	N	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM* 7.1	1.76	1.91%	Y	N	N/EL	N/EL	N**	N/EL
Renovation of existing buildings	CCM* 7.2	0.18	0.20%	Y	N	N/EL	N/EL	N**	N/EL
Operating expenses for environmentally sustainable activities (taxonomy-aligned) (A.1)		29.70	32.15%	32.15%	0,0%	0%	0%	0%	0%
Including supporting activities		17.51	58.96%	58.96%					
Including activities for transition		0.18	0.61%	0.61%					
A.2. Taxonomy-eligible activities which is not environmentally sustainable (not taxonomy-aligned)									
Production of electricity from wind energy	CCM* 4.3	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL
Electricity transmission and distribution	CCM* 4.9	0.36	0.39%	EL	EL	N/EL	N/EL	N/EL	N/EL
Construction, expansion and operation of wastewater collection and treatment systems	CCM* 5.3/ WTR* 2.2	0.20	0.21%	EL	EL	EL	N/EL	N/EL	N/EL
Collection and transport of non-hazardous waste in source segregated fractions	CCM* 5.5 CE* 2.3/ PPC* 2.1	5.72	6.20%	EL	EL	N/EL	EL	EL	N/EL
Recover of materials from non-hazardous waste	CCM* 5.9	7.45	8.06%	EL	EL	N/EL	N/EL	N/EL	N/EL
Infrastruktura na potrzeby mobilności osobistej, logistyka rowerowa	CCM* 6.13	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for railway transport	CCM* 6.14	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL
Infrastructure supporting low-emission water transport	CCM* 6.16	0.26	0.28%	EL	EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM* 7.1 / CE* 3.1	7.50	8.11%	EL	EL	N/EL	N/EL	EL	N/EL
Renovation of existing buildings	CCM* 7.2 / CE* 3.2	0.07	0.08%	EL	EL	N/EL	N/EL	EL	N/EL
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings)	CCM* 7.4	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings)	CCM* 7.5	4.69	5.08%	EL	EL	N/EL	N/EL	N/EL	N/EL
Operating expenses for taxonomy-eligible activities which is not environmentally sustainable (not taxonomy-aligned) (A.2)		26.25	28.41%	28.41%	0.0%	0.0%	0.0%	0.0%	0.0%
A. Operating expenses for taxonomy-eligible activities (A.1+A.2)		55.95	60.56%	60.56%	0.0%	0.0%	0.0%	0.0%	0.0%
B. TAXONOMY-INELIGIBLE ACTIVITIES									
Operating expenses for taxonomy-ineligible activities		36.42	39.44%						
TOTAL		92.37	100.00%						

**CCM – Climate change mitigation
 *WTR – Water and marine resources
 *CE – Circular economy
 *PPC – Pollution
 *CCA – Climate change adaptation
 *BIO – Biodiversity

**The analysis has not been conducted because it is not mandatory in this examination for four objectives not connected with climate change (adaptation and mitigation)”

Criteria concerning the DSNH ('do no significant harm') principle						Minimum guarantees	Share of taxonomy-aligned activities (A.1.) or activities that are taxonomy-eligible (A.2.), revenue in 2022 (%)	Category Supporting activities	Category Activities for transition
Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity				
Y	Y	Y	Y	Y	Y	Y	1.05%		
Y	Y	Y	Y	Y	Y	Y	38.85%		
Y	Y	Y	Y	Y	Y	Y	0.00%		
Y	Y	Y	Y	Y	Y	Y	0.00%	F	
Y	Y	Y	Y	Y	Y	Y	12.25%	F	
Y	Y	Y	Y	Y	Y	Y	1.47%	F	
Y	Y	Y	Y	Y	Y	Y	0.52%		
Y	Y	Y	Y	Y	Y	Y	0.00%		T
Y	Y	Y	Y	Y	Y	Y	54.14%		
							25.34%	F	
							0.00%		T
							0.10%		
							0.21%		
							7.12%		
							7.43%		
							61.57%		

The Group generates revenue from several business segments, most of which are included in the taxonomy in terms of Annexes I and II to the Delegated Climate Act (Commission Delegated Regulation (EU) 2021/2139).

The main items of revenues from taxonomy-aligned activities in 2023 were:

- revenues from infrastructure construction contracts related to transport in the amount of PLN 2,924.94 million, related to the construction of infrastructure for personal mobility, bicycle logistics (PLN 83.06 million), the construction of infrastructure for rail transport (PLN 2,503.29 million) and infrastructure supporting low-emission water transport (PLN 338.59 million),
- revenues from the performance of contracts for the construction of new buildings in the amount of PLN 357.00 million,
- revenues related to the construction, expansion and operation of wastewater collection and treatment systems in the amount of PLN 106.49 million,
- revenues of the Group's segment responsible for waste management amounted to PLN 136.06 million.

Some of the revenues generated relating to the aforementioned activities did not meet the technical eligibility criteria, and were therefore considered taxonomy-eligible but not aligned. This was particularly true of revenues from new building construction (PLN 1,523.51 million).

3,984.17 million in revenue came from taxonomy-non-eligible activities.

The share of taxonomy-eligible revenue in total revenue in 2023 was 59.36%, of which the share of taxonomy-aligned revenue of 36.99% and the share of taxonomy-eligible but not aligned revenue of 22.37%.

Capital expenditures (CAPEX) are related to the implementation of investment plans adopted by the Management Board. In 2023, taxonomy-aligned capital expenditures were primarily incurred for:

- construction of renewable energy production facilities, including wind energy (PLN 16.23 million) and using photovoltaic technology (PLN 13.94 million),
- waste management investments (PLN 8.88 million),
- installation, maintenance and repair of electric vehicle charging stations (PLN 8.23 million),
- other capital expenditures related to the types of activities from which construction taxonomy-aligned revenues were generated (PLN 16.59 million).

Part of the capital expenditures (PLN 14.09 million) were incurred in connection with construction activities relating to taxonomy-eligible but not aligned activities.

In addition, in 2023, the Group incurred capital expenditures of PLN 63.99 million related to taxonomy-non-eligible activities.

In 2023, the share of taxonomy-eligible capital expenditures in total capital expenditures was 54.92%, including the share of taxonomy-aligned capital expenditures – 45.00%, and the share of taxonomy-eligible but not-aligned capital expenditures – 9.92%.

Taxonomy-aligned operating expenses (OPEX) in 2023 amounted to PLN 29.70 million and were incurred to maintain in proper condition machinery, equipment, vehicles and other assets necessary for taxonomy-aligned activities. The largest item was related to the maintenance of assets necessary for the construction of infrastructure for rail transport (PLN 15.47 million).

In addition, in 2023, the Group incurred operating expenses of PLN 36.42 million related to taxonomy-non-eligible activities.

In 2023, the share of taxonomy-eligible operating expenses in total capital expenditures amounted to 60.56%, including the share of taxonomy-aligned operating expenses – 32.15%, and the share of taxonomy-eligible but not aligned operating expenses – 28.41%.

4.3. Summary of achievement of environmental area (E) goals in 2023.

The responsibility for reducing the actual and potential impact of the Budimex Group's activities on the environment is manifested by the measures taken to protect nature and natural resources. The activities carried out are driven by the Group's values and the goals enshrined in its ESG strategy, as well as the UN Global Sustainable Development Goals for energy (Objective 7), responsible production and consumption (Objective 12), climate protection (Objective 13) and ecosystem protection (Objective 15).

Aiming to reduce greenhouse gas emissions, in 2023, Budimex Group was making efforts to increase its commitment to green electricity generation. Last April, Budimex SA and Ferrovial EG SE established a new joint venture. BXF Energia to acquire photovoltaic projects and wind farms with a total capacity of about 305 MW (as of the end of 2023). BXF Energia is continuing the Magnolia and Kamelia projects acquired by Budimex SA and is also analyzing projects with a total capacity of approx. 800 MW. By 2028, the company intends to build a portfolio of wind and photovoltaic projects under construction and in operation with a total capacity of approx. 500 MW. The Group's goal under its ESG strategy is to use energy from renewable sources. In 2023, 100% of the energy procured from external suppliers came from such sources, marking the achievement of the strategic goal. Budimex SA oversees the implementation of energy-related goals as part of the Energy Management Committee operating within its structures.

Budimex SA, being an environmentally responsible company, last year intensified its activities related to the reuse of recovered construction waste. Thus, the criterion for a circular economy defined in the EU Taxonomy has been met, and one of the ESG strategic goals, originally planned for 2024, has been achieved.

Understanding the power of business influence and the needs of employees for eco-engagement, the company sought to raise awareness of its own staff and the teams of its business partners on environmental issues. One such initiative, which took place in 2023, was a grant program that allows employees to obtain funding for grassroots projects in the sphere of environmental education or combating climate change. Two educational campaigns were held: "Green April" – a campaign aimed at encouraging people employed by the company to take environmentally friendly actions, and "Autumn under the sign of ESG" – a series of activities, including training, aimed at introducing employees to sustainability issues.

In summary, all of the goals in the environmental area of the ESG strategy set for 2023 have been met.

5. SOCIAL RESPONSIBILITY IN BUSINESS

5.1. Policies and accountability

[GRI 2-23] [GRI 2-30] [ESRS S1-1]

The source of our company's success is its employees – their knowledge, skills and experience, but also their attitudes reflecting the values that form the foundation of the Budimex Group's organizational culture (see Section 3.1.).

As part of the implementation of the ESG strategy with regard to the company's staff, the main focus was on building commitment, talent development and mobility to enable expansion into foreign markets. These activities are reinforced by building an attractive offer for employees and job candidates (salaries, benefits, development offer) and effective communication with these groups, as well as promoting diversity in employment.

The way we work is based on the *Budimex SA organizational rules and regulations*. It records not only the organizational chart of Budimex SA, but also the responsibilities and tasks carried out by the various departments.

The most important internal documents of significance for the shape of the working conditions in the Budimex Group include work regulations, employee compensation and bonus regulations and company collective bargaining agreements, which are in force at Budimex SA and Mostostal Kraków and which cover a total of 5,007²⁷ employees, i.e. 78% of the Group's total staff employed on the Polish market. Of crucial importance are also the documents on guaranteeing human rights and managing diversity, described in Sections 5.2. and 5.3., respectively. In addition, the Budimex Group has operating procedures and instructions that regulate, among other things, issues related to the recruitment and dismissal of employees and the organization and implementation of training and other development activities.

We provide trade unions operating in the Group, i.e. the NSZZ Solidarność Intercompany Trade Union Organization, with full freedom to exercise their rights, and we cooperate closely with them in shaping internal regulations on human resources management. We also take into account feedback submitted directly by employees, as well as the results of their engagement surveys. Another such survey was conducted by an independent third-party vendor in accordance with its methodology in 2023.

Employee engagement survey 2023

The survey, preceded by an information campaign, invited 6,704 Budimex Group employees from Poland, the Czech Republic, Slovakia and Germany. Despite the fact that the survey was electronic only, more than 4,200 people responded, which means a turnout of 63% (among white-collar workers it was 75% and among blue-collar workers 47%). The engagement index, i.e. the percentage of Group employees who feel motivated to speak well of the company, continue their employment with the company and give more of themselves than is expected, was 39%.

Among the strengths of their workplace, the employees cited the employer's attention to occupational health and safety and its quick and effective response to problems in this sphere. In addition, employees appreciate the ethical conduct of business, the relationship with direct managers (open communication, fair treatment or providing necessary support) and the relationship within teams (sharing knowledge and experience, working together to achieve goals). Areas identified as needing improvement include access to information about directions, plans and results, consistency of goals across areas and work-life balance. Following the survey, three company-wide project groups have been set up, and in addition, workshops are being held to deepen the survey results, so that optimal corrective actions can be selected at the local and central levels.

²⁷ All employment figures cited in this report are expressed in number of people (as of 31 December 2023).

[GRI 402-1]

Internal regulations from the employee area are modified within the timeframes stipulated by the regulations (e.g. the mandatory 2 weeks for entry into force). Best practices adopted by the Group, however, assume that any change is preceded by a communication campaign, which generally includes the organization of additional meetings, the preparation of information materials and lists of questions and answers for clarity and transparency of the actions taken.

The content of internal regulations, not only from the labor area, and changes in their provisions are communicated to employees in particular:

- as part of the onboarding process,
- via the intranet,
- with the use of boards on construction sites (this applies especially to documents in the OSH area).

5.2. Human rights due diligence

[GRI 2-23] [GRI 2-24] [GRI 2-25] [GRI 2-26] [GRI 2-27] [ESRS SBM-3] [ESRS S1-3]

Budimex Group complies with the provisions of the following documents:

- *Universal Declaration of Human Rights*,
- *International Charter on Human Rights*,
- *UN Guiding Principles on Business and Human Rights*,
- *OECD Guidelines for Multinational Enterprises*.

This means a commitment in all areas of activity to:

- respect and observe human rights,
- avoid significant negative impacts on human rights,
- conduct appropriate due diligence processes with regard to entities with which we have business relationships, in all areas of activity.

We are bound by the Ferrovial Group's common *Principles for the Protection of Human Rights*. The goal of the document is to raise companies' awareness of human rights and increase their capacity to address issues in this sphere. It obligates all employees, customers, suppliers and contractors in relations with the Budimex Group to, among other things, non-discrimination and the promotion of equal opportunities, and to respect the prohibition of child and forced labor, as well as the right to organize and engage in collective bargaining. The principles described in the document are rooted in the *Universal Declaration of Human Rights* adopted by the United Nations and the eight international conventions identified in the *International Labor Organization's Declaration on Fundamental Principles and Rights at Work*.

The documents that, at the operational level, ensure that human rights are respected in the day-to-day operations of our companies are approved by the Management Board: *Code of Conduct*, *the Rules of Conduct for Business Partners/Code of Conduct for Business Partners*, *the Compliance Policy* and the *Anti-Harassment and Discrimination* instruction. They serve as reference points for Budimex Group employees and business partners, among other things, describing rules and guidelines for conduct in the listed types of relationships and areas of influence of the company. An important element of the Group's human rights due diligence is the existing whistleblowing mechanisms described in Section 6.1.

As part of its strategic goals related to sustainability, the Budimex Group plans to expand due diligence procedures in its supply chain. The current rules for enforcing human rights from business partners are described in Section 7.5.

Responsibility and resources involved in the management of human rights topics

Responsibility for making and implementing decisions in the area of human rights is assigned to Management Board of Budimex SA's (strategic decisions) governing bodies and individual operating units and positions. Compliance with the *Code of Conduct* at Budimex SA is guarded by Budimex SA's Ethics Committee (see Section 6.4. for more information on the Committee). In addition, at Budimex SA, Mostostal Kraków and FBSerwis, a compliance function has been set up, responsible, among other things, for ensuring

that the companies' operations comply with laws and internal regulations, including those in the area of human rights (e.g. those concerning anti-mobbing and discrimination).

In any necessary case related to the management of significant human rights issues, there is a possibility of consultation between Budimex SA and subsidiaries, e.g. as regards knowledge sharing and exchange of experience – for example, in adapting internal regulations of companies to the provisions of the whistleblower directive ²⁸.

Identification and assessment of human rights risks and impacts

The Budimex Group identifies human rights risks and impacts on an ongoing basis and adjusts internal regulations as necessary. The Group analyzes from this angle not only events of key importance to the companies' operations (e.g. policy change, market entry, new projects), but also changes in the labor market. An example is the increase in the share of foreign workers in the Polish labor market, which can result in an increased risk of xenophobic behavior.

Human rights risks are identified in the context of labor rights, personal data protection, information protection, occupational health and safety, in the area of purchasing, as well as in operational activities under ongoing contracts. A process for identifying risks and impacts that includes the topic of human rights is being carried out for both own operations and important business relationships, including key elements of the supply chain. It is carried out on the basis of the *Risk Management Procedure*, which includes stakeholder consultations held with internal experts representing each area of the organization's operations. In addition, there is regular communication with trade unions regarding the protection of human rights. Dialogue with stakeholders exposed to negative impacts is undertaken reactively and on a case-by-case basis. With regard to ongoing projects, this is done through the contract communication process described in the *Policy for Cooperation with Local Communities*.

The procedure for identifying risks and human rights impacts is automatically triggered when new business relationships are established. Budimex SA and FBSerwis have a due diligence process in place for entities defined as consortium partners. who complete the Consortium Partner Questionnaire, which is an appendix to the *Business Partner Due Diligence* operating manual.

The Budimex Group maintains a risk register, which also includes human rights risks identified by organizational units. Under the existing system for assessing risks and impacts. no negative impact of the Group on human rights or violations in this area have been identified, detected or reported.

General information on the risk management system can be found in Section 6.2.

Actions taken in connection with the assessment of human rights risks and impacts

Responsibility for specific areas of risk management has been distributed among experts, managers and directors. It is their responsibility to identify the risks included in the register and to assess and prioritize them, taking into account the requirement to involve stakeholders, including groups exposed to negative impacts. If significant negative impacts on human rights are identified, appropriate corrective action is taken. The system for preventing and mitigating impacts and implementing corrective actions for significant human rights impacts also includes the supply chain – see Section 7.5. for more information.

Monitoring and communication of human rights impacts

The Budimex Group monitors and evaluates the effectiveness of its response to human rights risks and impacts, and uses this information to continuously improve its processes and systems. This includes involving stakeholders and vulnerable groups in evaluating the effectiveness of any steps taken. With regard to ongoing projects, this is done on the basis of Budimex SA's manual *Cooperation with Local Communities on Contracts*.

Based on data from the whistleblowing system, quarterly reports are produced on, among other things, potential human rights violations. There were no such reports in 2023.

²⁸ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

Commitment to conduct corrective actions

The Budimex Group is committed to acting independently or cooperating in corrective actions for the benefit of entities, such as employees and communities, where it exerts or contributes to a negative impact in the area of human rights.

5.3. Promoting diversity

[GRI 3-3] [GRI 2-10] [GRI 405-2] [ESRS S1-1] [ESRS S1-16]

Diversity issues are clearly regulated in corporate documents that apply to all companies in the Budimex Group. These include the *Company's Responsibility Policy Principles*, developed at the Ferrovial Group level. They obligate all the company's employees to, among other things, respect basic human rights, foster equality and diversity, and maintain a work-life balance. The second document that applies throughout the Ferrovial Group is the *Human Rights Policy*, which deals with avoiding discrimination, promoting equal employment opportunities, and recognizing the value of diversity in the workplace. The Budimex Group's *Code of Conduct*, in turn, implements the principles of the policies indicated and counteracts employment discrimination. In addition, the *Anti-Mobbing and Discrimination* instruction is in effect at the individual company level.

The *Diversity Policy* implemented by Budimex SA and Mostostal Kraków SA focuses on:

- proactively managing diversity as part of its human resource management policy,
- creating an open and diverse work environment,
- countering all forms of discrimination,
- ensuring equal opportunities in access to education and promotion,
- ensuring fair and objective employee evaluations,
- ensuring equal opportunity to access information on the Group's ethical standards,
- achieving pay equality as measured by the gender pay gap index,
- maintaining the level of women's representation in the total number of Budimex SA employees at a level above the average for the construction sector,
- maintaining the level of women's representation in senior management and among managers at a level at least equal to the level of women's representation in the total number of Budimex Group employees,
- promoting diversity and education in cooperation with the organization's stakeholders.

The document's provisions also cover the areas of recruitment, compensation, work-life balance, and protection against mobbing, discrimination and unjustified dismissal. In order to efficiently manage the aforementioned policy, the so-called anti-discrimination and anti-mobbing monitoring was introduced, as well as a system of educational tools, training and workshops. Every year, the results of its implementation are reported to Budimex SA's Management Board.

The diversity policy applies to the entire employment structure of the Budimex Group. Given the importance of the impact on the rest of the staff of adhering to diversity principles at the highest levels of the organization, in 2021 the *Diversity Policy of the Budimex SA Management Board* was adopted. Its purpose is to ensure that the principles of equal treatment and diversity are observed at the management level of the Budimex Group. The policy guides the organization's efforts to meet best practices in diversity, including those enshrined in the Warsaw Stock Exchange's *Best Practices for Companies Listed on the WSE 2021*. The *Diversity Policy of the Budimex SA Management Board* introduces a minimum level of gender representation in the recruitment process for positions on the Management Board of 30% of all persons approaching the final stage of the recruitment process, if such persons are represented in the pool of candidates applying for the position and their competencies are at least equal to those of other candidates.

In addition, since 2022, the *Diversity Policy of the Budimex SA Supervisory Board*²⁹ has been in effect. Its goal is:

- taking into account diversity principles in the process of selecting the company's Supervisory Board,

²⁹ All three of the company's implemented diversity policies can be found on the website: <https://www.budimex.pl/en/about-budimex/corporate-governance>

- obligating the Shareholder Meeting to be guided by objective selection criteria in the process of appointing Supervisory Board members,
- supporting the implementation of initiatives seeking to ensure equal opportunities in access to training, promotions and benefits,
- use of objective criteria for evaluating the actions of the Supervisory Board.

The Budimex Group is breaking down barriers related to employee health by hiring people with disabilities. The myBenefit system provides additional benefits for employees with a disability certificate and employees who have a family member with a disability.

Our company is a signatory to the international *Diversity Charter* – a voluntary commitment to treat all employees equally, prevent any form of discrimination in the workplace, and create an environment conducive to diversity. The document expresses the organization's willingness to involve all groups of its stakeholders in efforts to protect and promote diversity.

In 2023, Diversity Weeks were organized at Budimex SA. The purpose of the events was to spread knowledge and promote topics related to specific aspects of diversity. Each included webinars, contests and other activities for employees. The 2023 Diversity Weeks focused on gender differences, intergenerational differences, disability (organized in cooperation with the TAKPEŁNOSPRAWNI Foundation) and intercultural differences.

Confirmation of the quality of Budimex SA's diversity management practices comes from the results of a global study commissioned by the Financial Times in November 2023 on companies' support for diversity and women's professional development. In the Diversity Leader 2024 ranking, based on employee surveys and HR indicators such as the number of women in leadership positions and diversity communication in the organization, our company scored 71.6 out of a possible 100 points. Thus, Budimex SA overtook many of the leading players in the international market and was ranked 10th among construction companies worldwide and 363rd overall (out of 850 companies included in the survey).

