

budimex

2023

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

**INTEGRATED
REPORT**

OF THE BUDIMEX GROUP FOR 2023

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1.
**LETTER FROM
THE PRESIDENT**

1. LETTER FROM THE PRESIDENT

[GRI 2-22]

Dear Stakeholders, Budimex Group's Business and Community Partners!

We present the Budimex Group's integrated 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, and of particular relevance in the context of the current environmental situation, is our promise to reduce CO₂ emissions from Scopes 1



President of the Budimex SA Management Board
Artur Popko

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 and implementing a circularity policy. 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.



2. ABOUT THE BUDIMEX GROUP

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), 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, comprising 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 the tailoring of services to customers' needs.

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.

” 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.

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Figure 1. History of the Budimex Group

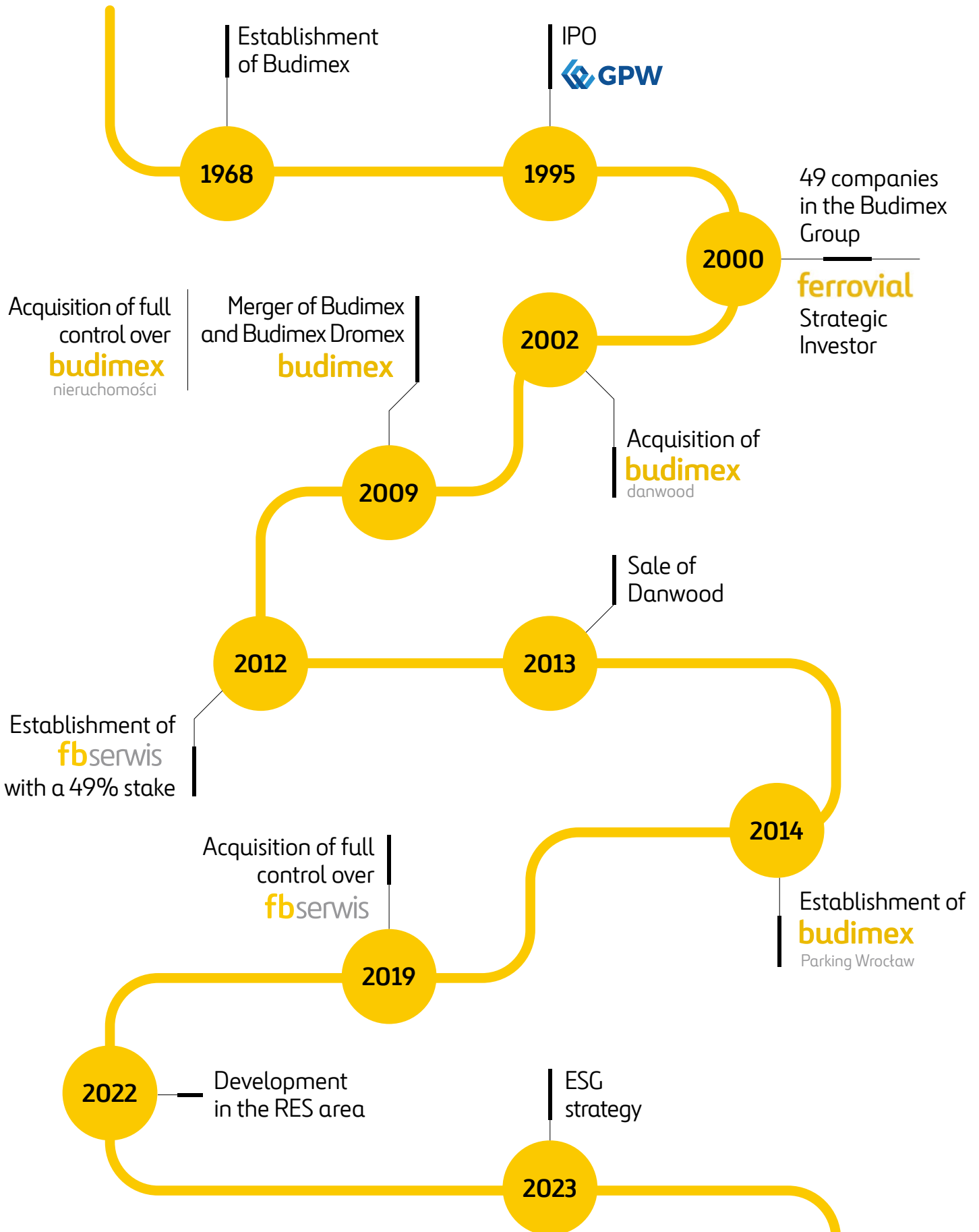


Figure 2. Number of completed contracts

A contract is the basic unit by which the volume of business of the Budimex Group's companies is measured

Every year, the Budimex Group performs in parallel:

Budimex SA

more than 200 contracts

FBSerwis Group

more than 120 contracts

Mostostal Kraków SA

more than 40 contracts

”

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 (...) and in the services segment (...) as well as through the development of renewable energy activities (...).

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

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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.

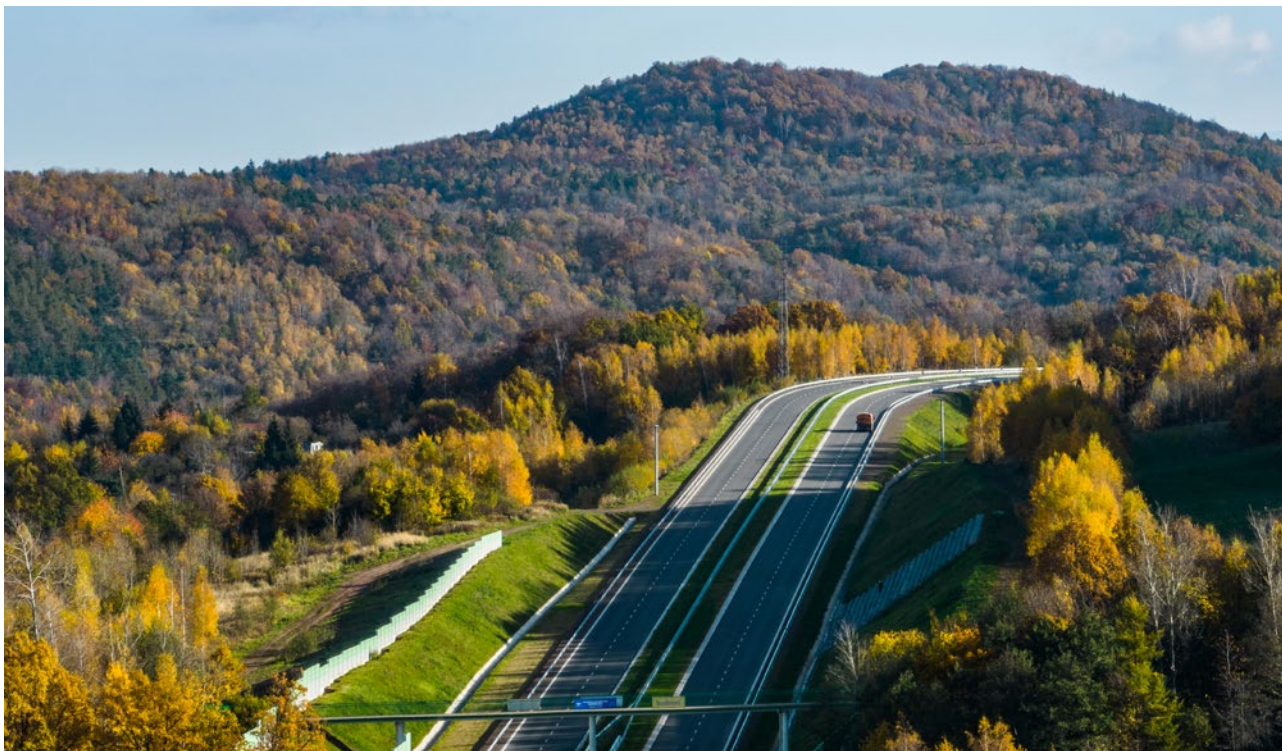
General construction

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



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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

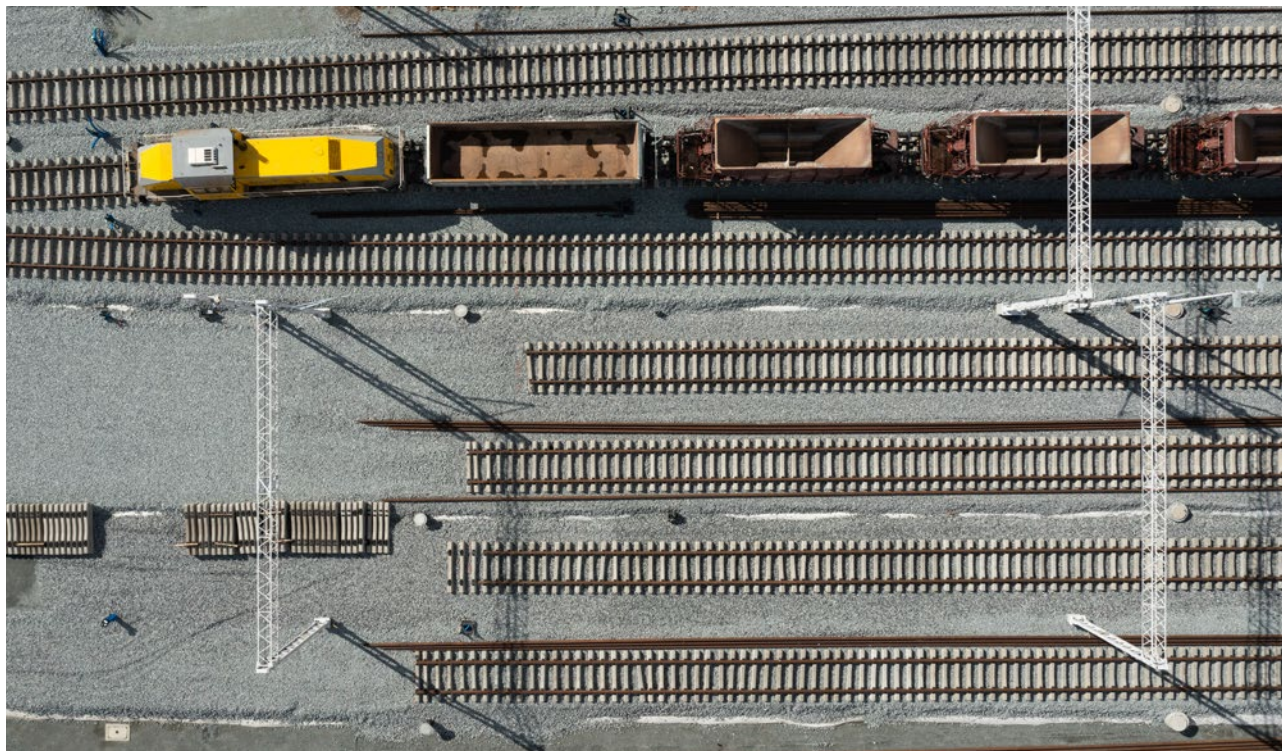
contractors for the modernization of railroad lines in Poland. The Division's offering is complemented by Budimex Kolejnictwo, which provides a variety of services for railroad construction, including equipment, welding, transportation and surveying.

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, and thermal waste conversion installations as well as water treatment stations, flue gas desulfurization and 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 laboratory tests. The Central Laboratory 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 are sold to external customers.

Equipment services

The Directorate of Equipment and Manufacturing Services¹ performs, among others, earthmoving and earth spreading, pavement milling, crane services and the transportation of oversized machinery and equipment. 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

mostostal
kraków

Manufacturing of steel structures

The company's core business areas include prefabrication, supply and assembly of steel structures, and the provision of 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 structures, mainly steel bridges. 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, and industrial and power facilities, among others. It has established teams responsible for developing its modular construction offerings and implementing multi-level steel system parking facilities.

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

FBSERWIS GROUP**Waste management**

The FBSerwis Group companies offer a full catalogue 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 FBSerwis 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 FBSerwis 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.

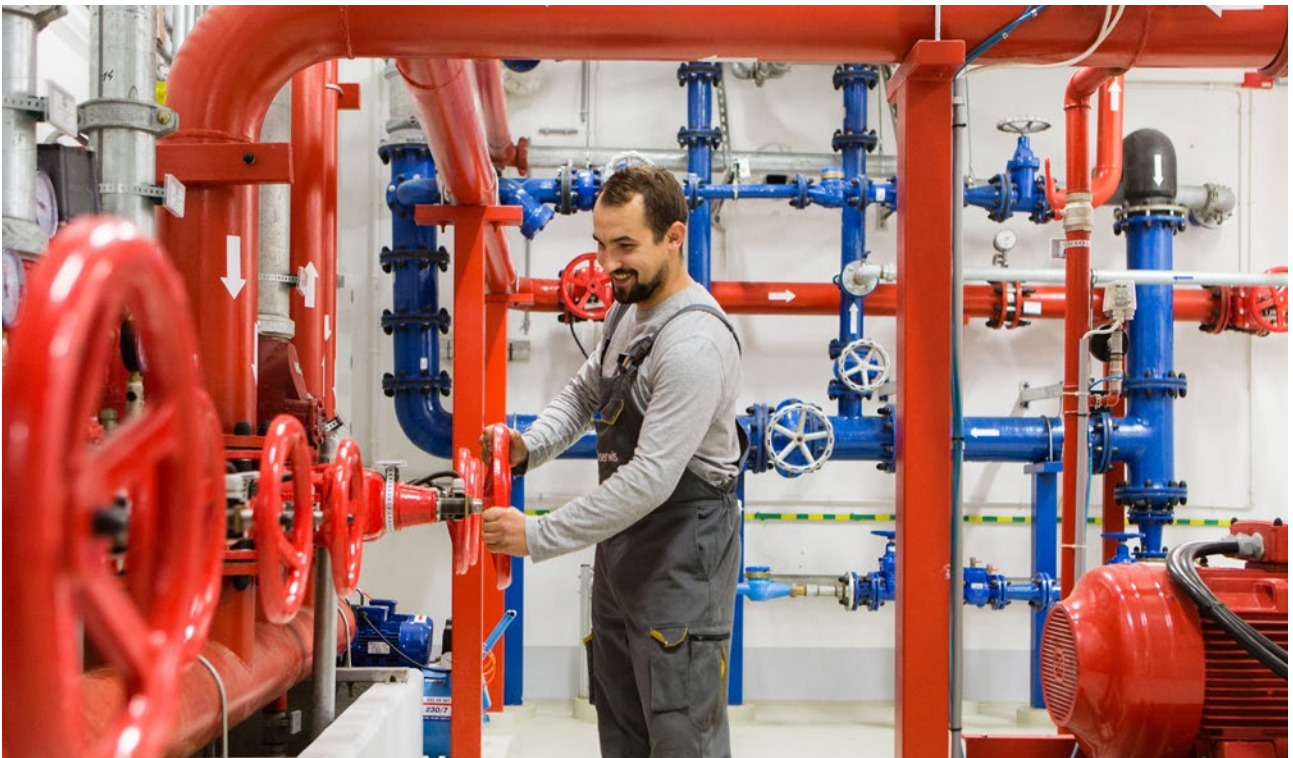
Lighting infrastructure management

FBSerwis 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, and 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 FBSerwis 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 FBSerwis 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.



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

2.1.3. Business environment

General market conditions

According to a preliminary estimate, gross domestic product (GDP) in 2023 was higher by 0.2% in real terms compared with 2022, versus an increase by 5.3% in 2022 (at constant previous year's prices). The full-year estimates show that the recovery is proceeding slowly, despite the presence of disinflationary developments. The Central Statistical Office reported that the average annual total consumer price index in 2023 was 11.4%, compared to 14.4% the year before. The final months of 2023 saw a normalization of price processes, as evidenced by December's inflation reading of 6.2%.

In 2023, the registered unemployment rate in Poland was relatively flat compared to the previous year as evidenced by a slight decrease of 0.1 percentage points from 5.2% in December 2022 to 5.1% in December 2023. Average monthly remuneration in the economy increased by 9.6% year-on-year and exceeded PLN 8 thousand for the first time ever. In the construction industry alone, average

wages rose by 6.3% year-on-year, with higher increases of 10.4% and 10.3% in engineering and specialized construction, respectively, and lower in building construction, which had a negative growth rate of 1.5%.

Gross fixed capital formation in 2023 increased by 8% year-on-year, compared with an increase by 4.9% in 2022. The investment rate in the national economy (the ratio of gross fixed capital formation to gross domestic product in current prices) in 2023 was 17.4% compared with 16.8% in 2022.

At the end of 2023, the construction business climate index was -13.2 percentage points, which suggests that more companies in the sector (20.5%) expect the industry to see a deterioration in business conditions rather than an improvement (7.4%). According to the CSO's surveys, construction companies are experiencing a year-on-year improvement in raw material issues, with 6.1% of respondents perceiving a shortage of materials at the end of December 2023 (compared to 12.3% a year



earlier) and 57.6% perceiving material costs (compared to 73.5% a year earlier) as market barriers. The trends are confirmed by the price indices for construction and assembly production, which increased by 10.2% over the year, while since the beginning of January 2023 they have exhibited decreasing dynamics, with prices going up by 7.5% in December 2023 alone. According to construction businesses, the biggest challenge for the industry is the cost of labor, which was identified by 70.2% of the companies surveyed as a barrier to the sector.

According to data from the Central Statistical Office, construction and assembly output (at constant prices) delivered in Poland by construction businesses employing more than nine people was 5% higher in 2023 than in 2022. Building construction was the only construction segment to show negative year-on-year growth of -1.3%, although it should be noted that the last quarter was characterized by a recovery, with an increase of 13.4% witnessed in December alone. The other construction sectors – civil engineering and specialized construction – were characterized by increases in constant prices of 11.3% and 2.7% respectively in 2023.

The environment of low level interest rates (and therefore a low cost of capital) observed in recent years, which was favorable for the construction market, was replaced by the reality of higher interest rates. A series of increases by the MPC pushed the reference rate to 5.75% in October 2023. The market does not expect a significant reduction in the interest rate trajectory in 2024, which is likely to continue to reduce the potential for debt-backed investment. Despite the high level of interest rates, residential construction in the ten largest cities was characterized by year-on-year increases of nearly 69% in the number of residential units sold. The reason for the increases can be attributed to the introduction of the government's Safe 2% Loan program, which has increased the number of loan applications by leaps and bounds – rising from 214 thousand loan applications in 2022 to 365 thousand applications in 2023. Ultimately, this resulted in an upturn in residential construction, but it also produced an imbalance between demand and supply in individual metropolitan areas, which led to a negative balance of residential units on offer.

Market development prospects

Poland stands out among the countries of Central and Eastern Europe as a country with potential for GDP recovery, owing to fiscal loosening but also to the impact of inflows from the European Union and a slight potential for interest rate cuts in 2024. The expected decline in inflation is expected to be driven by the reversal of the trend of external price shocks and the strengthening of the domestic currency. According to projections by the

Polish Economic Institute (PIE) published in January 2024, the domestic economy will emerge from a period of slowdown and grow by 2.3% in 2024 and 3.5% in 2025. The recovery trend in economic growth is also signalled by the Ministry of Finance and the projections of domestic commercial banks.

Recovery of GDP is expected to be driven mainly by private consumption boosted by an increase in real household disposable income. At the same time, macroeconomic forecasts suggest a deceleration in investment and a deterioration in the effect of the balance of trade with foreign partners. Investment is set to decelerate from 6.7% in 2023 to 1.2% in 2024, driven by both the economic slowdown in Europe and a decline in local government investment volumes – mainly due to the stoppages caused by the change in the outlook for cohesion funds from the European Union. Any support for funding from the National Recovery Plan (NRP) should only be noticeable in 2025, as project implementation anticipates the largest outlays to be made in a period of a dozen or so months after the launch of the initiative.

The PIE forecasts average CPI inflation of 5.1% in 2024, which would sustain the downward trend observed in 2023, but at a much lower rate. Inflation expectations among companies are still high and, according to the CSO Business Survey, the number of companies declaring price increases is still higher compared to the peak of the cycle before the COVID-19 pandemic in 2018–2019. In addition, expectations of price increases will be boosted by energy prices – the reinstatement of market prices and the expiry of the energy price freeze legislation at the end of June 2024. The continuing elevated inflation rate will also be driven by the increase in the minimum wage and the reinstatement of VAT on food from 1 April 2024.

