

budimex

BUDIMEX SA

**REPORT ON
NON-FINANCIAL INFORMATION FOR 2019**

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1. INTRODUCTION

Budimex SA has been publishing its information on non-financial data for years, in terms consistent with the GRI Standards (previously GRI Guidelines). In the current year, it is also planned to publish a more detailed integrated report in line with the GRI Standards for the Budimex Group, including Budimex SA. It will be consistent with this report, but more comprehensive and addressed to the more general public. When preparing this report, Budimex SA drew on the aforementioned GRI Standards and on the PN-ISO 26000 standard. In order to keep the report concise, some of its elements, which would make it in accordance with the GRI Standards, were removed. It aims at the concise and transparent presentation of the categories of non-financial risk, policies and management approach, as well as key indicators in the areas defined by the legislator in order to enable the reader to compare them with the solutions applied by other public companies.

1.1. Description of the business model

Budimex SA is a parent company in the Budimex Group. As a general contractor, it implements infrastructural, building and industrial investments, provides design services, rental of machines and laboratory services. Its role is to ensure a quick flow of information among the Budimex Group's companies, as well as to support them in their development and in effective management in order to build a strong market position of the entire Group.

1.2. Management of corporate social responsibility

The **CSR Strategy for 2016–2020**¹ constitutes the basis for long-term actions in the field of corporate social responsibility in Budimex SA. Its assumptions are publicly available. It is rooted both in the Mission² of Budimex SA referring to sustainable development, and in the key business policies of the Ferrovial Group.

The Company has identified eight key areas of social responsibility:

- improvement of occupational health and safety standards,
- reduction of environmental impact,
- being a neighbour, guest and partner for local communities,
- elimination of a risk of unethical behaviours,
- development of unique competencies and friendly working environment,
- assurance of the top quality of performance,
- support for the culture of innovations,
- provision of surveillance mechanisms for social and environmental results of activities.

Each of them has assigned specific objectives, indicators of their accomplishment, expected values to be achieved and recommended activities aimed at the implementation of plans.

As mentioned above, directions of the aforementioned strategies are consistent with the policies adopted in the Ferrovial Group. These policies apply in all cases to all companies of this capital group (i.e. also Budimex SA) and to their employees, including managers. From the point of view of the area of social responsibility, the key policy is constituted by the Principles of the Company's Responsibility Policy. It draws on the UN Global Compact principles. Particular significant areas of responsibility are reflected in other group policies. They regulate such areas as environmental impact, anti-corruption, or protection of human rights.

The CSR Committee is responsible for a comprehensive approach to strategic management of corporate social responsibility in Budimex SA and in the entire capital group. It consists of representatives of the Management Board and of selected organisational units. It is chaired by the President of the Management Board. The Committee meets cyclically, at least four times a year – it delivers its opinions, approves and settles the accomplishment of CSR goals.

Certified quality, safety and occupational health and safety management systems ensure, in turn, efficient management at the operational level. In the case of Budimex, which is at the forefront of the capital group, the Integrated Management System consists of the quality management system according to ISO 9001:2015, environmental management system according to ISO 14001:2015, occupational health and safety management system – compliant with PN-N-18001:2004 and OHSAS 18001:2007, information safety management system according to ISO/IEC 27001:2013, quality management system according to AQAP 2110:2016, power management system according to ISO 50001:2011, management system for codes of conduct related to customer satisfaction according to ISO 10001:2007, IT service quality management system according to ISO 20000-1:2011, welding-related quality system according to PN-EN ISO 3834-2:2007. Budimex has its NATO Commercial and Government Entity Code (NCAGE) number 1836H – granted to entities whose activities are related to the range of defence products or provision of defence services. Additionally, the Integrated Management System takes into account the guidelines for corporate social responsibility management specified in the PN-ISO 26000:2012 standard.

¹ https://www.budimex.pl/repository/sustainability/CSR/Strategia_CSR_Budimex_2016_2020_PL.pdf

² Mission: "We carry out construction investments and services for sustainable development of the economy and society with respect for natural environment, ethical principles, care for customer satisfaction and user comfort. We shall achieve it through professionalism, passion for creation, high effectiveness, as well as partner relations with suppliers and subcontractors."