It is worth mentioning that according to data as of 31 December 2023, at Budimex SA, women account for as many as 55% of those employed as construction engineers – in 2012 the percentage was 31%.

Preventing discrimination against women

The Budimex Group actively prevents gender discrimination. To this end, it regularly analyzes the level of the GPGR, gender pay gap ratio (unadjusted wage gap), reflecting the pay gap between people employed in the organization. It represents the difference in average pay between men and women in each position group and is calculated in accordance with the methodology established for the Ferrovial Group as a whole, based on total pay, including bonuses, as well as on fixed pay. In 2023, the GPGR calculated based on total compensation including bonuses reached -1.7%, compared to -1.9% in 2022. From the perspective of base salary and fixed salary components, in 2023 there was no wage gap (it was exactly 0.02%).

Table 30. Results of unadjusted wage gap calculation for Budimex Group for 2023 (total compensation)

[GRI 405-2]

Professional group (combined data for the Budimex Group)	Gender	% of the workforce	GPG* 2022	GPG* 2023
Senior management	Women	0.3%	-16%	-13%
	Men	2.1%		
Executives and managers	Women	4.2%	-10%	-12%
	Men	17.2%		
Other	Women	18.4%	Experts and specialists: -8% Administration and support: -13% Blue-collar employees: -11%	Experts and specialists: -5% Administration and support: -9% Blue-collar employees: -10%
	Men	57.8%		
Budimex Group average	Women	22.9%	-2%	-2%
	Men	77.1%		

* Comparative analysis on total compensation basis including bonuses per FTE.

Table 31. Results of unadjusted wage gap calculation for Budimex Group for 2023 (fixed salary components)

Professional group (combined data for the Budimex Group)	Gender	% of the workforce	GPG* 2023
Senior management	Women	0.3%	-12%
	Men	2.1%	
Executives and managers	Women	4.2%	-13%
	Men	17.2%	
Other	Women	18.4%	Experts and specialists: -5% Administration and support: -7% Blue-collar employees: -12%
	Men	57.8%	
Budimex Group average	Women	22.9%	0.02%
	Men	77.1%	

* Benchmarking based on fixed salary components (i.e. without non-basic bonuses and awards, allowances and overtime payments, per FTE).

The *Diversity Policy* provides for an obligation to achieve a fully equal pay in particular groups over the next years. To attain this goal, pay rises are granted in the Budimex Group taking into account the gender equality principle, and starting from 2023 all companies allocate part of their pay rise budgets directly for pay rises aimed at equalizing salaries.

We also attach a lot of importance to non-discrimination, among others based on gender, in the recruitment process, as well as to the transparency of decisions to select specific candidates. Other actions aimed at equalizing career opportunities for women include the Ironclad Success development program (described in more detail in subsection 5.1.6.) and the Mother on Maternity Leave program.

5.4. Employment structure³⁰

[GRI 2-7] [GRI 2-8] [GRI 401-1] [GRI 405-1] [GRI 401-3]

In connection with the Budimex Group's growth in foreign markets and in the domestic market (e.g. the purchase of Konstalex, growth in the renewable energy sources market), the number of its employees had been increasing gradually to reach 7,337 of permanent and temporary employees on 31 December 2023. Thereby, it was 4.5% higher compared with the previous year.

Table 32. Employees hired for an indefinite and definite term on a year-on-year basis at Budimex SA

[GRI 2-7]

in head count	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Budimex SA	1,265	3,811	5,076	1,346	3,771	5,117	6%	-1%	1%
Employed for a definite term	237	1,204	1,441	279	1,174	1,453	18%	-2%	1%
Employed for an indefinite term	1,028	2,607	3,635	1,067	2,597	3,664	4%	0%	1%
Full-time employees	1,242	3,795	5,037	1,322	3,754	5,076	6%	-1%	1%
Part-time employees	23	16	39	24	17	41	4%	6%	5%
Aged from 51 years	82	766	848	80	774	854	-2%	1%	1%
Aged 31-50 years	765	2,414	3,179	824	2,391	3,215	8%	-1%	1%
Aged to 30 years	418	631	1,049	442	606	1,048	6%	-4%	0%

Table 33. Employees hired for an indefinite and definite term on a year-on-year basis in the Budimex Group

In head count	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Budimex Group*	1,551	5,471	7,022	1,681	5,656	7,337	8%	3%	4%
Employed for a definite term	330	1,909	2,239	367	1,930	2,297	11%	1%	3%
Employed for an indefinite term	1,221	3,562	4,783	1,314	3,726	5,040	8%	5%	5%
Full-time employees	1,521	5,446	6,967	1,645	5,631	7,276	8%	3%	4%
Part-time employees	30	25	55	36	25	61	20%	0%	11%
aged from 51 years	102	1,323	1,425	108	1,405	1,513	6%	6%	6%
Aged 31-50 years	947	3,251	4,198	1,033	3,350	4,383	9%	3%	4%
Aged to 30 years	502	897	1,399	540	901	1,441	8%	0%	3%
German market**	11	895	906	13	848	861	18%	-5%	-5%
Employed for a definite term	4	867	871	2	794	796	-50%	-8%	-9%
Employed for an indefinite term	7	28	35	11	54	65	57%	93%	86%
Full-time employees	10	895	905	12	848	860	20%	-5%	-5%

³⁰ All quantitative data in this section referring to Budimex SA include also the employees of the company's foreign branches (with the exception of the data on vacations).

In head count	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Part-time employees	1	0	1	1	0	1	-	-	-
Aged from 51 years	3	297	300	5	289	294	67%	-3%	-2%
Aged 31-50 years	8	475	483	7	453	460	-13%	-5%	-5%
Aged to 30 years	0	123	123	1	106	107	100%	-14%	-13%

*Includes of all employees working in the Group (Polish and foreign markets)

**The German market was specified because has the most significant share (employment volume) relative to other foreign markets.

As of December 31, 2023, total employment in Budimex Group companies was 7337 employees, including 6431 in the Polish market and 906 in foreign markets (Czech market -11 employees, Slovak market - 34 employees and German market - 861 employees).

Table 34. Data concerning workers who are not employees at Budimex SA

[GRI 2-8]

In head count	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Budimex SA	93	113	206	111	116	227	19%	3%	10%
Number of persons cooperating on the basis of a civil law agreement (contracts of mandate and contracts for a specific work)	86	74	160	101	82	183	17%	17%	14%
Persons cooperating on the basis of a cooperation agreement (B2B)	2	9	11	0	8	8	-100%	-11%	-27%
Persons cooperating on the basis of a contract of appointment	1	9	10	0	0	0	-100%	-100%	-100%
Persons cooperating on an outsourcing basis	4	21	25	10	26	36	150%	24%	44%

Table 35. Data concerning workers who are not employees in the Budimex Group

[GRI 2-8]

In head count	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Budimex Group	142	294	436	163	310	473	15%	5%	8%
Number of persons cooperating on the basis of a civil law agreement (contracts of mandate and contracts for a specific work)	130	248	378	148	265	413	14%	7%	9%
Persons cooperating on the basis of a cooperation agreement (B2B)	7	15	22	5	17	22	-29%	13%	0%
Persons cooperating on the basis of a contract of appointment	1	10	11	0	2	2	-100%	-80%	-82%
Persons cooperating on an outsourcing basis	4	21	25	10	26	36	150%	24%	44%

Table 36. Employment structure

[GRI 405-1]

In head count	Budimex SA								
	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Senior staff, including:	28	144	172	12	112	124	-57%	-22%	-28%
aged from 51 years	9	27	36	2	26	28	-78%	-4%	-22%
aged 31-50 years	19	117	136	10	86	96	-47%	-26%	-29%
aged to 30 years	0	0	0	0	0	0	0%	0%	0%
Middle-ranking staff, including:	243	1,039	1,282	274	1,104	1,378	13%	6%	7%
aged from 51 years	13	106	119	19	119	138	46%	12%	16%
aged 31-50 years	200	844	1,044	228	906	1,134	14%	7%	9%
aged to 30 years	30	89	119	27	79	106	-10%	-11%	-11%
Other employees, including:	994	2,628	3,622	1,060	2,555	3,615	7%	-3%	0%
aged from 51 years	60	635	695	59	629	688	-2%	-1%	-1%
aged 31-50 years	546	1,452	1,998	586	1,399	1,985	7%	-4%	-1%
aged to 30 years	388	541	929	415	527	942	7%	-3%	1%
Employees at all structure levels	1,265	3,811	5,076	1,346	3,771	5,117	6%	-1%	1%
aged from 51 years	82	768	850	80	774	854	-2%	1%	0%
aged 31-50 years	765	2,413	3,178	824	2,391	3,215	8%	-1%	1%
aged to 30 years	418	630	1,048	442	606	1,048	6%	-4%	0%
In head count	Budimex Group								
	F	M	F+M	F	M	F+M	F	M	F+M
Senior staff, including:	32	171	203	22	154	176	-31%	-10%	-13%
aged from 51 years	9	33	42	3	34	37	-67%	3%	-12%
aged 31-50 years	23	138	161	19	120	139	-17%	-13%	-14%

In head count	Budimex SA								
	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
aged to 30 years	0	0	0	0	0	0	0%	0%	0%
Middle-ranking staff. including:	283	1,196	1,479	308	1,265	1,573	9%	6%	6%
aged from 51 years	16	132	148	23	150	173	44%	14%	17%
aged 31-50 years	234	962	1,196	258	1,023	1,281	10%	6%	7%
aged to 30 years	33	102	135	27	92	119	-18%	-10%	-12%
Other employees. including:	1,236	4,104	5,340	1,351	4,237	5,588	9%	3%	5%
aged from 51 years	77	1,158	1,235	82	1,221	1,303	6%	5%	6%
aged 31-50 years	689	2,151	2,840	756	2,207	2,963	10%	3%	4%
aged to 30 years	470	795	1,265	513	809	1,322	9%	2%	5%
Employees at all structure levels	1,551	5,471	7,022	1,681	5,656	7,337	8%	3%	4%
aged from 51 years	102	1,323	1,425	108	1,405	1,513	6%	6%	6%
aged 31-50 years	946	3,251	4,197	1,033	3,350	4,383	9%	3%	4%
aged to 30 years	503	897	1,400	540	901	1,441	7%	0%	3%

Note: Tables 31-33 cover the entire Budimex SA, i.e. the Polish market and the foreign branches.

Table 37. New employee hires in the Budimex Group

[GRI 401-1]

In head count	Budimex SA								
	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
aged from 51 years	2	211	213	6	234	240	200%	11%	13%
aged 31-50 years	75	498	573	73	577	650	-3%	16%	13%
aged to 30 years	110	266	376	143	295	438	30%	11%	16%
In head count	Budimex Group								
Budimex Group*	294	1,513	1,807	315	1,689	2,004	7%	12%	11%
aged from 51 years	8	327	335	12	360	372	50%	10%	11%
aged 31-50 years	133	802	935	117	890	1,007	-12%	11%	8%
aged to 30 years	153	384	537	186	439	625	22%	14%	16%
German market**	4	721	725	6	742	748	50%	3%	3%
aged from 51 years	0	207	207	1	214	215	100%	3%	4%
aged 31-50 years	4	377	381	3	402	405	-25%	7%	6%
aged to 30 years	0	137	137	2	126	128	100%	-8%	-7%

*Includes of all employees working in the Group (Polish and foreign markets)

**The German market was specified because has the most significant share (employment volume) relative to other foreign markets.

In 2023, the total number of new hires in Budimex Group companies was 2004 employees, including 1219 in the Polish market and 785 in foreign markets (Czech market - 13 employees, Slovak market - 24 employees and German market - 748 employees).

Table 38. Employee departures in the Budimex Group

in head count	Budimex SA								
	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
aged from 51 years	6	296	302	18	310	328	200%	5%	9%
aged 31-50 years	94	625	719	88	653	741	-6%	4%	3%
aged to 30 years	46	209	255	43	207	250	-7%	-1%	-2%
in head count	Budimex Group								
Budimex Group*	192	1,532	1,724	203	1,623	1,826	6%	6%	6%
aged from 51 years	9	409	418	24	440	464	167%	8%	11%
aged 31-50 years	118	826	944	121	889	1,010	3%	8%	7%
aged to 30 years	65	297	362	58	294	352	-11%	-1%	-3%
German market**	1	765	766	4	800	804	300%	5%	5%
aged from 51 years	0	237	237	0	248	248	0%	5%	5%
aged 31-50 years	0	395	395	3	422	425	100%	7%	8%
aged to 30 years	1	133	134	1	130	131	0%	-2%	-2%

*Includes of all employees working in the Group (Polish and foreign markets)

**The German market was specified because has the most significant share (employment volume) relative to other foreign markets.

In 2023, the total number of employee departures in Budimex Group companies amounted to 1826 employees, including 1016 in the Polish market and 810 in foreign markets (Czech market - 3 employees, Slovak market - 3 employees and German market - 804 employees).

Table 39. Employee turnover rate at Budimex SA

[GRI 401-1]

Budimex SA								
2022			2023			Change y/y		
F	M	F+M	F	M	F+M	F	M	F+M
11.72%	29.08%	24.86%	11.41%	30.86%	25.88%	-0.3 p.p.	1.8 p.p.	1 p.p.
Budimex SA - White-collar workers								
11.69%	12.40%	12.15%	11.31%	12.59%	12.12%	-0.4 p.p.	0.2 p.p.	-0.03 p.p.

Table 40. Employee turnover rate in the Budimex Group

2023		
F	M	F+M

-	-	25.25%
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Table 41. Information on maternity and paternity leaves at Budimex SA

[GRI 401-3]

Specification	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Number of persons who ended their parental, maternity or child care leave in a given year	123	9	132	70	20	90	-43%	122%	-32%
Number of persons who commenced their parental, maternity or child care leave in a given year	136	7	143	168	23	191	24%	229%	34%

Table 42. Information on maternity and paternity leaves in the Budimex Group

Specification	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Number of persons who ended their parental, maternity or child care leave in a given year	138	9	147	83	31	114	-40%	244%	-22%
Number of persons who commenced their parental, maternity or child care leave in a given year	143	7	150	184	34	218	29%	386%	45%

5.5. Remuneration and non-salary benefits³¹

[GRI 202-1] [ESRS S1-10]

The remuneration policy implemented in the Budimex Group meets all the requirements set out in the provisions of law, and its formulation ensures the long-term sustainable growth of the company – this is achieved through the structuring of total remuneration taking into account the amount and quality of the work performed and in a manner motivating employees to attain ambitious goals and leading to the implementation of the company's strategic objectives. The adopted remuneration practices enable the recruitment and maintenance of the best qualified employees through a tailored package including basic salary, bonuses and attractive fringe benefits.

Remuneration in the Budimex Group is structured on the basis of:

- work regulations – in the case of all employees,

³¹ The quantitative remuneration data presented in this section refer only to employees employed on the Polish market.

- company's collective bargaining agreement – in the case of the employees of Budimex SA and Mostostal Kraków SA,
- remuneration regulations – in the case of employees of the other Group companies employing more than 50 persons,
- bonus regulations applicable in individual companies,
- the *Remuneration policy applying to members of the governing bodies of Budimex SA*³² – in the case of Management Board and Supervisory Board members (more information on the rules for remunerating members of the company governing bodies can be found in Section 6.1.),
- the provisions of the remuneration regulations for a given market or, if no such regulations need to be adopted, the provisions of employment contract – with respect to employees working abroad. The terms of employment in foreign markets are additionally regulated by the *Policy of posting employees to foreign markets* and the *Benefit policy*.

Pay reviews are conducted in the Budimex Group periodically and are aimed at keeping our offer attractive for current and potential employees. A lot of the organization's attention focuses on preventing pay discrimination based on gender, which is achieved through, among other things, monitoring the level of and levelling the pay gap (more information on this issue can be found in subsection 5.1.3.).

Table 43. Ratios of standard entry level wage by gender compared to local minimum wage

[GRI 202-1]

Ratios of entry level wage compared to minimum wage	Budimex SA		Budimex Group ³³	
	Women	Men	Women	Men
Monthly entry level wage in PLN in 2023	3,650.00	3,600.00	3,659.10	3,762.11
Statutory minimum monthly wage in PLN in 2023	3,600.00	3,600.00	3,600.00	3,600.00
Ratios of entry level wage compared to minimum wage	101%	100%	102%	105%

In 2023, pay rises covered 87% of employees. As a result, the average monthly remuneration at Budimex SA increased from PLN 15,175 to PLN 16,295 gross, whereas, according to Statistics Poland, the average gross monthly remuneration in Poland was PLN 7,540.36 last year.

Table 44. Average gross monthly remuneration

PLN	2022						2023		
	Budimex SA			Budimex Group			Budimex SA		
	F	M	medium	F	M	medium	F	M	medium
Senior management	34,387	61,700	57,253	33,817	58,241	54,391	47,441	71,687	59,565
Executives and managers	17,042	21,514	20,666	16,342	20,475	19,684	18,955	22,482	20,719
Other employees	10,319	11,579	11,233	9,408	9,591	9,549	11,227	11,746	11,487
All employees	12,143	16,181	15,175	11,177	13,491	12,980	13,165	17,644	16,295

In accordance with the assumptions for area S of its ESG strategy, Budimex aims to achieve a gender pay gap ratio of less than 9% by 2026.

³² The document is available at:

https://www.budimex.pl/repository/relation/Lad_Korporacyjny_2020/PL/Polityka_wynagrodzen_czlonkow_organow_Budimex_SA.pdf.

³³ The data includes only wages paid in the Polish market.

Particular incentive systems in the Budimex Group are adapted to the character of specific business areas, on the assumption that the main task of these systems is to ensure the attainment of the company's business objectives and the development of employees. The incentive system for management staff is based on individual objectives set for its representatives at the beginning of the year and consistent with the objectives set for the area or the entire company. In the case of persons employed in production, the amount of the variable remuneration components depends on the result of the annual performance review, as well as the degree of fulfilment of particular contracts, i.e. their progress and financial result.

In November 2023, the company was awarded distinction in the Employer of Rzeczpospolita competition organized by the Rzeczpospolita daily, in the best remuneration solutions category. Budimex SA was recognized for initiatives aimed at compensating employees for the decrease in the value of their income caused by inflation. This confirms that the company, acting in the spirit of social dialogue, creates and implements solutions guaranteeing employees decent pay, while taking into account the economic realities.

Employee benefits

[GRI 401-2] [GRI 403-6] [ESRS S1-11]

The Budimex Group continuously develops its benefit offer, to ensure it is adapted to employees' needs, guaranteeing a wide range of options to them. Additionally, we are working on fully coordinating benefit practices across individual companies.

Persons employed in the Budimex Group have the following at their disposal:

- an extensive package of healthcare services – irrespective of the position held. In 2023, the healthcare package was broadened by including, among other things, dental treatment and additional physiotherapy procedures, as well as medical procedures carried out as part of same-day surgery treatment. Access to healthcare services was also improved for blue-collar employees working outside large cities, by engaging Medicovert healthcare centers and collaborating facilities and introducing advantageous terms of reimbursement of healthcare service expenses incurred in any facility throughout the country.
- psychological support and on-call access to a psychologist at all times.
- subsidies to the Employee Capital Schemes – the companies of the Budimex Group have decided to additionally subsidize on a voluntary basis monthly contributions.
- life insurance for employees and their close ones. The basic package is financed by the employer with a token cost of PLN 1.00 on the part of the employee. In 2023, the program was modified – the terms of insurance were improved while maintaining a similar contribution level. and the taking out of insurance and the payment of benefits were made easier.
- a wide choice of services available under the MyBenefit cafeteria platform, allowing each employee to decide on their own where the means from the company employee benefit fund assigned to them should go.
- subsidies to expenses on sports activities as part of the Active BX initiative (sports units) and the possibility of using sports facilities through a MultiSport card. 24% of employees use these cards and 9% have purchased them also for members of their families.
- subsidies to expenses on participation in sports events in which they represent the company, such as Poland Business Run.
- an additional paid non-working day on birthday or name day.

In addition:

- persons facing difficult life circumstances may benefit from loans bearing attractive interest rates and hardship allowances,
- employees carrying out official duties at a place located at a distance of more than 50 km from their place of residence are entitled to lodging allowances,
- blue-collar employees working far from their place of residence, if this is required by the contract, are entitled to free lodging, and all blue-collar employees, irrespective of whether they are posted to another location or work at their place of residence, are entitled to a free lunch every day,

- persons who actively use English, German or Czech in their everyday work can participate in individual language courses subsidized by the company, and all employees have access to the English language learning platform eTutor and can invite one relative or close friend to join the course free of charge,
- the company subsidizes the costs of obtaining professional licenses and attending postgraduate courses,
- employees receive gifts for giving birth,
- top management members are covered by the stock plan of the Ferrovial Group.

Additionally, Budimex Group employees received gift vouchers for Christmas in 2023.

In connection with the purchase of 100% of shares in PPUH Konstalex by Mostostal Kraków SA on 15 May 2023, steps were taken to unify the benefit system with the new owner company. To this end:

- identical packages of healthcare services were introduced, available for employees irrespective of the position held,
- the bylaws of the company employee benefit scheme were brought into force, which enable employees to take advantage of the benefits provided for in it (subsidies to holiday expenses for employees and their children, loans for repairs to houses and flats bearing preferential interest rates, hardship allowances, gift packages for children),
- the process of covering employees with life insurance was started (a protection package was launched on 1 January 2024).

We periodically check the level of employee satisfaction with the offered benefits. In 2023, as part of the commitment survey described more broadly in subsection 5.1., 80% of respondents agreed with the statement that the offer of additional benefits provided by the company matched their needs.