In December 2022, the European Commission (EC) approved all Polish Cohesion Policy programs for 2021–2027, agreed on the basis of the Partnership Agreement developed. Poland remains the largest beneficiary of the Cohesion Policy, with EU contributions of EUR 76 billion. All national programs and 16 regional programs for Poland have been approved. EUR 24.2 billion has been allocated to the FEnKS program, compared to EUR 27.4 billion under the previous financial perspective. The expected scale of assistance in the area of infrastructure projects should ensure that EU funds will continue to play a significant role in the growth of the Polish construction sector in the coming years. The forthcoming budgetary perspective will be the first in which railway projects will have priority over road projects. The support for infrastructure projects under the Connecting Europe Facility (CEF) competitive instrument will also be important.

The last months of 2023 saw visible progress in terms of access to EU funds. In November, the European Commission (EC) approved a modified NRP budget, increasing the amount of funds linked to the REPowerEU program. The effect of the EC's move is that 20% of REPowerEU funds can be pre-financed without the need to meet milestones – Poland has already received EUR 5 billion in pre-financing, which is important in the context of the reduction of the remaining EU funds in 2024.

The revised National Recovery Plan envisages the disbursement of EUR 59.8 billion, including EUR 25.3 billion in grants and EUR 34.5 billion in preferential loans. In line with EU targets, a significant proportion of the funding will be allocated to climate-related objectives (46.6%) and digital transformation (21.4%). In addition, at the beginning of 2024, Poland fulfilled the last three conditions necessary for the release of structural funds totaling EUR 76 billion. The structural funds include the Cohesion Fund, the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund. According to economists' calculations, Poland will receive a net 1.3% of GDP in grants and up to 2.7% of GDP in 2024 from EU funds, when loans are taken into account.

In 2023, the Polish construction market continued to suffer the consequences of the challenges caused by the difficult geopolitical situation. The price shocks experienced in previous years and the market's continued anticipation of the release of EU funds have influenced further delays in the public procurement market. However, despite the demands of the market, the General Directorate for National Roads and Motorways (GDDKiA) has once again ensured the stability of the tenders announced and the dialogue on the indexation mechanism. The projected expenditure by the main contracting authority in the road market was around PLN 15 billion, the second highest figure in the last six years. In 2023, GDDKiA signed sixteen contracts for tasks with a total length of 216 kilometers and a value of around PLN 8.6 billion (against twenty-four contracts in 2022 with a length of 333.4 kilometers). The value of tenders announced increased year-on-year to forty-two sections with a total length of 530.6 kilometers (compared to twenty tenders with a total length of 226.8 kilometers in 2022). In addition, in 2023, GDDKiA finalized the signing of indexation annexes with a 15% indexation cap for ninety-seven contracts with twenty-three contractors – responding to the significant increase in contractors' expenses resulting from the effects of Russia's aggression against Ukraine in 2022.



In December 2023, the contracting authority signed the first contracts for EU funding under the European Funds for Infrastructure Climate, Environment (FEnKS) program. As part of the EU-funded projects, more than 2,127 kilometers of national roads (including around 158 kilometers of motorways and 1,765 kilometers of motorways) are scheduled to be constructed. As of the end of 2023, 1,298 kilometers of national roads are under construction, another 507 kilometers are in tender proceedings and 3,306 kilometers are currently in the pipeline. The Government's National Road Construction Program until 2030 (with an outlook until 2033), updated in 2022, with a total value of PLN 294.4 billion, accounts for most of the investment. The remaining investment will be implemented under the Program for the Construction of 100 bypasses, worth PLN 28.1 billion. In 2024, GDDKiA intends to announce tenders for 215 kilometers, of which 92.2 kilometers relate to roads under the Government's National Road Construction Program until 2030 and 122.5 kilometers to the Program for the construction of 100 bypasses. In addition, following the replacement of executives at the main contracting authorities in the road and rail markets, the timetables for the signing of announced tenders and the publication of new tenders are expected to be extended. Consequently, this may affect the short-term supply of contracts, but the long-term outlook remains invariably optimistic.

The rail market faced another year of funding problems due to the prolonged wait for EU funds. As a consequence, the period for signing contracts for previously announced tenders was extended. PKP PLK signed nine contracts in 2023 for tenders announced back in 2022, and what is more, two of the tenders from this period are still pending. The main contracting authority has published further tenders worth more than PLN 11 billion in 2023, with five contracts worth around PLN 1.5 billion already signed. From a market perspective, it should be mentioned that at its meeting on 16 August 2023, the Council of Ministers adopted a resolution submitted by the Minister of Infrastructure on the establishment of the National Railway Program until 2030 (with an outlook until 2033). The total value of the National Railway Program 2030 is PLN 170 billion, including PLN 79 billion for the 2014–2020 perspective, PLN 80 billion for the 2021–2027 perspective and PLN 11 billion for the NRP. Some of the funds were pre-financed by the Polish Development Fund (PFR) at the end of 2023. Additional support for investment in the railway market is provided by the Local and Regional Railway Infrastructure Completion Program – Rail + until 2029, worth PLN 13.2 billion, and plans for the construction of 1,800 kilometers of railway lines by 2034 as part of the Solidarity Transport Hub Poland.



Another key project necessary for Poland's proper energy transition is PSE's investments. The updated program includes investments in electricity grids, which are expected to amount to nearly PLN 62 billion by 2036. The program includes, among others, the construction of 5,225 kilometers of 400 kV line tracks; 27 new substations and 775 kilometers of direct current lines. Investment objectives selected by PSE include: power evacuation from Polish offshore wind farms in the Baltic Sea; power evacuation from nuclear power plants; integration of onshore RES sources into the NPS; connection of new stable generation sources and energy storage facilities; increasing the potential of the national grid to transport energy through Poland as a transit hub; supplying electricity to new industrial customers; including in special economic zones; supporting the development of electromobility and electrification of the heating sector; and supplying power to the Solidarity Transport Hub Poland, including high-speed rail.

Poland is currently in the process of phasing out its oldest coal-fired power units. The efforts of energy companies are focused on implementing projects geared towards climate neutrality. Among other things, PGE is in the process of preparing a project for the largest offshore wind farm in the Baltic Sea and is working on the construction of two CCGT units at the Dolna Odra power plant. Another important development in the energy sector was the merger of Orlen, Lotos and PGNiG. The establishment of a multi-energy company is an unprecedented event in the domestic market that may change the balance of power on the map of Europe's energy interests.

At the end of 2023, the Rybnik Power Plant's two coal-fired power units – No. 3 and 4 – were shut down. These will be replaced by an 882 MW gas-fired unit at this plant. The net value of this investment is approximately PLN 4 billion.

In 2023, planning and preparatory work progressed on the Solidarity Transport Hub Poland project (CPK). Advanced design work included the airport terminal, railway station, runways, air traffic control tower and more than 450 kilometers of railway, including the section between Warsaw and Łódź. Of the almost 2,000 kilometers of lines the company plans to build, investor options have been selected and mileage consulted for more than 600 kilometers – these are the following sections: Warsaw – CPK – Łódź, Łódź – Wrocław, Sieradz – Poznań, Łętownia – Rzeszów and Katowice – Ostrava. Of those listed, design is underway for more than 450 kilometers. In addition, CPK has selected the French-Australian consortium of Vinci and IFM as a strategic investor in the proceedings. The estimated total amount needed for the airport part of the investment is around PLN 41 billion, of which more than PLN 32 billion is

to be provided by contributions from private investors and debt financing. CPK has signed agreements for the design of the Warsaw – Łódź line, which will be the first section of the High Speed Railway (HSR) in Poland. The contractors were selected as part of the largest framework agreement for this type of service in Europe. Some rail projects are envisaged to be implemented under the Public-Private Partnership (PPP) formula.

A contract has also been signed with the designer of the passenger terminal and railway station (the so-called master architect) the Foster + Partners and Buro Happold consortium, and with the Master Civil Engineer (MCE), Dar Al-Handasah, a Lebanese company that has been involved in the design of airports in Doha, Dubai and Chicago, among other places. In addition, 13 companies and consortia have been selected with whom CPK will sign a framework agreement, as part of the first tender for the design of support facilities (SIE – Support Infrastructure Engineer).

CPK has already secured a total of more than PLN 400 million in EU funding from the CEF Connecting Europe Facility.

This year, the European Commission granted CPK funding of around PLN 300 million for the construction project of the strategic HSR line between Warsaw and Łódź. The company plans to apply for further funding. In the current round of the CEF program, it will apply for grants totalling at least PLN 1.7 billion.

Port investments are another important pillar of Poland's infrastructural development. In autumn 2019, the Council of Ministers adopted a resolution identifying key investments for the program called: "Program for the development of Polish seaports until 2030." Implementation of the program will ensure the efficient functioning and development of Polish seaports and contribute to utilizing their full potential. The implementation of the investments indicated in the program is extremely important for the further dynamic development of the ports and for maintaining and strengthening their position among European ports. The value of the program until 2030 has been estimated at around PLN 30 billion.

Projects currently underway include the upgrade and deepening of the Świnoujście-Szczecin waterway to a depth of 12.5 meters at a cost of almost PLN 2 billion; the upgrade of the protective breakwater system in the Northern Port in Gdańsk at a cost of almost PLN 800 million; the deepening of the approach fairway and internal basins and the reconstruction of quays in the Port of Gdynia at a cost of almost PLN 600 million, and the construction of a protective breakwater in the Port of Gdańsk at a cost of PLN 850 million. The program was prepared with a view to implementing the "Strategy for

Responsible Development until 2020 (with an outlook until 2030).”

Budimex SA remains interested in implementing projects under the public-private partnership (PPP) formula. There are still very few PPP tenders for high-value projects on the Polish market.

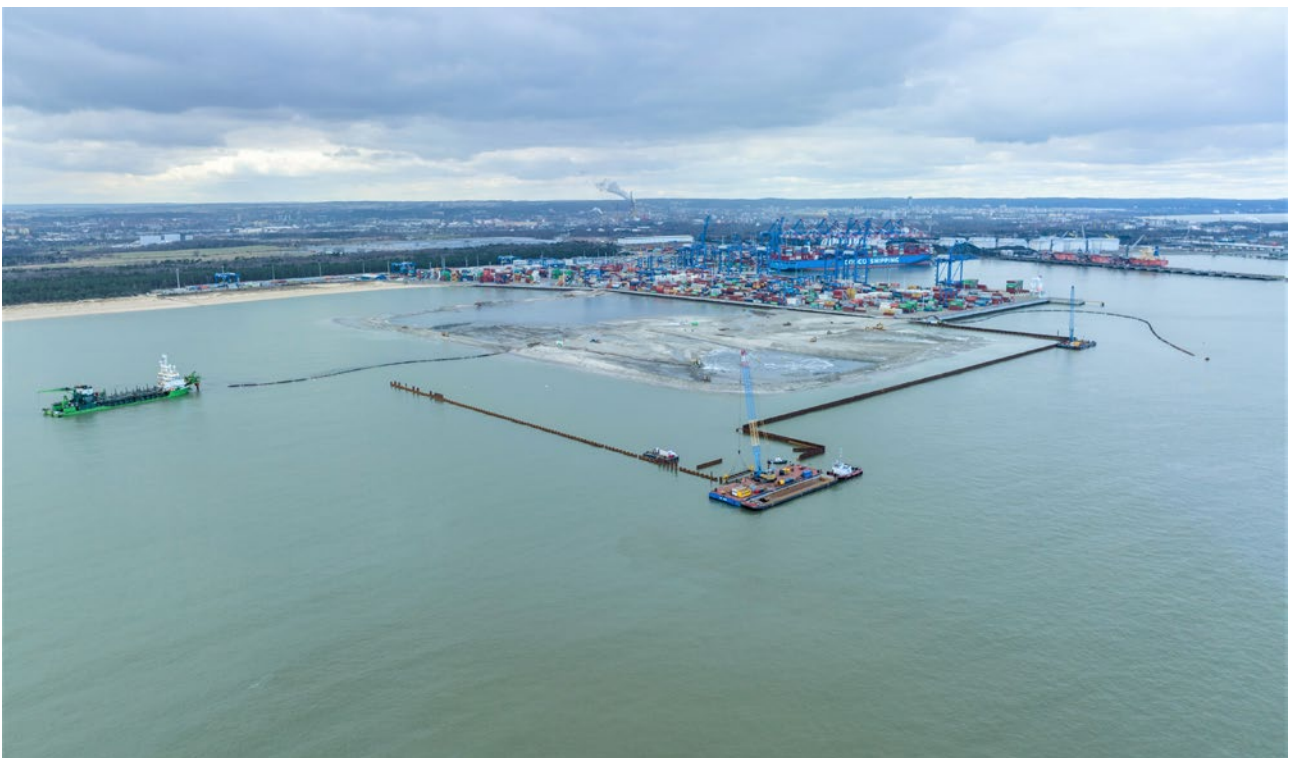
The Polish electricity market offers good prospects from the point of view of investing in green generation assets.

In 2022, the annual demand for electricity in the Polish electricity system is approximately 174 TWh and 55 GW of installed generation capacity. Currently, Poland has the fifth largest annual electricity demand in Europe, which is largely covered by coal-fired sources. Low-carbon electricity generation accounts for 23% of total output. Over the next decade, Poland will face the challenge of ensuring sufficient generation capacity as coal-fired power plants are being phased out. The main goals and objectives of Poland’s energy development are set out in the “Poland’s Energy Policy until 2040,” which is currently being updated. According to government announcements, a draft of the new document will be prepared by the end of this year.

Unofficial information suggests that the share of RES in the energy mix will be higher than originally assumed. The document from 2019 provided for, among other things, an increase in installed photovoltaic capacity to around 10–16 GW (2040), the installation of offshore wind farms with a total capacity of 11 GW by 2040 and an increase in the share of RES in all sectors and technologies by at least 23% (2030). The expansion of the market will be further boosted by the investment program of the Polskie Sieci Przesyłowe (PSE) and investments under the National Recovery Program.

The Budimex Group is scouting for further projects to acquire and is working towards the organic development of such plants through a long-term development process.

Between 2022 and 2023, the Budimex Group entered the electromobility business. Budimex Mobility SA’s network of electric car chargers has already exceeded 160 stations. The company is among the top 5 players in the market. The electromobility market in Poland is at an early stage of development. Charging station operators are focused on securing attractive locations, whose purchase will pay off as a result of successive improvements in market utilization. According to estimates by the PSPA, annual





sales of electric vehicles (BEVs) in Poland will increase from 14,425 in 2023 to more than 0.5 million cars per year in 2040. The network of charging points will be expanded dozens of times during this period, from 6,639 points in 2023 to nearly 176,000 points in 2040.

Another promising market for the Budimex Group is the waste management and infrastructure maintenance segment. Since 2012, these markets have been developed by FBSerwis Group companies.

The waste management sector in Poland deviates from Western European standards and requires major changes, in line with the trend of promoting a circular economy. Various legal regulations are being introduced at both national and EU level, forcing municipalities and producers to reduce waste generation and bear the costs of waste disposal. Thermal treatment and landfilling are the least promoted waste disposal options in the EU. In recent years, along with economic growth, the amount of municipal waste in Poland has been gradually increasing. In 2022, 13.4 million tons of waste were produced. Due to the decline in coal mining, a different trend was observed in the case of industrial waste, with over 115 million tons generated in 2022, i.e., significantly less than even 10 years ago. A major problem for the industry is the so-called “grey market.” It is estimated that around 30% of waste in Poland is managed outside the system. For

comparison, the same indicator in Western European countries stands at about 5%. In the long term, recycling and reuse of waste as a raw material should be the primary means of “disposing” of waste. If this happens, the amount of mixed waste, and thus the production of the calorific fraction of waste, should decline. This trend will set the stage for further market development. The level of recycling in Poland (30–40%) is far from the figures observed in other countries: Germany (around 70%), Austria (60%), Italy (50–60%) or Norway and Sweden (50%). This percentage has been increasing in Poland to a small extent in recent years, with the main reason being the insufficient level of funding for raw material recovery by producers of packaged goods.

The FBSerwis Group is active in the infrastructure maintenance industry, mainly with regard to the national and local road network. As a result of the successive implementation of the National Road and Motorway Construction Program, the length of expressways and motorways has increased to more than 5,000 kilometers in recent years. The target network is expected to be over 8,000 kilometers. Over time, the emphasis will shift from road construction to road maintenance and repair.

The same trends will be observed at the local level, where the expansion of the road network is supported by programs such as: the New Deal or the Program for Strengthening the National Road Network.

2.1.4. Current activities and development perspectives for the Budimex Group

STRUCTURE OF SALES REVENUES OF THE BUDIMEX GROUP

Sales of the construction segment

In 2023, the construction market in Poland (measured by the value of sales of construction and assembly production) increased, according to the Central Statistical Office, by nearly 15.4% compared to 2022. A strong increase was recorded in both the infrastructure construction area (+24.1%) and the general construction sector (+6.5%). In contrast, the residential construction segment saw a slowdown in activity (-6.8%). At the same time, there was an increase in non-residential construction activity (+15.0%), driven by improvements within the construction of commercial, industrial and warehouse buildings.

In the financial year 2023, Budimex Group’s sales revenue in the construction segment increased by 13.8% over 2022. The share of the infrastructural construction segment in total revenue from sales of the Group’s construction and assembly services increased from 38.8% in 2022 to 40.2% in 2023. The share of the railway segment in the revenue structure of the Group’s construction segment increased from 24.2% in 2022 to 28.1% in 2023. The share of the general construction segment, on the other hand, dropped from 37.0% in 2022 to 31.7% in 2023.

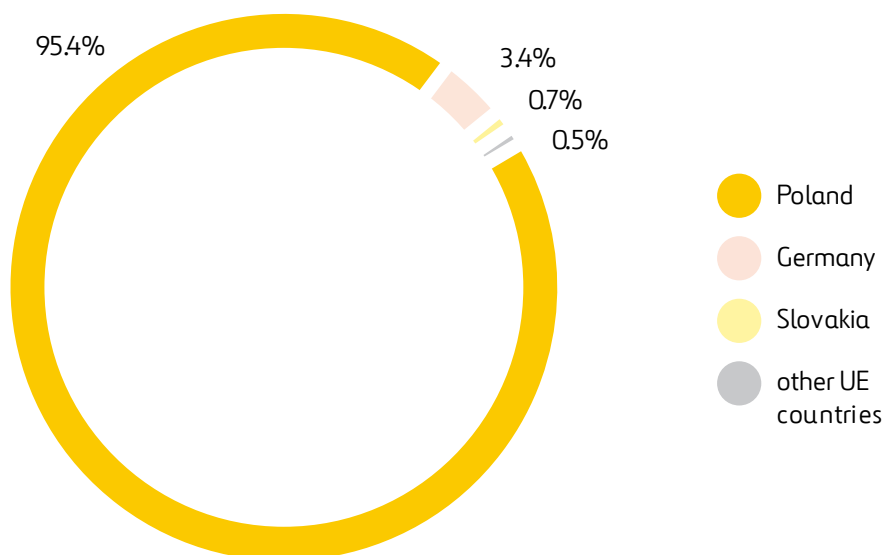
Table 1. The sales structure by individual segments of the construction market

Type of construction	Sales value			
	2022		2023	
	PLN million	%	PLN million	%
Civil engineering (infrastructure)	3,035	38.8%	3,578	40.2%
Rail buildings and structures	1,889	24.2%	2,498	28.1%
General construction, of which:	2,897	37.0%	2,826	31.7%
– non-residential buildings	2,668	34.1%	2,709	30.4%
– residential buildings	229	2.9%	117	1.3%
Total sales of the construction segment	7,821	100.0%	8,902	100.0%

Figure 3. The geographical structure of revenues from sales (with respect to construction activities) in 2023

The main markets on which the Budimex Group operates are:

- Poland
- Germany
- Slovakia



STRUCTURE OF SALES REVENUES OF BUDIMEX SA

Sales of construction and assembly services

In 2023, sales of construction and assembly services of the Company increased by 12.2% compared to 2022. Sales of the infrastructural segment increased to PLN 3 547 million in 2023 from PLN 3 019 million in 2022 (by 17.5%). Sales in the rail area increased by 32.6% from PLN 1 877 million to PLN 2 489 million in 2023. Sales in the general construction segment decreased by 9.2% from PLN 2 555 million in 2022 to PLN 2 321 million in 2023.