1.3. Approach to the management of non-financial risk

The Office of Internal Control in Budimex SA collects information on risks reported by directors of key areas in the organisation and presidents of subsidiaries. Based on the analysis of risks received, there is developed:

- a map of key risks for the organisation presented at meetings of the Management Board and the Audit Committee,
- a map of other risks controlled and monitored by the Directors of Budimex SA Divisions, who simultaneously perform the function of members of the Supervisory Board in subsidiaries.

For every risk, tools and activities for its minimisation are specified. Each risk is assessed at the level of inherent (before consideration of tools and activities for its reduction) and residual risk (after application of tools and activities for its reduction). The risk may be classified as very serious, serious, moderate and irrelevant with regard to its consequences and probability of its occurrence, as well as to business exposure.

Risks that are very serious and serious from the level of inherent and residual risk and key for particular areas of activities are controlled by the Management Board. Other risks, which, after applying tools and activities reducing risk at the level of residual risk, show the weight of moderate and low risk are controlled by individual Division Directors. Risks are monitored on a quarterly basis. This approach covers both financial and non-financial risks.

There were no non-financial risks on the map of key risks. In turn, the map of other risks included selected environmental risks.

1.4. Management of non-financial risk in the supply chain

The Budimex SA supply chain covers thousands of suppliers and contractors, with whom the Company cooperates on a daily basis. As a general contractor, it is responsible for the actions undertaken by them, supplied materials and provided working conditions. The main non-financial risks in the supply chain concern:

- occupational health and safety,
- conditions of employment,
- environmental protection.

Every new contractor undergoes a preliminary assessment based on a questionnaire. The questionnaire consists of a supplier's declaration on compliance with applicable regulations within the scope of labour law, environmental protection, etc. All significant suppliers and subcontractors (100%) are subject to preliminary assessment (qualification). In the case of ending cooperation with a given supplier, the final assessment is conducted, including such issues as quality, timeliness, actual technical capacity, OHS, environmental aspects and issues related to human rights, including employees' rights. Assessment is conducted by contract managers who must indicate any irregularities or events that may constitute a threat, or actions inconsistent with the principles applicable to sub-suppliers in Budimex SA. Results of questionnaires and final assessments are gathered in the Central Database. Internal auditors have access to these data and use them to assess sub-suppliers. Auditors have also access to suppliers' bids, based on which the contract has been signed. When analysing the offer, contract history and the final assessment's result, they may compare the elements to which the given supplier undertook at the offer level with an actual process and effect of cooperation. Regardless of the assessment, after the end of a given contract, Budimex SA sends a Satisfaction Survey to an investor. The assessment's results and conclusions are then analysed by the management during annual management reviews.

Based on the preliminary qualification and final assessments, subcontractors are divided as follows:

- recommended (top ratings),
- qualified (positive ratings, but slightly lower than in the case of recommended suppliers),
- rejected (low ratings, but qualification is conditional, i.e. cooperation can be started if e.g. business partner introduces corrective actions),
- disqualified (cooperation with a given partner is impossible, e.g. due to its financial situation or previous gross breach of rules on cooperation, e.g. in the area of ethics or environmental protection, i.e. bribery attempt or causing significant environmental damage).

Budimex SA strives for supplementing significant agreements with key contractors, even those having greater bargaining power, with an ethics-related appendix.

Results of preliminary (questionnaires) and final assessments at sub-suppliers in 2019 and the status as of 31 December 2019 for all Contractors are as follows³:

³ Some of them includes or is entered by more entities than just Budimex SA. For example, surveys in the database are entered by Budimex SA and Mostostal Kraków SA (from the Budimex Group) and the companies use the collected information together.