5.6. Building awareness in the social area (S)

Supporting employee development

[GRI 3-3] [GRI 404-1] [GRI 404-2] [GRI 404-3] [ESRS S1-1]

The process of planning employee development is a part of the annual goal setting process and the related employee performance review process. Individual development needs, including training requirements, are defined in the course of discussions between the employee and the superior. On this basis, the HR Development and Systems Department creates a training and development action plan for the next year. Actions are carried out in accordance with the 70:20:10 model, i.e. 70% represents the practical implementation of tasks, 20% has the form of support provided by other persons (e.g. the superior, coach or mentor), and 10% represents training.

Training and workshops in the Budimex Group are available in an open form, as well as in the form of dedicated classes, corresponding to the needs of specific teams. Technical, specialist, negotiation, communication, computer, management and language training is offered, among other topics, as part of catalogue training courses.

Some training courses are delivered by internal trainers, i.e. highly qualified employees of the Budimex Group, who deal with issues being the subject matter of the training on a daily basis. This allows to effectively adapt the education offer to the specific nature of the company's activities and to directly meet employees' development needs. Additionally, it builds and promotes a knowledge sharing culture in the Budimex Group.

5.6.1. Development programs in operation in the Budimex Group³⁴

Coaching and mentoring

Development activities are offered not only to top management members, but also to middle-level executives, both in central and production units. Coaching is aimed at developing the competences indicated to be strengthened by the employees themselves or their superior. It makes it possible to achieve durable changes in behavior and attitude, leading to the maximalization of the person's professional and personal potential, and is highly valued by our team members. Coaching is provided in the Budimex Group based on a specific process and is confidential. The company cooperates with over a dozen external coaches in this respect.

In 2023, another edition of the mentoring program, called officially Masterful Synergies, was launched. A record number of mentors and mentees – 40 women and men among whom there were specialists, managers, directors and Management Board members – joined the program. The overall objective of the program is to exchange knowledge and experience and to build cooperation. The goals attained by the mentee by definition support work effectiveness, and thereby the results of the entire Group. The program focuses on technical, expert, managerial and leadership competence building, reinforcing employees' strengths, preparing for or adapting to new roles, supporting women's development and teaching how to manage stress and workload. We prepared a cycle of training sessions and webinars for mentors and mentees, as well as information and education materials concerning the project and their roles.

Contractor Academy

A program designed for specialists newly employed in the Budimex Group and those with many years of experience in the organization. The Academy's purpose is to provide and systematize knowledge on contract terms and to establish a strong team of experts who exchange experience and are a strong partner for businesses. The program was implemented from May 2022 to October 2023 by internal and external trainers for a group of 47 persons. Classes were held in four blocks – contract terms, legal aspects, professional effectiveness and personal effectiveness.

Young Engineer Academy

A development program addressed to newly hired engineers and trainee engineers. Its purpose is to efficiently introduce such persons to work in the organization, exchange experience already gained and build awareness of development opportunities in the Budimex Group. It consists of training sessions and workshops on the economic and formal and legal aspects of production, the building of relationships with external and internal partners, stress management, best communication practices or business security. The program also standardizes the key competences required from engineers and enables them to act more efficiently in accordance with the rules applicable in the Group. Two editions of the program were launched in 2023, 6th and 7th, with a total of 104 participants.

Engineer Academy

A cycle of training courses conducted by internal and external experts in specific fields, implemented in the organization for contract staff. Their participants may broaden and update their technical knowledge and exchange best practices. In 2023, we complemented the Engineer Academy with a waste management module, which was taken by over 100 persons. A similar number of employees participated in training for construction managers and a total of 441 persons took part in the Engineer Academy program last year.

Contract Manager Academy

A program supporting newly appointed contract managers and persons who are being prepared to be promoted for this position with acquiring knowledge, subject-matter competences and managerial skills relating to managing a contract and a team. The Academy is divided into several stages and includes, among others, a module dedicated to the standards applicable at Budimex SA delivered by internal trainers, as well as workshops on business security, negotiations and team management. 43 persons participated in the program in 2023.

³⁴ The quantitative remuneration data presented in this section refer only to employees employed on the Polish market.

Academy for Regional Economic Managers

A program initiated in 2023 in response to the need to update knowledge, and first of all to the changing environment and employees' expectations and requirements. The purpose of the Academy is the exchange of experience among participants and providing them with management methods and tools. It consists of four modules which are leadership in action, team in change, mental wellbeing and difficult conversations, and I as a female leader/I as a human being. Over 20 employees on average participate in particular Academy for REM modules.

Super Leader

A program aimed at building leadership competences among senior executives and managers by reinforcing strategy communication skills, subordinate team development skills and skills relating to engaging employees in attaining joint goals. It consists of three modules, each of which presents a different leadership style. Before starting group classes, participants undergo an organizational climate diagnosis and a diagnosis of the applied leadership styles to obtain development guidance on this basis. In the following steps, they improve their skills in the course of workshops alternating with coaching sessions and master class sessions and implementation tasks they perform. In addition, each of them receives a set of materials to work on the development of a specific leadership style. In 2023, the third edition of the Super Leader program was completed by 82 persons, to whom feedback was provided at the diagnosis stage by over 610 employees. The program is implemented in cooperation with business partners – leaders in the market of consultancy and training services.

Managerial Stairway

A path for the development of managerial skills, from a beginner manager to a top senior management member, which takes into account the position held, experience to date and the competences necessary for effective management at particular career steps. The program consists of four stages which gradually broaden participants' knowledge. Its catalogue includes a wide offer of training provided on-site and online by external trainers. Workshops are held periodically for closed and open groups. In 2023, 240 persons completed training for beginner managers.

Leadership webinars for managers

60/90-minute meetings with the participation of external experts, aimed at inspiring managers to develop emotional intelligence, to care for mental wellbeing, to build relationships in teams, to enhance their vital energy and to effectively appreciate subordinates.

Ironclad Success

A program supporting the career development of women in the Budimex Group, making it also possible to increase their number in managerial positions. It consists of four workshops delivered by external experts ("My skills, my talents, my new self", "My personal effectiveness", "My inner self as a female manager", "My brand, my authority"), between which participants carry out implementation tasks supporting the development of the acquired skills. The 3rd edition, which started in 2022, ended in the second half of 2023. 47 female employees of the Budimex Group – from specialists to managers – participated in it.

Internal Trainers

A program launched in 2023 with the aim of building an internal trainer community and enabling internal trainers to exchange experience and best practices and to mutually inspire one another to develop and broaden knowledge, as well as at improving the effectiveness of internal training. 44 employees enrolled for the program as part of which we prepared training sessions on performing a trainer's role for them.

Programs for the development of interpersonal skills, addressed to specialists and managers, are also implemented in the Budimex Group. They have the form of development paths divided into several main stages, taking into account successive levels of progress in acquiring competences.

Communication Stairway

An important factor enhancing effective communication and cooperation in the Budimex Group is a possibility of conducting an individual analysis of an employee in accordance with the Extended DISC model. It is an examination that makes it possible to know the natural predispositions of a person; it is based on self-reflection – the participant self-assesses their behavior in specific situations. The main areas under

analysis are behavior and communication styles manifesting themselves in the professional sphere. After the examination, the employee usually participates in a webinar the purpose of which is to become familiar with the Extended DISC model and to prepare for work with the individual report on one's own. There are certified employees in the Budimex Group who are authorized to provide Extended DISC feedback. In 2023, 193 persons participated in communication path programs.

Negotiation Stairway

We offer a themed training package to employees for whom negotiations are a component of their daily work. It makes it possible to systematize and standardize the knowledge of negotiation techniques, strategies and barriers, but also to get to know one's strengths and weaknesses as a negotiator and to teach how to manage emotions in the course of a negotiation process. In 2023, 79 employees participated in training as part of this path.

Language Training

In connection with a dynamic growth in foreign markets. 2023 was a time of extremely intense development of language skills for the Budimex Group. We prepared an offer addressed to persons who actively use foreign language skills in their daily work. We made it possible for them to learn English, German, Slovak and Czech individually, in groups or in intensive language courses. Company employees also participated in intensive Total Immersion courses, both in Poland and abroad.

Table 45. Average hours of training in 2023

[GRI 404-1] [ESRS S1-13]

Average hours of training per employee during the reporting period	Budimex SA			Budimex Group		
	2023			2023		
	F	M	F+M	F	M	F+M
Senior management	71.15	60.92	61.91	51.92	54.63	54.29
Executives and managers	41.86	30.07	32.41	39.63	28.51	30.68
Other employees	24.45	7.46	12.31	21.36	5.64	9.44
All employees	28.41	15.47	18.81	25.11	12.08	15.07

Where attending all the meetings was required to get credit for the course, training which was not completed in full was not included in the number of training hours. On the other hand, each non-obligatory training which was started was taken into account, with only the hours actually attended by employees being included in the total number of training hours.

Table 46. Number of employees upgrading employee skills in 2023

[GRI 404-2]

Number of persons	Budimex SA			Budimex Group		
	2023			2023		
	F	M	F+M	F	M	F+M
Senior management	27	140	167	31	177	208
Executives and managers	295	736	1,031	317	831	1,148
Other employees	656	411	1,067	708	493	1,201
All employees	978	1,287	2,265	1,056	1,501	2,557

Table 47. Number of employees upgrading employee skills in 2022

Number of persons	Budimex SA			Budimex Group		
	2022			2022		
	F	M	F+M	F	M	F+M
Senior management	29	146	175	29	158	187
Executives and managers	184	745	929	193	783	976
Other employees	710	627	1,337	759	694	1,453
All employees	923	1,518	2,441	981	1,635	2,616

Table 48. Number of training hours broken down by selected topics in Budimex SA in 2023

[GRI 404-1] [ESRS S1-13]

Number of hours	Budimex SA								
	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Preliminary occupational health and safety training	513	855	1,368	798	4,729.5	5,527.5	56%	453%	304%
Periodic occupational health and safety training	5,984	15,464	21,448	5,192	26,664	31,856	-13%	72%	49%
Specialist occupational health and safety training, including first aid training	0	3,256	3256	1,133	3,581	4,714	100%	10%	45%
Fire protection training	0	531	531	360	784	1,144	100%	48%	115%
Computer training	2,983	2,721	5,704	2,485	2,017.5	4,502.5	-17%	-26%	-21%
Technical training	614	2,834	3,448	728	3,904	4,632	19%	38%	34%
Management training	1,145	5,360	6,505	2,138	6,563.5	8,701.5	87%	22%	34%
Specialist training other than occupational health and safety training	10,022	14,862	24,883	10,271.5	17,462.95	27,734.45	2%	18%	11%
Soft skills training	5,418	6,338	11,755	5,621	4,451	10,072	4%	-30%	-14%
On-boarding training	604	659	1,262	759	1,001	1,760	26%	52%	39%
Language training	4,049	7,888	11,937	9,249.75	15,111.75	24,361.5	128%	92%	104%
Higher education studies	-	-	-	1,441	1,968	3,409	-	-	-
E-learning	-	-	-	2,620	4,368	6,988	-	-	-
Webinars	2,054	2,729	4,783	2,093.5	1,909	4,002.5	2%	-30%	-16%

Table 49. Number of training hours broken down by selected topics in Budimex Group

Number of persons	Budimex Group								
	2022			2023			Change y/y		
	F	M	F+M	F	M	F+M	F	M	F+M
Preliminary occupational health and safety training	813	2,150	2,964	1,083	5,800.5	6,883.5	33%	170%	132%
Periodic occupational health and safety training	7,090	21,834	28,924	5,424	31,432	36,856	-24%	44%	27%
Specialist occupational health and safety training, including first aid training	1,936	10,996	12,932	1,197	4,237	5,434	-39%	-61%	-58%
Fire protection training	245	1,495	1,740	360	788	1,148	47%	-47%	-34%
Computer training	3,363	2,998	6,361	2,681	2,128	4,809	-20%	-29%	-24%
Technical training	628	4,033	4,661	959	5,949	6,908	53%	48%	48%
Management training	1,739	6,023	7,762	2,257	7,452.5	9,709.5	30%	24%	25%
Specialist training other than occupational health and safety training	10,933	15,533	26,465	11,018	19,635.1 5	30,653.1 5	1%	26%	16%
Soft skills training	5,577	6,510	12,087	6,227	5,080	11,307	12%	-22%	-6%
On-boarding training	653	745	1,398	902	1,166	2,068	38%	57%	48%
Language training	4,906	9,314	14,220	10,849.7 5	17,322.2 5	28,172	121%	86%	98%
Higher education studies	-	-	-	1,441	1,968	3,409	-	-	-
E-learning	-	-	-	2,636	4,408	7,044	-	-	-
Webinars	2,208	2,805	5,012	2,403	2,162	4,565	8%	-23%	-9%

In the report for 2022, the table concerning the number of employees trained in selected topics in fact showed the number of training hours delivered. Data concerning the number of training hours broken down by selected topics is presented above, whereas data concerning the number of employees trained in selected topics is presented below and it covers 2023 only.

Table 50. Number of employees trained in selected topics in 2023

Number of persons	2023					
	Budimex SA			Budimex Group		
	F	M	F+M	F	M	F+M
Preliminary occupational health and safety training	986	2,518	3,504	1,024	2,705	3,729
Periodic occupational health and safety training	395	2,392	2,787	414	2,890	3,304
Specialist occupational health and safety training, including first aid training	147	501	648	155	583	738
Fire protection training	90	196	286	90	197	287
Computer training	203	162	365	219	171	390
Technical training	97	348	445	116	418	534
Management training	284	847	1,131	287	890	1,177
Specialist training other than occupational health and safety training	1,611	2,451	4,062	1,702	2,679	4,381
Soft skills training	894	783	1,677	943	833	1,776
On-boarding training	69	91	160	82	106	188
Language training	284	433	717	319	486	805
Higher education studies	7	10	17	7	10	17
E-learning	655	1,092	1,747	659	1,102	1,761
Webinars	1,307	1,132	2,439	1,422	12,75	2,697

In 2023, Budimex SA allocated a total of PLN 8.6 million for employee training, including PLN 2.2 million for women and PLN 6.4 million for men. In Mostostal Kraków SA, this amount totaled PLN 394,791, of which the amounts allocated for women and men were respectively PLN 142,375 and PLN 251,416, and in the FBSerwis Group this amount was PLN 396,680.

Feedback for employees

We pay a lot of attention to the building of awareness of the importance of feedback – provided by the manager to the employee, but also by the employee to the manager. A broad range of materials concerning the rules for providing such feedback is available on the company's intranet. One of the key tools for communicating to employees what their strengths and the diagnosed areas for development are is a dialogue with the direct superiors held, among others, in the course of the annual performance review process.

Table 51. Employees receiving regular performance and career development reviews in 2023

[GRI 404-3]

Number of persons	Budimex SA			Budimex Group		
	2023			2023		
	F	M	F+M	F	M	F+M
Senior management	12	119	131	21	147	168
Executives and managers	249	1,059	1,308	278	1,177	1,455
Other employees	785	865	1,650	943	1,035	1,978
All employees	1,046	2,043	3,089	1,242	2,359	3,601

Table 52. Employees receiving regular performance and career development reviews in 2022

Number of persons	Budimex SA			Budimex Group		
	2022			2022		
	F	M	F+M	F	M	F+M
Senior management	28	131	159	31	154	185
Executives and managers	203	932	1,135	229	1,031	1,260
Other employees	694	807	1,501	817	958	1,775
All employees	925	1,870	2,795	1,077	2,143	3,220

Health Foundations

Employees are supported not only in their career and personal development, but also in caring for their physical and mental health. In 2023, the Health Foundations program was launched, as part of which webinars, training sessions and sports events relating to these issues are held among other things.

A number of webinars promoting preventive healthcare and building the awareness of the need to care for wellbeing were organized. To mark the International Day of Health, a webinar entitled “Do you know what you eat? How to read labels?” was given and employees were invited to attend preventive health workshops with a psycho-oncologist from the Rak’n’Roll Foundation entitled “What to do when an illness occurs in the work environment?”. Other webinars concerning preventive healthcare proposed on this occasion to company employees were “How to take care of the heart”. “How not to go crazy in today’s world” or “Occupational burnout – the edge of a breakdown or a chance for a new beginning”.

In October 2023, during the Breast Cancer Awareness Month, Budimex SA organized a webinar entitled “How to prevent breast cancer and cervix cancer”, and in November, as part of the Movember campaign, or the International Month of Action Against Men’s Cancer, a webinar entitled “Testicular cancer and prostate cancer – causes, symptoms, treatment and prevention” was given.

Physical activity is promoted among employees, Sporting competitions are organized, including e.g. running, walking or cycling, and the company also encourages employees to actively train and participate in competitions. Its representation took part in the 8th edition of the Polish National Volleyball Championship of Roadworkers, which it won. Employees also participated in the Polish Cross-Industry Grand Prix in Indoor Football, winning the second place.

All employees are offered a very good healthcare package and a physical activity package as part of the MultiSport card.

With the aim of building employees’ mental resilience, the company invites them to attend training on stress management techniques, and managers to attend training on stress management at work in a managerial position.

5.7. Ensuring a safe and healthy work environment

[GRI 3-3] [GRI 403-1] [GRI 403-2] [GRI 403-3] [GRI 403-7] [GRI 403-8]

As a construction sector company, the Budimex Group regards occupational health and safety issues as particularly important. Regulating them appropriately and adhering to the rules in force is a key component of our responsibility towards employees, as well as other relevant stakeholders who expect us to meet the highest standards when carrying out contracts. Guaranteeing employees safe working conditions clearly follows from the Group's fundamental values and has been directly included in our *ESG Strategy 2023-2026*.

Since 2019, Budimex SA has held a certificate confirming the compliance of the occupational health and safety management system with international standard ISO 45001, and Mostostal Kraków SA also got this certificate in 2020. ISO 45001 assumes the engagement of all entities participating in the project implementation process in creating safe jobs, which is an approach shared throughout the Budimex Group.

In addition to management systems, the *Ferrovial minimum occupational health and safety standards* are in force in the Budimex Group. Their main purpose is to organize the construction process taking into account the rule whereby each Group employee and a representative of its business partner should go back to their close ones after work. It is additionally stressed in the document that nothing should stop us from respecting safety rules for which we always have to find time.

All cooperation offers made to us by the suppliers of goods and services must take into account the catalogue of the occupational health and safety requirements supplementing the requirements provided for by law, and the appendix defining our expectations in this respect constitutes an integral part of the signed contracts. Additional information on our raising of standards in the supply chain can be found in Section 7.5.

In addition to the Ferrovial Group's standards and Budimex SA's internal standards, the occupational health and safety standards set out in the Agreement for Safety in Construction³⁵ of which Budimex SA is a signatory and a founder member are implemented. They are based on many years of construction practice of the members of the Agreement and take into account all project stages, from planning to construction works.

Table 53. Workers covered by an occupational health and safety management system

[GRI 403-8]

Number of employees:	Budimex SA	Percentage (Budimex SA)	Budimex Group	Percentage (Budimex Group)
Covered by an occupational health and safety management system	4,382	100%	7,133	97%
Covered by an occupational health and safety management system that has been internally audited	4,382	100%	6,265	85%
Covered by an occupational health and safety management system that has been audited for compliance with ISO 45001 by an external party	4,382	100%	5,022	68%

All subcontractor employees carrying out work for Budimex SA are covered by identical occupational health and safety rules and internal regulations as the company employees.

Occupational health and safety policy

The *Occupational health and safety policy*³⁶ is obligations of the top management of the Budimex Group to use experience, technical solutions and effective management systems to ensure safe and healthy conditions for carrying out contracts, which will effectively prevent accidents and cases of work-related ill health of the employees of companies and subcontractors and will allow to maintain a high level of labor safety.

³⁵ They can be found at: <https://www.porozumieniedlabezpieczenstwa.pl/standardy-bhp.html>.

³⁶ The document is available at: <https://www.budimex.pl/pl/zrownowazony-rozwoj/zintegrowany-system-zarzadzania>.

The detailed guiding principles of the *Occupational health and safety policy* are:

- to ensure an appropriate context of the organization in relation to the scope of the activities conducted, including all the interested parties and the related risks and opportunities,
- to ensure control over and reduction in occupational health and safety risks in accordance with the principle of the hierarchy of controls,
- to monitor and strictly adhere to the legal and other occupational health and safety regulations in force applicable to the company's activities,
- to ensure appropriate training for the employees of the Budimex Group companies in order to raise their commitment and awareness for the purpose of improving working conditions and building leadership at each level of the organization,
- to create conditions for consultations and joint participation in the establishment of common safety for all employees, by supporting initiatives aimed at improving occupational health and safety processes,
- to continuously improve the occupational health and safety management system by implementing the best available practices in order to prevent incidents and build an occupational health and safety culture.

Occupational health services

The Budimex Group fulfills its obligations in the area of occupational health services, by referring its employees for preliminary and periodic examinations.

The companies forming the Group have entered into agreements for the provision of occupational health services with Medicover Polska Sp. z o.o., which provides comprehensive healthcare services and, as a healthcare institution, runs, among others, the Outpatient Care Center whose facilities are basic entities of the occupational health service system. Medicover is entitled to provide healthcare within the meaning of the *Act of 27 June 1997 on occupational health service* and to conduct medical examinations of employees and issue medical certificates on the basis of the *Regulation of the Minister of Health and Social Welfare of 30 May 1996 regarding the conducting of medical examinations of employees, the scope of preventive healthcare of employees and medical certificates issued for the purposes provided for in the Labor Code and other provisions of generally applicable laws*.

Budimex SA contracts, and Medicover undertakes to provide, the following occupational health services:

- conducting preliminary examinations of candidates for work,
- conducting periodic and check-up examinations,
- issuing medical certificates for the purposes provided for in the *Labor Code* and in regulations issued on its basis,
- monitoring the health condition of employees belonging to specific risk groups and adolescents, persons with disabilities and women,
- analyzing the health condition of employees, and specifically the occurrence of cases of work-related ill health and their causes, and workplace accidents,
- participating in meetings of the occupational safety and health committee and issuing opinions for accident investigation committees,
- collecting, storing and processing information about occupational risks and the health condition of employees covered by preventive healthcare,
- carrying out preventive vaccination necessary because of the work performed – depending on the working conditions and types of hazards – in accordance with the provisions of law, with the exclusion of vaccine costs.