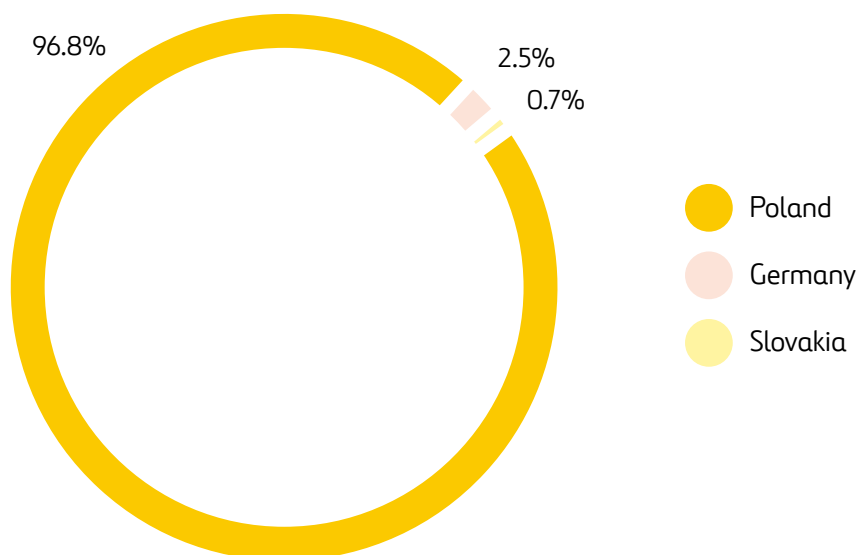
Table 2. The structure of sales of construction and assembly work by individual segments of the construction market

Type of construction	Sales value			
	2022		2023	
	PLN million	%	PLN million	%
Civil engineering (infrastructure)	3,019	40.5%	3,547	42.4%
Rail buildings and structures	1,877	25.2%	2,489	29.8%
General construction, of which:	2,555	34.3%	2,321	27.8%
– non-residential buildings	2,326	31.2%	2,206	26.4%
– residential buildings	229	3.1%	115	1.4%
Total sales of construction and assembly services	7,451	100.0%	8,357	100.0%

Figure 4. The geographical structure of Budimex SA's of revenues from sales in 2023

The main markets on which Budimex SA operates are:

- Poland
- Germany
- Slovakia



Construction activities of the Budimex Group on the German market²

In 2023, workshop services were rendered on the German market. Sales revenues amounted to PLN 222 556 thousand (of which Budimex SA accounted for PLN 195 127 thousand and Mostostal Kraków SA for PLN 27 429 thousand) and were lower by PLN 17 358 thousand, i.e., by 7.2% compared to 2022. A decrease was recorded in the case of prefabrication works (10.5%), while an increase was recorded for metal-related works (8.7%). The crisis in the construction market caused a drop in orders for prefabricated elements in 2023, resulting in lower sales. The operating profit on the German market amounted to PLN 20 584 thousand in 2023, while in 2022 it was PLN 28 797 thousand. Overall profitability in 2023 stood at 9.2%, while in 2022 it was 12%. Customer structure shows dispersion and only one customer exceeded 10% of total turnover (it accounted for 12% of total turnover).

In 2023, Budimex Bau GmbH, a wholly-owned subsidiary of Budimex SA, continued to develop its activities in the construction sector, in the road infrastructure segment and in the general construction segment. Revenue in 2023 stood at EUR 9 510 thousand. At the same time, the Company has secured new contracts with a total value of EUR 22 343 thousand, which will help to increase revenue in the coming years.

Budimex Group and Budimex SA development prospects in the forthcoming year

Next year the Budimex Group will continue to operate in all major sectors of the construction market in Poland, as well as on selected foreign markets.

The value of orders signed by the Budimex Group in 2023 was 5.2% higher than in the previous year. The diversified structure of the order portfolio (including long-term “design and build” contracts) largely secures the work front for the next 2 years. The Group continues to take steps to expand geographically, in particular into the German, Czech, Slovak and Latvian markets.

In 2023, the first construction contract was signed in the Czech market, worth PLN 102 million. Looking ahead to the next few years, the aforementioned markets may be a source of additional orders that will allow us to maintain a stable order portfolio, also in the long term.

The Group also plans to consistently consolidate its position in the building objects construction segment and win new contracts in the industry and energy segment, rail segment, and hydraulic engineering construction segment. Projects

implemented on a public-private partnership basis are also in the area of interest.

The Budimex Group also operates in the segment of renewable energy sources – not only as a contractor of this type of installation, but also as an investor. In February 2022, the Company acquired a project for a ready-to-build wind farm located in the Wielkopolskie province with a capacity of up to 7 MW. The “Magnolia” wind farm (Magnolia Energy Sp. z o.o.), was commissioned in the second half of 2023, and electricity output from this farm exceeded 8 GWh in 2023. In addition, the Budimex Group has been developing photovoltaic projects. As part of the development of this segment, the photovoltaic farm “Kamelia” (Fotowoltaika HIG XIV Sp. z o.o.) was acquired in November 2022. The project was acquired in the form of the purchase of shares in a company that had complete documentation for the construction of a 14 MW photovoltaic farm. In 2023, work was underway to build a photovoltaic facility, but this work has not yet been completed. The energy produced by this farm should largely cover Budimex SA’s demand for electricity.

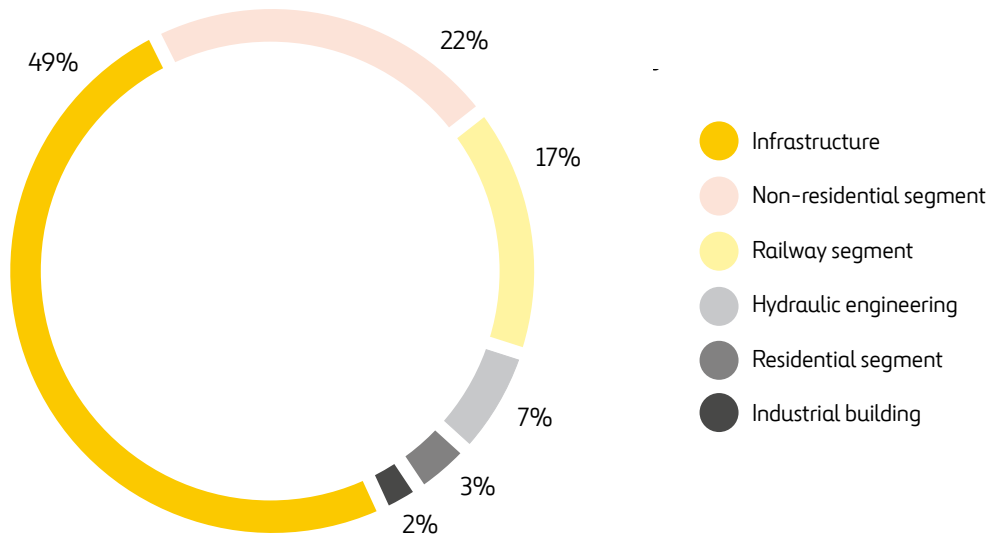
In April 2023, Budimex SA and its partner in the Ferrovia Group – Ferrovia Energy Infrastructure and Mobility – signed a partners’ agreement establishing a new joint venture company, BXF Energia Sp. z o.o. Budimex SA has a majority share (51%) in the new entity. The objective of the company is the development of renewable energy projects, their construction and operation. The company is focused on projects in photovoltaic and wind farm technology. The development has commenced by securing further sites for potential power plants with a capacity of several hundred MW. At the same time, it admits further acquisitions of projects in readiness for construction. Further efforts will be made to organically develop this type of facility in the coming years.

Further growth of the FBSerwis Group is planned, particularly in the area of municipal services, both organically and through potential acquisitions of entities with an established market position.

In 2023, the Budimex Group companies signed construction contracts for a total value of PLN 8 289 576 thousand (with annexes). The value of the order portfolio of the Budimex Group as at 31 December 2023 amounted to PLN 13 139 554 thousand, which was on a par with the end of 2022.

In 2023, Budimex SA in turn signed construction contracts for a total value of PLN 7 470 358 thousand (with annexes). As of 31 December 2023, the order portfolio amounted to PLN 11 943 325 thousand.

² The description of business activities does not cover all activities of the Budimex Group in Germany.

Figure 5. The structure of the Budimex Group's order portfolio as of 31 December 2023

Evaluation of investment project feasibility

In 2023, the Budimex Group plans to incur capital expenditure of approx. PLN 230 million, of which approx. PLN 70 million will be incurred by Budimex SA, approx. PLN 25 million – by Budimex Kolejnictwo SA, PLN 85 million by the FBSerwis Group and PLN 35 million for the development of photovoltaic and wind farms. Key expenditure will be incurred for the purchase of construction and railway machinery and implementation of IT projects as well as investment in renewable energy sources. Capital expenditure planned by the FBSerwis Group will include investments in the area of municipal services and means of transport.

Risk factors

In the course of its activities, the Budimex Group is exposed to a number of risks, of which the most significant groups of risks affecting the Company are as follows:

- financial risks: currency risk, price risk, credit risk,
- technical risks,
- legal risks.

Information concerning the financial risk management objectives and policies adopted by the Group is presented in the consolidated financial statements for the year ended 31 December 2023 (Note 4).

The inherent risk of any business activity is the credit risk of business partners. Despite implementing restrictive debt control procedures at the Group, the risk of investor insolvency has not been eliminated. Delays in timely repayment of debt may have adverse effects on the financial results of the Group and may require that receivables impairment write-downs be recognized or that current business be financed through external borrowings.

Construction contracts are executed under specific technical and economic conditions which have an effect on the level of realized margin. The Budimex Group companies rendering construction services monitor technical, organizational, legal and financial risks related to the planning and progress of contract work. Despite control and preventive measures undertaken with respect to general risks (credit, currency risks), it is possible that certain factors occur, due to which contracts will be performed with lower margins than initially planned. Such factors may include:

- economic uncertainty related to the war in Ukraine,
- increases in costs of subcontractor services, limited availability or bankruptcy of subcontractors,
- increases in employment costs and limited availability of qualified employees,
- increases in prices of construction materials, energy and oil derivatives,
- delays in timely performance or insufficient quality of subcontracted works,
- delays in obtaining relevant administrative decisions,
- changes in the scope of work or technologies as agreed in the contracts,
- unfavorable weather or land conditions.

Procurement source changes

In 2023, there were no significant changes in the procurement sources for construction sites. None of the suppliers of raw materials or services exceeded 10% of the Budimex Group's and Budimex SA's sales.

2.1.5. Financial position

[GRI 201-1]

KEY ECONOMIC AND FINANCIAL DATA

Key economic and financial data of the Budimex Group

The financial situation of the Budimex Group in 2023 is characterized by selected items disclosed in the Statement of Financial Position and Profit and Loss Account (broken down below together with the 2022 comparative data).

Table 3. The main items of the Consolidated Statement of Financial Position of the Budimex Group

ASSETS	31.12.2022	31.12.2023	Change	Change %
Non-current assets	1,818,134	2,001,776	183,642	10.10%
Property, plant and equipment	640,734	717,986	77,252	12.06%
Intangible assets	145,094	131,112	(13,982)	(9.64%)
Goodwill of subordinates	178,198	178,198	-	0.0%
Investments in equity accounted companies	2,405	2,657	252	10.48%
Investments in equity instruments	7,545	3,892	(3,653)	(48.42%)
Retentions for construction contracts	83,393	67,631	(15,762)	(18.90%)
Trade and other receivables	24,441	26,718	2,277	9.32%
Concession agreement receivables	46,511	46,266	(245)	(0.53%)
Other financial assets	4,777	16,890	12,113	253.57%
Deferred tax assets	685,036	810,426	125,390	18.30%
Current assets	5,569,074	6,416,465	847,391	15.22%
Inventories	743,778	607,977	(135,801)	(18.26%)
Trade and other receivables	952,515	1,306,258	353,743	37.14%
Retentions for construction contracts	83,120	91,726	8,606	10.35%
Valuation of construction contracts	532,484	477,383	(55,101)	(10.35%)
Current tax assets	1,957	420	(1,537)	(78.54%)
Other financial assets	5,851	32,411	26,560	453.94%
Cash and cash equivalents	3,249,369	3,900,290	650,921	20.03%
TOTAL ASSETS	7,387,208	8,418,241	1,031,033	13.96%

(all amounts in tables are expressed in PLN thousand, unless stated otherwise)

As at 31 December 2023, consolidated total assets increased by PLN 1 031 033 thousand compared to 31 December 2022, mainly due to a 10.1% (PLN 183 642 thousand) increase in non-current assets and a 15.22% (PLN 847 391 thousand) increase in current assets.

Non-current assets:

The change in the value of non-current assets as at 31 December 2023 compared to 31 December 2022 was caused mainly by the following:

- an increase in property, plant and equipment by PLN 77 252 thousand, including an increase due to the

purchase and lease of property, plant and equipment in the amount of PLN 238 517 thousand, and PLN 17 236 thousand as a result of taking control over PPUH Konstalex Sp. z o.o. and the consolidation of Budimex A Sp. z o.o., Budimex F Sp. z o.o., Budimex O Sp. z o.o., Budimex P Sp. z o.o. and Budimex R Sp. z o.o. In turn, the decrease in the balance was driven by, among other factors, depreciation of property, plant and equipment in the amount of PLN 136 653 thousand.

- an increase in the balance of deferred tax assets by PLN 125 390 thousand due to an increased balance of negative temporary differences on items included in liabilities.

Current assets:

In the same period, current assets increased by PLN 847 391 thousand mainly due to an increase in the balance of cash and cash equivalents by PLN 650 921 thousand, generated from operating activities. Other changes in current assets were related to:

- an increase in the balance of trade and other receivables by PLN 353 743 thousand mainly as a result of the issue of invoices by Group companies for construction work performed in the last days of 2023,
- a decrease in the balance of inventories by PLN 135 801 thousand as a result of the integration of previously purchased materials.

Table 4. Equity and liabilities of the Budimex Group

EQUITY AND LIABILITIES	31.12.2022	31.12.2023	Change	Change %
Shareholders' equity attributable to the shareholders of the Parent Company	1,258,384	1,530,815	272,431	21.65%
Share capital	145,848	145,848	-	0.0%
Share premium	80,199	80,199	-	0.0%
Other reserves	56,413	54,555	(1,858)	(3.29%)
Foreign exchange differences on translation of foreign operations	7,092	2,471	(4,621)	(65.16%)
Retained earnings	968,832	1,247,742	278,910	28.79%
Equity attributable to non-controlling interests	41,071	39,483	(1,588)	(3.87%)
Total shareholders' equity	1,299,455	1,570,298	270,843	20.84%
Liabilities	6,087,753	6,847,943	760,190	12.49%
Non-current liabilities	1,029,009	1,096,208	67,199	6.53%
Loans, borrowings and other external sources of finance	148,706	172,405	23,699	15.94%
Retentions for construction contracts	229,963	244,196	14,233	6.19%
Provisions for non-current liabilities and other charges	626,314	656,385	30,071	4.80%
Retirement benefits and similar obligations	10,070	13,366	3,296	32.73%
Other financial liabilities	12,807	8,223	(4,584)	(35.79%)
Deferred tax liabilities	1,149	1,633	484	42.12%
Current liabilities	5,058,744	5,751,735	692,991	13.70%
Loans, borrowings and other external sources of finance	76,435	64,186	(12,249)	(16.03%)
Trade and other payables	1,516,956	1,782,006	265,050	17.47%
Retentions for construction contracts	218,039	226,816	8,777	4.03%
Provisions for construction contract losses	803,263	771,947	(31,316)	(3.90%)
Valuation of construction contracts	1,493,517	1,767,989	274,472	18.38%
Deferred revenue	578,658	469,798	(108,860)	(18.81%)
Provisions for current liabilities and other charges	337,818	557,394	219,576	65.00%
Current tax liability	29,245	107,471	78,226	267.49%
Retirement benefits and similar obligations	1,578	2,539	961	60.90%
Other financial liabilities	3,235	1,589	(1,646)	(50.88%)
TOTAL EQUITY AND LIABILITIES	7,387,208	8,418,241	1,031,033	13.96%

Equity and liabilities:

On the side of equity capital and liabilities the changes referred to:

- an increase in "retained earnings" by PLN 278 910 thousand as a result of the generation of a net profit for 12 months of 2023 and the payment of dividends for 2022;
- an increase in non-current liabilities by PLN 67 199 thousand, mainly due to:
 - an increase in long-term loans, borrowings and other external sources of finance by PLN 23 699 thousand as a result of, among other factors, granting a long-term investment loan to Magnolia Energy Sp. z o.o.;
 - an increase in the balance of provisions for non-current liabilities and other charges by PLN 30 071 thousand, which mainly relates to the recognition of an additional provision for warranty repairs and for reclamation,

- an increase in the balance of retentions for construction contracts by PLN 14 233 thousand, mainly due to the larger scale of operations and thus higher retentions from subcontractors;
- an increase in current liabilities by PLN 692 991 thousand, of which the greatest balance movements related to the following:
 - an increase in the balance of trade and other payables by PLN 265 050 thousand, which was correlated with the increase in the scale of operations and the increase in sales revenues generated,
 - an increase in the balance of valuation of construction contracts by PLN 274 472 thousand, as a result of a seasonal increase in the balance of over-invoicing, particularly on contracts performed for public customers,
 - an increase in the balance of provisions for current liabilities and other charges by PLN 219 576 thousand, mainly as a result of the recognition of provisions for penalties,
 - a decrease in the balance of deferred revenue by PLN 108 860 thousand, mainly due to the settlement of prepayments received in previous financial years.

In 2023, the Budimex Group earned sales revenues of PLN 9 801 515 thousand, which represents a 13.72% increase compared to the revenue earned in 2022.

Table 5. Consolidated Profit and Loss Account of the Budimex Group

CONSOLIDATED PROFIT AND LOSS ACCOUNT	01.01 - 31.12.2022	01.01 - 31.12.2023	Change	Change %
Net sales of finished goods and services, goods for resale and raw materials	8,619,054	9,801,515	1,182,461	13.72%
Cost of finished goods, services, goods for resale and raw materials sold	(7,746,611)	(8,676,934)	(930,323)	12.01%
Gross profit on sales	872,443	1,124,581	252,138	28.90%
Selling expenses	(13,530)	(13,516)	14	(0.10%)
Administrative expenses	(317,153)	(371,396)	(54,243)	17.10%
Other operating income	65,235	125,722	60,487	92.72%
Other operating expenses	(44,568)	(84,264)	(39,696)	89.07%
Operating profit	562,427	781,127	218,700	38.89%
Finance income	131,961	203,048	71,087	53.87%
Finance costs	(45,589)	(54,868)	(9,279)	20.35%
Shares in net profits/(losses) of equity accounted subordinates	135	305	170	125.93%
Gross profit	648,934	929,612	280,678	43.25%
Income tax	(100,805)	(183,547)	(82,742)	82.08%
Net profit/(loss) on continuing activities	548,129	746,065	197,936	36.11%
Net profit for the period	548,129	746,065	197,936	36.11%
of which:				
- attributable to the shareholders of the parent company	534,443	738,196	203,753	38.12%
- attributable to non-controlling interests	13,686	7,869	(5,817)	(42.50%)

In 2023, construction and assembly output in Poland expressed in current prices increased by 15.4% year-on-year, while sales of the Budimex Group's construction segment on the domestic market increased by 13.3% in comparable periods.

In 2023, gross profit on sales stood at PLN 1 124 581 thousand, while in the previous year it reached PLN 872 443 thousand.

The gross sales profitability in 2023 was 11.5% and in 2022 this figure was 10.1%.

In accordance with the adopted accounting policies, as soon as Group companies become aware of the fact that budgeted construction contract costs exceed the entire expected contract revenues, they create provisions for expected contract losses and recognize them in the consolidated statements of financing activities under "Provisions for construction contract losses." As of 31 December 2023, the balance of the provision for contract losses amounted to PLN 771 947 thousand. In 2023, the balance of the provision for contract losses was reduced by PLN 31 316 thousand. The Budimex Group companies are required to provide guarantees for their construction services. As of 31 December 2023, the balance of provisions for warranty repairs was PLN 739 910 thousand. In the 12-month period ended 31 December 2023, the balance of provisions for warranty repairs increased by PLN 103 940 thousand.

Compared to the previous year, selling expenses decreased in the twelve-month period ended 31 December 2023 by PLN 14 thousand, while administrative expenses were PLN 54 243 thousand higher than the expenses incurred in 2022.

The share of the sum total of selling and administrative expenses in total sales revenue increased from 3.8% in 2022 to 3.9% in 2023.

Other operating income in 2023 amounted to PLN 125 722 thousand and other operating expenses amounted to PLN 84 264 thousand. Detailed analytics of other operating income and expenses are presented in Note 32 to the consolidated financial statements.