Scope of verification	2016	2017	2018	2019	cumulatively (active)
Framework agreements					
Material investment agreements defined as framework agreements	16	19	30	11	164
Material investment agreements containing ethical clauses. Total number of agreements with these clauses and % of material framework agreements	11 (69%)	11 (58%)	24 (80%)	8 (73%)	134 (82%)
Percentage of all agreements with ethical clauses among all framework agreements	50%	72%	73%	73%	82%

Scope of verification	2016	2017	2018	2019
Questionnaires and final assessments				
Number of questionnaires	1,191	1,019	1,163	885
Number of conducted final assessments	4,583	3,068	5,329	1,420
Number of irregularities identified	184	153	361	93
Number of irregularities identified				
Meeting deadlines	61	45	121	31
Product quality	24	21	47	10
Technical capacity	50	41	78	23
Compliance with price terms	11	10	31	13
OHS	26	23	49	7
Environmental protection	12	12	35	9

2. SOCIAL MATTERS

When speaking about the social impact and management approach to it, the **Principles of the Company's Responsibility Policy** applicable to Budimex SA should be primarily mentioned. This document includes, among others, provisions directly or indirectly related to the social impact aspects, e.g.:

- ethical and responsible conduct in all activities,
- transparency and application of best practices within the scope of corporate governance,
- contribution to the socio-economic development.

Aspects related to the social impact specific for Budimex SA activities have been defined in a more detailed way in the **CSR Strategy for 2016–2020**.

2.1. Society and local communities

The above-mentioned **CSR Strategy for 2016–2020** assumes, among others, being a neighbour, guest and partner for local communities. This is best reflected in the optimal nature of social relations pursued by the Company. Such a defined approach obliges, among others, to limit the negative impact on inhabitants of the areas where it operates (see also chapter: "Impact on the local biosphere").

Construction of infrastructure, including the road and rail one, is beneficial in the long-term and remains a prerequisite for socio-economic development. As a result, it increases the quality of life of the community concerned. At the same time, at the stage of works, it involves specific nuisances, especially for inhabitants of areas adjacent to the construction site (e.g. increased traffic and noise resulting from the transport of construction materials or machine operation). Each potential aspect of the environmental impact of the investment is already analysed at the stage of issuing administrative decisions, where inhabitants' representatives take part in public consultation. Budimex SA conducts also non-obligatory, additional public consultation in the course of designing e.g. bypass routes, road closures. It provides inhabitants with feedback channels – contact form available at www.budimex.pl, corporate social media profiles. In this way, **there is limited the potential risk of phenomena that may cause delays and stoppages** (e.g. inhabitants' protests, blocked works, extending of administrative procedures) **and at the same time affect the Budimex SA image**.

Usually, **the elimination of all obstacles and hazards is not fully possible, which is why, according to the risk management logic, Budimex SA tries to compensate the local communities for nuisances within the remaining scope**. It organises educational campaigns related to road safety for kids, first aid, as well as it funds the purchase of equipment for local Volunteer Fire Service. It often helps local residents with minor works, such as the renewal of playgrounds.

For many years, Budimex SA has been involved in activities for the benefit of local communities by initiating original social programmes, supporting important cultural and sport events, as well as taking part in various initiatives for their benefit. Its flag programmes include:

- **Parent Zone.** Since 2012, Budimex SA has been implementing the programme “Strefa Rodzica. Budimex Dzieciom” (Parent Zone. Budimex for Children). It consists in organising special spots in hospitals, on children’s wards, where small patients and their parents can spend their time in a friendly environment, where they can feel just like at home. This allows them, if only briefly, to forget about the toils of being sick and treated. One of the most important aspects of this programme is the personal involvement of Budimex SA employees who, as volunteers, participate in furnishing renovated premises – they help with the assembly and placement of furniture, perform minor finishing works. So far Budimex SA has launched 32 Parent Zones, while opening new ones is planned. Over the years, starting from 2012, including 2019, 500 thousand children and their carers have benefited from the Zones. 54 thousand children and their parents have already been using the Parent Zones established in 2019 (more information on www.strefarodzica.budimex.pl),
- **Hello ICE.** “Hello ICE”, replacing in 2019 the “ICE Intercom” implemented since 2009, is another original social programme of Budimex SA. Its aim is to extend knowledge of the youngest pupils of primary schools (grade levels 1-3) and kindergartens in the field of road safety. A key part of the campaign is constituted by an interactive map which anyone can use to mark dangerous places that kids encounter on their way to school or kindergarten, as well as by educational materials (complete scenarios to conduct lessons) for teachers, educational games and plays for parents and children. Moreover, pupils are equipped with plastic cards including data facilitating – in case of emergency – contact with their families. The “Hello ICE” programme has received the honorary patronage of the Minister of Infrastructure and the Minister of National Education, as well as a positive opinion of the Good Education Association. The campaign has also a wider educational dimension, as it promotes the road safety principles and first aid among children. By the end of 2019, nearly 300 dangerous spots were reported, eight Safety Days were completed in primary schools and kindergartens, as well as 1,400 ICE cards with reflectors were distributed. A friendly tiger called Budi is the programme’s mascot (more information on www.helloice.pl).