Additionally, employees have access to an extensive package of healthcare services including, among others, services provided by a psychologist, psychiatrist and other doctors, including dental services.

Medicover also carries out sanitary and epidemiological tests for candidates for work and the employees of the Budimex Group if such tests are necessary to fulfil duties in a specific position.

A referral to an occupational health doctor for an employee or a candidate for work is issued by the employer. It contains the following information:

- type of examination for which the employee/candidate is referred (preliminary, periodic, check-up or sanitary and epidemiological),
- position (positions) in which the employee/candidate for work is to work,

- health conditions at the workstation, and specifically the result of the measurements of hazardous and onerous factors conducted by laboratories (in accordance with applicable regulations),
- information on the method of work, and specifically a constrained posture or monotonous movements.

The employee/candidate for work is referred for consultation and examinations on the basis of a referral. Subsequently, based on their results, a doctor licensed to conduct occupational health examinations issues a certificate confirming the absence or existence of contraindications for performing work in a specific position.

As part of the above-described process, the Budimex Group is required to:

- provide information about the presence of factors constituting health hazards or onerous conditions, along with the current results of tests and measurements of these factors,
- ensure the participation of a Medcover representative in meetings of the occupational health and safety committee,
- provide access to documentation containing the results of inspections of working conditions in its part concerning health.

Healthcare services are provided in Medcover Centers, the Damiana Center and facilities cooperating with Medcover. The employer helps employees to arrange for occupational health examinations by contacting the Medcover helpline. If works are started under a new construction contract to be carried out away from large cities in which Medcover has its branches, the Group company requests it to enter into an agreement with healthcare centers located close to the location of the construction works in order to facilitate its employees access to healthcare services.

Occupational health and safety committees and the Occupational Health and Safety Executive Committee

Occupational health and safety committees with the participation of employees and the employer, which represents all employees, operate in the companies forming the Budimex Group.

At the end of 2019 and beginning of 2020, additionally an Occupational Health and Safety Executive Committee was established at the initiative of the President of the Management Board, composed of company presidents, construction directors, branch directors and the director of the Labor Safety Department. It undertakes strategic actions in the area of raising the occupational health and safety level in the Budimex Group. One of its tasks is to develop plans for subsequent years, that is to set safety related goals for the entire Group.

A regular item of the agenda of the committee's meetings is a discussion on the current occupational health and safety statistics in the company and decisions regarding lines of actions aimed at ensuring safe working conditions.

Employees at all levels of the organization are engaged in monitoring the safety status. Occupational health and safety services conduct safety inspections and a team of auditors monitors the correctness of operation of the occupational health and safety management system with the use of system audits. The compliance of the systems of work under contracts is verified through the Construction Assessment System audits.

Since 2019, the senior management of Budimex SA has been making visits aimed at building a safety culture at all levels of the organization. Over 600 of such visits were made in 2023. The aforementioned goal is also attained by providing all employees of the Budimex Group with access to the IT system, which enables them to report observations, incidents and accidents which are subsequently analyzed by the Labor Safety Department. The company puts a special emphasis on making employees report as many occupational health and safety issues as possible, since this allows us to focus on the most serious hazards and look for ways of eliminating them.

Accident prevention and training on occupational health and safety

[GRI 403-3] [GRI 403-4] [GRI 403-5]

We aim at ensuring that our teams act in accordance with the best occupational health and safety practices in their daily work. Training in this respect is organized more often than required by law, and its program is developed jointly with employees.

In the Budimex Group, each occupational health and safety incident is described in accordance with the requirements of Polish law, and also in accordance with the procedures and classification adopted by the Ferrovial Group, with the internal regulations of our strategic investor being more detailed than national laws. Our company additionally conducts more in-depth analyses of occupational health and safety incidents which are potentially fatal, i.e. are internally classified as HiPos (High Potential). According to the definition, it is any incident that potentially results in an accident or an actual accident which in other circumstances could result in real, serious injuries/diseases, death or serious material damage. Conclusions drawn from this type of incidents are discussed at weekly meetings of the top management of the Budimex Group, in a circle of a few hundred people performing management functions in the entire company (the procedure referred to as an *executive incident review*, EIR), and then cascaded throughout the organization as *lessons learnt*. Moreover, in cases agreed by the Occupational Health and Safety Executive Committee, other actions are taken at the level of companies and contracts.

The organization has decided that not each accident belonging to the same category involves the same potential effect, and therefore it has focused on a detailed analysis of the most serious ones. Such an approach makes it possible not only to conduct a more detailed analysis and to better adapt solutions to the structure of the entire company, but owing to the engagement of the senior management it has given an appropriate weight to decisions taken and has ensured resources necessary to implement them.

Examples of decisions taken in 2023:

- implementation of requirements concerning vertical transportation going beyond the requirements set out in Polish law,
- tests of fiber optic clothing to make employees better visible while performing works,
- introduction of obligatory signalman/hookman training for subcontractor employees.

As part of periodic instructions provided by direct superiors, employees may update their knowledge on the most important hazards and occupational health and safety rules relating to tasks they perform. Campaigns are conducted in the Budimex Group regarding the safety standards applicable in it, in which both intranet and standard communication tools, such as posters and leaflets placed and distributed in offices and at construction sites, are used. Many occupational health and safety training sessions for the company employees were held in 2023. In addition to the standard training required by law, the occupational health and safety module was also delivered as part of the Contract Manager Academy and Young Engineer Academy throughout the year. Approximately 200 persons working in specified positions took part in it. Figures concerning the participation in preliminary, periodic and specialist occupational health and safety training can be found in subsection 5.1.6.

The Kelvin TOP-SET training, focusing on analyzing root causes, was organized as development training for the occupational health and safety services with the aim of enhancing the quality of analyses conducted by them after incidents and accidents. A selected group of specialists became the internal trainers of this incident and accident investigation methodology.

Safety Week

In 2023, the tenth, jubilee Safety Week was held in the Budimex Group and in companies being parties to the Agreement for Safety in Construction. Its slogan was “I watch and don’t risk! STOP has power”, and it focused on safe logistics and transport organization, that is activities common in the construction market irrespective of the type of construction. With reference to the theme of the event, we equipped nearly 1,700 company cars with car packages, and webinars devoted to road safety used to gather over 300 listeners in a single session.

Apart from the main slogan of the Safety Week, a number of other actions promoting safe work were prepared in the Budimex Group. In their vast majority, they were local initiatives of construction projects and plants. As part of 191 contracts, we run a total of 572 occupational health and safety initiatives and training courses attended by nearly 6,000 representatives of the Group and 548 representatives of companies cooperating with us. Also an Internet occupational health and safety challenge addressed to the Group employees made its debut. It was taken up by 720 persons who answered questions and solved riddles relating to a safe work system. We also conducted 38 first aid training sessions and 26 fire protection courses. As part of the 10th edition of the event, an art contest with prizes was held, addressed to the Budimex Group employees' children.

Other occupational health and safety initiatives

Labor safety information was included in a number of periodic education and development programs launched in the Budimex Group. In 2023, as part of the Young Engineer Academy, training sessions for young construction engineers were held, presenting the most important aspects of safety management at the level of a construction contract and cooperation with subcontractors, and the practical application of this knowledge, which was illustrated using the example of works at a height. As part of the Contract Manager Academy, employees preparing for the role of a manager attended classes on building a safety culture and leadership in this area.

In 2023, we continued also the Step Up campaign, the purpose of which is to point out areas with the highest likelihood of the occurrence of accidents and serious injuries. The campaign promoting the prevention of injuries and incidents was conducted with the participation of the President of Ferrovial Construction, Ignacio Gastón, in all companies of the Ferrovial Group. A safety campaign relating to the introduction of machinery into construction sites and its maintenance was also organized. Films and other materials presenting the method of verifying a machine to be introduced were produced as part of it, which were shown to the Group employees and subcontractors present at the construction sites.

Occupational health and safety risks

The exposure of the Budimex Group employees to hazards depends on the nature of the work performed by them. In the case of construction contracts, they include mainly hazards relating to the risk of falling from heights, becoming injured while handling building machinery and being involved in road incidents. With respect to Mostostal Kraków SA, hazards are related not only to construction works, but also to work in permanent establishments producing steel structures. The FBŚerwis Group employees, on the other hand, responsible for maintaining roads and motorways, are exposed mainly to public space risks, and also to hazards relating to the processing of waste in plants.

All accidents, irrespective of their consequences, are treated very seriously in the Budimex Group. Each incident assessed as potentially fatal (HiPo) is communicated to the entire organization in the course of an EIR meeting and through alerts.

Very diverse works are carried out in the Budimex Group and therefore various methods of assessing and minimizing work-related risks are used. The following issues are of key importance in this context:

- the safety and health protection (BIOZ) plan – defining the procedures and rules, as well as risks and preventive measures in relation to a specific construction site,
- safe work instructions – constituting the basis for determining the safe method of performing work for a specific task and for assessing the related risks,
- job instructions along with an occupational risk assessment – familiarizing employees with the safe work rules for a given position and the related occupational risks.

Additionally, the Budimex Group keeps a register of operational and strategic risks, specifying occupational health and safety hazards, their potential impact and the methods of minimizing them. More information on risk management in the Budimex Group can be found in Section 6.2.

Table 54. Indicators pertaining to occupational health and safety issues

[GRI 403-9]

	Budimex SA			Budimex Group		
	2022	2023	Change y/y	2022	2023	Change y/y
Accidents among subcontractor employees						
Number of accidents, including:	62	66	6%	86	109	27%
minor accidents	60	66	10%	84	109	30%
serious accidents	1	0	-100%	1	0	-100%
fatal accidents	1	0	-100%	1	0	-100%
collective accidents	0	0	0%	0	0	0%
Accidents among subcontractor employees						
Number of accidents, including:	48	47	-2%	55	51	-7%
minor accidents	48	44	-8%	55	48	-13%
serious accidents	0	1	100%	0	1	100%
fatal accidents	0	0	0%	0	0	0%
collective accidents	1 (2 persons)	1 (2 persons)	0%	1 (2 persons)	1 (2 persons)	0%

Table 55. Other occupational health and safety indicators

Other occupational health and safety indicators	Budimex SA		Budimex Group	
	2022	2023	2022	2023
Number of hours worked – own employees	10,699,504.0	11,680,417.0	13,945,976.4	15,207,744.0
Number of hours worked – subcontractor employees	14,089,712.0	15,289,554.0	14,641,397.0	16,368,319.0
Accident frequency rate (workplace accidents per 1 million hours worked) – own employees	5.8	5.7	6.2	7.2
Accident frequency rate (workplace accidents per 1 million hours worked) – subcontractor employees	3.4	3.1	3.8	3.1
Accident frequency rate (workplace accidents per 1 million hours worked) – own employees minor accidents	5.6	5.7	6.0	7.2
Accident frequency rate (workplace accidents per 1 million hours worked) – own employees serious accidents	0.1	0.0	0.1	0.0
Accident frequency rate (workplace accidents per 1 million hours worked) – own employees fatal accidents	0.1	0.0	0.1	0.0
Accident frequency rate (workplace accidents per 1 million hours worked) – subcontractor employees minor accidents	3.4	2.9	3.8	2.9
Accident frequency rate (workplace accidents per 1 million hours worked) – subcontractor employees serious accidents	0.0	0.1	0.0	0.1
Accident frequency rate (workplace accidents per 1 million hours worked) – subcontractor employees fatal accidents	0.0	0.0	0.0	0.0

5.8. Summary of achievement of social (S) area goals in 2023

The Budimex Group's responsibility for the actual and potential impact on the surroundings is manifested through the actions it undertakes in the social area. They arise from the company's mission and its corporate values, as well as from the commitments defined in the *ESG Strategy 2023-2026*. They allow the Group to contribute to the UN Sustainable Development Goals regarding health and wellbeing (goal 3), education (goal 4) and gender equality (goal 5).

In 2023, as part of further improvement of employment terms and employee comfort, another edition of a periodic commitment survey was launched, which made it possible to define the areas requiring improvement or refinement.

To enhance the wellbeing of the company's team members, they were offered an opportunity to participate in webinars on preventive healthcare, as well as to receive psychological support in the form of a specialist on-call helpline.

The importance of safety rules, constituting a priority for the construction sector, was highlighted and the monitoring of potentially hazardous incidents and the exchange of knowledge were continued – both among employees and with partners and subcontractors. In accordance with a strategic intention, the Safety Week was run in the case of over 90% of contracts (94%) carried out by the company. Also 576 safety visits were made to projects carried out under contracts.

Since the continuous development is seen as an obligation towards team members and customers, a number of training programs were continued in the company (Young Engineer Academy, Contract Manager Academy, Super Leader or Management Stairway). A total of over PLN 8.5 million were allocated for training and other development initiatives, which exceeded the strategic assumptions for 2023.

In 2023, actions aimed at promoting diversity in the organization were continued at Budimex SA. Three information campaigns concerning cross-gender and cross-cultural and intergenerational differences, as well as cooperation with people with disabilities, were conducted. The company hired 40 trainees from Ukraine, and 14 employees of Budimex SA went to the United Kingdom and Australia as part of the Global Mobility program to work there under Ferrovia contracts. To prepare the organization for growth in neighboring markets, allowances for persons working on projects abroad were introduced in Budimex SA.

Knowledge about social changes and willingness to respond to future challenges for the construction sector were the driving force of the Budimex Group's initiatives addressed to young generations. The assumed strategic objective, consisting in reaching at least 5,000 school and higher education students with education programs, was achieved through the organization of, among others, 142 events and 27 lectures in technical secondary schools and higher education institutions.

Additionally, as part of its social engagement, Budimex SA conducted in 2023 new editions of the company's flagship programs focusing on initiatives for the benefit of local communities, equalization of opportunities and education of the youngest generations. For example, the company opened the 42nd Parent Zone in Elk and initiated the 3rd edition of the Home from the Heart project as part of which it is rebuilding a house of Teresa in Wołomin together with the Polish Development Fund. In 2023, the subject area of the Hello ICE campaign, aimed at promoting knowledge of road traffic among preschoolers and primary schoolers, was extended to include roller skating and scooter or electric bicycle riding.

5.8.1. Dialogue and cooperation with stakeholders

[GRI 2-29] [GRI 2-23] [ESRS SBM-2]

The Budimex Group is committed to building long-term relationships with relevant stakeholders, in which it is guided by the company's values described in Section 3.1. We encourage stakeholders to share their observations, and we use conclusions drawn from them in development processes to make the company more dynamic and sustainable. The communication form is chosen to meet the specific needs of a given group and to communication possibilities of both parties. We also put a lot of importance on sharing information about our impact on the environment, communities and our internal regulations for managing this impact in a transparent way, as well as on communicating our actions in the area of sustainability.

Table 56. Identified relevant stakeholders of the Budimex Group

Stakeholder group
Employees and social partners (employees, students and potential employees, former employees, trade unions, employees of subcontractors and suppliers, labor inspectorates and other supervisory institutions)
Investors (the strategic investor, institutional investors, retail investors, the Warsaw Stock Exchange, brokerage houses, banks)
Customers (GDDKiA, PKP PLK, institutional customers, individual customers, business partners, key suppliers, subcontractors, local government administration, central government administration)
General public (residents of areas neighboring sites where projects are being carried out, social leaders, secondary schools and higher education institutions, researchers, academics and students, technical and industry organizations)
Environmental organizations
Media, the public

The Communication and Public Relations Department and the Strategic Analysis Department are responsible for the dialogue with stakeholders at Budimex SA. The frequency and forms of contact are adapted to the needs and relationship with a given group of stakeholders. In 2023, social consultations and dialogue covered over 100 construction contracts, 83 social conflicts were resolved as part of consultations held.

The unit responsible for the dialogue with stakeholders at Mostostal Kraków SA is the Management Board, Administration and Communication Office. The company's activities in this area are based on obtaining feedback from stakeholders, verifying it and undertaking specific, jointly developed actions.

Contact with the external stakeholders of the FBŚerwis Group is the responsibility of mainly the Management Board, and also of the Marketing Department. sales departments and customer services employees.

Dialogue with communities is described below, and information on surveying the opinions of the Budimex Group employees can be found in Section 5.1.

Dialogue with communities

[GRI 3-3] [Own indicator 4] [GRI 2-25] [ESRS S3-1]

The Budimex Group attaches the utmost importance to communication and cooperation with residents of the areas directly neighboring the sites where projects are being carried out. The *Policy for cooperation with local communities* indicates specific actions to be taken both before the commencement of construction works (holding a dialogue regarding a specific project in order to dispel concerns, if any), and in the course of the contract term (building a relationship with the social environment of the project). Since many investment projects involve specific inconvenience for residents (e.g. higher traffic volumes and increased noise due to the transport of building materials, operation of machinery, closure of roads), we conduct non-obligatory, additional social consultations going beyond the procedures required in the course of obtaining administrative decisions. To this end, companies participate in the sessions of community councils and city councils to respond to doubts and address reported concerns. Consultations with local government bodies are also often arranged. In addition, Budimex SA provides access to feedback channels for residents in the form of a contact form available on the website and the company's profiles on social media, through which a continuous dialogue with stakeholders is held. Actions undertaken by us reduce the risk of the occurrence of phenomena that might adversely affect local communities. They thereby prevent social protests and the protraction of administrative procedures.

In 2023, no long-running conflicts with local communities occurred as part of Budimex SA's activities. A few incidents were reported in that period; in each case corrective measures were taken to mitigate the identified inconvenience.

Summary of the information actions carried out by Budimex SA in 2023:

- 2022 Results Conference
- First Quarter 2023 Result Conference
- Two First Quarters 2023 Result Conference
- Three First Quarters 2023 Result Conference
- Press conference in connection with releasing the *ESG Strategy 2023-2026*
- Publication of the 2022 Integrated Report
- Press conference in connection with opening the Polish History Museum
- Press conference and a media trip to attend the opening of the PepsiCo factory in Środa Śląska
- Press conference in Szczecin in connection with sliding a railway bridge over the Regalica river
- Press conference in connection with the commencement of the construction of the installation terminal for offshore wind farms of the ORLEN Group
- Press conference in connection with the execution of an agreement for the construction of the Zabierzów bypass
- Press conference in connection with the commencement of works on a new server building for the Ministry of Finance in Radom
- Press conference dedicated to a robot developed as part of the Concert project
- Press conference in connection with creating a mural promoting safety on tracks and roads at the Warsaw West station
- Press conference in connection with the execution of a partnership agreement with the Railway Technical Secondary School in Warsaw
- Press conference in connection with the execution of a partnership agreement with a Technical Secondary School in Bełchatów
- Participation in the Polish Infrastructure Congress
- Participation in the Railway Congress
- Participation in the World Road Congress
- Participation in the TRAKO International Railway Fair
- Participation in the BUDMA International Construction and Architecture Fair

- Participation in the BALTEXPO Maritime and Military Fair
- Participation in a conference of the Polish Wind Energy Association
- Participation in the Nuclear Energy Congress
- Participation in the European Economic Congress
- Participation in the Economic Forum in Karpacz
- Participation in a conference of retail investors in Karpacz
- Patronage over and participation in the Olsztyn Green Festival
- Meeting with Slovak media in Bratislava
- Meeting with Czech media in Prague
- Visit of Slovak journalists to Budimex construction project locations in Poland
- Social consultations concerning the construction of Terminal T3 for the Baltic Hub in Gdańsk
- Consultations with the councilors of the Mokotów district in connection with the construction of a tram line to Wilanów
- Consultations with the councilors of the Wilanów district in connection with temporary traffic organization
- Information campaign addressed to the residents at the Goworka and Spacerowa streets in Warsaw in connection with a traffic closure
- Information campaign addressed to the residents of areas neighboring the military hospital construction project location in Kraków
- Information campaign addressed to the residents of the Warsaw estate of Wiślany Mokotów in connection with its development and disturbance of night-time quiet hours
- Information campaign addressed to the residents of Ełk in connection with conducting burdensome night works
- Information campaign addressed to the residents of Poznań, Gorzów Wielkopolski, Bydgoszcz and Szczecin in connection with starting the operation of over 100 new electric vehicle charging stations
- Information campaign in "Gazeta Wyborcza" for the metropolitan Warsaw area in connection with investment projects carried out by Budimex in Warsaw
- Information campaign concerning the progress of works involved in the construction of the T3 container terminal
- Information campaign concerning the progress of works involved in the construction of the Elbląg river waterway
- Information campaign concerning the progress of works involved in the construction of a new pedestrian and bicycle bridge in Warsaw
- Information campaign concerning the progress of works on the Integrated Passenger Transport Center in Lublin
- Co-organizing the Home from the Heart social campaign consisting in building a home for a person affected by homelessness in Wołomin near Warsaw
- Organizing the "Fat Thursday" campaign addressed to drivers from the districts of Wilanów and Mokotów
- Organizing the "Brunch with Budimex" education campaign in primary schools in Ełk
- Organizing the Children's Day celebration at selected construction projects carried by Budimex: the Warsaw West station, the Ełk station
- Official opening of the Parent Zone in Ełk
- Participation in the "Excused from Theory" education campaign
- Participation in the "Green Tram Stop" campaign in Warsaw

5.8.2. Contribution to local socioeconomic development

The Budimex Group's contribution to sustainable socio-economic development in the local or regional scale or throughout Poland is based mainly on it performing the following roles:

- **service provider**

As part of carried out contracts the Group designs, builds, modernizes and maintains infrastructure of key importance for the efficient and safe functioning of the society, the economy and the state, e.g. motorways, expressways and bypasses, bridges, railway lines and stations, flood protection facilities, factories and industrial facilities. It is becoming increasingly engaged in the energy transition of Poland, not only by developing the network of general-access electric vehicle charging stations, but also by constructing backup facilities for offshore wind farms. The construction of public buildings, such as museums, theaters, sports and recreation facilities and public administration or administration of justice buildings, is equally important. In addition, in a number of townships it is the Group companies that deal with waste collection and appropriate management of waste. More information about specific contracts and their importance can be found in Sections 7.1. and 7.2.