In 2023, the Group posted an operating profit of PLN 781 127 thousand, representing 8.0% of total sales revenues. In the previous year, the Group reported an operating profit of PLN 562 427 thousand, representing 6.5% of total sales revenues.

In the 12-month period ended 31 December 2023, the Group reported profit on financing activities in the amount of PLN 148 180 thousand, while in 2022 – a profit of PLN 86 372 thousand. Detailed analytics of finance income and costs are presented in Note 33 to the consolidated financial statements.

In 2023, the Group reported a gross profit of PLN 929 612 thousand, while in the previous year it reported a gross profit of PLN 648 934 thousand.

Income tax expense for 2023 was PLN 183 547 thousand, of which:

- current tax – PLN 310 553 thousand (including prior year's corrections of PLN -18 301 thousand),
- deferred tax – PLN (127 006) thousand.

As at 31 December 2023, the Group recognized deferred tax assets in the amount of PLN 810 426 thousand and deferred tax liabilities in the amount of PLN 1 633 thousand, while as of 31 December 2022 the Group recorded deferred tax assets of PLN 685 036 thousand and deferred tax liabilities of PLN 1 149 thousand. Items of deferred income tax asset reported in the statement of the financial position of the Budimex Group result mainly from the specific method of settlement of construction contracts, under which the moment of recognition of costs as incurred and revenue as earned is different from the tax and accounting perspective.

The net profit on continuing operations attributable to the shareholders of Budimex SA for 2023 was PLN 738 196 thousand, whereas for 2022 it amounted to PLN 534 443 thousand, representing an increase of 38.1%.

Net profit attributable to non-controlling interest for 2023 amounted to PLN 7 869 thousand. In the previous year, net profit attributable to non-controlling interest stood at PLN 13 686 thousand.

Key economic and financial data of Budimex SA

The financial situation of Budimex SA in 2023 is characterized by selected items disclosed in the Statement of Financial Position and Profit and Loss Account (as below, together with the 2022 comparative data).

BUDIMEX GROUP – GROSS PROFIT

2023

PLN 929,612 thousand

2022

PLN 648,934 thousand

Table 6. The main items of the Company's Statement of Financial Position of Budimex SA

ASSETS	31.12.2022	31.12.2023	Change	Change %
Non-current assets	1,559,970	1,707,685	147,715	9.47%
Property, plant and equipment	192,563	200,660	8,097	4.20%
Intangible assets	34,459	30,521	(3,938)	(11.43%)
Investments in subsidiaries	485,513	489,238	3,725	0.77%
Investments in associates	191	191	-	0.00%
Investments in other entities	3,266	93	(3,173)	(97.15%)
Other financial assets	83,740	119,238	35,498	42.39%
Trade and other receivables	24,313	26,187	1,874	7.71%
Retentions for construction contracts	80,269	65,920	(14,349)	(17.88%)
Deferred tax assets	655,656	775,637	119,981	18.30%
Current assets	4,882,969	5,641,648	758,679	15.54%
Inventories	682,011	569,646	(112,365)	(16.48%)
Trade and other receivables	801,590	1,032,531	230,941	28.81%
Retentions for construction contracts	77,228	86,476	9,248	11.97%
Valuation of construction contracts	485,840	438,299	(47,541)	(9.79%)
Other financial assets	5,475	29,709	24,234	442.63%
Cash and cash equivalents	2,830,825	3,484,987	654,162	23.11%
TOTAL ASSETS	6,442,939	7,349,333	906,394	14.07%

As of 31 December 2023, the total assets increased by PLN 906 394 thousand as compared to 31 December 2022, and amounted to PLN 7 349 333 thousand. Changes in the Statement of Financial Position were mainly related to the following events:

Non-current assets:

The most significant changes in non-current assets were as follows:

- a decrease in the balance of retentions for construction contracts by PLN 14 349 thousand,
- an increase in the balance of deferred tax assets by PLN 119 981 thousand due to an increased balance of negative temporary differences on items included in liabilities,
- an increase in the balance of other financial assets resulting mainly from loans granted to subsidiaries:

Magnolia Energy Sp. z o.o., Budimex F Sp. z o.o. and Fotowoltaika HIG XIV Sp. z o.o. in the total amount of PLN 22 130 thousand and an increase from the valuation of financial instruments.

Current assets:

In the same period, the value of current assets increased by PLN 758 679 thousand, mainly as a result of the following events:

- an increase in the balance of cash by PLN 654 162 thousand, generated primarily from operating activities,
- a decrease in the balance of inventories by PLN 112 365 thousand as a result of the consumption of materials accumulated in the previous year,
- an increase in trade and other receivables by PLN 230 941 thousand, mainly as a result of an increase in trade receivables by PLN 253 455 thousand.

Table 7. Equity and liabilities of Budimex SA

EQUITY AND LIABILITIES	31.12.2022	31.12.2023	Change	Change %
Share capital	145,848	145,848	-	0.00%
Share premium	80,199	80,199	-	0.00%
Other reserves	57,672	56,285	(1,387)	(2.40%)
Foreign exchange differences on translation of foreign operations	6,323	5,112	(1,211)	(19.15%)
Retained earnings / (accumulated losses)	621,251	911,534	290,283	46.73%
Total shareholders' equity	911,293	1,198,978	287,685	31.57%
Liabilities	5,531,646	6,150,355	618,709	11.18%
Non-current liabilities	863,633	894,687	31,054	3.60%
Loans, borrowings and other external sources of finance	74,274	62,553	(11,721)	(15.78%)
Retentions for construction contracts	221,109	234,390	13,281	6.01%
Provisions for non-current liabilities and other charges	554,065	581,277	27,212	4.91%
Retirement benefits and similar obligations	7,564	10,062	2,498	33.02%
Other financial liabilities	6,621	6,405	(216)	(3.26%)
Current liabilities	4,668,013	5,255,668	587,655	12.59%
Loans, borrowings and other external sources of finance	49,328	41,307	(8,021)	(16.26%)
Trade and other payables	1,289,391	1,510,473	221,082	17.15%
Retentions for construction contracts	205,273	213,732	8,459	4.12%
Provisions for construction contract losses	791,275	758,236	(33,039)	(4.18%)
Valuation of construction contracts	1,461,856	1,722,253	260,397	17.81%
Deferred revenue	551,224	422,899	(128,325)	(23.28%)
Provisions for current liabilities and other charges	290,009	478,425	188,416	64.97%
Current tax liability	25,391	105,376	79,985	315.01%
Retirement benefits and similar obligations	1,239	1,458	219	17.68%
Other financial liabilities	3,027	1,509	(1,518)	(50.15%)
TOTAL EQUITY AND LIABILITIES	6,442,939	7,349,333	906,394	14.07%

Equity and liabilities:

On the side of equity and liabilities, the most significant changes referred to:

- an increase in the balance of current liabilities by PLN 587 655 thousand, mainly due to:
 - an increase in the balance of valuation of construction contracts by PLN 260 397 thousand, representing the difference between revenues invoiced to investors and revenues recognized in the Profit and Loss Account,
 - an increase in the balance of trade and other payables by PLN 221 082 thousand, which was mainly due to the persistence of good weather conditions for construction work and related settlements with suppliers and was correlated with the increase in the scale of operations and the increase in sales revenues generated,
 - an increase in the balance of provisions for liabilities by PLN 188 416 thousand, resulting mainly from an increase in the balance of provisions for penalties and warranty repairs,
- a decrease in the balance of deferred revenue by PLN 128 325 thousand, mainly due to the accounting for received prepayments for performance of contracts.
- an increase the balance in non-current liabilities by PLN 31 054 thousand, mainly due to:
 - an increase in the balance of provisions for non-current liabilities and other charges by PLN 27 212 thousand, mainly due to an increase in provisions for warranty repairs,
 - an increase in the balance of retentions for construction contracts by PLN 13 281 thousand.

Table 8. Profit and Loss Account of Budimex SA

PROFIT AND LOSS ACCOUNT	01.01 - 31.12.2022	01.01 - 31.12.2023	Change	Change %
Net sales of finished goods and services, goods for resale and raw materials	7,507,937	8,469,668	961,731	12.81%
Cost of finished goods, services, goods for resale and raw materials sold	(6,789,565)	(7,529,508)	(739,943)	10.90%
Gross profit on sales	718,372	940,160	221,788	30.87%
Selling expenses	(13,396)	(13,379)	17	(0.13%)
Administrative expenses	(257,837)	(291,141)	(33,304)	12.92%
Other operating income	52,835	98,931	46,096	87.25%
Other operating expenses	(40,347)	(32,569)	7,778	(19.28%)
Operating profit	459,627	702,002	242,375	52.73%
Finance income	128,279	256,074	127,795	99.62%
Finance costs	(43,964)	(57,072)	(13,108)	29.82%
Gross profit	543,942	901,004	357,062	65.64%
Income tax	(84,403)	(151,435)	(67,032)	79.42%
Net profit for the period	459,539	749,569	290,030	63.11%

Within the twelve-month period of 2023, Budimex SA generated revenues from sales in the amount of PLN 8 469 668 thousand, while in 2022 they amounted to PLN 7 507 937, i. e., a 12.8% increase.

In 2023, gross profit on sales stood at PLN 940 160 thousand, while in the previous year it reached PLN 718 372 thousand. The gross sales profitability ratio for 2023 was therefore 11.1% and was higher than in 2022, when it reached 9.6%.

Pursuant to the adopted accounting principles, the Company creates provision for contract losses if the budgeted costs exceed the total revenues under the agreement. In the subsequent periods, a part of the earlier created provision is reversed in proportion to the percentage of contract completion, after taking into account the total negative margin on the entire contract. As at 31 December 2022, the balance of the provision for contract losses amounted to PLN 791 275 thousand. In the twelve-month period ended 31 December 2023, the balance of the provision for contract losses decreased by PLN 33 039 thousand.

The selling expenses in 2023 decreased by PLN 17 thousand year-on-year, while the general administrative expenses grew by PLN 33 304 thousand. The share of the sum total of selling and administrative expenses in total sales revenue for the year under review was unchanged from 2022 at 3.6%.

Other operating income in the twelve-month period of 2023 amounted to PLN 98 931 thousand and other operating expenses – to PLN 32 569 thousand. Detailed analytics of other operating income and expenses are presented in Note 31 to the financial statements.

In the twelve-month period of 2023, the Company reported profit on financing activities of PLN 199 002 thousand. Detailed analytics of finance income and costs are presented in Note 32 to the financial statements.

In 2023, the Company earned a gross profit of PLN 901 004 thousand. The comparable gross profit for 2022 amounted to PLN 543 942 thousand and was lower by 65.64% than in the current year.

Income tax for the 12 months of 2023 amounted to PLN 151 435 thousand, including:

- current tax – PLN 271 091 thousand (including prior years' corrections of PLN -20 158 thousand),
- deferred tax – PLN (119 655) thousand.

In 2023, Budimex SA earned a net profit in the amount of PLN 749 569 thousand.

STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows of the Budimex Group

“Cash and cash equivalents” included in the Statement of Cash Flows comprise cash in hand, demand deposits, and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Included in cash of restricted use are mainly cash items representing:

- security for bank guarantees,
- funds on split payment accounts,



” Within the twelve-month period of 2023, Budimex SA generated revenues from sales in the amount of PLN 8 469 668 thousand, while in 2022 they amounted to PLN 7 507 937, i.e., a 12.8% increase. In 2023, gross profit on sales stood at PLN 940 160 thousand, while in the previous year it reached PLN 718 372 thousand. The gross sales profitability ratio for 2023 was therefore 11.1% (...).

- cash in escrow accounts and current accounts in the part due to partners performing construction contracts together with a company from the Group.

The Budimex Group entered 2023 with cash in hand and cash at bank amounting to a total of PLN 3 249 369 thousand. For the purpose of the Statement of Cash Flows, this amount was reduced by the amount of restricted cash of PLN 27 959 thousand.

Net cash flow for 2023 was positive and amounted to PLN 654 933 thousand. As at 31 December 2023, the Group's reported cash balance was PLN 3 900 290 thousand, of which restricted cash was PLN 22 396 thousand.

In 2023, the balance of cash from operating activities increased by PLN 1 312 035 thousand, mainly due to decreased financial involvement of the Group companies (and increased involvement of investors) in projects implemented.

Cash flow from investing activities came out to a negative balance of PLN 131 810 thousand, which was mainly the result of the acquisition of property, plant and equipment, as well as shares in related entities.

Cash flow from financing activities for 2023 showed a negative balance, which amounted to PLN 525 292 thousand and resulted mainly from the 2022 dividend payment and payment of lease liabilities and credit.

Statement of Cash Flows of Budimex SA

The balance of cash in bank accounts and in hand at the beginning of 2023 amounted to PLN 2 830 825 thousand. For the purposes of drafting the statement of cash flows, this amount was adjusted with the value of restricted cash (in the amount of PLN 9 010 thousand), comprising mainly cash accumulated in split payment accounts and in accounts of consortia in the portion attributable to other consortium members. In the twelve months of 2023, net cash flow was positive and amounted to PLN 648 690 thousand. As at 31 December 2023, the Company reported a cash balance of PLN 3 484 987 thousand, including restricted cash of PLN 12 930 thousand.

BUDIMEX SA – NET PROFIT

2023

PLN 749,569 thousand

In 2023, the balance of cash from operating activities increased by PLN 1 176 541 thousand.

The Company's balance of cash from investing activities decreased by PLN 7 125 thousand, with the largest contribution coming from the acquisition of property, plant and equipment and the granting of loans to Group companies, including Budimex F Sp. z o.o., Mostostal Kraków SA and Fotowoltaika HIG XIV Sp. z o.o. while receiving dividends, including from FBSerwis SA, Budimex Budownictwo Sp. z o.o. and Mostostal Kraków SA.

Cash flow from financing activities for 2023 showed a negative balance of PLN 520 726 thousand. The expenses were connected with payment of the dividend made by the Company in the amount of PLN 459 286 thousand and repayment of lease liabilities.

MANAGING OF FINANCE**Managing of finance at the Budimex Group**

The balance of cash and liquid deposits of the Budimex Group as at 31 December 2023 amounted to PLN 3 900 290 thousand and was PLN 650 921 thousand higher than as of 31 December 2022.

The most important factors affecting this change in financial resources of the Budimex Group during 2023 include the following events:

- maintaining high profitability of construction activities,
- favorable changes in the components of net working capital in the construction segment, including an increase in the balance of inventories,
- a significant increase in finance income from interest on cash as a result of continued high interest rates,
- continued high profitability in the waste collection and management segment of the FBSerwis Group,
- dividend paid by Budimex SA in the amount of PLN 459 286 thousand, which took place in June 2023.

In accordance with the Group's policy, cash surpluses were placed as bank deposits in banks with high credit ratings. In addition, Budimex SA used cash surpluses to finance its suppliers of services and raw materials.

2022

PLN 459,539 thousand

This had a positive effect on the financial liquidity of these suppliers.

At the same time, the Budimex Group reported an external debt in respect of bank loans, borrowings and leases, which as of 31 December 2023 amounted to PLN 236 591 thousand, including lease liabilities recognized in accordance with IFRS 16, amounting to PLN 130 153 thousand. The amount of the Group's external debt on account of bank loans, borrowings and leases, without lease liabilities reported in accordance with IFRS 16, was PLN 106 438 thousand and was therefore PLN 12 779 thousand lower than as at 31 December 2022 (see Table 9). The Group's debt is mainly composed of:

- the debt of Budimex SA, Budimex Kolejnictwo SA, Mostostal Kraków SA and the FBSerwis Group companies under finance leases (concluded for the purpose of financing the purchase of property, plant and equipment),
- the debt of Magnolia Energy Sp. z o.o. on account of a credit facility for financing a RES project (wind farm) – debt without recourse to Budimex SA,
- debt of Budimex Parking Wrocław Sp. z o.o. on account of a loan for financing a concession project and a subordinated borrowing granted by a minority shareholder – debt without recourse to Budimex SA,
- debt of FBSerwis Kamieński Sp. z o.o. on account of a borrowing granted by the National Fund for Environmental Protection and Water Management to finance investments related to waste management.

During 2023, Budimex SA did not draw on credit lines to which it has access.

Persisting high interest rates in Poland in 2023 did not have a significant negative impact on the Budimex Group's financial performance through rising interest expenses due to:

- the Group's relatively low level of financial debt: PLN 106 438 thousand (Table 9),
- a fixed interest rate on the loan from the National Fund for Environmental Protection and Water Management
- transactions concluded to hedge interest rate risk in Budimex Parking Wrocław Sp. z o.o.

Table 9. Liabilities due to bank loans and borrowings and other external sources of finance of the Budimex Group

Liabilities due to bank loans and borrowings and other external sources of finance:	31.12.2021	31.12.2022	31.12.2023
– non-current	89,797	61,743	83,322
– non-current (lease liabilities – IFRS 16):	65,472	86,963	89,083
– current	40,752	31,916	23,116
– current (lease liabilities – IFRS 16):	43,025	44,519	41,070
Total	239,046	225,141	236,591

Table 10. Ratios showing the financing structure of the Budimex Group

Ratio	31.12.2021	31.12.2022	31.12.2023
Equity to assets ratio: <i>(shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)</i>	0.19	0.17	0.18
Equity to non-current assets ratio: <i>(shareholders' equity attributable to the shareholders of the Parent Company) / (total non-current assets)</i>	0.79	0.69	0.76
Debt ratio: <i>(total assets – shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)</i>	0.81	0.83	0.82
Debt to equity ratio: <i>(total assets – shareholders' equity attributable to the shareholders of the Parent Company) / (shareholders' equity attributable to the shareholders of the Parent Company)</i>	4.20	4.87	4.50

At the end of 2023, compared to the end of 2022, the Group's financing structure ratios remained roughly unchanged. The liquidity ratios (current and quick ratios) at the end of 2023 increased slightly, despite the dividend paid by Budimex SA.

Table 11. Liquidity ratios of the Budimex Group

Ratio	31.12.2021	31.12.2022	31.12.2023
Current ratio <i>(current assets) / (current liabilities)</i>	1.16	1.10	1.12
Quick ratio <i>(current assets – inventory) / (current liabilities)</i>	1.06	0.95	1.01

Owing to the current very good financial standing of the Budimex Group, the cash resources held, access to credit at banks as well as the insignificant level of financial debt, there are no threats to the Group's ability to finance its business activities in 2024.

Managing of finance at Budimex SA

The balance of cash and liquid deposits of Budimex SA as of 31 December 2023 amounted to PLN 3 484 987 thousand and was PLN 654 162 thousand higher than as of 31 December 2022. The most important factors contributing to this change in financial resources of Budimex SA during 2023 include the following events:

- continued high profitability of Budimex SA's activities,
- favorable changes in the components of net working

capital, including an increase in the balance of contract prepayments,

- a significant increase in finance income from interest on cash as a result of rising interest rates,
- dividend paid by Budimex SA in the amount of PLN 459 286 thousand, which took place in June 2023.

At the same time, the Company reported an external debt in respect of bank loans and borrowings and other external sources of finance, including lease liabilities, which as at 31 December 2023 amounted to PLN 103 860 thousand, including lease liabilities recognized in accordance with IFRS 16, amounting to PLN 88 757 thousand. The amount of Budimex SA's external debt on account of bank loans, borrowings and leases understood in accordance with IAS 17, i.e., without lease liabilities, reported in accordance with

IFRS 16, was PLN 15 103 thousand and was therefore PLN 16 830 thousand lower than as of 31 December 2022 and PLN 41 672 thousand lower than as of 31 December 2021 (see Table 12). The amount of financial debt³

of Budimex SA comprises only liabilities under lease agreements in respect of machines and equipment required to carry out road construction projects. As at the end of 2022, the Company had no debt under bonds issued.

Table 12. Liabilities due to bank loans and borrowings and other external sources of finance of Budimex SA

Liabilities due to bank loans and borrowings and other external sources of finance:	31.12.2021	31.12.2022	31.12.2023
– non-current	32,631	13,919	4,706
– non-current (lease liabilities – IFRS 16):	38,647	60,355	57,847
– current	24,144	18,014	10,397
– current (lease liabilities – IFRS 16):	30,270	31,314	30,910
Total	125,692	123,602	103,860

Table 13. Ratios showing the financing structure of Budimex SA

Ratio	31.12.2021	31.12.2022	31.12.2023
Equity to assets ratio: <i>(shareholders' equity) / (total assets)</i>	0.17	0.14	0.16
Equity to non-current assets ratio: <i>(shareholders' equity) / (non-current assets)</i>	0.76	0.58	0.70
Debt ratio: <i>(total assets – shareholders' equity) / (total assets)</i>	0.83	0.86	0.84
Debt to equity ratio: <i>(total assets – shareholders' equity) / (shareholders' equity)</i>	4.71	6.07	5.13

At the end of 2023, the sustainability of the financing structure, as described above, improved as compared to 2022. The foregoing indicators were most significantly driven by two opposing factors: high profitability of the Company (high operating profitability and high net finance income – interest income and dividends received)

resulting in an increase in equity and the dividend policy (annual payments close to the amount of net profits earned by the Company) which limits the rate of increase in equity. Liquidity ratios also improved in 2023 compared to 2022, reaching levels similar to those experienced at the end of 2021 (Table 14).