Special attention should be paid to the project “**Change the World. 50 years of Budimex**”. In 2018, Budimex SA celebrated its 50th anniversary. On that occasion, the company decided to finance and implement a special, jubilee social programme. The programme referred to the philosophy that motivated its everyday business activities. By building motorways, bridges, or buildings, Budimex SA makes a substantial contribution to socio-economic development, thus changing the world at the level of local community, region, and country. In order to support those who think the same, there was announced a competition. The condition for participation was to submit an innovative project, implementation of which would actually affect lives of local communities and promote a vital social idea. In September 2018, the competition’s winner was selected. 500 thousand zlotys from Budimex SA went to the “Trzy cztery!” Foundation, the creator of the first Polish forest primary school “Puszczyk” in Osowicze near Białystok. The school infrastructure project was selected from nearly 100 submitted applications. The winners participated also in workshops organised by the company, where the project was analysed with the design thinking method, which allowed for its optimisation. After two and a half months, at the forest border near Białystok, a complex of pavilions was established, constituting the field base for the school, which now may inspire facilities all over the country. However, Budimex SA did not end its cooperation with a newly established school “Puszczyk”. **In 2019, the “Trzy cztery!” Foundation was able to count on the company support – both financial and substantive.**

Among other pro-social measures, it is certainly worth to mention those carried out by the employees themselves. Since 2015, the company has had the “**Grant for Volunteering**” employee volunteering programme. Within its framework the Budimex SA employees may submit their own voluntary initiatives throughout the year. They are discussed during quarterly meetings of the CSR Committee that awards grants. Projects concern mainly renovation and construction works. In 2019, 30 voluntary projects were submitted. Eight of them were implemented with participation of 75 volunteers.

In 2019, Budimex SA participated also in a special project – **#ideathon**. That was the first social project of that type in Poland and an innovative example of competency volunteering, with participation of employees of Budimex SA and of eight other companies, i.e. DHL Parcel Polska, Dentsu Aegis Network Polska, Orange Polska, Alior, Grupa Żywiec, PwC, Leroy Merlin, or Polpharma. In total, 100 people selected from among the employees distinguished by their creativity, talent and commitment cooperated with experts from the Integration Foundation supporting disabled persons for 25 years. During intensive workshops, they developed specific solutions that could change the situation of people with disabilities on the labour market in Poland. That event was led, among others, by Paulina Malinowska-Kowalczyk, press spokeswoman for the Polish Paralympic Committee, the first Disability Advisor to the President of Poland.

In 2019, the “**Tree for Survey**” campaign was also completed. Budimex SA promised to plant one tree for every filled out survey concerning an annual report of the Budimex Group. Nearly 200 trees were planted in Białystok, where the company has been performing several contracts.

In addition to the above-mentioned social programmes, in 2019 Budimex SA continued its socio-cultural and educational initiatives, including supporting the promotion of physical culture and sport. It is worth mentioning the following initiatives:

- the “Diamond Explorers” scholarship programme providing financial support to talented and effective groups of young people to give them a chance to participate in prestigious international and national scientific and technical contests, in particular in such fields as technology, engineering, design, industrial design, maths and management,

- support for the Demos Foundation, which helps young people in a difficult life situation. The Foundation develops facilities to carry out educational, therapeutic and sports activities. It organises workshops for youth leaders and scholarship programmes. It also develops publishing activities oriented towards social, educational and cultural matters,
- restoration of the Polish church in Krakovets, Ukraine,
- support for the organisation of sports events and teams: Polish Championships of Disabled Sailors, Stomil Olsztyn Football Club, Polish Sports Bridge Association, Wybrzeże Gdańsk handball team, Sokół Ostróda football team, and Women Basketball Sports Club "Katarzynki" in Toruń,
- other projects corresponding with social goals of Budimex SA and oriented towards children, e.g. the Children's Foundation "Help on Time", Hope Oncological Foundation, primary schools and technical universities.