- **taxpayer of payers of other charges**

The Budimex Group makes a significant contribution to the state budget and local budgets. In 2023, it paid a total of PLN 1,083 billion on account of corporate income tax, VAT and real estate tax.

Table 57. Direct economic value generated by the Budimex Group

[GRI 201-1]

Data for the entire Budimex Group [PLN million]	2023
i. Economic value generated:	
Total revenues	9,803
ii. Economic value distributed:	
Operating costs	9,062
Remuneration and employee benefits	1,536
Payments to providers of capital (dividends and interest)	485
Payments to public institutions (taxes)	1,083
Community investments (donations and investments for public benefit)	2
RETAINED VALUE (difference between i. and ii.)	-2,365

- **employer and partner in human resource education and training**

Budimex SA is a large employer, providing direct employment to 7,337 persons³⁷. In 2023, the company allocated as much as PLN 1,536 million for salaries and employee benefits. It invests in the development of teams and supports the education of future human resources, especially engineering staff for the national construction sector. This is enabled in particular through the internship program for higher education and technical school students.

Budimex SA has signed over 40 partnership agreements with higher education institutions, technical secondary schools and vocational schools. 363 higher education students were admitted to paid internship in 2023. In addition, the company runs the BX Ambassador program in which selected students of engineering faculties participate. In the academic year 2023/2024, 17 ambassadors from 16 Polish higher education institutions promote the Budimex Group as an employer among their peers.

³⁷ As at 31 December 2023.

Budimex SA also runs a program of cooperation with secondary technical schools in which currently 40 schools participate. In 2023, 61 school students had their vocational internship in the company as part of their technical secondary school education program.

In 2023, the company organized 99 events addressed to higher education students and 38 events for schools. They have the form of, among others, trips to construction project locations, job fairs (often combined with talks and/or presentations on the Budimex Group) and lectures.

In addition, Budimex SA supports various competitions and projects at universities and high schools, such as the "Zwolnieni z Teorii" Program and the Building Knowledge and Skills Olympiad, aimed at motivating young people to develop and improve their professional skills in the construction industry.

- **business partner**

As the purchaser of a number of products and services necessary to carry out contracts, the Group companies contribute to maintaining thousands of jobs in its value chain.

- **technological innovation developer**

The research and development work undertaken by the Budimex Group contributes to the development of the construction sector, which also includes reducing its impact on the environment and enhancing the safety of works conducted. Additional information on this issue can be found in Section 2.11.

- **patron of important institutions and social initiatives**

The Group companies support important pro bono goals, among other things by providing donations to local non-government organizations.

5.8.3. Charitable and sponsorship activities

[GRI 3-3] [Own indicator 5]

The Budimex Group companies are happy to become actively involved in charitable activities and additionally run sponsorship projects. The document regulating this area of their activities is the *Instruction for approving sponsorship or patronage projects and donations*.

In 2023, companies helped those in need, especially as part of programs they initiated in previous years and of long-term cooperation with local non-governmental organizations and public institutions.

BUDIMEX SA

Parent Zone

The Parent Zone is a Poland-wide social program initiated and financed in full by the company. As part of activities undertaken in pediatric wards in hospitals throughout Poland, space is created by appropriately arranging premises or sections of corridors which are not in use for the youngest patients to spend time with their parents, forget about their illnesses and discover the world through play. The project has also a broader dimension – it promotes emotional and health benefits arising from the family involvement in care over a treated child. It is carried out with the participation of Budimex SA employees who become engaged as volunteers in arranging these zones e.g. by performing minor fit-out works. In 2023, we created a Parent Zone in a hospital in Elk. The program's website: <https://strefarodzica.budimex.pl>.

Home from the Heart

Another edition, being already the third edition, of the Home from the Heart program was started in 2023. The purpose of the program is to support families affected by housing and financial problems. This time, Budimex SA, supported by other construction companies and volunteers from the Budimex Group companies, is building a modern and environmentally friendly modular house for Teresa who has become homeless as a result of fire. The house, fully fitted out and equipped, will be delivered in spring 2024.

More information on the initiative can be found at: <https://domzserca.pl>.

Hello ICE

The Hello ICE education initiative is also an authorship initiative. It consists in organizing interesting, interactive lessons on safety, during which preschoolers and primary schoolers learn appropriate behavior on the road and are taught to provide first aid. In 2023, the subject matter of the project was extended to include knowledge on how to safely ride roller skates, scooters or electric bicycles. In the aforementioned year, over 20 thousand children from various education establishments took part in a total of 160 meetings with Budimex SA volunteers and the police and fire service representatives.

More information about the initiative under the honorary patronage of the Minister of Sports and Tourism can be found at: <https://helloice.pl>.

Support for other initiatives and entities

In 2023, Budimex SA continued to co-finance the Diamond Explorers scholarship program, which is aimed at providing financial support to talented and effectively operating groups of young people, to make it possible for them to participate in prestigious nation-wide and international exact and engineering science competitions. More information about the project can be found at: <https://odkrywcydiamentow.com.pl>.

Budimex SA continued, in the preceding year, its assistance activities addressed to young people facing difficult life circumstances, by providing funds to finance the activities of the Demos Foundation which arranges for premises for conducting pedagogic, educational, therapeutic and sports activities, as well as organizes scholarship programs and workshops for youth leaders. The company also supports the purchase of school equipment and the organization of educational tournaments and holiday rest for school students in areas fighting poverty in the following voivodships: Warmińsko-Mazurskie, Mazowieckie, Podlaskie and Łódzkie, as well as the operation of volunteer fire-fighting teams. Other areas of the company's engagement in 2023 included, among other things, assistance to Polish Army soldiers injured while on military missions abroad and to their families, the development of youth sports and the protection of the historic Powązki Cemetery.

In the year covered by the report, Budimex SA also supported the Foundation for the Development of the University of Gdańsk which is responsible for the maritime station and seal center in Hel. As part of the cooperation, the seal rehabilitation center received a sophisticated biochemistry analyzer. The equipment will considerably reduce the waiting time for blood test results which will significantly increase chances to save treated animals.

MOSTOSTAL KRAKÓW SA

In 2023, charitable, social, cultural, research and sports initiatives addressed to the local community received support from the company in the form of donations. The company supported the statutory activities of a total of 21 entities. Moreover, Mostostal Kraków SA sponsored the girls' volleyball team UKS Jedynka Kluczbork. The correctness and transparency of the company's engagement was ensured by the Committee for Donations appointed in it, which each time gave consent to the company's participation in a given initiative. Charitable and sponsorship activities are regulated in *Operating instruction IO(MK)-01-05-08*.

The company participated in a total of 36 pro-social projects in 2023 (apart from charitable projects they included e.g. information campaigns), organized at the initiative of employees, local governments, care and education centers for children and young people and hospitals and at the invitation of business partners. The company's objective for the year was to double the number of pro-social projects and expenditures. The objective was met.

FBSERWIS GROUP

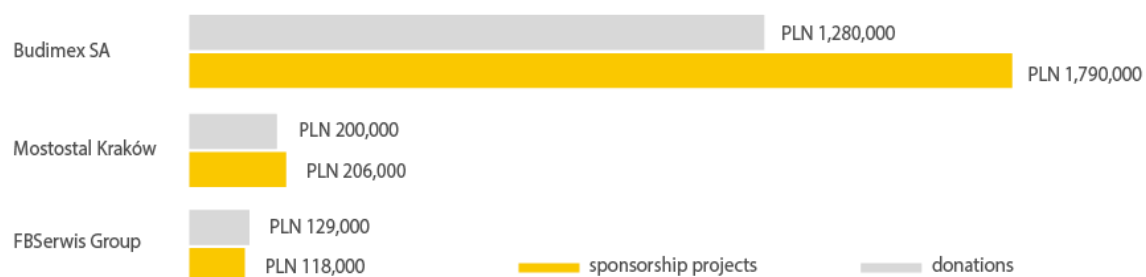
In 2023, the FB Serwis Group provided financial support to, among others, the following categories of entities:

- firefighting stations (operated by volunteer teams and by the national firefighting service),
- education and foster care centers,
- local cultural centers,
- sports clubs,
- organizations arranging local communities or promoting culture or sports,

Total expenditure of the Budimex Group for social purposes

The total of all donations made by Budimex SA in 2023 was approximately PLN 1.28 million, with a total value of all sponsorship projects of the company over that period reaching PLN 1.79 million. The FBŚerwis Group companies provided approximately PLN 129 thousand in the form of donations and approximately PLN 118 thousand as part of sponsorship projects, whereas Mostostal Kraków SA provided, respectively, PLN 185 thousand as donations and PLN 200 thousand as part of sponsorship projects.

Figure 11. Expenditure of the Budimex Group for social purposes



6. CORPORATE GOVERNANCE

6.1. Policies and accountability

[GRI 2-10]

The process of appointment of the Management Board of the parent company of the Budimex Group – Budimex SA – is regulated in the company's articles of association, *the Supervisory Board Bylaws of Budimex SA* and *the Management Board Bylaws of Budimex SA*. The President of the Management Board and upon his or her request, Vice Presidents and the remaining Management Board members, are appointed and dismissed by the Supervisory Board for the period of joint term of office of three years.

The process of appointment of the Supervisory Board is regulated in the company's articles of association and in the *Supervisory Board Bylaws of Budimex SA*. Supervisory Board members are appointed by the Shareholder Meeting for the period of joint term of office of 3 years. The Supervisory Board elects the chairperson from its members and, if needed, the deputy chairperson and secretary.

The Shareholder Meeting attaches particular importance to ensure at least minimum required participation in the Supervisory Board persons satisfying the independence criteria defined in the *Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017* and regulations on corporate governance of listed companies.

Diversity Policy of the Supervisory Board of Budimex SA and *Diversity Policy of the Management Board of Budimex SA* are described in Chapter 5.3.

Supervisory Board Committees

As at 31 December 2023, the **Audit Committee** consisted of the following members:

- Danuta Dąbrowska – Committee Chairperson,
- Janusz Dedo – Committee Member,
- Ignacio Aitor Garcia Bilbao – Committee Member.

During 2023 the composition of the Audit Committee did not change.

With regard to the satisfaction of independence criteria by the members of the Audit Committee, the following shall be applicable as appropriate: provisions of Article 129 (3) of the *Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017* and independence criteria for Supervisory Board members within the meaning of *Best Practices of WSE Listed Companies 2021*.

The independence status of a Supervisory Board member is determined by the company in accordance with the criteria described in *Operating Instruction no. 10-01-07-02* on information from Supervisory Board members and making it public, based on representations made by the Supervisory Board members pursuant to Article 129 (3) of the *Act on Statutory Auditors, Audit Firms and Public Supervision*.

As at 31 December 2023, the **Investment Committee** consisted of the following members:

- Janusz Dedo – Committee Chairperson,
- Ignacio Aitor Garcia Bilbao – Committee Member.

The composition of the Investment Committee changed on 27 April 2023 in connection with the resignation of Mr. Dariusz Blocher from membership in the Supervisory Board, which also made him terminate discharging the function of the committee member.

As at 31 December 2023, the **Remuneration Committee** consisted of the following members:

- Marek Michałowski – Committee Chairperson,
- Silvia Rodríguez Hueso – Committee Member,
- Igor Chalupec – Committee Member.

As of 1 April 2023, the function of a Committee member began to be discharged by Ms. Silvia Rodríguez Hueso. As of 27 April 2023, in connection with the resignation of Mr. Dariusz Blocher from membership in the Supervisory Board, he stopped discharging the function of a member of the Remuneration Committee.

The major tasks of the Committee include³⁸:

- present the Supervisory Board with proposals of remuneration rules for Management Board members and the remuneration amount for each Management Board member, for approval,
- monitor the amount and structure of remuneration of Management Board members based on independent payroll reports and relevant market benchmarks and present appropriate analyses and conclusions,
- present the Supervisory Board with proposals of bonus ratios for the Management Board and their weights based on a given year's budget and assumed strategic objectives,
- present the Supervisory Board with proposals for an appropriate form of contracts with Management Board members,
- provide opinion on appointments and dismissals of supervisory board members in subsidiaries of Budimex SA.

Remuneration policy

[GRI 2-19] [GRI 2-20] [GRI 2-21]

Remuneration rules for Management Board and Supervisory Board members of Budimex SA are regulated by the generally accessible *Remuneration policy for members of governing bodies of Budimex SA*³⁹. Provisions of the Policy aim to motivate the authorities of the Budimex Group to achieve the best results correlated with its strategic objectives.

The remuneration amount of the President and members of the Management Board is set by the Supervisory Board, taking into consideration recommendations of the Remuneration Committee. The entire remuneration package includes fixed compensation, variable compensation in the form of bonuses and long-term incentive programs and extra benefits. In 2023, the amount of variable compensation of Management Board and Supervisory Board members was not linked to sustainability results achieved by the company.

The Supervisory Board is responsible for supervision of the policy and at least once a year, on the basis of, among others, payroll reports and observation of market trends, reviews the remuneration rules and makes an assessment of how they affect the management of the organization.

In order to ensure the highest quality of the process, an audit firm supports the Supervisory Board in the reviews.

The supervisory functions are performed by the Supervisory Board through the Remuneration Committee (REMCO), which convenes on a quarterly basis. The duties of REMCO are described in its Rules and Regulations and the Supervisory Board Bylaws.

Pursuant to the *Best Practices of Companies Listed on Warsaw Stock Exchange 2021* remuneration of Supervisory Board members consists of fixed compensation and does not include components dependent of the Group's results.

Pursuant to SRD II, i.e. *Shareholder Rights Directive 2017/828*, every year, Budimex SA publishes a report on remuneration of persons discharging managerial and supervisory functions. Shareholders at a Shareholder Meeting give opinions on the Supervisory Board report on remuneration of the company's Management Board and Supervisory Board members. Once every 4 years, the Shareholder Meeting reviews the *Remuneration policy for members of governing bodies of Budimex SA*.

6.1.1. Sustainability management

[GRI 2-12] [GRI 2-13] [GRI 2-14] [GRI 2-16] [GRI 2-17] [GRI 2-18] [GRI 2-29]

³⁸ Board of Directors, Supervisory Board and Audit and Remuneration Committees can be found at: <https://www.budimex.pl/pl/o-budimex/lad-korporacyjny>.

³⁹ The *Remuneration policy for members of governing bodies of Budimex SA* may be accessed at: https://www.budimex.pl/repository/relation/Lad_Korporacyjny_2020/PL/Polityka_wynagrodzen_czlonkow_organow_Budimex_SA.pdf.

At Budimex SA, comprehensive oversight of the performance of ESG activities, and thus in the sphere of social, environmental and corporate governance responsibility, is exercised by the ESG, Quality and Environmental Protection Department⁴⁰. Within it, there is an organizational cell of ESG Manager, whose scope of responsibility includes:

- agree and adjust the ESG strategy to market standards,
- effective communication with internal stakeholders to agree the ESG strategy,
- coordinate reporting of ESG ratios,
- cooperate with IT projects to support reporting ESG ratios,
- monitor progress of achievement of objectives following from the ESG strategy,
- draw up non-financial statements and integrated reports.

In addition, coordination and supervision of activities in each ESG area are assigned to the following business units:

- area E (responsibility to the environment) – ESG, Quality and Environmental Protection Department⁴¹,
- area S (social responsibility) – Human Resources Management Division,
- area G (responsible corporate governance) – Legal and Organizational Division.

The Management Board assesses activities for implementing the company's ESG/sustainability strategy and its members support the achievement of the objectives defined therein which are part of the areas of their business responsibility by assigning financial and human resources and cooperating to develop solutions. The assessment is made at the Management Board's meetings based on information on the progress in the implementation of the objectives provided by the ESG Manager. In accordance with the assumptions of the strategy, reporting of the issues to the Supervisory Board will start in 2024. Based in a review of the level of the ratios defined in the document, the Supervisory Board shall assess the effectiveness of each business unit's supervision of the management of the organization's impact on sustainability issues.

The Supervisory Board and the Management Board of Budimex SA exercise strategic and quality supervision of the sustainability processes operating in the Budimex Group and monitor their effectiveness. Furthermore, it is the Management Board and the Supervisory Board that make the final decisions within the Group's mechanisms of reporting and reviewing irregularities.

The Management Board is regularly informed about the findings of conducted processes in the area of sustainability, including key risks (also concerning ESG) and cases of non-compliance with laws and internal regulations. In 2023, no critical infringements were reported to the Management Board.

The Management Board is involved in and recommends improvements to the organization's processes and activities in the ESG sphere after having been provided with relevant information. In addition, the Management Board makes key decisions which have an impact on strategic directions of development of the Budimex Group, taking into account sustainability principles. Duties of the Management Board also include approving strategic plans in the area as well as approving integrated reports which incorporate comprehensive information on ESG.

In 2023, what was discussed and approved by the Management Board were assumptions of the *ESG Strategy for 2023-2026*, which were consulted with the Supervisory Board. On 30 June 2023, the Management Board approved the strategy, described in detail in section 3.3.

In 2023, the Management Board members of Budimex SA were involved in a dialog with internal stakeholders on key issues connected with sustainability and with elected representatives of external stakeholders, in particular within the organization and at industry meetings.

⁴⁰ Until February 2024 under the name of „Procurement, Quality and Environmental Protection Department“.

⁴¹ Until February 2024 under the name of „Procurement, Quality and Environmental Protection Department“.

The Management Board members regularly extend their knowledge and skills in the sphere of sustainability/ESG. Information on their competences and experience can be found at: <https://www.budimex.pl/pl/o-budimex/wladze>.

The process of sustainability management of the Budimex Group will be supported by findings of the analysis of ESG risks and opportunities conducted in 2023 and described in detail in section 6.2.

6.1.2. Assurance of compliance with laws and ethical principles

[GRI 3-3] [Own indicator 2] [GRI 206-1]

The Budimex Group does not tolerate corruption, always operates transparently and in compliance with the law, does not breach ethical standards and employs ways to establish relationships with business partners which are fair and consistent with the Group's internal regulations.

The major areas of legal risks which the compliance system in the Budimex Group prevents include:

- corruption,
- conflicts of interest,
- fraud,
- failure to meet payment deadlines.

The fundamental document of the system is the *Compliance Policy*, defining general directions and principles of activity which should be followed by all employees and associates while discharging on-the-job and contractual obligations.

In addition, the Group has the following binding documents: *Code of Conduct*, *Anti-Corruption Policy* and a set of operating instructions, including *Rules of conduct in the event of a proposal to accept a financial benefit* or *Rules of conduct in the event of a suspected breach of the Compliance Policy and preventing such breaches*.

The compliance function was separated in Budimex SA, Mostostal Kraków SA and the FBSerwis Group. The companies adopted the *Compliance Policy* and also draw up their own internal rules in this area. The regulations in force in the remaining companies of the Budimex Group are coherent with provisions of the *Compliance Policy*.

In 2023, with regard to any of the companies of the Budimex Group, no legal steps were taken because of violations of free competition principles or anti-trust proceedings.

In the reporting period, an administrative procedure was conducted against Budimex SA by the President of the Office of Competition and Consumer Protection (UOKiK) pursuant to the provisions of the *Act on Preventing Excessive delays in Commercial Transactions*. The proceeding ended with a decision in which no grounds were stated to impose an administrative fine on Budimex SA.

Mostostal Kraków SA reported in 2023 to the President of UOKiK an intention of concentration involving the acquisition of exclusive control of PPUH Konstalex. As a result of the report, anti-trust proceeding was conducted, which terminated with a favorable decision of the President of UOKiK.

Ensuring compliance in foreign markets

In connection with the expansion of the Budimex Group in 2023, actions were taken to implement compliance principles in foreign markets. Solutions in this area were verified in the Group companies operating abroad with regard to the maintenance of coherence with the compliance system binding in Budimex SA. Special compliance training was also organized, taking into account local legal requirements.

Internal audit

Budimex SA, as a public company, is subject to a number of regulations and best practices imposing high requirements regarding the operation of corporate governance (*International Standards of Professional*

Practice of Internal Audit.⁴², *Best Practices of WSE Listed Companies 2021*.⁴³, *Best Practices of Public Interest Entities regarding the Rules for Appointment, Composition and Operation of Audit Committees*.⁴⁴). The company's activity also complies with the requirements of the ISO Standards, the Company Production Control and Technical Supervision Office (more information on the topic can be found in Chapter 2.2.). To guarantee compliance with all the above requirements, Budimex SA appointed the function of internal audit.

Internal audit is an independent and objective function designed to help the company achieve its business objectives by introducing a systematic approach to assessing and improving the risk management process, the system of control mechanisms and corporate governance, and by providing assurance on the effectiveness of these processes and advice. The function is performed by the business unit appointed for this purpose – the Internal Audit Department.

To ensure objectivity and independence of the Internal Audit Department, it reports in organizational terms directly to the President of the Management Board of Budimex SA. The Department Director reports to the Audit Committee of the company's Supervisory Board.

The Department performs tasks through two reporting business units: the Corporate Audit Department, concentrating on providing assurance and advisory services in accordance with requirements of financial markets, and the Governance Systems Audit Department, verifying compliance with the requirements:

- Construction Projects Assessment System,
- Integrated Governance System,
- Company Production Control.

The greatest emphasis in the work of the Governance Systems Audit Department is placed on the Construction Projects Assessment System, developed during long-term practice at the level of the entire Ferrovial Group. With reference to the system, the audit supervision subsumes first of all compliance of construction projects with the standards of Budimex SA with regard to Occupational Health and Safety and environmental protection.

Internal auditors are obligated to perform tasks in accordance with the company's internal regulations, in particular the *Code of Conduct of Internal Auditors* in compliance with the wording of the Code of Conduct of the Internal Auditors Institute.⁴⁵, based on the highest ethical standards.

Anti-corruption

[GRI 3-3] [GRI 205-1] [GRI 205-3]

Implementing the guidelines of the OECD for multinational enterprises, the Budimex Group adopted regulations aiming to prevent corruption which include:

- commitment to prevent the phenomenon of corruption,
- regulation of internal control to prevent corruption, including the establishment of a whistleblowing system,
- commitment to prevent and detect potential corruption events, also through training.