Table 14. Liquidity ratios of Budimex SA

Ratio	31.12.2021	31.12.2022	31.12.2023
Current ratio <i>(current assets) / (current liabilities)</i>	1.13	1.05	1.07
Quick ratio <i>(current assets – inventory) / (current liabilities)</i>	1.03	0.90	0.97

The Company's situation with respect to liquidity and access to external sources of finance is currently very good, and there are no risks to the financing of the Company's activities in 2024.

³ Items that do not include amounts of lease liabilities reported in accordance with IFRS 16.

Contingent liabilities and contingent receivables of the Budimex Group

Guarantees, sureties, and other contingent liabilities and receivables are described in Note 44 to the consolidated financial statements of the Budimex Group and in Note 44

to the financial statements of Budimex SA. The Table 15 shows loan guarantees and sureties issued by Budimex SA or its subsidiaries as of 31 December 2023.

Table 15. Contingent liabilities and contingent receivables of the Budimex Group

Company granting the surety or guarantee	Entity to which sureties or guarantees were granted	Total amount of sureties or guarantees granted	Maximum period for which sureties or guarantees were granted	Financial terms on which sureties or guarantees were granted	The nature of the relationship existing between Budimex SA and the entity that received the surety or guarantee
Budimex SA	Budimex Budownic- two Sp. z o.o.	198,509*	2030-01-14	free of charge	Subsidiary
Budimex SA	Mostostal Kraków SA	194,389	2031-06-14	in exchange for payments	Subsidiary
Budimex SA	FBSerwis SA	12,641	2030-07-12	in exchange for payments	Subsidiary
Budimex SA	Budimex Bau GmbH	8,661	indefinite period	in exchange for payments	Subsidiary
Budimex SA	Budimex Kolejnic- two SA	7,586	2027-12-31	in exchange for payments	Subsidiary
Budimex SA	ARGE Oberkrämer	808	indefinite period	in exchange for payments	Subsidiary
Budimex SA	Budimex Mobility SA	44	2026-03-20	in exchange for payments	Subsidiary
Budimex SA	RailBX GmbH	43	2026-11-30	in exchange for payments	Subsidiary
TOTAL	422,681				

* The surety was granted in relation to contracts executed by Budimex SA.

Differences between forecast and actual financial results of the Budimex Group

The Budimex Group did not publish any financial forecasts for 2023.

Utilization of proceeds from issues of securities

In the period covered by the report, no securities were issued either within or outside the Budimex Group.



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 6. Diagram of the operation of the Integrated Management System

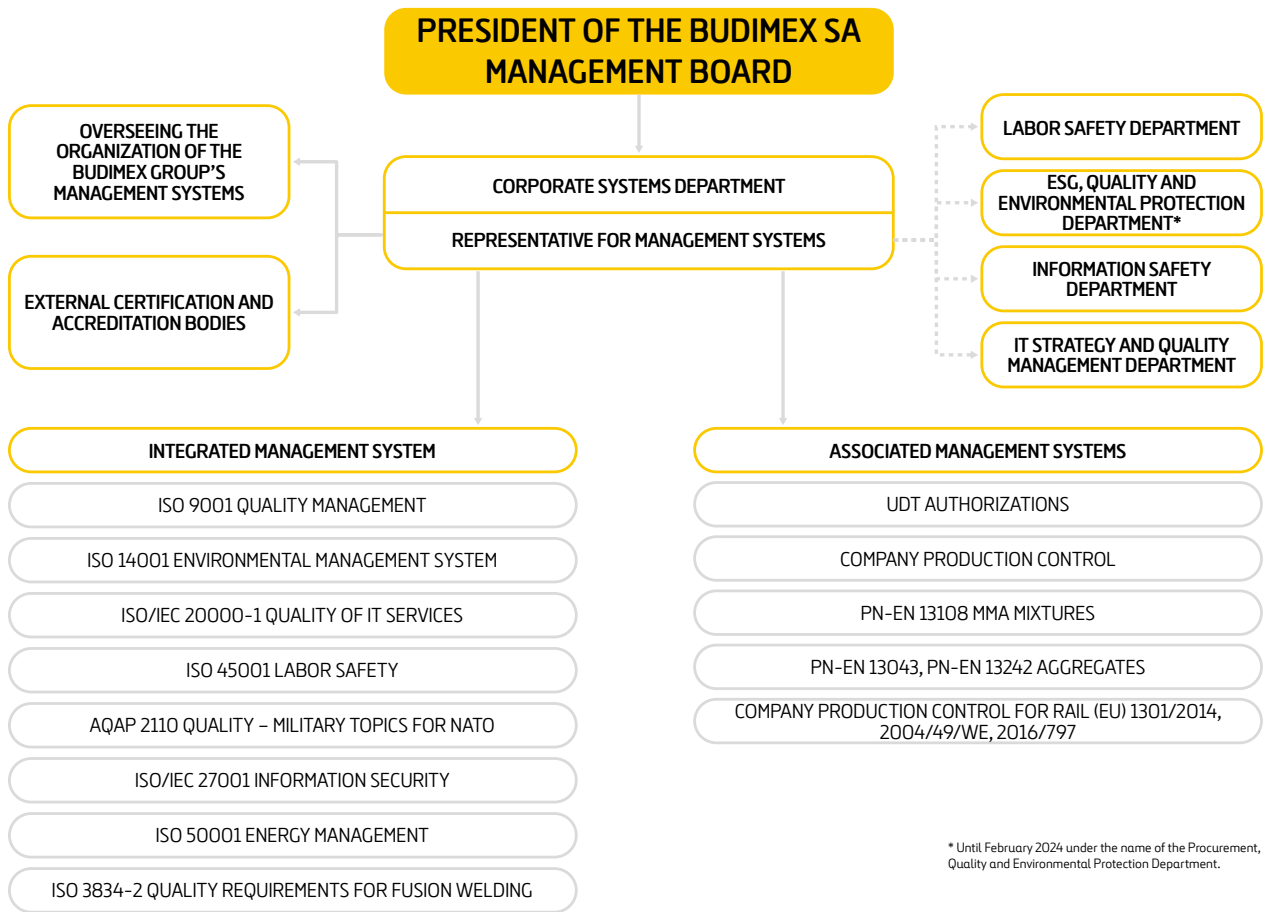
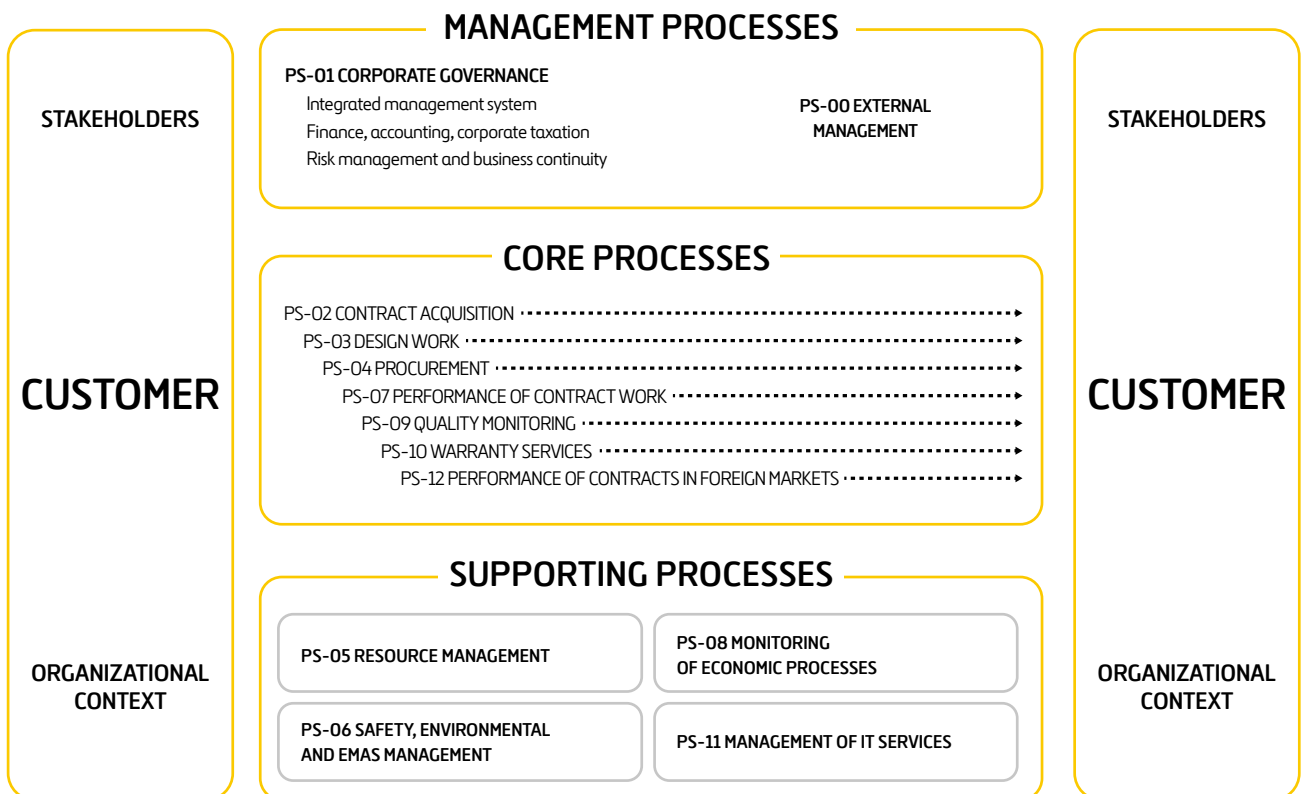


Figure 7. Defined processes in IMS



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)
- FBSeWis Dolny Śląsk Sp. z o.o. – 100% shares (indirectly through FBSeWis SA)
- FBSeWis Odbiór Sp. z o.o. – 100% shares (indirectly through FBSeWis SA)
- FBSeWis Kamieński Sp. z o.o. – 80% shares (indirectly through FBSeWis SA)
- FBSeWis Paliwa Alternatywne Sp. z o.o. – 100% shares (indirectly through FBSeWis SA)
- JZE Sp. z o.o. – 100% shares (indirectly through FBSeWis 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 FBSeWis SA and 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 bankructy – 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 Oberkrämmer – 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.

Establishment of 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

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.

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.

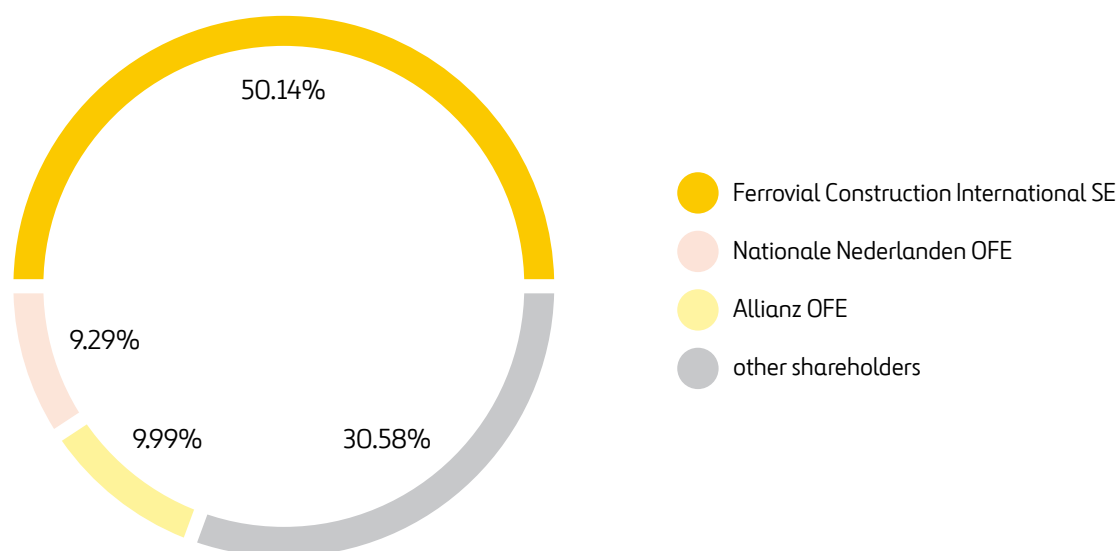
Acquisition of PPUH Konstalex Sp. z o.o.

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 8. 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 of 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 in 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>.

BUDIMEX GROUP – ACHIEVED RESULTS – FINANCIAL CAPITAL (STATUS AT THE END OF 2023)

1,570.3

Equity (PLN million)

746.1

Annual net profit (PLN million)

5,751.7

Current liabilities
(PLN million)

1,096.2

Non-current liabilities
(PLN million)

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. The company paid a dividend of PLN 459.3 million from the 2022 profit. It effectively managed its 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 16. 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 17. 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%
<i>Unadjusted gender pay gap ratio</i>	-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 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 18. 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	773
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 19. 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, and 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 20. 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	-
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 21. 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%
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 22. 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 23. 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	29,674.2	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 Department⁴ 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

FBSERWIS 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 FBSerwis Kamieński)

2.8. Awards and distinctions

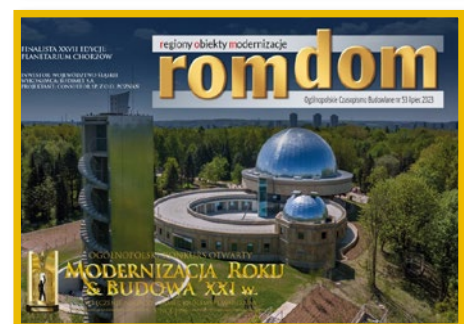
The effectiveness of the Budimex Group's activities for the sustainable socio-economic development of Poland is confirmed by the awards and titles received in 2023.

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 Łagiewnicka 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.



⁴ Until February 2024 the Procurement, Quality and Environmental Protection Department.

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 Kamięńsk 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 2024.⁵

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%.

96.3%

amount of the **quality conformance** index in Budimex SA in 2023

⁵ Its scope can be viewed at: <https://www.pca.gov.pl/akredytowane-podmioty/akredytacje-aktywne/laboratoria-badawcze/AB%201414,plik.html>.

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 Services.⁶

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.



⁶ Until 1 February 2024, under the name Equipment Services Division.

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.

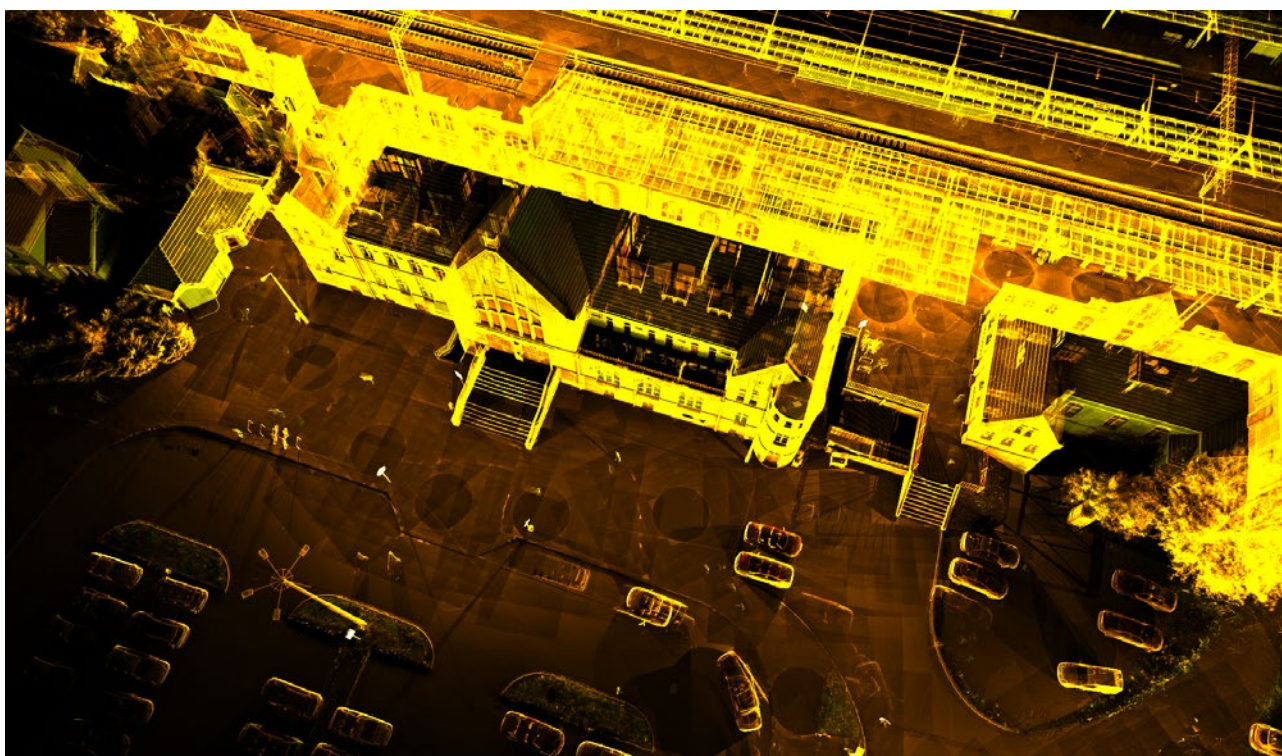
In 2023, we used the BIM methodology in a number of projects, among which the reconstruction of the Warsaw West railroad station, the construction of the PepsiCo factory in Środa Śląska, and the construction of the Military Clinical Hospital building in Kraków deserve special mention.

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 undertaking 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.



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 appreciates and is open to ideas that are submitted and strives to implement them. 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 will 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 tasks that are the most physically demanding 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

“ 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.

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=9lGeOyLkgOw>, 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 brings to 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. 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.

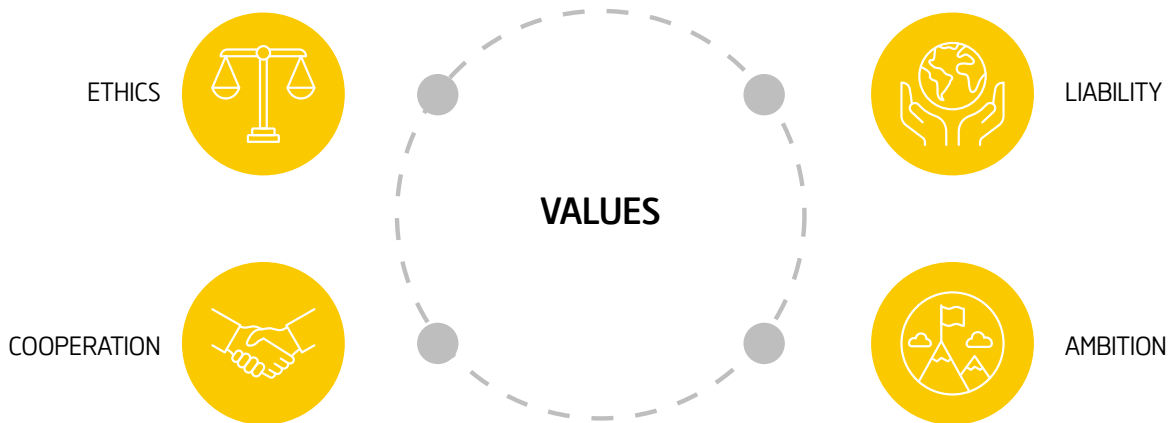
The Budimex Group is fully aware of the scale of measures to be taken in the area of climate change mitigation and resource conservation. Equally important are investments in human capital and the local communities surrounding the Group’s projects. The organization wants to continuously develop. Its 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, the strengthening of employees and business partners, and responsible management.

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.

Figure 9. Values of the Budimex Group

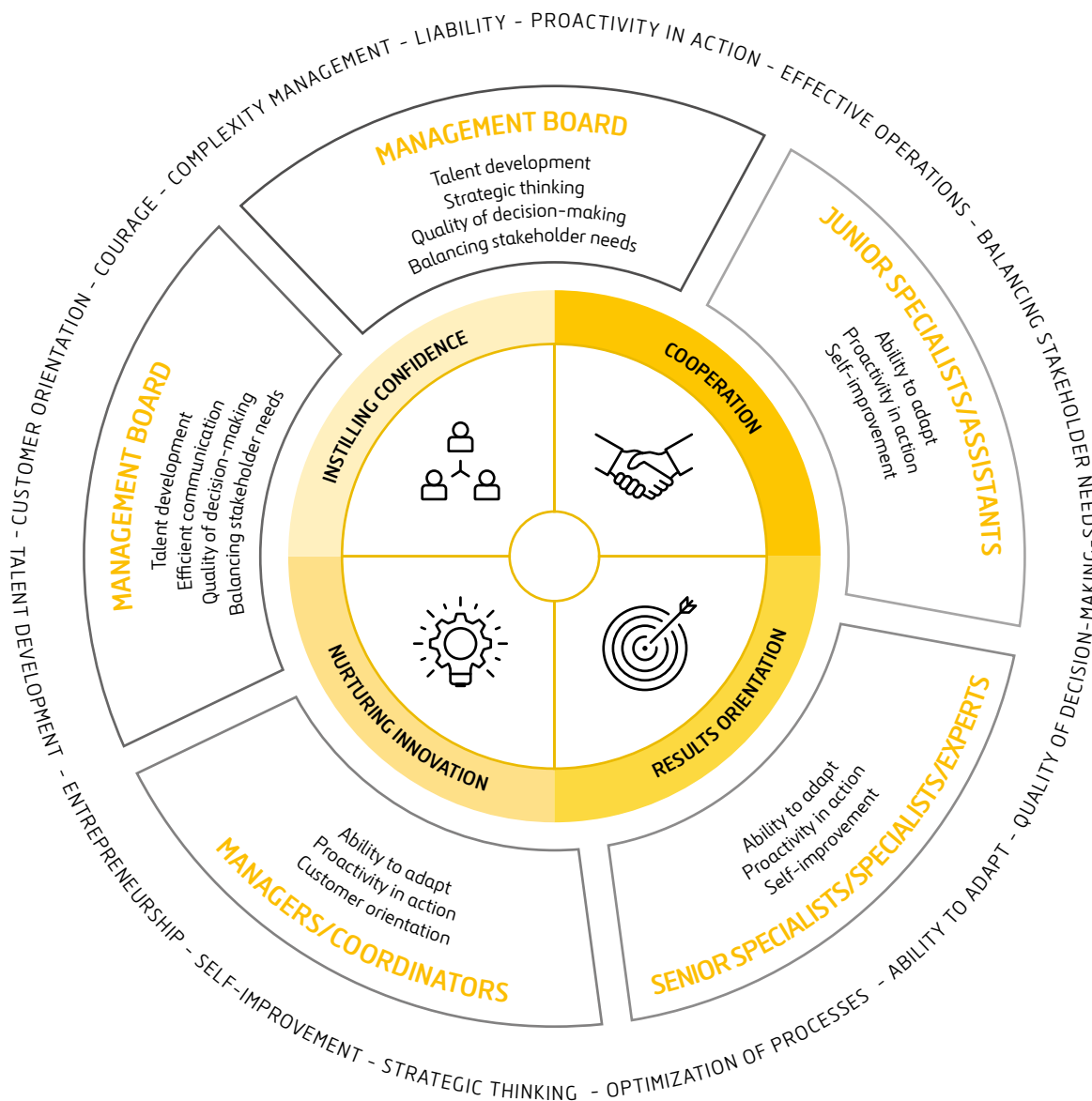


Competency model

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 10. 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 our 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 catalogue 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.



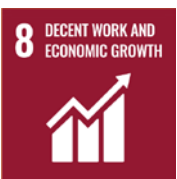
GOAL 5: Achieve gender equality and empower all women and girls

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, among others, the areas of compliance, anti-discrimination, respect for diversity, and the prevention of group harassment, also known as “mobbing.” 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, and 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 Department⁷ (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).

PREVENTION OF CLIMATE CHANGE - BUDIMEX GROUP'S 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)

2050

Achieving climate neutrality

⁷Until February 2024 the Procurement, Quality and Environmental Protection Department.

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 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.

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)⁸
- 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

ESG



Environment



Social responsibility



Governance

⁸The goal includes a 33% reduction in emissions from the vehicle fleet and a shift to using only renewable electricity.



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)⁹
- 2026** Strive for a Biodiversity Net Positive¹⁰

3.3.2. Commitments and goals in the social area

We empower **employees and business partners** because we know that dialogue alone 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 strong, close-knit, 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*)¹¹ 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)

⁹ 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/>.

¹⁰ 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.

¹¹ Gender pay gap ratio, calculated in accordance with the methodology adopted for all Ferrovial companies.



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



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

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

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.

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*

” Responsibility, honesty, and 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.



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. 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.

FBSERWIS GROUP

The FBSerwis Group's environmental impact management policy is based on the requirements of The FBSerwis 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 FBSerwis Group has implemented *PO (FBS-Z)-06-02* procedures for the environmental impact management system in individual companies (FBSerwis Dolny Śląsk, FBSerwis Karpatia, FBSerwis Kamieński, FBSerwis 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.*

FBSerwis 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 Department¹².

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.



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.

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 dirtied by 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.

¹² Until February 2024 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 select, collect, label, and acceptably manage waste, generated at construction sites, and 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),



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.

- 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:

- the safe storage of hazardous waste,
- the safe handling of liquid fuels during storage and refueling of equipment and vehicles,
- the 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,
- the 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, the 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 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 catalogue 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 in order 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 as well as 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,
- an 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 24 were subjected to the process.

Table 24. ESG risks

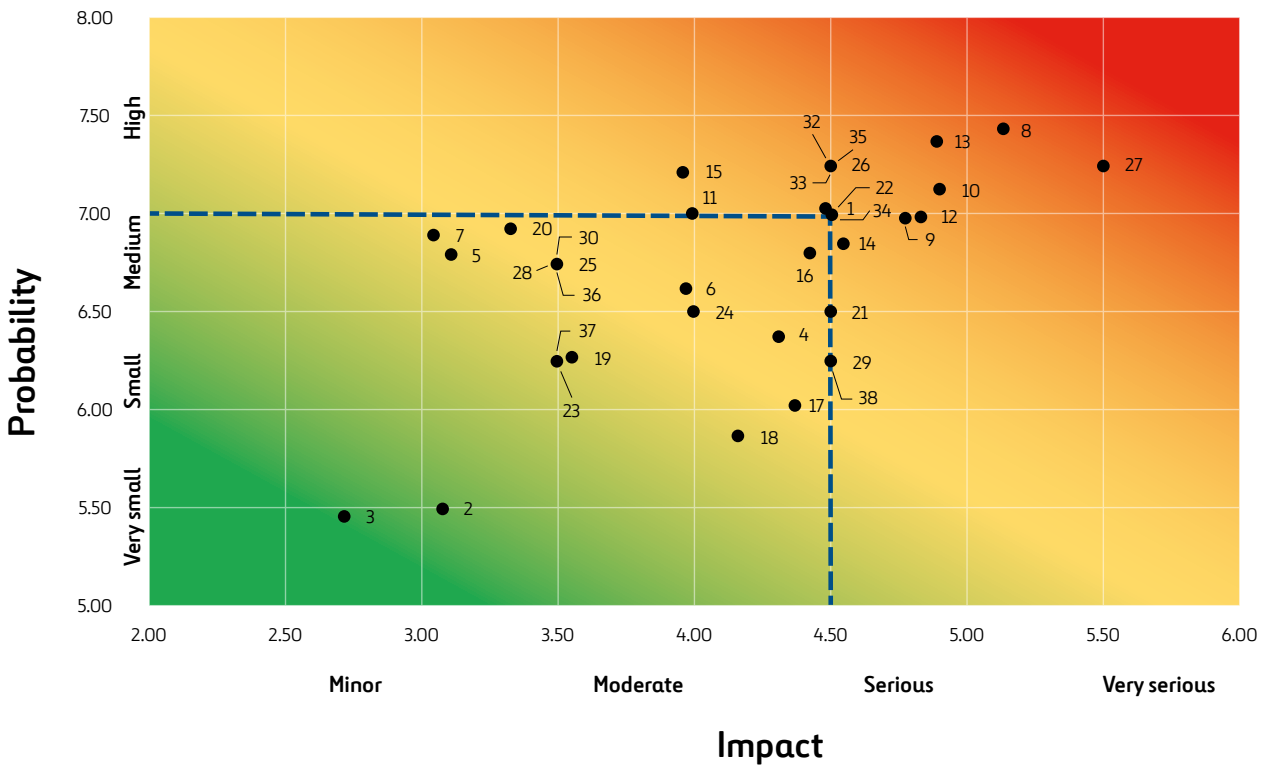
1	Climate risks (physical)	Risks associated with the global phenomenon of climate change including the threat of the impact of rising average temperatures on contract working conditions
2		Risks related to the global phenomenon of climate change including the threat to the Group’s operations by more 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 11. ESG risk matrix



The risks that the consulting agency recommended for management and monitoring are summarized in Table 25.

Table 25. 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)	▲

Area	Risk description	Severity/ impact	Probability	Time perspective	Change in probability over the time horizon
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)	---
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 26. 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 26, 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 27. Used raw materials and materials at Mostostal Kraków SA

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

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

Table 28. 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.

Table 29. Year-on-year waste generated

[GRI 306-4] [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 30. 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.

Composition of the Energy Management Committee

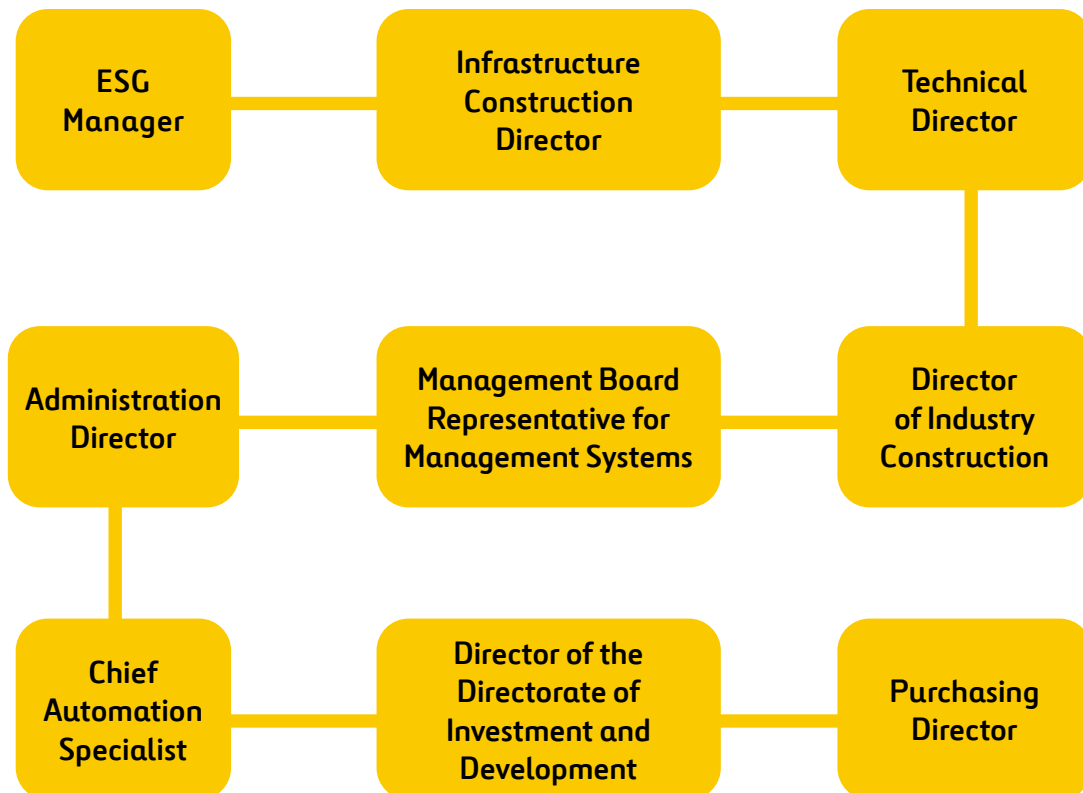


Table 31. Waste recovered at Budimex SA, broken down by management method

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	-
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	-	846.63	2,316.39	174%
Preparation for reuse	0	0	-	0	0	-
Recycling	0	0	-	13.39	1,766.01	13,089%
Other recovery methods	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 34) as disposed waste. Under current regulations, the waste collector is not required to provide information on how the waste will be managed.

Table 32. Waste sent for recovery at FBSerwis, broken down by management method

Waste processed through recovery processes [Mg]	Processed by FBSerwis			Processed outside the FBSerwis site		
	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	-
Recycling	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	-	10.43	7.77	-26%
Preparation for reuse	0	0	-	0	0	-
Recycling	0	0	-	0	0	-
Other recovery methods	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 33. 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 34. 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	-	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	2022	2023	Change y/y	2022	2023	Change y/y
Incineration (with energy recovery)	914.5	879.55	-4%	0	0	-	914.50	879.55	-4%
Incineration (without energy recovery)	6.92	2.66	-62%	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	-	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 waste 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 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 35.

Table 35. 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 36.

Table 36. 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 37 shows data on fuel and energy consumption at Budimex SA and across the Budimex Group.

Table 37. Energy consumption within the organization

[GRI 302-1]

	Unit	Budimex SA			Budimex Group		
		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%	3,156.00	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%
Other gases: acetylene, oxygen etc.	GJ	-	-	-	-	-	-

	Unit	Budimex SA			Budimex Group		
		2022	2023	Change y/y	2022	2023	Change y/y
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%
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	%	0.90	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.

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.

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 FBSeerwis Group and

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.

FBSeerwis GROUP

The FBSeerwis 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. FBSeerwis Group facilities maintain energy balances that include information on energy consumption and flow.

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.

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 standard¹³. Implementation of a comprehensive Scope 3 emissions calculation process is in the preparation stages.

¹³ GHG Protocol. Corporate Accounting and Reporting Standard, Revised Edition, World Resources Institute and World Business Council for Sustainable Development.

- **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.

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.

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,

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.

Table 38 summarizes Scope 1 and Scope 2 greenhouse gas emissions.



Table 38. 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 <i>market-based</i> 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, NOx, 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 39. 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, 26% decrease in volatile organic compounds are 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,
- the organization of work in the proximity of watercourses and bodies of water in order to make it safe for the aquatic environment when

” 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.

performing work in a riverbed or in the basin of a lake, pond or the sea as well as on the shoreline of watercourses and bodies of water,

- the 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 the interference and environmental needs.



” 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.

BUDIMEX SA

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

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.¹⁴

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 WKS*,¹⁵
- *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 and detailed requirements for collecting municipal waste from property owners. The group also complies with local laws.

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

¹⁵ 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 coop-

erate 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 aquatic 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 ESG, Quality and Environmental Protection Department,¹⁶ 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 40. 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.



¹⁶ 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, and 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 FB Serwis 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 town's spaces 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 FB Serwis 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 Department¹⁷ 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,
- FB Serwis 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 conducted, 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.

¹⁷ Until February 2024 the Procurement, Quality and Environmental Protection Department.

The FBSerwis 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. FBSerwis 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 Pobjedziska 2023.

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 Regulation,¹⁸ 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.

¹⁸ 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.

Detailed requirements for the calculation and disclosure of the aforementioned indicators are set forth in Commission Delegated Regulation (EU) 2021/2178¹⁹, the so-called Article 8 Delegated Act.

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 measure.²⁰

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 catalogue 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).

Environmental objectives in line with the EU Taxonomy



Climate change mitigation (CCM)



Climate change adaptation (CCA)



Sustainable use and protection of water and marine resources (WTR)



Transition to a circular economy (CE)



Pollution prevention and control (PPC)



Protection and restoration of biodiversity and ecosystems (BIO)

¹⁹ 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 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.

²⁰ 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 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.”
- 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 Department²¹, 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) 2021/2139,²² as extended by Commission Delegated Regulation (EU) 2022/12.²³ 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 Department²⁴ as part of the work specified in the

²¹ Until February 2024, the Procurement, Quality and Environmental Protection Department.

²² 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.

²³ 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.

²⁴ Until February 2024, the Procurement, Quality and Environmental Protection Department.

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.

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 Guidelines²⁵ 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,

” 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 (...). The Taxonomy provides companies, investors and policymakers with clear and uniform definitions of environmentally sustainable activities.

- Business and Human Rights Resource Centre (BHRR) 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 UNGP²⁶ 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.

²⁵ The Organisation for Economic Co-operation and Development.

²⁶ United Nations Guiding Principles.

- **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 database²⁷ was conducted, showing that no notifications occurred against the Group during the period under review.
- **Sign 4:** A verification of the BHRRC notification database²⁸ 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 FBSerwis 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 those related to taxonomy-eligible and those related to 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

The data used for the calculations came from the Budimex Group's financial and accounting system and

²⁷ The database is available at: <https://mneguidelines.oecd.org/database>.

²⁸ The database is available at: <https://www.business-humanrights.org/en/companies>.

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.

Table 41. 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 42 through 44.

The results of the taxonomic analyses are shown in the graphical diagrams of Figure 12 and Figure 13.