Anti-corruption regulations provide employees of the Budimex Group with clearly defined rules of conduct aiming to avoid events of corruptive nature. The fundamental assumption for the Group's activity in the area is a zero-tolerance policy regarding corruption.

⁴² Prepared by the Institute of Internal Auditors (IIA) and available at: <https://www.iaa.org.pl/o-nas/standardy>.

⁴³ *Best Practices of WSE Listed Companies 2021* are available at: <https://www.gpw.pl/dobre-praktyki2021>.

⁴⁴ The practices prepared by the Office of the Polish Financial Supervision Authority and are available at: https://www.knf.gov.pl/knf/pl/komponenty/img/Dobre_praktyki_dot_zasad_powolania_skladu_i_funkcjonowania_komitetu_audytu_konsultacje_24-12-2019_68378.pdf.

⁴⁵ The Code is available at: <https://www.iaa.org.pl/o-nas/kodeks-etyki>.

Additional internal regulations making up an anti-corruption system in the Budimex Group include: *Compliance Policy*, *Code of Conduct*, a set of operating instructions, ethical clauses in binding model agreements and *Set of rules of conduct for business partners*.

In connection with risk analyses performed in the Budimex Group, the following areas potentially exposed to the occurrence of corruption phenomena are identified:

- acquisition of contracts,
- procurement,
- selection of business partners,
- settlements with business partners.

Threats related to corruption are identified during the process of ongoing identification of threats as described in section 6.2. The following threats were identified:

- the risk of adverse consequences for the company resulting from actions which satisfy statutory elements of offenses or infractions related to corruption,
- responsibility of a collective entity,
- reputational and financial losses,
- giving/accepting gifts and presents out of compliance with binding internal regulations,
- conflict of interest which affects decisions being made,
- negligent performance and recording of acceptances of services provided by the company or for the company,
- unjustified expenses following from fictitious invoices,
- falsifying documentation,
- unjustified reimbursements of costs associated with fictitious or overstated business expenditures,
- using the company's resources for private purposes.

In 2023, through one of the communication channels used in Budimex SA, 1 event of a corruptive nature was recorded. In accordance with regulations in force at the company, an internal investigation was carried out and recommendations were issued and implemented to mitigate the risk of occurrence of similar cases in the future. At the same time, the steps taken by the company clearly confirmed that it applies the zero-tolerance principle to such events, with persons committing breaches to suffer full consequences, including those which follow from labor laws.

At the beginning of February 2023, information appeared at the website of the National Public Prosecution Service about detentions and pretrial proceedings concerning the case of participation in an organized criminal group, money laundering, granting and accepting financial benefits while claiming to have influences in a local government institution and issuing and using fictitious VAT invoices. Among the detained persons, there three (now former) employees of the FBSerwis Group, including the President of the Management Board of FBSerwis SA who was at the same time Management Board member of Budimex SA. Here, we would like to explain that we refer to generally available information in the media because neither Budimex SA nor any of the companies from the FBSerwis Group is a party or a participant to the proceeding and does not have knowledge on a detailed course of the case and its present status.

To the employees of the FBSerwis Group, a preventive measure was applied in the form of pretrial detention for 2 and 3 months (then repealed), as a result of which the FBSerwis SA Supervisory Board decided to suspend the President of the Management Board for 2 months and the Vice President of the Management Board for 3 months. A similar decision was made by the Budimex SA Supervisory Board about the President of the Management Board of FBSerwis SA as a Management Board member of Budimex SA. Then both persons were dismissed from the FBSerwis SA Management Board composition, and the President of FBSerwis SA also from the Budimex SA Management Board composition. All of their employment contracts were also terminated. As at the publication date of this report, the persons no longer remain in an employment relationship with any of the companies of the FBSerwis Group nor in any corporate relationship within the Budimex Group.

What should be emphasized is the fact that the case about which the proceeding is being conducted is not connected with at all nor related to the operating activity of Budimex SA because the company does not do any business activity associated with waste management (including waste collection or processing).

In connection with the pending proceeding, an audit of the companies from the FBŚerwis Group was initiated, as a result of which organizational changes were introduced there with regard to decision making and changes in the compliance structure.

The issue of preventing corruption is an important element of compliance training organized by the managerial staff and employees of the Budimex Group – more information on the topic is available in section 6.3.

Management of conflicts of interest

[GRI 2-15]

One of the most important areas of the Budimex Group's operation is management of conflicts of interest, which is carried out by applying relevant policies. This area is also a material topic from the G area of the company's ESG strategy.

Issues connected with the management of conflicts of interest are regulated in the *Code of Conduct*. In addition, operating instructions are applicable in this area, laying down the rules for:

- participating in sponsored events and other events which may be the source of a conflict of interest,
- giving and receiving gifts,
- providing information about employing persons related to an employee.

To manage the risk of conflicts of interest effectively, in 2023, the ESG Strategy adopted by the Management Board provides for expansion of the relevant internal regulations and broadening employees' knowledge, in particular by preparing a handbook about how to act when a conflict of interest takes or may take place.

Reporting potential irregularities

The whistleblowing system operating in the Budimex Group to report actual or potential breaches of the law and internal regulations is described in the following documents:

- *Compliance Policy*,
- *Code of Conduct*,
- instruction *Rules of conduct in the event of a suspected breach of the Compliance Policy and preventing such breaches*,
- instruction *Anti-Bullying and Discrimination*.

A whistleblower can remain anonymous and no retaliation measures will be taken against someone who reports irregularities in good faith. In accordance with the *Compliance Policy*, the management board of a given company from the Budimex Group is notified of all received reports.

At **Budimex SA**, the following channels are provided for compliance communications:

- compliance emergency telephone number,
- email address for compliance matters,
- electronic platform provided by an external supplier and making it possible to submit reports anonymously,
- direct meetings with the Chief Legal Officer for the Compliance area.

The platform for receiving anonymous reports from whistleblowers ensures secure two-way communication. A whistleblower receives confirmation that the report has been received and its number, and is notified of the outcome of the internal investigation once it has been completed. A detailed analysis of each case, while maintaining confidentiality, is carried out by the Chief Legal Officer for the Compliance area in cooperation with organizational units of Budimex SA.

Reports are not used to undermine the role of legitimate trade unions and other equivalent employee organizations in resolving disputes with the employer. Nor do they prevent or impede access to the courts and out-of-court mechanisms for reporting breaches and reviewing complaints.

Each report is entered in the compliance register, which records the course of the internal investigation and the recommendations issued for further actions.

Employees of Budimex SA are informed about the above communication channels during compliance training. These channels are also indicated in the intranet.

In **Mostostal Kraków SA**, any breaches should be reported to the compliance policy coordinator through a special email box, in person or through an employee's supervisor. The coordinator registers and reviews reports and archives them.

The FBSerwis Group, making efforts to maintain the highest operating standards, established diverse opportunities for reporting any breaches.

Reports may be submitted:

- through a special external platform making it possible to remain anonymous,
- to a direct supervisor who is obligated to notify the manager of the compliance department,
- to the manager of the compliance department,
- by sending a letter by post to the address of FBSerwis SA with an annotation "Compliance",
- by email to special addresses assigned to each company from the FBSerwis Group.

The rules of submitting reports, reviewing and registering them are similar to those in force at Budimex SA.

In all the companies from the Budimex Group, in accordance with the *Compliance Policy*, the management board of a given company is notified of all received reports.

Grievance mechanisms for third parties

External stakeholders may consult any issues related to the *Compliance Policy* through general channels used by them to communicate with the Budimex Group. The Group treats with due care any information obtained in that way and provides such information each time to relevant persons responsible for compliance.

Management of negative impacts

Where Budimex Group causes or contributes to a negative impact, e.g. with local communities, it cooperates with the affected parties in remediation measures, whose aim is to prevent similar negative impacts in the future.

6.2. Risk management

The Budimex Group operates in a dynamic business environment, which exposes the company to diverse risks and is also a potential source of many additional conditions and events. In this context, meticulous monitoring of the above factors and their flexible management is of key importance to the effective execution of the company's strategic priorities.

The principal document regulating the area of risk identification is the *Risk Control and Management Policy in the Budimex Group*. It is the Budimex SA Management Board (at the Group level) and presidents of the subsidiaries which are responsible for defining a policy on controlling and managing risks, including tax risk. In addition, they bear responsibility for monitoring information systems and internal control mechanisms.

Risk management is performed at two levels: strategic and operational.

The strategic risk management includes the following risk categories:

- strategic: potential events threatening the pursuit of the company's mission or strategy,
- operational: potential events threatening effective and efficient exploitation of the company's resources,
- compliance: potential events threatening the fulfillment of the company's contractual obligations or its liabilities following from internal and external regulations,
- financial: potential events threatening effective management or control of finances and/or reliability of the company's financial data.

The operational risk management includes the following risk areas:

- formal requirements: potential events threatening the achievement of the company's production objectives in accordance with formal/contractual requirements,

- designing: potential events threatening effective management of the performance of contractual budgets,
- procurement: potential events threatening effective management of contractual budgets or completion of works in accordance with the adopted implementation plan,
- completion schedule: potential events threatening completion of works in accordance with contract performance schedules or schedules of organizational units,
- other: potential threats for the achievement of assumed objectives that cannot be assigned to the above groups.

Risk management is overseen by the Budimex SA Management Board. The system of risk identification in the Budimex Group is based on risk reviews: annual, half-yearly and quarterly.

A map of strategic risks is presented to the Audit Committee of the Budimex SA Supervisory Board.

The course of the risk identification and assessment process is as follows:

- Risk identification – performed by managers of organizational units based on determination of a risk which constitutes an important threat for the achievement of set objectives and using the fRm tool, which serves for identifying, estimating and reporting strategic and operational risks and unforeseen events.
- Risk assessment – takes place in accordance with a detailed instruction, which is made up of an assessment of the impact of the risk occurrence on business objectives (very serious, serious, moderate, insignificant, no impact) and the probability of the risk's occurrence (high, medium, low and rather unlikely).
- Risk classification – determination of the probability of occurrence and potential impact of a risk.
- Description of remedies – specific actions to be taken to reduce the probability of a risk's occurrence or to minimize its impact should it occur.

During a review of risks for 2023 performed within the strategic risk management process, significant risks were identified in the Budimex Group, as presented in Table 58.

Table 58. Significant risks identified for the Budimex Group in 2023

	Risks	Risk description	Ways of risk mitigation	Risk trend
1	Deterioration of the economic situation in the construction market in Poland	Possible postponement or reduction of funding for infrastructure and railway investments. High inflation. Increase in construction production costs. Increase in fuel and energy prices.	Expansion to new foreign markets. Diversification of activities in Poland, entering new business areas, including the renewable energy market.	<>
2	Climate change	Impact of weather events related to climate change on the performance of contractual construction work.	Activities by Budimex are oriented to minimizing adverse impact on the climate: - investing in own renewable energy sources - electrification of car fleet - looking for alternative raw materials, including recycled raw materials - transparent communication about Budimex's impact on climate - achievement of selected UN Sustainable Development Goals adjusted to the company's activity	<>
3	Cyber risks	The risk follows from a global intensification and increasingly more advanced forms of hacking attacks.	Taking measures based on ongoing risk assessment. Raising the awareness of employees. Implementation of a security operations center (SOC). Implementation of safeguards based on Microsoft's cloud solutions.	<>
4	Occurrence of a serious / fatal accident	Statistically, the construction industry is one of the most dangerous production industries and requires great experience to ensure security to employees and associates.	In the Budimex Group, an Action Plan to prevent accidents is in force. It defines a framework for measures aiming to dissemination of knowledge on OHS and implementation of the best practices in the area. Monitoring of compliance with OHS procedures on contracts is carried out on an ongoing basis (visits of top management, SOB audits, internal inspections conducted by OHS service). Digitalization of the inspections. Deployment of Risk Radar tool to indicate contracts potentially threatening with the risk of the occurrence of accidents.	<>
5	Damage to image	Performance of projects having a significant influence on the surrounding area and making everyday life more difficult for local communities.	Building communication strategy, identification of stakeholders and key communication channels. Proactive response to reputational and image risks appearing online. Carrying out diligently the company's duties to inform the market about events concerning the Company which can be significant for investors. Development of various ways of dialog with stakeholders.	<>

Background underneath the arrows: risk level given the controls in place; **very serious**, **serious**

Year-on-year risk trend increasing risk  stable risk  decreasing risk 

6.3. Raising awareness in the governance area[G]

[GRI 2-17]

In 2023, numerous projects were completed in the Budimex Group, aiming to raise awareness and expand knowledge of employees in the area of issues regarding the ethical operation of the Group companies in compliance with the law and internal regulations.

Issues such as preventing corruption and conflicts of interest, responsibility of collective entities, financial and environmental risks, cybersecurity and whistleblowing were discussed in several training programs, including Witaj w Grupie ('Welcome to the Group'), Akademia Młodego Inżyniera ('Young Engineer Academy') or Akademia Inżyniera Kontraktu ('Contract Engineer Academy'). An additional training course devoted to the topic of compliance was addressed to employees of specific organizational units and foreign markets: Slovak and German. In November 2023, there was also an all-day workshop for the top management of the Budimex Group, 1093 persons participated altogether in the compliance training conducted in the Group last year.

Furthermore, in 2023, a compliance communication strategy in the Budimex Group was developed. The project is oriented to the achievement of the following objectives:

- raising awareness of compliance among employees and business partners,
- employee involvement in building an ethical organizational culture, which employees will recognize as part of their own value system (*integrity*),
- building a safe workplace by taking compliance principles into account in everyday activities,
- making employees aware of the importance of identifying and reporting all types of breaches.

A compliance information campaign will be carried out in 2024.

6.4. Summary of achievement of corporate governance (G) area goals in 2023

The trust in the Budimex Group and its strong market position result, among others factors, from highly ethical and high-quality work as well as the company's careful compliance with the prevailing laws and regulations. All the activities in the area of corporate governance are connected with the Company's corporate values, its long-term history and experience and are consistent with the obligations defined in the *ESG Strategy for 2023-2026*. They are also consistent with the UN Sustainable Development Goals about: economic growth and decent work (goal 8) and innovation (goal 9).

In 2023, solutions were implemented in Budimex SA making it possible to manage and supervise each of the ESG areas in the organization, also with regard to potential risks. Workshops were performed, among others, aiming to identify ESG risks and opportunities, as part of testing double materiality, with the participation of the owners of business processes.

Work was also continued on updating and developing internal procedures policies regarding, among others, counteracting conflicts of interest and corruptive events and reporting them. In the area of cybersecurity, one goal defined in the ESG Strategy was achieved by implementing safeguards based on Microsoft 365 cloud solutions.

At the same time, activities were intensified to raise employees' awareness and a strategic obligation was fulfilled by revising and expanding the *Code of Conduct*. The document was prepared and will be implemented in the organization in the coming months, similarly to the *Manual for dealing with situations where conflicts of interest occur or may occur*. In the previous year, a compliance communication strategy was developed as well and it is to be implemented in 2024.

In the training area, in accordance with a goal defined in the ESG Strategy for 2023, classes in the compliance area were organized and a total of 1093 employees participated in them in the entire Budimex Group.

With respect to internal audit, all audits of business processes were completed in accordance with the adopted schedule for 2023.

7. OPERATING ACTIVITY OF THE BUDIMEX GROUP IN 2023

7.1. Contracts signed in 2023

[GRI 203-1]

In 2023, the Budimex Group companies signed about 123 new contracts (including annexes). Selected ones are described below.

BUDIMEX SA

Construction and alteration of railway and road infrastructure between Tychy and Vistula Bridge

Scope of works: Designing and performing full-range construction works including railway and road infrastructure. Performance of construction works concerning trackwork, installation of new overhead lines, access roads and railway crossings, platforms, building a signal tower, as well as electrical grids, gas networks and water supply and sewage collection networks, and also preparation of working plans and specifications and completing housing for railway traffic control systems and railway telecommunication network systems. In addition, 36 road structures will be constructed or altered, such as overbridges, bridges, access subways or culverts. As a result of the project, 47 km of new tracks and 18 turnouts will be built.

Net contract value: PLN 909 million

Planned time for completion: 3 years and 6 months

Modernization and construction of a new railway line Podłęże – Piekiełko in the Highlands

Scope of works: Modernization of a 6 km section of railway line no. 104 between Chabówka and Nowy Sącz with technical infrastructure along railway line no. 104 from the Chabówka station to the Rabka Zaryte station. The works will be carried out also along railway line no. 98 between Sucha Beskidzka and Chabówka and at the Chabówka station. The modernization will include building a second track and altering road structures and railway traffic control systems, the station and stops. New platforms will be built, among others, at the Rabka Zaryte station and the Rabka-Zdrój stop.

Net contract value: PLN 366 million

Planned time for completion: 2 years

Expansion of national road no. 65 between Gąski and Ełk

Scope of works: Modernization and expansion of the existing DK65 national road. The project will include altering the pavement, correction of road geometry and broadening the roadway and improving its general parameters, as well as building a new bridge in the village of Straduny and demolishing an old structure. The subject matter of the contract is similarly building and rebuilding culverts, crossings, bus termini and bays and sidewalks along DK65 and in the villages of Straduny, Oracze and Wityny.

Net contract value: PLN 186 million

Planned time for completion: 1 year and 6 months

Construction of the 4th stage of Drezdenka bypass

Scope of works: The project continues works started in previous years. A roundabout will be built at the crossing of provincial roads no. 156 and 160 and also a 345-meter bridge over the valley of the Noteć river and overbridge over a railway line. The project will also include construction of 4 passages for agricultural roads and 5 animal crossings and a fence to prevent animals from getting onto the bypass.

Net contract value: PLN 83 million

Planned time for completion: 2 years and 10 months

Construction of bypasses of Ciepielów and Zabierzów

Scope of works: Expansion of a section of national road no. 79 and accompanying technical infrastructure and traffic safety systems. The works include designing and building road structures, environmental protection systems, road lighting, sidewalks and cycling paths and bus bays. The altering work will concern 3 crossings and water supply and distribution networks, power distribution and teletechnical networks.

Net contract value: PLN 658 million

Planned time for completion: 3 years and 1 month

Construction of the installation terminal for offshore wind farms of the ORLEN Group in Świnoujście

Scope of works: Construction of storage areas for components of marine wind turbines, such as towers, blades and nacelles. As part of the investment, communication infrastructure and a new administration and office building will be constructed.

Net contract value: PLN 118 million

Planned time for completion: 1 year and 3 months

Modernization of national road no. 74 between Gorajec and Szczepieszyn

Scope of works: Alteration of an 8.7 km section of DK74. including replacement of the structure and pavement and its repair along 1.6 km in Szczepieszyn. The project will involve building safe and lighted pedestrian crossings with refuges and road traffic security systems as well as 5 bus bays and 7 additional converging roadways. The Rozłopy-Szperówka crossing will be expanded. Furthermore, private and public exits providing access to areas located near the road will be built or rebuilt. The investment project will include the construction of new bus stops, sidewalks and cycling paths as well as animal crossings.

Net contract value: PLN 119 million

Planned time for completion: 1 year and 11 months

Construction of expressway S8 from Kobierzyce to Łagiewniki

Scope of works: Designing and building expressway S8. The investment is made up of three sections with the total length of 32.5 km. All the structures that will be built are as follows: 9 bridges and 15 overbridges over expressway, 7 overbridges within expressway and 13 culverts, including 12 serving as animal crossings.

Net contract value: PLN 1.07 billion

Planned time for completion: 3 years and 6 months

Construction of flood protection facilities for the valley of the Nysa Kłodzka river

Scope of works: Modernization of flood protection and water infrastructure in the valley of the river aims to improve the flow of flood waters. Work on the construction project will concern, among others, reprofiling the existing floodgates with sectional reinforcement and slope revetments, and also demolition of damaged structures, rebuilding them or building new infrastructure. The shoreline will be also modified.

Net contract value: PLN 121 million

Planned time for completion: 1 year and 11 months

Construction of entertainment and sporting arena in the Szczecin House of Sport

Scope of works: Alteration and expansion of a swimming pool and entertainment and sporting arena in the Szczecin House of Sport covering demolition of existing structures and construction of new ones. Within the project, stands will be built for swimming competitions and a small swimming pool with a wading pool will be rebuilt. In addition, the works will include: repairing the existing main hall, development of the area with ramps, access roads and accessways, technical infrastructure and service connections to outside networks. There will be a photovoltaic system in the area of the facility.

Net contract value: PLN 84 million

Planned time for completion: 3 years

Full modernization of the town stadium in Zabkowice Śląskie

Scope of works: Modernization and expansion of a multi-functional building of the town stadium. The project will involve the construction of a new building with a cloakroom, generally accessible sanitation room, a lecture hall and office rooms. The facility will be equipped with heat pumps and a photovoltaic system. The car park near the Sunny Arena and Sunny Water Park will be altered, a mini pumptrack will be also built for skateboarding, riding scooters and roller blading, equipped with a rainwater and meltwater small retention system to irrigate nearby sports fields.

Net contract value: PLN 15 million

Planned time for completion: 1 year and 3 months

Modernization of the historic railway station in Grudziądz

Scope of works: Replacement of the exterior facade with the framework and joinery, thermal insulation of the building from the outside and repairing the roof on which photovoltaic panels will be installed. The project will also cover rebuilding and repairing interiors to preserve and reconstruct historic features. The modernized building will be provided with an elevator and ramps and on the underground level, garages and commercial units will be added for passengers. The ground level will have, among others, a hall, waiting area, ticket offices, generally accessible toilets, a station of the Railway Security Service (SOK) and commercial premises.

Net contract value: PLN 60 million

Planned time for completion: 1 year and 8 months

Expansion of Wood-Mizer production establishment in Koło

Scope of works: Construction of a new one-story production and storage hall and two-story part earmarked for office rooms and welfare facilities. Within the project, technical infrastructure will be constructed, including a security service building, bike shelter, a pylon and a car park.