Figure 12. Taxonomy-eligible activities

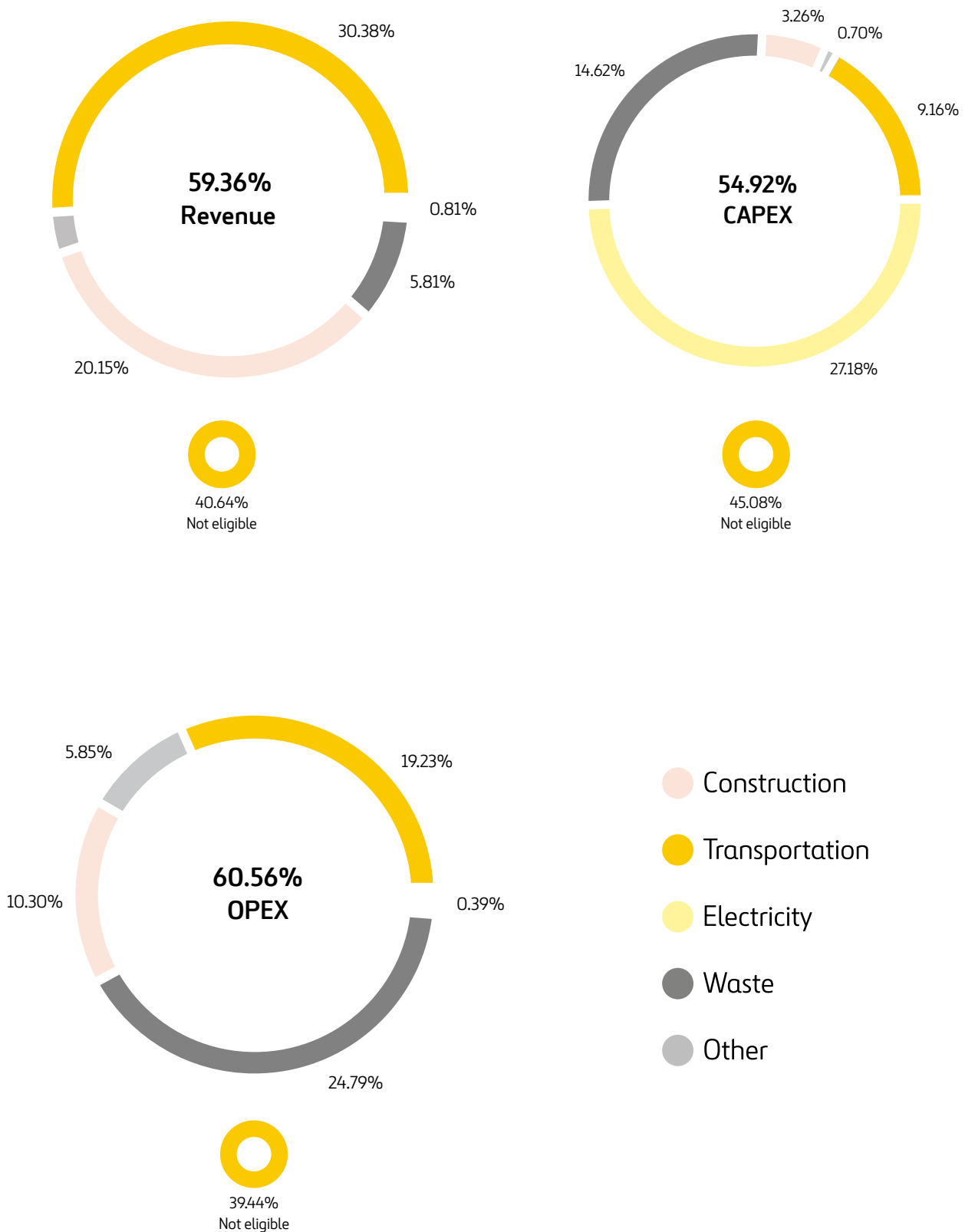


Figure 13. Taxonomy-aligned activities

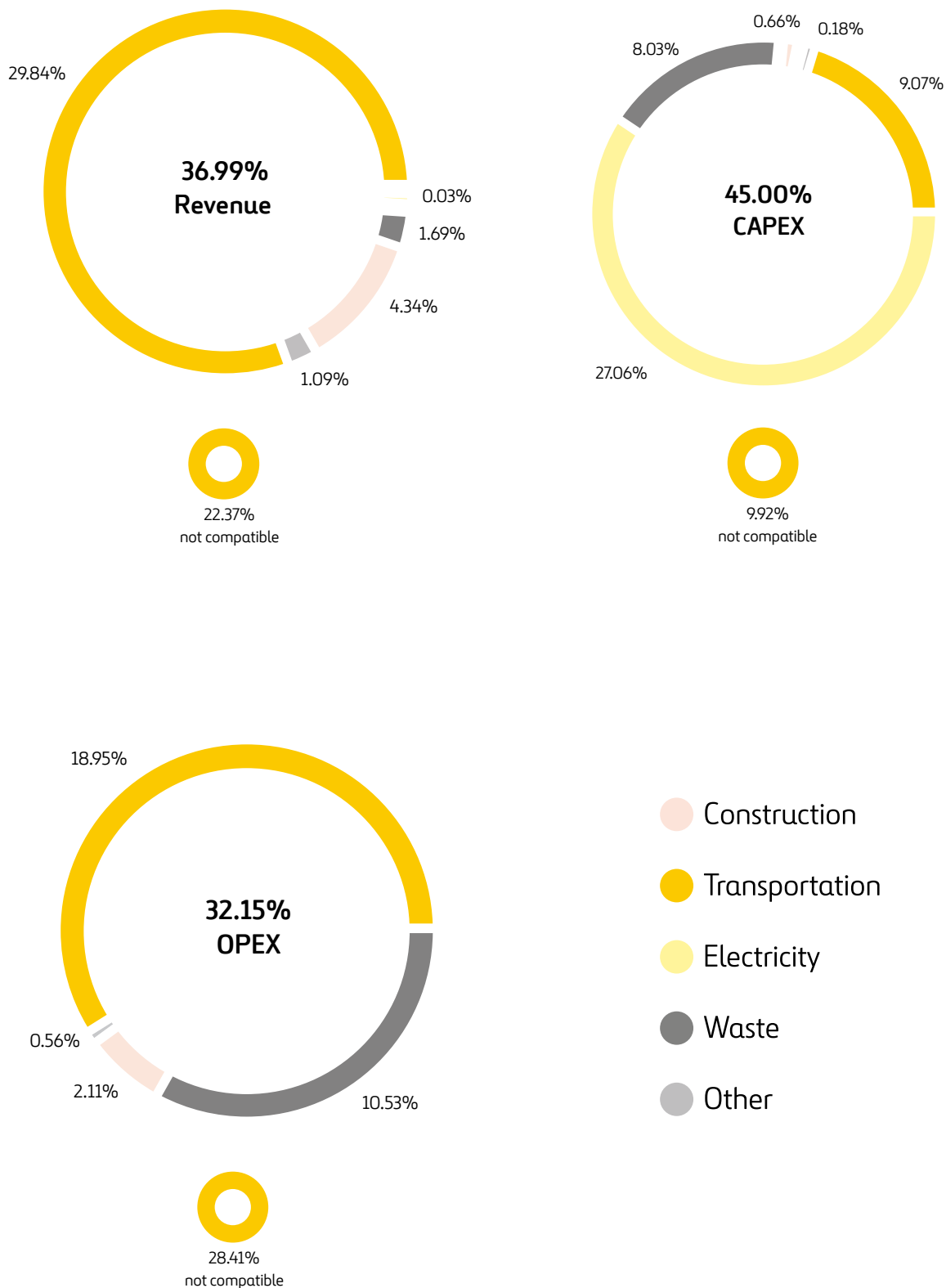


Table 42. Revenue

Financial year 2023	Economic activities	Codes	Turnover (Mill. PLN)	Proportion of Turnover year 2023 (%)	Substantial contribution criteria				
					Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY									
A.1. Environmentally sustainable activities (conforming to the taxonomy)									
	Wind energy	CCM* 4.3	2.91	0.03%	Y	N/EL	N/EL	N/EL	N/EL
	Construction and operation of WWTPs	CCM* 5.3	106.49	1.09%	Y	N/EL	N**	N/EL	N/EL
	Regound and transportation of non-hazardous waste	CCM* 5.5	136.06	1.39%	Y	N/EL	N/EL	N**	N**
	Recovery of non-hazardous waste material	CCM* 5.9	28.98	0.30%	Y	N/EL	N/EL	N/EL	N/EL
	Pedestrian infrastructure	CCM* 6.13	83.06	0.85%	Y	N/EL	N/EL	N/EL	N/EL
	Railroad construction and maintenance	CCM* 6.14	2,503.29	25.54%	Y	N/EL	N/EL	N/EL	N/EL
	Construction and maintenance of ports and waterways	CCM* 6.16	338.59	3.45%	Y	N/EL	N/EL	N/EL	N/EL
	Construction of new buildings	CCM* 7.1	357.00	3.64%	Y	N/EL	N/EL	N/EL	N**
	Building rehabilitation	CCM* 7.2	68.47	0.70%	Y	N/EL	N/EL	N/EL	N**
	Installation and maintenance of recharging stations for electric vehicles in buildings	CCM* 7.4	0.34	0.00%	Y	N/EL	N/EL	N/EL	N/EL
	Turnover of environmentally sustainable activities (conforming to the taxonomy) (A.1)		3,625.19	36.99%	36.99%	0.0%	0%	0%	0%
	Of which: facilitators		2,924.94	80.68%	80.68%				
	Of which: transitional		68.47	1.89%	1.89%				
A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)									
	Wind energy	CCM* 4.3	0.48	0.01%	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
	Construction and operation of WWTPs	CCM* 5.3/ WTR* 2.2	40.78	0.42%	EL	N/EL	EL	N/EL	N/EL
	Regound and transportation of non-hazardous waste	CCM* 5.5 CE* 2.3/ PPC* 2.1	95.55	0.98%	EL	N/EL	N/EL	EL	EL
	Recovery of non-hazardous waste material	CCM* 5.9	307.99	3.14%	EL	N/EL	N/EL	N/EL	N/EL
	Pedestrian infrastructure	CCM* 6.13	-	0.00%	EL	N/EL	N/EL	N/EL	N/EL
	Railroad construction and maintenance	CCM* 6.14	-	0.00%	EL	N/EL	N/EL	N/EL	N/EL
	Construction and maintenance of ports and waterways	CCM* 6.16	53.24	0.54%	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
	Building rehabilitation	CCM* 7.2 / CE* 3.2	26.80	0.27%	EL	N/EL	N/EL	N/EL	EL
	Installation and maintenance of instruments to measure, regulate and control the energy efficiency of buildings	CCM* 7.5	68.86	0.70%	EL	N/EL	N/EL	N/EL	N/EL
	Turnover of taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		2,192.16	22.37%	22.37%	0.0%	0.0%	0.0%	0.0%
	A. Turnover of eligible activities according to taxonomy (A.1+A.2)		5,817.35	59.36%	59.36%	0.0%	0.0%	0.0%	0.0%
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY									
	Turnover of ineligible activities according to taxonomy		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 for no significant harm ("No significant harm").										
Biodiversity	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Minimum guarantees	Proportion of Turnover conforming to taxonomy (A.1.) or eligible according to taxonomy (A.2), year 2022 (%)	Facilitating activity category	Transition activity category
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
N/EL	Y	Y	Y	Y	Y	Y	Y	2.57%		
N/EL	Y	Y	Y	Y	Y	Y	Y	6.29%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	21.06%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	3.70%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	1.47%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		T
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
0%	Y	Y	Y	Y	Y	Y	Y	35.09%		
								70.56%	F	
								0,00%		T
N/EL								0.17%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.67%		
N/EL								17.89%		
N/EL								0.00%		
N/EL										
0.0%								18.73%		
0.0%								53.82%		

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
 EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective

Table 43. CAPEX

Financial year 2023	Economic activities	Codes	Turnover (MIL, PLN)	Proportion of Turnover year 2023 (%)	Substantial contribution criteria				
					Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY									
A.1. Environmentally sustainable activities (conforming to the taxonomy)									
	Solar photovoltaic Energy	CCM* 4.1	13.94	9.83%	Y	N	N/EL	N/EL	N/EL
	Wind energy	CCM* 4.3	16.23	11.43%	Y	N	N/EL	N/EL	N/EL
	Construction and operation of WWTPs	CCM* 5.3	0.25	0.18%	Y	N	N**	N/EL	N/EL
	Regound and transportation of non-hazardous waste	CCM* 5.5	8.88	6.25%	Y	N	N/EL	N**	N**
	Recovery of non-hazardous waste material	CCM* 5.9	2.52	1.78%	Y	N	N/EL	N/EL	N/EL
	Pedestrian infrastructure	CCM* 6.13	0.19	0.14%	Y	N	N/EL	N/EL	N/EL
	Railroad construction and maintenance	CCM* 6.14	11.88	8.37%	Y	N	N/EL	N/EL	N/EL
	Construction and maintenance of ports and waterways	CCM* 6.16	0.80	0.56%	Y	N	N/EL	N/EL	N/EL
	Construction of new buildings	CCM* 7.1	0.86	0.60%	Y	N	N/EL	N/EL	N**
	Building rehabilitation	CCM* 7.2	0.09	0.06%	Y	N	N/EL	N/EL	N**
	Installation and maintenance of recharging stations for electric vehicles in buildings	CCM* 7.4	8.23	5.80%	Y	N	N/EL	N/EL	N/EL
	CAPEX of environmentally sustainable activities (conforming to the taxonomy) (A.1)		63.87	45.00%	45.00%	0%	0%	0%	0%
	Of which: facilitators		12.87	20.15%	20.15%				
	Of which: transitional		0.09	0.14%	0.14%				
A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)									
	Wind energy	CCM* 4.3	-	0.00%	EL	EL	N/EL	N/EL	N/EL
	Electricity transmission and distribution	CCM* 4.9	0.18	0.12%	EL	EL	N/EL	N/EL	N/EL
	Construction and operation of WWTPs	CCM* 5.3/ WTR* 2.2	0.10	0.07%	EL	EL	EL	N/EL	N/EL
	Regound and transportation of non-hazardous waste	CCM* 5.5 CE* 2.3/ PPC* 2.1	2.09	1.47%	EL	EL	N/EL	EL	EL
	Recovery of non-hazardous waste material	CCM* 5.9	7.27	5.12%	EL	EL	N/EL	N/EL	N/EL
	Pedestrian infrastructure	CCM* 6.13	-	0.00%	EL	EL	N/EL	N/EL	N/EL
	Railroad construction and maintenance	CCM* 6.14	-	0.00%	EL	EL	N/EL	N/EL	N/EL
	Construction and maintenance of ports and waterways	CCM* 6.16	0.12	0.09%	EL	EL	N/EL	N/EL	N/EL
	Construction of new buildings	CCM* 7.1 / CE* 3.1	3.65	2.57%	EL	EL	N/EL	N/EL	EL
	Building rehabilitation	CCM* 7.2 / CE* 3.2	0.04	0.03%	EL	EL	N/EL	N/EL	EL
	Installation and maintenance of instruments to measure, regulate and control the energy efficiency of buildings	CCM* 7.5	0.64	0.45%	EL	EL	N/EL	N/EL	N/EL
	CAPEX of taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		14.09	9.92%	9.92%	0%	0%	0%	0%
	A. CAPEX of eligible activities according to taxonomy (A.1+A.2)		77.96	54.92%	54.92%	0.0%	0.0%	0.0%	0.0%
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY									
	CAPEX of ineligible activities according to taxonomy		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)

Criteria for no significant harm ("No significant harm").										
	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Minimum guarantees	Proportion of turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2022 (%)	Facilitating activity category	Transition activity category
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
N/EL	Y	Y	Y	Y	Y	Y	Y	25.82%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.55%		
N/EL	Y	Y	Y	Y	Y	Y	Y	24.63%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	25.84%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	0.80%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	0.32%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		T
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		T
0%	Y	Y	Y	Y	Y	Y	Y	77.96%		
								34.17%	F	
								0.00%		T
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.00%		
N/EL								0.16%		
N/EL								6.30%		
N/EL								0.00%		
N/EL								0.00%		
0%								6.46%		
0.0%								84.42%		

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
 EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective”

Table 44. OPEX

Financial year 2023	Economic activities	Codes	Turnover (thPLN)	Proportion of Turnover year 2023 (%)	Substantial contribution criteria				
					Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY									
A.1. Environmentally sustainable activities (conforming to the taxonomy)									
	Construction and operation of WWTPs	CCM* 5.3	0.52	0.56%	Y	N	N**	N/EL	N/EL
	Regound and transportation of non-hazardous waste	CCM* 5.5	7.69	8.32%	Y	N	N/EL	N**	N**
	Recovery of non-hazardous waste material	CCM* 5.9	2.04	2.21%	Y	N	N/EL	N/EL	N/EL
	Pedestrian infrastructure	CCM* 6.13	0.40	0.43%	Y	N	N/EL	N/EL	N/EL
	Railroad construction and maintenance	CCM* 6.14	15.47	16.75%	Y	N	N/EL	N/EL	N/EL
	Construction and maintenance of ports and waterways	CCM* 6.16	1.64	1.77%	Y	N	N/EL	N/EL	N/EL
	Construction of new buildings	CCM* 7.1	1.76	1.91%	Y	N	N/EL	N/EL	N**
	Building rehabilitation	CCM* 7.2	0.18	0.20%	Y	N	N/EL	N/EL	N**
	OPEX of environmentally sustainable activities (conforming to the taxonomy) (A.1)		29.70	32.15%	32.15%	0%	0%	0%	0%
	Of which: facilitators		17.51	58.96%	58.96%				
	Of which: transitional		0.18	0.61%	0.61%				
A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)									
	Wind energy	CCM* 4.3	-	0.00%	EL	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
	Construction and operation of WWTPs	CCM* 5.3/ WTR* 2.2	0.20	0.21%	EL	EL	EL	N/EL	N/EL
	Regound and transportation of non-hazardous waste	CCM* 5.5 CE* 2.3/ PPC* 2.1	5.72	6.20%	EL	EL	N/EL	EL	EL
	Recovery of non-hazardous waste material	CCM* 5.9	7.45	8.06%	EL	EL	N/EL	N/EL	N/EL
	Pedestrian infrastructure	CCM* 6.13	-	0.00%	EL	EL	N/EL	N/EL	N/EL
	Railroad construction and maintenance	CCM* 6.14	-	0.00%	EL	EL	N/EL	N/EL	N/EL
	Construction and maintenance of ports and waterways	CCM* 6.16	0.26	0.28%	EL	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
	Building rehabilitation	CCM* 7.2 / CE* 3.2	0.07	0.08%	EL	EL	N/EL	N/EL	EL
	Installation and maintenance of recharging stations for electric vehicles in buildings	CCM* 7.4	-	0.00%	EL	EL	N/EL	N/EL	N/EL
	Installation and maintenance of instruments to measure, regulate and control the energy efficiency of buildings	CCM* 7.5	4.69	5.08%	EL	EL	N/EL	N/EL	N/EL
	OPEX of taxonomy-eligible but not environmentally sustainable activities (activities that do not comply with the taxonomy) (A.2)		26.25	28.41%	28.41%	0%	0%	0%	0%
	A OPEX of eligible activities according to taxonomy (A.1+A.2)		55.95	60.56%	60.56%	0%	0%	0%	0%
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY									
	OPEX of ineligible activities according to the taxonomy		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 for no significant harm ("No significant harm").										
Biodiversity	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Minimum guarantees	Proportion of Turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), Year 2022 (%)	Facilitating activity category	Transition activity category
N/EL	Y	Y	Y	Y	Y	Y	Y	1.05%		
N/EL	Y	Y	Y	Y	Y	Y	Y	38.85%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	12.25%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	1.47%	F	
N/EL	Y	Y	Y	Y	Y	Y	Y	0.52%		
N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		T
0%	Y	Y	Y	Y	Y	Y	Y	54.14%		
								25.34%	F	
								0.00%		T
N/EL								0.10%		
N/EL										
N/EL										
N/EL										
N/EL										
N/EL										
N/EL								0.21%		
N/EL								7.12%		
N/EL										
N/EL										
N/EL										
0%								743%		
0%								61.57%		

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
 EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective

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).

” 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).

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 incurred primarily 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) was 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%.

The Budimex Group

The main items of revenues from taxonomy-aligned activities in 2023 (in millions of PLN)

infrastructure construction:

- transport (PLN 2,924.94 million)
- personal mobility, bicycle logistics (PLN 83.06 million)
- rail transport (PLN 2,503.29 million)
- low-emission water transport (PLN 338.59 million)

construction of new buildings (PLN 357.00 million)

waste management (PLN 136.06 million)

construction, expansion and operation of wastewater collection and treatment systems (PLN 106.49 million)

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-re-

lated 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 and 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.

budimex

**5.
SOCIAL
RESPONSIBILITY
IN BUSINESS**



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 bonus regulations, and company collective bargaining agreements, which are in force at Budimex SA and Mostostal Kraków and which cover a total of 5,007²⁹ employees, i.e., 78% of the Group's total staff employed on the Polish market. Of crucial importance also are 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.



²⁹ All employment figures cited in this report are expressed in number of people (as of 31 December 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.

[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 to respect 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 the 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-group harassment, also known as "mobbing").

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.³⁰

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, and 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.

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.

³⁰ 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.

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 group harassment, also known as "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*³¹ has been in effect. Its goal is:

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

- 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.

Table 45. 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	GPC* 2022	GPC* 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.

³¹ All three of the company's implemented diversity policies can be found on the website: <https://www.budimex.pl/en/about-budimex/corporate-governance>

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%).

The *Diversity Policy* provides for an obligation to achieve a fully equal pay in particular groups over the coming 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.

Table 46. 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	GPGR* 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).

5.4. Employment structure³²

[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 47. 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%
Age 51 and up	82	766	848	80	774	854	-2%	1%	1%
Age 31-50	765	2,414	3,179	824	2,391	3,215	8%	-1%	1%
Age 30 and under	418	631	1,049	442	606	1,048	6%	-4%	0%



³² 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).