Net contract value: PLN 63 million

Planned time for completion: 1 year and 1 month

In 2023 the company significantly accelerated expansion in foreign markets, which is proved, among others, by winning the following contracts:

Construction of flood protection polder in the Czech village of Kutřín

Scope of works: Building a barrier 146 m long and revitalization of the river on a section 2 km long. The investment includes the construction of a dry retention tank in the village of Kutřín. The facility will form a part of the flood protection system for villages located below the junction of the Krounka and Novohradka rivers. The structure will be 5.67 m wide in the crest on which a paved road will be built. The retention capacity of the structure is 3.6 million m³. and the area of the flooded area when the full retention capacity is achieved will be 67.5 hectares.

Net contract value: PLN 113 million

Planned time for completion: 3 years and 3 months

Construction of high-speed railway line in Latvia

Scope of works: The construction of 230 km of high-speed railway line in Latvia, performed within the Rail Baltica project by the ERB RAIL consortium, whose members are Eiffage Génie Civil (France), Rizzani de Eccher (Italy) and Budimex SA. The project will join the Baltic states to the European railway network by creating a connection between Helsinki and Warsaw. It includes the construction of 175 road structures and 11 animal crossings. Rail Baltica is a project emerging within the Trans-European Transport Network (TEN-T).

Net contract value: PLN 16 billion

Planned time for completion: 8 years

MOSTOSTAL KRAKÓW SA

Building charging stations for electric buses in Kraków

Scope of works: Delivery of fast charging stations for electric buses at two bus termini of MPK Kraków, Kurdwanów and Piaski Nowe, with the construction of transformer stations.

Net contract value: PLN 5 million

Planned time for completion: 10 months

Construction of cement mixing system in the Cement Plant in Ożarów

Scope of works: Preparation of engineering plans and specifications, delivery of equipment and the construction of a Green Solution cement mixing system for the Cement Plant in Ożarów.

Net contract value: PLN 22 million

Planned time for completion: 12 months

Delivery and installation of a framework with mechanical assembly for Umicore Poland plant

Scope of works: Production, delivery and assembly of a steel framework for a new production building of the plant in Radzikowice, producing cathode materials used in batteries for electric vehicles.

Net contract value: PLN 52 million

Planned time for completion: 12 months

Construction and assembly of Baltic Hub structure in Gdańsk

Scope of works: Delivery and assembly of steel structure for T3 container terminal built by Budimex SA for Baltic Hub.

Net contract value: PLN 28 million

Planned time for completion: 14 months

Modernization of Avicii Arena in Stockholm

Scope of works: Prefabrication and delivery of a steel structure for the needs of modernization of the Avicii Arena stadium in Stockholm (a contract performed with a Steel Structure Production Plant in Kraków).

Net contract value: PLN 32 million

Planned time for completion: 17 months

Rebuilding of a hothouse for Jagiellonian University

Scope of works: Rebuilding of a hothouse in the area of the Botanic Garden of the Jagiellonian University in Kraków, with expansion by adding utility and technical rooms.

Net contract value: PLN 7 million

Planned time for completion: 12 months

Delivery and assembly of a structure for ZRE Hamburg

Scope of works: Delivery and assembly of a steel structure for building a new unit in the ZRE waste processing plant in Hamburg.

Net contract value: PLN 43 million

Planned time for completion: 15 months

Alteration of the building of the Public Prosecution Service in Lublin

Scope of works: Alteration and repair of one the buildings of the District Public Prosecution Service in Lublin.

Net contract value: PLN 5 million

Planned time for completion: 6 months

Construction of an overpass over the Warta river

Scope of works: Delivery and assembly of a steel structure of a pedestrian and cycling overpass over the Warta river in Poznań, commissioned by Budimex SA.

Net contract value: PLN 59 million

Planned time for completion: 8 months

Construction of a storage facility for KGHM Polska Miedź

Scope of works: Construction of a new storage facility for copper concentrate for the Rudna mine.

Net contract value: PLN 17 million

Planned time for completion: 12 months

Construction of production system for Eco-pea coal for Polska Grupa Górnicza

Scope of works: Designing, delivery and assembly of a steel structure and other works connected with the construction of a production system for Eco-pea coal in the area of the Piast-Ziemowit coal mine.

Net contract value: PLN 21 million

Planned time for completion: 14 months

FBSERWIS GROUP**FBSERWIS SA****Maintenance of road structures managed by the General Board of National Roads and Motorways (GDDKiA), Branch in Katowice, Wysoki Brzeg District**

Scope of works: Maintenance of road structures forming sections of A4 motorway, S1 expressway and national road DK44, DK44a, DK94b and DK81. The task of FBSerwis SA is to complete construction works and services of ongoing maintenance of bridges, retaining structures and culverts, including repair, maintenance and renovation works as well as supporting works during inspections.

Net contract value: PLN 10 million

Time for completion: 48 months from the first instruction to proceed with works

Maintenance of roads in winter in the area managed by GDDKiA, Branch in Olsztyn

Scope of works: Winter maintenance of over 80 km S7 and DK22 in the area of Operation and Maintenance Center in Elbląg and Pasłęk – from the border of the voivodship at the level of Elbląg to the Miłomłyn Południe interchange. The tasks of the company will include mainly prevention of slipperiness and liquidating it, removing snow accumulated on the roadway, shoulder and road supporting structures and taking it away.

Net contract value: PLN 21 million

Time for completion: from 1 September 2023 to 10 May 2026

Operation, service, general maintenance and maintenance of efficiency of the infrastructure of the port in Gdańsk in terms of electric power management

Scope of works: General maintenance and operation and technical efficiency maintenance of the electric power infrastructure of sea port in Gdańsk. The Company is responsible, among other things, for the operation and maintenance of electric power networks and systems and transformer stations as well as for maintenance of efficiency of lighting of the port area and electric vehicle charging stations.

Net contract value: PLN 19 million

Time for completion: from 1 March 2023 for 46 consecutive months

Reduction of the electricity consumption by modernization of the infrastructure of external lighting in the city of Konin

Scope of works: Disassembly of existing mercury and sodium light fittings and replacing them with 1404 modern LED fittings with a remote-control system. Under the agreement, FBSerwis SA will also replace 1253 columns of lamp posts with new ones.

Net contract value: PLN 7 million

Time for completion: from 23 November 2023 to 31 July 2024

Collection and management of non-segregated municipal solid waste, commissioned by MZO (Town Waste Treatment Plant) in Wołomin

Net contract value: PLN 8 million

Time for completion: from 2 November 2023 to 30 November 2024

Collection and management of municipal solid waste with selective collection, commissioned by the Andrespol municipality

Net contract value: PLN 5 million

Time for completion: from 1 November 2023 to 30 November 2024

FBSerwis Kamieński

Management of non-segregated municipal solid waste and kitchen waste from Łódź

Net contract value: PLN 48 million

Time for completion: from 1 February 2023 to 30 June 2024

Management of municipal solid waste from Warsaw

Net contract value: PLN 30 million

Time for completion: from 11 April 2023 to 11 June 2025

Management of municipal solid waste from real properties, commissioned by Zduńska Wola

Net contract value: PLN 12 million

Time for completion: from 2 January 2024 to 31 December 2024

FBSerwis Wrocław

Collection of municipal solid waste from the owners of real properties from the Czernica municipality

Net contract value: PLN 10 million

Time for completion: from 1 January 2024 to 30 June 2026

Collection of municipal solid waste from the owners of real properties from the Żórawina municipality

Net contract value: PLN 7 million

Time for completion: from 1 January 2024 to 30 June 2026

Collection and management of municipal solid waste, commissioned by the Stronie Śląskie municipality

Net contract value: PLN 6 million

Time for completion: from 1 June 2023 to 31 May 2025

7.2. Contribution to the development of the infrastructure in Poland and provided municipal services

In 2023, all over Poland, under about 220 contracts, the Budimex Group completed works within general construction, infrastructural building, power engineering, industrial building and railway construction as well as services in the area of waste management and infrastructure maintenance. Selected projects which were completed last year are listed below.

BUDIMEX SA

Expansion of the ferry terminal in Świnoujście

Scope of works: Rebuilding of ferry stations and transloading ramps as well as modernization of the existing road and railway infrastructure and technical auxiliary facilities in the wharf. The aim of the project was a better integration of the Szczecin-Świnoujście port complex in the North-South sea and land transport corridor, which will contribute to the economic development of the West Pomeranian region and Poland as a whole.

Net contract value: PLN 185 million

Time for completion: 3 years and 11 months

Alteration of A18 motorway

Scope of works: Adjustment of the south roadway of national road no. 18 with its surroundings to the motorway parameters, construction of 5 bridge structures, including 2 overbridges and 2 animal crossings. The road is highly significant for the industry and tourism because it connects Ukraine, Slovakia and the southern part of Poland with Dresden and Berlin.

Net contract value: PLN 134 million

Time for completion: 3 years

Modernization of E65 railway line on section (LOT C) Vistula river Bridge – Czechowice-Dziedzice – Zabrzeg

Scope of works: Modernization of the node Goczałkowice-Zdrój – Czechowice-Dziedzice – Zabrzeg. The project included 23 road structures, such as bridges, overbridges, culverts, railway subways and railroad crossings as well as replacement of about 47 km of tracks and 56 km of overhead lines. Modernization also changed platforms at the following stations: Czechowice-Dziedzice, Goczałkowice-Zdrój and Zabrzeg. A modern Local Control Center was established too. All the works were performed during regular railway traffic.

Net contract value: PLN 1.5 billion

Time for completion: 4 years

Construction of a section of S11 expressway

Scope of works: Construction of a 16.8-kilometer section of the expressway between Koszalin and Zegrze Pomorskie. The construction project included a dual carriageway, numerous engineering structures – bridges, overbridges and underbridges and animal crossings, access roads to service local traffic, motorway service areas and drainage systems. What was also altered were public roads, electric power networks and water supply and distribution networks.

Net contract value: PLN 471 million

Time for completion: 3 years and 6 months

Construction of a bypass of Przecław and Warzymice

Scope of works: Construction of an over 4-kilometer bypass of Przecław and Warzymice. The project involved completion of a roadway, engineering structures, including overbridges, animal crossings and culverts as well as new stormwater drainage system with three retention tanks. The alteration works pertained to agricultural drainage ditches and telecommunications, electric power and gas networks.

Net contract value: PLN 89 million

Time for completion: 3 years

Expansion of provincial road no. 714

Scope of works: Expansion of a 2.3 km section of a former district road. A section of provincial road no. 714 was put into operation – extension of Łódź Górna Route connecting Łódź with motorway A1 in the Brójce municipality. Within the project, the roadway was broadened to 7 m and 5 crossings were expanded. In addition, 10 pedestrian crossings were built with conveniences for persons with disabilities, 2 passages for amphibians under the road prism as well as a new bridge on the Ner river. Furthermore, as a result of the project, there are 6 bus bays, 2.1 km of stormwater drainage system, 1.3 km of road ditches and 91 lighting poles.

Net contract value: PLN 30 million

Time for completion: 1 year and 6 months

Construction of a swing bridge in Nowakowo

Scope of works: Construction of a 103-meter swing bridge on the Elbląg river in the village of Nowakowo. It is a steel structure weighing over 700 tons with a special bearing at the center on its primary support, which allows the bridge to rotate. The project was completed within the construction of water way carried out by Budimex SA, joining the Vistula Lagoon with the Bay of Gdańsk (net contract value: PLN 466 million).

Net contract value: PLN 24 million

Time for completion: 2 years and 3 months

Construction of the Metropolitan Railway Station in Lublin

Scope of works: Construction of a modern communication hub – three-story building with floor space of over 18 thousand m² with a Park & Ride garage equipped with chargers for electric vehicles. The facility satisfies the highest sustainability standards.

Net contract value: PLN 267 million

Time for completion: 2 years and 10 months

Construction of the Museum of the History of Poland in Warsaw

Scope of works: Construction of a 6-story museum with an area of over 44 thousand m². The works resulted in the completion of restoration workshops, laboratories, storage areas and office space for employees as well as restaurants, cafes, a cinema, an entertainment hall and a library. More than 30 hectares of green areas were developed and prepared so as to fulfill recreational and leisure functions.

Net contract value: PLN 700 million

Time for completion: 5 years and 3 months

Construction the State Archive in Bydgoszcz

Scope of works: Full-range construction of a four-story building of the State Archive in Bydgoszcz with modern architectural, technological and IT solutions.

Net contract value: PLN 80 million

Time for completion: 1 year and 10 months

Modernization of the Teatr Polski in Szczecin

Scope of works: Modernization and expansion of over a 100-year old sea of Teatr Polski Theater in Szczecin, including 5 modern stages and the construction of a new reinforced concrete and glass structure incorporated in the slope on the bank of the Odra river.

Net contract value: PLN 170 million

Time for completion: 3 years

Construction of a PepsiCo factory in Środa Śląska

Scope of works: The construction of a factory with internal installations (including electrotechnical robots), improvement of territory and development of technical infrastructure. The construction project also included a photovoltaic system and a high-class sewage treatment plant for the factory but also charging stations for electric vehicles.

Net contract value: PLN 502 million

Time for completion: 1 year and 8 months

Construction of a technical and operational point for Małopolska Railways

Scope of works: Designing and construction of a technical support facilities for the rolling stock at the Kraków Towarowy station, including a hall of repairs with a welfare and office section, workshop and storage section, train wash for whole trains and technical section with installations and equipment. Within the construction project, a new layout of stabling and shunting tracks was executed with an overhead line and Railway Traffic Control System.

Net contract value: PLN 79 million

Time for completion: 2 years and 5 months

Detailed current information on the contracts performed by the company is available at: <https://media.budimex.pl/category/5321>.

MOSTOSTAL KRAKÓW SA

Construction of ARM platform

Scope of works: Designing, constructing and starting up the installation for preparing and charging alternative raw materials, as a result of which it will be possible to use waste from various sectors of the industry in the production of cement. The platform was built in the area of the Kujawy Region Cement Plant and the investor was Lafarge Cement.

Net contract value: PLN 56 million

Time for completion: 18 months

Design and assembly of the charging station for electric buses in Katowice

Scope of works: Designing, delivery and assembly of fast-charging stations for electric buses in the area of the terminus of Przedsiębiorstwo Komunikacji Miejskiej (Urban Transportation Company) in Katowice, on ul. Tysiąclecia.

Net contract value: PLN 2 million

Time for completion: 16 months

Production and delivery of matrices for cathode pads for the Głogów smelter

Scope of works: Production and delivery of matrices for cathode pads for Section P-7 of the Głogów Copper Smelter, owned by KGHM Polska Miedź.

Net contract value: PLN 5 million

Time for completion: 12 months

FBSEWIS GROUP

In the Gdańsk region, FBSeewis SA is involved in the maintenance of more than 250 km of roads, including sections of S6 (Tri-City bypass), S7 (including the southern bypass of Gdańsk) and S6e (Kashubian Route). The contracts will be performed until 2025. The company also carries out year-round (ongoing and winter) maintenance of more than 90 km of the S5 expressway and more than 45 km of the A2 motorway, on the section from the Modła intersection to the Dąbie intersection in Wielkopolskie voivodship. Contracts for the performance of this work were signed in 2022 for a 4-year term.

Since 2021, the FBSeewis Group has been involved in the management of municipal waste from residential properties in the Warsaw area. Since 2016, it has been providing similar services in Łódź. Continuously since 2013, the Group has also been providing municipal waste collection and management services in the Rzeszów area. It also provides services related to the collection and management of waste from residential properties in Łądek-Zdrój municipality. The contract was signed in April 2022 and will be performed until April 2024.

Since 2017, FBSeewis Wrocław has been responsible for the summer and winter maintenance of cleanliness and order in Wrocław's Stare Miasto and Krzyki districts.

The FBSeewis Group carries out technical maintenance services for the Gdańsk port, which is one of the largest facilities of its kind in the Baltic Sea basin. The port is a major building block of Trans-European Transport Corridor No. 1, which connects south-eastern Europe with Scandinavian countries. The contract has been performed since 2014.

The company also provides maintenance services for the Koga Office Center located within the Pomeranian Investment Center (PCI). The first contract was signed in 2015, but the services have been provided intermittently.

BUDIMEX MOBILITY

In 2023, the company put into use 158 publicly available electric vehicle charging stations. Some of these new stations were installed in popular tourist destinations such as Zakopane, Łądek-Zdrój, Jarosław, Krynica and Polanica-Zdrój. For more information about the company's business and plans, please see section 7.4.

7.3. Business development in foreign markets

GERMANY

BUDIMEX BAU GMBH

Budimex has been doing business in Germany since the 1970s. In 2004, Budimex Bau was established to ramp up sales in the assembly segment. Its core line of business was the prefabrication of elements made of concrete, reinforced concrete and steel. Since 2021, the company's offering has been expanded to include general contracting of investment projects in infrastructural, residential, office and industrial construction. Among the company's currently executed projects is the construction of a road and bridge in Oderberg and the construction of a bridge in Liepe. In August 2023, a major phase of the Liepe project was launched, including the installation of the main girder for the 230-ton structure.

SLOVAKIA

Budimex SA entered the Slovakian market in 2021. Its Bratislava branch office focuses its efforts on infrastructural investments. The team's dedication to building the company's image as a reliable and experienced general contractor resulted in signing its first contract on the local market in July 2022 for the construction of the D1/D4 motorway between Bratislava and Triblavina. Work on the project site was launched in 2023.

CZECH REPUBLIC

In December 2022, Budimex SA opened up a branch office in Prague. In 2023, organizational endeavors were carried out to align the firm's operational activities with the specificity of the local market, including the stringent requirements imposed on construction companies. The branch office employs highly qualified and experienced personnel licensed to carry out construction work in the country. It participates in tenders for infrastructural, railroad, hydrotechnical, residential, office and industrial projects. The team's efforts culminated in the execution, in late December 2023, of a contract for the construction of the Kutřín polder, as described in more detail in section 7.1.

LATVIA

Latvia is the first of the Baltic States where Budimex SA began offering its services. The company's Riga branch office was opened in September 2023. Its operations are currently focused on the railroad construction segment, where the company signed a contract in December 2023 marking the inauguration of its operational presence in this part of Europe. The contract provides for the construction of a high-speed rail line within the framework of an international consortium, as described in section 7.1.

7.4. Other business

BXF ENERGIA

In April 2023, Budimex SA and Ferrovial S.E. established a new joint venture, BXF Energia, in which they hold a 51% and 49% stake, respectively. The purpose of the joint venture is to initiate and develop large-scale renewable electricity generation projects. This electricity is intended to satisfy part of the Budimex Group's demand, but may also be sold to external customers.

BXF Energia's portfolio includes photovoltaic projects and wind farms at various stages of development with a total capacity of approx. 305 MW at yearend 2023. Moreover, the company continues the construction of the Magnolia and Kamelia large-scale plants acquired by Budimex SA in an M&A transaction. It is also in the process of reviewing potential investments in project at various stages of development with a total capacity of approx. 800 MW.

MAGNOLIA

Wind farm purchased by Budimex SA in 2022 at the ready-to-build phase. It consists of two turbines with a total capacity of up to 7 MW. In January 2023, the project obtained financing under a project finance formula from Bank Gospodarstwa Krajowego. The plant was put into operation in the second half of the year. By the end of December, it generated and fed into the grid 8.2 GWh of electricity.

KAMELIA

A photovoltaic farm project purchased by Budimex SA in November 2022 at the ready-to-build phase. Following the completion of construction work, a 14 MW plant will be put into operation to cover a significant portion of the company's demand for electricity.

BUDIMEX MOBILITY

In 2022, Budimex Mobility (formerly, Budimex PPP), a member of the Budimex Group, launched operations aimed at establishing a network of publicly accessible electric vehicle charging stations across the country. The company's technology partner is Elocity, one of the most advanced platforms maintaining vehicle charging stations in Poland.

In 2023, Budimex Mobility put into operation 158 AC stations (slow-charging, alternating-current, 11-44 kW) and DC (fast-charging, direct-current, 30-180 kW) stations, mostly in Wielkopolskie, Zachodniopomorskie, Lubuskie and Kujawsko-Pomorskie voivodships. A significant portion of the charging points made available to the public are chargers acquired by the company through tenders from PGE and the Enea Group.

Moreover, the company is a beneficiary of the EU's Connecting Europe Facility (CEF) and the National Fund for Environmental Protection and Water Management's priority program called "Support for electric vehicle

charging infrastructure and hydrogen refueling infrastructure.” As part of the Connecting Europe Facility, the company will build 9 charging stations along the TEN-T road network. In turn, aid from the National Fund for Environmental Protection and Water Management is intended for the construction or reconstruction of a publicly accessible network of charging stations with a capacity of no less than 50-150 kW and includes points in five locations.

By 2026, Budimex Mobility intends to make available another 300-350 charging stations to the general public through both a comprehensive organic expansion of its network and acquisitions. The company is also actively working to grow its own electromobility by increasing the share of electric vehicles in the Budimex fleet.

The current list of stations operated by the company may be viewed in the Alternative Fuels Infrastructure Register at: <https://eipa.udt.gov.pl/>.

7.5. Improvement of standards in the supply chain

[GRI 3-3] [GRI 308-1] [GRI 308-2] [GRI 414-1] [GRI 414-2] [ESRS SMB-3] [ESRS G1-2]]

In connection with the performance of construction processes, the Budimex Group cooperates with a number of suppliers of a variety of goods and services from different sectors of the economy. In accordance with the company's Integrated Management System procedures, a continuous process of qualification and ongoing evaluation of counterparties is in place, which also takes relevant sustainability aspects into account, that is the responsibility of each entity in observing social and environmental requirements.

The primary purpose of cooperation is to ensure the highest occupational health, safety, quality and environmental standards along with a top degree of operating efficiency, which is why the company prioritizes cooperation with qualified suppliers and subcontractors. Initial evaluation is based on a qualification questionnaire (form *PO-04-01-F05* to procedure *PO-04-01*). Companies interested in cooperation are requested to complete the questionnaire through the system; it is also available for self-completion on our website. Prior to granting the qualification, compliance is verified of the submitted data with public registers (<https://podatki.gov.pl>, <https://aplikacja.ceidg.gov.pl>, <https://ekrs.ms.gov.pl>, https://ec.europa.eu/taxation_customs/vies/#/vat-validation) and private registers (Polish Economic Intelligence, <https://www.pwg.info.pl/>) along with verification vis-à-vis the Budimex Group's needs and standards. The following documents are also requested: ISO and AQAP quality certificate(s), ZKP certificate (technical approvals), licenses, authorizations and references. Data from the questionnaires are entered into a database and serve as a primary source of information regarding construction projects when establishing cooperation in a specific area.

A tentatively qualified contractor is any contractor who has declared their compliance with the labor laws and legal requirements for environmental protection applicable in the Republic of Poland.

The bid of any entity responding to the invitation to participate in the procurement process must be consistent with the requirements contained in the list of occupational safety and health, fire safety and environmental protection standards created by the Budimex Group as a supplement to the statutory requirements. The specific manner of fulfillment of each obligation may be agreed upon at the stage of negotiations and selection of the supplier.

The Budimex Group cooperates only with counterparties committed to acting in a responsible manner. In the process of selecting suppliers of materials and services, one of the qualification criteria is the entity's demonstrated respect for human rights (including labor rights), as governed by the instructions to the procurement procedure (*Rules for the qualification and assessment of suppliers of products and services*). All of the company's business partners sign a statement of compliance with the set of rules of conduct for Budimex SA counterparties, while the Budimex Group contractually reserves the right to verify their practices in this area. In accordance with the document, each subcontractor and supplier is required to pursue their business objectives while demonstrating respect for the rule of law, ethical principles and human rights. Integral parts of all contracts signed by the company are the *Requirements for occupational*

safety and health and the *Requirements for environmental protection*⁴⁶. Cooperation with suppliers in the area of environmental protection at the construction stage is described in more detail in section 4.3.

After the completion of deliveries/services, the supplier's compliance with human rights is reassessed.

Upon conclusion of the cooperation, the counterparty is evaluated according to the following criteria:

- timely performance,
- quality of the product/service,
- technical potential,
- fulfillment of pricing conditions,
- fulfillment of health and safety conditions (applicable only to subcontractors and suppliers of equipment and transportation services),
- environmental compliance (applicable only to subcontractors and suppliers of equipment and transportation services).

The following aspects are also verified:

- Has the cooperation with the counterparty been affected by any difficulties, and if so, of what kind?
- Have any forms of discrimination occurred during the cooperation with the supplier?
- Have labor rights been respected?
- Is the supplier recommended for future cooperation?

The rating is calculated by the system based on adopted algorithms and a qualification status is assigned:

- R, meaning that the counterparty is recommended (favorable evaluation) – average score of more than 4,
- K, meaning that the counterparty is qualified (favorable rating) – average score from 2.5 to 4 (inclusive),
- O, meaning that the counterparty is rejected (unfavorable evaluation) – average score below 2.5.

The Budimex Group intends to expand its due diligence procedures in the supply chain in pursuit of its strategic sustainability objectives. The *Code of conduct for business partners* is scheduled to be developed and adopted in 2024.

Additional information relevant to shaping a responsible supply chain is provided in section 5.2.

⁴⁶ A survey for contractors, a directory of requirements for contractors and a set of expected policies can be found at: <https://www.budimex.pl/pl/kontrahenci>

Table 59. New suppliers that were screened using environmental criteria

[GRI 308-1]

	Budimex SA	Budimex Group
Number of all new suppliers contracted in 2023	3,748	4,172
Number of new suppliers contracted in 2023 and assessed for compliance with environmental criteria during the reporting period	58	59
Percentage	2%	1%

Table 60. Negative environmental impacts in the supply chain and actions taken

[GRI 308-2]

	Budimex SA	Budimex Group
Number of suppliers contracted in 2023 and assessed for compliance with environmental criteria during the reporting period	1,549	1,577
Number of suppliers for whom the impact assessment showed a significant unfavorable (actual or potential) environmental impact	0	0

Table 61. New suppliers that were screened using social criteria

[GRI 414-1]

	Budimex SA	Budimex Group
Number of all new suppliers contracted in 2023	3,748	4,160
Number of new suppliers contracted in 2023 and assessed for compliance with social criteria during the reporting period	74	75
Percentage	2%	2%

Table 62. Negative social impacts in the supply chain and actions taken

[GRI 414-2]

	Budimex SA	Budimex Group
Number of suppliers contracted in 2023 and assessed for compliance with social criteria during the reporting period	2,033	2,081
Number of suppliers for whom the impact assessment showed a significant unfavorable (actual or potential) social impact	3	4
Number of suppliers with whom improvements were agreed	0	0
Number of suppliers with whom cooperation was terminated	3	4

8. ABOUT THE REPORT

[GRI 2-2] [GRI 2-3] [GRI 2-4] [GRI 2-5] [GRI 2-23] [GRI 3-1] [GRI 3-2] [ESRS BP-1] [ESRS BP-2]
[ESRS IRO-1]

The Budimex Group publishes non-financial information on an annual basis in the form of a report included in the Management Board's annual activity report. This document presents the Budimex Group's non-financial information and consolidated data for the period from 1 January to 31 December 2023, in accordance with the organization's structure as at 31 December 2023. It has been prepared under the framework of the ESG reporting model developed by the company, with the support of an external consulting firm, based on the Global Reporting Initiative (GRI) Standards pertaining to disclosure of non-financial information, using selected elements of the European Sustainability Reporting Standards (ESRS). Any amendments to previously published data are indicated in the relevant sections of the report.

The quantitative data presented in the report have been derived from the internal systems of Budimex SA and its subsidiaries, and, unless specified otherwise:

(a) for Budimex SA – do not include the activities of its foreign branches,

(b) for the Budimex Group – include the activities of all companies conducting significant operating activities as at 31 December 2023, that is, collectively, Budimex SA (including foreign branches), Mostostal Kraków SA (including foreign branches), Budimex Bau GmbH, Budimex Budownictwo Sp. z o.o., Budimex Kolejnictwo SA, Budimex Parking Wrocław Sp. z o.o., the FBŚerwis Group, Circular Construction SA, Magnolia Energy Sp. z o.o., RailBX GmbH, Budimex Slovakia s.r.o. and Budimex Mobility SA.

The report includes links to those of the company's internal regulations that are publicly available.

The information selected for the report has been subjected to external verification the scope of which is described in the assurance letter provided at the end of this report.

8.1. Method of determining the scope of topics to be covered by the report

This report fulfills the obligation set forth in Articles 49b and 55 of the Accounting Act of 29 September 1994 and thus includes a complete set of non-financial information that, in accordance with the Act, should be included in the Budimex Group's annual activity report. The scope of topics has been voluntarily expanded to include sustainability issues identified in the ESRS-compliant double materiality analysis process, mandatory for the Budimex Group starting with the 2024 report.

The double materiality analysis process has been carried out using qualitative and quantitative methods, and resulted in a list of sustainability topics relevant to the Budimex Group's operations. At each stage, representatives of the Group's three leading companies, namely Budimex SA, Mostostal Kraków SA and FBŚerwis SA, were involved.

Stages of double materiality analysis

In August 2023, with a view to reconstructing the value chain and business model, an external consulting agency conducted a **diagnostic workshop** with the participation of Budimex Group management. The workshop was focused on reviewing the company's value chain, reconstructing its business environment and discussing the firm's key impacts in the environmental, social and governance areas. The purpose of the workshop was to establish the vantage point of internal stakeholders and systematize existing knowledge.

This was followed by an **expert workshop** held in September 2023 with the participation of external stakeholders: representatives of investors, subcontractors, suppliers, local authorities and general public. The purpose of the workshop was to establish the vantage point of the company's environment and complement the conclusions drawn from the diagnostic workshop.

After the workshop, the Budimex Group's internal materials (including previous ESG reports, strategies, risk analyses) and workshop notes were scrutinized by a consulting firm. As a result, a **preliminary expanded list of 16 material topics was developed**. The list was then subjected to an impact materiality and financial materiality assessment.

As part of the **impact materiality measurement**, an online survey was conducted. External stakeholders filled out the questionnaires between 14 September and 19 October 2023, while Group employees filled out theirs between 29 September and 3 November 2023. Respondents were requested to rate the severity, extent and irreversibility of impacts on a five-level Likert scale. The results were aggregated and averaged, with each sustainability topic assigned a numerical value.

As part of the **financial materiality measurement**, financial materiality workshops were held in September and October 2023 with representatives of the Budimex Group's financial departments. The participants learned about the sustainability topics and the assumptions for the double materiality analysis, following which they were requested to assign a numerical value to each topic on a five-level Likert scale. Their responses were aggregated and averaged, with each sustainability topic assigned a numerical value.

Having obtained two quantitative dimensions of materiality, it was possible to illustrate the topics on a **materiality matrix**. The Budimex Group decided not to set a materiality threshold and thus not to reject any of the identified topics. The outcomes of the analysis were reviewed for consistency with the Group's strategic goals in the sustainability/ESG context.

An element of the double materiality analysis process was an analysis of ESG risks, as discussed in more detail in subsection 4.1.2.

8.2. Material topics related to sustainability

Based on the double materiality analysis, 16 material topics have been identified, including:

- 7 environmental topics,
- 4 social topics,
- 4 governance topics,
- 1 own topic.

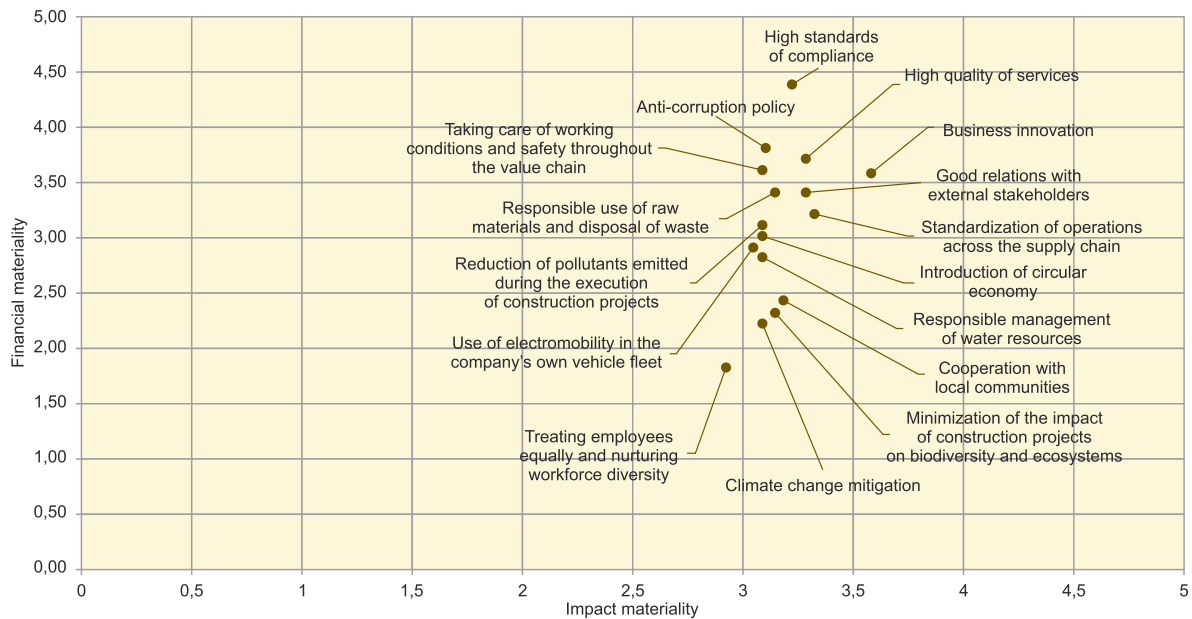
The whole list is as follows:

- Climate change mitigation,
- Reduction of pollutants emitted during the execution of construction projects,
- Use of electromobility in the company's own vehicle fleet,
- Responsible use of raw materials and disposal of waste,
- Responsible management of water resources,
- Minimization of the impact of construction projects on biodiversity and ecosystems,
- Introduction of circular economy principles,
- Taking care of working conditions and safety throughout the value chain,
- Treating employees equally and nurturing workforce diversity,
- Cooperation with local communities,
- High quality of services,
- Good relations with external stakeholders,
- Anti-corruption policy,
- High standards of compliance,
- Standardization of operations across the supply chain,
- Business innovation.

Stakeholders identified **governance matters** and **social matters** related to service quality, labor rights and cooperation with local communities as areas of key significance. They also emphasized the **significance of business innovation**.

Detailed results are presented in the materiality matrix below.

Figure 12 Materiality matrix



8.3. Contact details

Contact person for matters related to this report:

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GRI content index

GRI STANDARD / OTHER SOURCE	INDICATOR NO.	INDICATOR NAME	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
				OMITTED REQUIREMENTS	REASON	CLARIFICATION	
General disclosures							
GRI 2: General disclosures 2021	The organization and its reporting practices						
	2-1	Organizational details	2. About the Budimex Group				
	2-2	Entities included in the organization's sustainability reporting	8. About the report				
	2-3	Reporting period, frequency and contact point	8. About the report				
	2-4	Restatements of information	8. About the report				
	2-5	External assurance	8. About the report				
	Operations and employees						
	2-6	Activities, value chain and other business relationships	2. About the Budimex Group				
	2-7	Employees	5.4. Employment structure				
	2-8	Workers who are not employees	5.4. Employment structure				
	Governance						
	2-9	Governance structure and composition	2.4. Budimex Group's governing bodies				
	2-10	Nomination and selection of the highest governance body	5.3. Promoting diversity 6.1. Policies and responsibility				
	2-11	Chair of the highest governance body	2.4. Budimex Group's governing bodies				
	2-12	Role of the highest governance body in overseeing the management of impacts	6.1.1. Sustainability management				
	2-13	Delegation of responsibility for managing impacts	6.1.1. Sustainability management				
	2-14	Role of the highest governance body in sustainability reporting	6.1.1. Sustainability management				
	2-15	Conflicts of interest	6.1.2. Assurance of compliance with laws and ethical principles				
	2-16	Communication of critical concerns	6.1.1. Sustainability management				
	2-17	Collective knowledge of the highest governance body	6.1.1. Sustainability management				
	2-18	Evaluation of the performance of the highest governance body	6.1.1. Sustainability management				
	2-19	Compensation policies	6.1. Policies and responsibility				
	2-20	Process to determine compensation	6.1. Policies and responsibility				
	2-21	Annual total compensation ratio	6.1. Policies and responsibility				
	Strategy, policies and procedures						
	2-22	Statement on sustainable development strategy	1. Letter from the President				
	2-23	Policy commitments	5.1.Policies and responsibility 5.2.Human rights due diligence 5.8.1. Dialogue and cooperation with stakeholders				

			8. About the report				
	2-24	Embedding policy commitments	5.2. Human rights due diligence				
	2-25	Processes to remediate negative impacts	5.2. Human rights due diligence 5.8.1. Dialogue and cooperation with stakeholders				
	2-26	Mechanisms for seeking advice and raising concerns	5.2. Human rights due diligence				
	2-27	Compliance with laws and regulations	5.2. Human rights due diligence				
	2-28	Membership in associations	2.7. Membership in associations				
Stakeholder engagement							
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	6.1.1 Sustainability management 5.8.1. Dialogue and cooperation with stakeholders				
	2-30	Collective bargaining agreements	5.1. Policies and responsibility				
Material topics							
GRI 3: Material topics 2021	3-1	Process to determine material topics	8. About the report				
	3-2	List of material topics	8. About the report				
Economic performance (topic added from outside the list of material topics)							
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	5.8.2. Contribution to local socioeconomic development				
	201-2	Financial implications and other risks and opportunities arising from climate change	4.1.2. Identification and management of ESG risks, including climate-related risks				
Market presence (topic added from outside the list of material topics)							
GRI 202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.5. Remuneration and non-salary benefits				
Indirect economic impact (topic added from outside the list of material topics)							
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	7.1. Contracts signed in 2023				
Anti-corruption policy							
GRI 3: Material topics 2021	3-3	Management of material topics	6.1.2. Assurance of compliance with laws and ethical principles				
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	6.1.2. Assurance of compliance with laws and ethical principles				
	205-3	Confirmed incidents of corruption and actions taken	6.1.2. Assurance of compliance with laws and ethical principles				
Indirect economic impact (topic added from outside the list of material topics)							
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.1.2. Assurance of compliance with laws and ethical principles				
Introduction of circular economy principles							

GRI 3: Material topics 2021	3-3	Management of material topics	4.1.1. Policies and accountability				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	4.1.3. Key indicators				
	301-2	Recycled input materials used	4.1.3. Key indicators				
Energy (topic added from outside the list of material topics)							
GRI 302: Energy 2016	302-3	Energy intensity	2.5. Capital of the Budimex Group				
Responsible management of water resources							
GRI 3: Material topics 2021	3-3	Management of material topics	4.1.1. Policies and accountability				
GRI 303: Water and effluents 2018	303-3	Water intake	4.1.3. Key indicators				
	303-4	Water discharge	4.1.3. Key indicators				
Minimization of the impact of construction projects on biodiversity and ecosystems							
GRI 3: Material topics 2021	3-3	Management of material topics	4.1.6. Biodiversity				
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.1.6. Biodiversity				
	304-2	Significant impacts of activities, products and services on biodiversity	4.1.6. Biodiversity				
Climate change mitigation							
GRI 3: Material topics 2021	3-3	Management of material topics	4.1.1. Policies and accountability				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) greenhouse gas emissions	4.1.5. Greenhouse gas emissions				
	305-2	Energy indirect (Scope 2) GHG emissions	4.1.5. Greenhouse gas emissions				
	305-4	GHG emissions intensity	4.1.5. Greenhouse gas emissions				
	305-5	Reduction of greenhouse gas emissions	4.1.5. Greenhouse gas emissions				
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.1.5. Greenhouse gas emissions				
Responsible use of raw materials and disposal of waste							
GRI 3: Material topics 2021	3-3	Management of material topics	4.1.1. Policies and accountability				
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	4.1.1. Policies and accountability				
	306-3	Waste generated	4.1.3. Key indicators				
	306-4	Waste diverted from disposal	4.1.3. Key indicators				
	306-5	Waste directed to disposal	4.1.3. Key indicators				
Standardization of operations across the supply chain							
GRI 3: Material topics 2021	3-3	Management of material topics	4.1.7. Environmentally responsible service delivery 7.5. Improvement of standards in the supply chain				
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	7.5. Improvement of standards in the supply chain				

2016							
	308-2	Negative environmental impacts in the supply chain and actions taken	7.5. Improvement of standards in the supply chain				
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	7.5. Improvement of standards in the supply chain				
	414-2	Negative social impacts in the supply chain and action taken	7.5. Improvement of standards in the supply chain				
Responsible use of raw materials and disposal of waste (topic added from outside the list of material topics)							
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.4. Employment structure				
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.5. Remuneration and non-salary benefits				
	401-3	Parental leaves	5.4. Employment structure				
Labor/management relations (topic added from outside the list of material topics)							
GRI 402: Labor/management relations 2016	402-1	Minimum notice periods regarding operational changes	5.1. Policies and responsibility				
Taking care of working conditions and safety throughout the value chain							
GRI 3: Material topics 2021	3-3	Management of material topics	5.1. Policies and responsibility				
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	5.7. Ensuring a safe and healthy work environment				
	403-2	Hazard identification, risk assessment, and incident investigation	5.7. Ensuring a safe and healthy work environment				
	403-3	Occupational health services	5.7. Ensuring a safe and healthy work environment				
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.7. Ensuring a safe and healthy work environment				
	403-5	Worker training on occupational health and safety	5.7. Ensuring a safe and healthy work environment				
	403-6	Promotion of worker health	5.5. Remuneration and non-salary benefits				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.7. Ensuring a safe and healthy work environment				
	403-8	Employees covered by the OHS management system	5.7. Ensuring a safe and healthy work environment				
	403-9	Work-related injuries	5.7. Ensuring a safe and healthy work environment				
	403-10	Work related ill health	5.7. Ensuring a safe and healthy work environment				
Training and education (topic added from outside the list of material topics)							
GRI 3: Material topics 2021	3-3	Management of material topics	5.6. Building awareness in the social area (S)				

GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	5.6. Building awareness in the social area (S)				
	404-2	Programs for upgrading employee skills and transition assistance programs	5.6. Building awareness in the social area (S)				
	404-3	Percentage of employees receiving regular performance and career development reviews	5.6. Building awareness in the social area (S)				
Treating employees equally and nurturing workforce diversity							
GRI 3: Material topics 2021	3-3	Management of material topics	5.3. Promoting diversity				
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	5.4. Employment structure				
	405-2	Ratio of basic salary and remuneration of women to men	5.3. Promoting diversity				
Business innovation							
GRI 3: Material topics 2021	3-3	Management of material topics	2.10. Research and development activities				
	Own indicator 1	Number and description of innovation projects in progress	2.10. Research and development activities				
High standards of compliance							
GRI 3: Material topics 2021	3-3	Management of material topics	6.1.2. Assurance of compliance with laws and ethical principles				
	Own indicator 3	Number of laboratories verifying the quality of work performed and materials used	6.1.2. Assurance of compliance with laws and ethical principles				
High quality of services							
GRI 3: Material topics 2021	3-3	Management of material topics	2.9. Quality of service				
	Own indicator 3	Number of laboratories verifying the quality of work performed and materials used	2.9. Quality of service				
Good relations with external stakeholders							
GRI 3: Material topics 2021	3-3	Management of material topics	5.8.1. Dialogue and cooperation with stakeholders				
	Own indicator 4	Cases of long-standing conflicts with local communities	5.8.1. Dialogue and cooperation with stakeholders				
Cooperation with local communities							
GRI 3: Material topics 2021	3-3	Management of material topics	5.8.3. Charitable and sponsorship activities				
	Own indicator 5	List of social programs in progress	5.8.3. Charitable and sponsorship activities				
Reduction of pollutants emitted during the execution of construction projects							
GRI 3: Material topics 2021	3-3	Management of material topics	4.1. Environmental impact management				
	Own indicator 7	Description of methods to reduce pollutants emitted during the execution of construction projects	4.1. Environmental impact management				

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