Table 48. 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%
Age 51 and up	102	1,323	1,425	108	1,405	1,513	6%	6%	6%
Age 31-50	947	3,251	4,198	1,033	3,350	4,383	9%	3%	4%
Age 30 and under	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%
Part-time employees	1	0	1	1	0	1	-	-	-
Age 51 and up	3	297	300	5	289	294	67%	-3%	-2%
Age 31-50	8	475	483	7	453	460	-13%	-5%	-5%
Age 30 and under	0	123	123	1	106	107	100%	-14%	-13%

*Includes 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 49. 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 50. 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 51. 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%
Age 51 and up	9	27	36	2	26	28	-78%	-4%	-22%
Age 31-50	19	117	136	10	86	96	-47%	-26%	-29%
Age 30 and under	0	0	0	0	0	0	-	-	-
Middle-ranking staff. including:	243	1,039	1,282	274	1,104	1,378	13%	6%	7%
Age 51 and up	13	106	119	19	119	138	46%	12%	16%
Age 31-50	200	844	1,044	228	906	1,134	14%	7%	9%
Age 30 and under	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%
Age 51 and up	60	635	695	59	629	688	-2%	-1%	-1%
Age 31-50	546	1,452	1,998	586	1,399	1,985	7%	-4%	-1%
Age 30 and under	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%
Age 51 and up	82	768	850	80	774	854	-2%	1%	0%
Age 31-50	765	2,413	3,178	824	2,391	3,215	8%	-1%	1%
Age 30 and under	418	630	1,048	442	606	1,048	6%	-4%	0%

In head count	Budimex Group								
	2022			2023			Change y/y		
	F	M	F&M	F	M	F&M	F	M	F&M
Senior staff. including:	32	171	203	22	154	176	-31%	-10%	-13%
Age 51 and up	9	33	42	3	34	37	-67%	3%	-12%
Age 31-50	23	138	161	19	120	139	-17%	-13%	-14%
Age 30 and under	0	0	0	0	0	0	-	-	-
Middle-ranking staff. including:	283	1,196	1,479	308	1,265	1,573	9%	6%	6%
Age 51 and up	16	132	148	23	150	173	44%	14%	17%
Age 31-50	234	962	1,196	258	1,023	1,281	10%	6%	7%
Age 30 and under	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%
Age 51 and up	77	1,158	1,235	82	1,221	1,303	6%	5%	6%
Age 31-50	689	2,151	2,840	756	2,207	2,963	10%	3%	4%
Age 30 and under	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%
Age 51 and up	102	1,323	1,425	108	1,405	1,513	6%	6%	6%
Age 31-50	946	3,251	4,197	1,033	3,350	4,383	9%	3%	4%
Age 30 and under	503	897	1,400	540	901	1,441	7%	0%	3%

Table 52. New employee hires in the Budimex SA and 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
Age 51 and up	2	211	213	6	234	240	200%	11%	13%
Age 31-50	75	498	573	73	577	650	-3%	16%	13%
Age 30 and under	110	266	376	143	295	438	30%	11%	16%
head count	Budimex Group								
Budimex Group*	294	1,513	1,807	315	1,689	2,004	7%	12%	11%
Age 51 and up	8	327	335	12	360	372	50%	10%	11%
Age 31-50	133	802	935	117	890	1,007	-12%	11%	8%
Age 30 and under	153	384	537	186	439	625	22%	14%	16%
German market**	4	721	725	6	742	748	50%	3%	3%
Age 51 and up	0	207	207	1	214	215	100%	3%	4%
Age 31-50	4	377	381	3	402	405	-25%	7%	6%
Age 30 and under	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 53. Employee departures in the Budimex SA and 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
Age 51 and up	6	296	302	18	310	328	200%	5%	9%
Age 31-50	94	625	719	88	653	741	-6%	4%	3%
Age 30 and under	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%
Age 51 and up	9	409	418	24	440	464	167%	8%	11%
Age 31-50	118	826	944	121	889	1,010	3%	8%	7%
Age 30 and under	65	297	362	58	294	352	-11%	-1%	-3%
German market**	1	765	766	4	800	804	300%	5%	5%
Age 51 and up	0	237	237	0	248	248	-	5%	5%
Age 31-50	0	395	395	3	422	425	100%	7%	8%
Age 30 and under	1	133	134	1	130	131	-	-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 54. 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 55. Employee turnover rate in the Budimex Group

2023		
F	M	F&M
-	-	25.25%

Table 56. 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 maternity and paternity or child care leave in a given year	123	9	132	70	20	90	-43%	122%	-32%
Number of persons who ended their maternity and paternity or child care leave in a given year	136	7	143	168	23	191	24%	229%	34%

Table 57. 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 maternity and paternity or child care leave in a given year	138	9	147	83	31	114	-40%	244%	-22%
Number of persons who ended their maternity and paternity or child care leave in a given year	143	7	150	184	34	218	29%	386%	45%



5.5. Remuneration and non-salary benefits³³

[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,
- 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*³⁴ – 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 58. Ratios of standard entry level wage by gender compared to local minimum wage

[GRI 202-1]

Ratios of entry level wage compared to the minimum wage	Budimex SA		Budimex Group*	
	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 59. 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

³³ The quantitative remuneration data presented in this section refer only to employees employed on the Polish market.

³⁴ The document is available at: https://www.budimex.pl/repository/relation/Lad_Korporacyjny_2020/PL/Polityka_wynagrodzen_czlonkow_organow_Budimex_SA.pdf.

³⁵ The data includes only wages paid in the Polish market.

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.

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 daily newspaper *Rzeczpospolita*, 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 Medcover 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.





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.

- subsidies to the Employee Capital Schemes – the companies of the Budimex Group have decided, on a voluntary basis, to additionally subsidize 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 one's 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 Ferrovia 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)

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

Supporting employee development

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 the catalogue of 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 Group³⁶

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, officially called 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 and 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

³⁶ The quantitative remuneration data presented in this section refer only to employees employed on the Polish market.

in the Group, Two editions of the program were launched in 2023, the 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.



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 to improve the effectiveness of internal training. The program welcomed

44 employees, for whom we prepared training sessions on performing the role of a trainer. 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 the 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 have a clearer picture of 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 on an individually basis, in groups or in intensive language courses. Company employees also participated in intensive Total Immersion courses, both in Poland and abroad.

NUMBER OF EMPLOYEES IMPROVING PROFESSIONAL QUALIFICATIONS

Budimex SA

2,265

Budimex GROUP

2,557

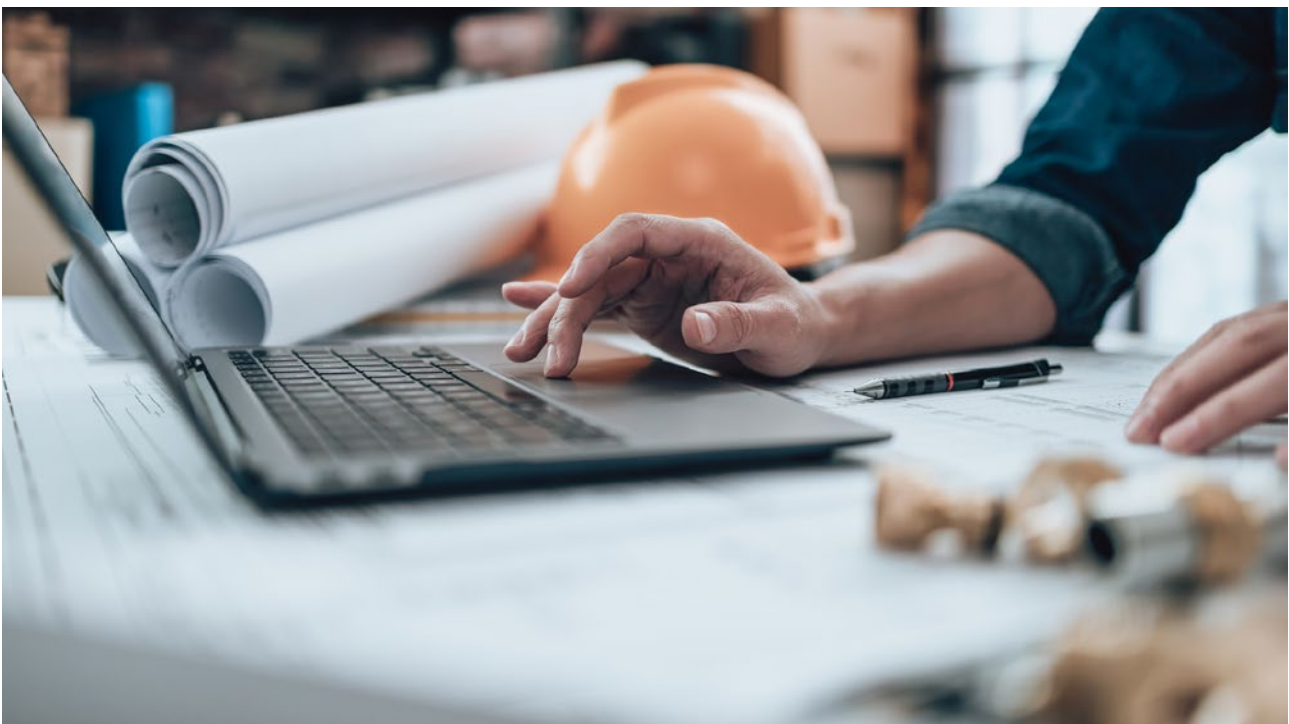


Table 60. Average hours of training in 2023

[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 61. 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 62. 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 63. 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	3,256	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 64. Number of training hours broken down by selected topics in Budimex Group

Number of hours	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	19,635.15	30,653.15	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	10,849.75	17,322.25	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 covers 2023 only.

Table 65. 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	1,275	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 FB Serwis 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 66. 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 67. Employees receiving regular performance and career development reviews in 2022

Number of persons	Budimex SA			Budimex Group		
	2023			2023		
	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. 2023 saw the launch of the Health Foundations program, part of which includes, along with much else, webinars, training sessions and sports events relating to the aforementioned issues.

A number of webinars promoting preventive healthcare and building the awareness of the need to care for wellbeing were conducted. 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 “What to Do When an Illness Occurs in the Work Environment,” a series of preventive health workshops with a psycho-oncologist from the Rak’n’Roll Foundation. Other webinars concerning preventive healthcare proposed to company employees on this occasion 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 held a webinar titled “How to Prevent Breast

Cancer and Cervix Cancer,” and in November, as part of the Movember campaign, also known as the International Month of Action Against Men’s Cancer, a webinar titled “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 and 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 encourages 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 secured 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 is the implementation of the occupational health and safety standards set out in the Agreement for Safety in Construction³⁷ of which Budimex SA is a signatory and a founder member. 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.

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

Occupational health and safety policy

The *Occupational health and safety policy*³⁸ stipulates the 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.

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*.

Table 68. 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%

³⁷ They can be found at: <https://www.porozumieniedlabezpieczenstwa.pl/standardy-bhp.html>.

³⁸ The document is available at: <https://www.budimex.pl/pl/zrownowazony-rozwoj/zintegrowany-system-zarzadzania>.

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 especially a constrained posture or repetitive 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 un-

dertakes 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 on 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 conducted more often than required by law, and the training programs are 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 is required by national laws. Our company additionally conducts more in-depth analyses of occupational health and safety incidents that are potentially fatal, i.e. are internally classified as HiPos (High Potentials). 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 on 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 gathered more than 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 to honor, the children of Budimex Group employees.

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 potential for 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

FBSerwis 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 69. 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	-
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	-
collective accidents	1 (2 persons)	1 (2 persons)	-	1 (2 persons)	1 (2 persons)	-

Table 70. 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, that 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 was 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, 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.

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Budimex SA
4,382 (100%)

Budimex Group
7,133 (97%)

THAT HAS BEEN INTERNALLY AUDITED

Budimex SA
4,382 (100%)

Budimex Group
6,265 (85%)

THAT HAS BEEN AUDITED FOR COMPLIANCE WITH ISO 45001 BY AN EXTERNAL PARTY

Budimex SA
4,382 (100%)

Budimex Group
5,022 (68%)

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, in 2023 Budimex SA conducted 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 Ełk and initiated the 3rd edition of the Home from the Heart project as part of which, together with the Polish Development Fund, it is rebuilding Ms. Teresa's house in Wołomin that had been destroyed in a fire. 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.

” 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 was allocated for training and other development initiatives, which exceeded the strategic assumptions for 2023.



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 form of communication form is chosen to meet the specific needs of a given group and to make use of communication potentials of both parties. We also put a lot of importance on sharing information about our impact on communities and on the environment, and on our internal regulations for managing this impact in a transparent way, as well as on communicating our actions in the area of sustainability.

Table 71. 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 adjacent to 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, and 83 social conflicts were resolved as part of the 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 FBSerwis 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 direc-

tly adjacent to 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 maintained. 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 media trip to attend the opening of the PepsiCo factory in Środa Śląska
- Press conference in Szczecin in connection with emplacing 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 The 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 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 of 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
- 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 and regional scale as well as throughout Poland as a whole 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 in corporate income tax, VAT and real estate tax.

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

Budimex SA is a large employer, providing direct employment to 7,337 persons.³⁹ 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.

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.

Table 72. 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

³⁹ As at 31 December 2023.

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 Ełk. 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 Ms. Teresa who became 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 engineering and exact 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.

” The Budimex Group companies are happy to become actively involved in charitable activities and additionally run sponsorship projects.

FBSERWIS GROUP

In 2023, the FBSeerwis 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 FBSeerwis 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 14. Expenditure of the Budimex Group for social purposes



An aerial photograph of a city intersection, showing roads, sidewalks, and some greenery. The image is overlaid with a semi-transparent yellow filter. The text 'budimex' is positioned in the upper left corner.

budimex

6. CORPORATE GOVERNANCE

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 the 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 of 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 of 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 entailed that he cease discharging the function of the committee member.

As of 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 ceased discharging the function of a member of the Remuneration Committee.

The major tasks of the Committee include:⁴⁰

- 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,

⁴⁰ Board of Directors, Supervisory Board and Audit and Remuneration Committees can be found at: <https://www.budimex.pl/pl/o-budimex/lad-korporacyjny>.

- 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*.⁴¹ Provisions of the Policy aim to motivate the authorities of the Budimex Group to achieve the best results in correlation 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



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.

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*.



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.

⁴¹ 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.

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]

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 Department.⁴²

Within it, is an organizational cell of the 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 Department,⁴³
- 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 on 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 incompliance 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 that have an impact on the strategic directions of the 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 that 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 dialogue 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.

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.

⁴² Until February 2024 under the name of "Procurement, Quality and Environmental Protection Department."

⁴³ Until February 2024 under the name of "Procurement, Quality and Environmental Protection Department."

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 that 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* and *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, an 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 strict requirements regarding the operation of corporate governance (*International Standards of Professional Practice of Internal Audit*⁴⁴, *Best Practices of WSE Listed Companies 2021*⁴⁵, *Best Practices of Public Interest Entities regarding the Rules for Appointment, Composition and Operation of Audit Committees*⁴⁶). 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

⁴⁴ Prepared by the Institute of Internal Auditors (IIA) and available at: <https://www.iaa.org.pl/o-nas/standardy>.

⁴⁵ *Best Practices of WSE Listed Companies 2021* are available at: <https://www.gpw.pl/dobre-praktyki2021>.

⁴⁶ 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.

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,⁴⁷ 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.

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*.



⁴⁷ The Code is available at: <https://www.iaa.org.pl/o-nas/kodeks-etyki>.

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 on 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 were 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. Both persons were then dismissed from the FBSerwis SA Management Board composition, and the President of FBSerwis SA was dismissed 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 FBSerwis 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 manual *Rules of conduct in the event of a suspected breach of the Compliance Policy and preventing such breaches*,
- instruction manual *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 is given 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 73.



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.

Table 73. 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: <ul style="list-style-type: none"> 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 dialogue with stakeholders.	

Risk level taking into account the controls in place;

very serious

serious

Year-on-year risk trend

the risk is increasing



stable risk



the risk is decreasing



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.



An aerial photograph of a highway interchange, overlaid with a semi-transparent yellow filter. The image shows multiple lanes of traffic, a curved ramp, and surrounding greenery. The text is positioned on the left side of the image.

7.

OPERATING ACTIVITY OF THE BUDIMEX GROUP IN 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 the 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 – Piekietko in the Podhale region

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 Drezdenko 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 entering onto the bypass.

Net contract value: PLN 83 million

Planned time for completion: 2 years and 10 months

Construction of bypasses of Ciepeliów 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 rollerblading, 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 Koto

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 having won 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 with a 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 a 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 Radzikówice, 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 of 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

FBSEWIS GROUP FBSEWIS 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 roads: DK44, DK44a, DK94b and DK81. The task of FBSEWIS 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 of roads S7 and DK22 in the area of Operation and Maintenance Center in Elbląg and Paśćek – from the border of the voivodship at the level of Elbląg to the Miłomłyn Południe interchange. The tasks of the company will include mainly the prevention or elimination of slipperiness, 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, FBSEWIS SA will also replace 1253 lamp post columns 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 Railway Line E65 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. 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 – an extension of the 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 seat 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-grade sewage treatment plant for the factory as well as 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 repair hall with a welfare and office section, workshop and storage section, train wash for entire trains and a 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 Tysiąclecia street.

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, FBSEwis 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 FBSEwis 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 Lądek-Zdrój municipality. The contract was signed in April 2022 and will be performed until April 2024.



Since 2017, FBSerwis Wrocław has been responsible for the summer and winter maintenance of cleanliness and order in Wrocław's Stare Miasto and Krzyki districts.

The FBSerwis 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 (PIC). 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 the "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 into account relevant sustainability aspects, that are 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 of the submitted data is verified 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 contrac-

tually 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*.⁴⁸ 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.

⁴⁸ 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/konrahenci>

Table 74. 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 75. 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 76. 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 77. 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

8. ABOUT THE REPORT

[GRI 2-2] [GRI 2-3] [GRI 2-4] [GRI 2-23] [GRI 2-5] [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 FBSerwis 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 was 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 FBSerwis 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 the 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 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:

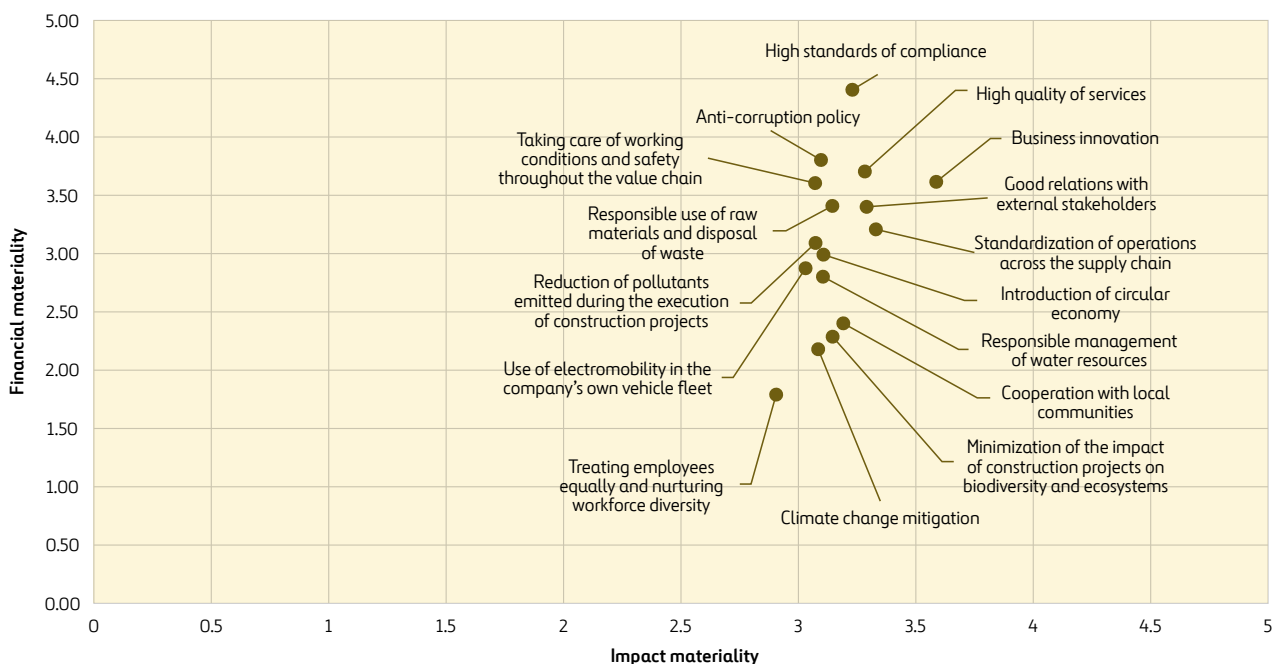
- Climate change mitigation,
- Reduction of pollutants emitted during the execution of construction projects,
- Use of electromobility in the company’s own vehicle fleet,
- Responsible use of raw materials and disposal of waste,
- Responsible management of water resources,
- Minimization of the impact 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 15. 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				
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	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				
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	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					

GRI STANDARD / OTHER SOURCE	INDICATOR NO.	INDICATOR NAME	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	
				OMITTED REQUIREMENTS	REASON	CLARIFICATION		
Strategy, policies and procedures								
GRI 2: General disclosures 2021	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							
		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					

GRI STANDARD / OTHER SOURCE	INDICATOR NO.	INDICATOR NAME	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
				OMITTED REQUIREMENTS	REASON	CLARIFICATION	
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 (NO _x), sulfur oxides (SO _x), 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				

GRI STANDARD / OTHER SOURCE	INDICATOR NO.	INDICATOR NAME	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
				OMITTED REQUIREMENTS	REASON	CLARIFICATION	
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 2016	308-1	New suppliers that were screened using environmental criteria	7.5. Improvement of standards in the supply chain				
	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				

GRI STANDARD / OTHER SOURCE	INDICATOR NO.	INDICATOR NAME	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
				OMITTED REQUIREMENTS	REASON	CLARIFICATION	
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: Istotne zagadnienia 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: Istotne zagadnienia 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: Istotne zagadnienia 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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