The "**Budimex Innovations**" project is completely different. It is aimed at supporting newly created innovative enterprises, which, like Budimex SA, want to modernise the construction and development industries. This project is an opportunity for start-ups to try out their solutions – to carry out tests, studies in a professional business, production, service environment. By supporting innovativeness and interesting ideas, Budimex SA gets into cooperation with universities, accelerators, investment funds and other external partners. It is looking for originators and creators of projects from areas where it is trying to improve its quality and efficiency – understood not only in economic terms, but also with regard to environment and occupational safety.

2.2. Innovative projects in Budimex SA

Contribution to socio-economic development is much more than just tangible effects of the executed contracts. Changes are also made through ideas and innovative solutions, including those developed with participation of entities such as Budimex SA. In 2019, Budimex SA continued the R&D project implementation in the area of application of building information modelling (BIM) in thermomodernisation, testing of innovative materials in railway construction and creating a platform supporting safety on the trans-European transport networks TEN-T. Two international projects BIMERR and SAFEWAY are financed from the European Union funds under the Horizon 2020 Programme, while two national projects related to the InRaNos and InRaVis rail transport are co-financed by PKP PLK and the National Centre for Research and Development.

The value of co-financed projects at the level of the European Commission and at the national level with participation of Budimex SA is as follows:

- SAFEWAY – Infrastructure management system, supporting the response to extreme events on trans-European transport networks (TEN-T) – EUR 4,869,100;
- BIMERR – Development of a package of tools supplementing the BIM technology, supporting the energy renovation process of existing residential buildings – EUR 6,933,320;
- InRaNos (BRIK) – Innovative solutions within the scope of protection of people and environment from rail traffic noise – PLN 3,923,365;
- InRaVis (BRIK) – Innovative solutions within the scope of protection of people and buildings from rail traffic vibrations – PLN 7,309,154.

As one of 14 international partners of the consortium, Budimex SA operated in the R&D project named **SAFEWAY**. The project consists in carrying out four real case studies in four countries, which are connected with five regional corridors of the TEN-T base network. On these areas, there is conducted research, among others, on climate and weather phenomena, fires, seismic risk and high temperatures. The project provides for a five-fold improvement of mobility and the reduction of costs of infrastructure maintenance by at least 20%. Its implementation is to contribute to the improvement of safety of the transport infrastructure, to establish the basis for development of tools for predicting and mitigating effects of extreme events in all types of road disasters.

Another international project joined by Budimex SA is **BIMERR**. 16 consortium members – companies and scientific entities from ten European countries – are involved in its implementation. BIMERR is connected with the building information modelling (BIM) and its main purpose is to support stakeholders involved in the thermomodernisation process in the area of AEC (architecture, engineering and construction) through the design and development of a new set of tools to support renovation stakeholders during the renovation process of existing buildings – from concept to delivery. While carrying out the BIMERR project, Budimex SA supported the BIM use as a tool for cost optimisation and simultaneous provision of the customer with added value, as well as for seeking solutions allowing for the implementation of investments meeting the criteria of such certificates as BREEM or LEED.

"**BRIK**" – **Research and Development in the Railway Infrastructure**" is a support programme for research and development works in the field of railway infrastructure organised by the National Centre for Research and Development and PKP Polskie Linie Kolejowe SA. Within the framework of the BRIK programme, Budimex SA is involved in two R&D projects – InRaVis and InRaNos.

The InRaNos project is implemented jointly by NCBiR, PKP PLK SA, the Consortium: Budimex SA, Instytut Ochrony Środowiska – Państwowy Instytut Badawczy, Warsaw University of Technology, and TINES Investment Sp. z o.o. In the project, there shall be developed prototypes of devices installed in the track superstructure to reduce vibrations and noise from rail traffic – rail and track silencers.

The InRaVis project is implemented jointly by NCBiR, PKP PLK SA, the Consortium: Budimex SA, Instytut Kolejnictwa Instytut Ochrony Środowiska – Państwowy Instytut Badawczy, Warsaw University of Technology, and TINES Investment Sp. z o.o. This project aims at the development of innovative solutions within the scope of protection of people and buildings from rail traffic vibrations. As part of the works, four products intended for ballast (sub-ballast vibroinsulation mats and sub-sleeper pads) and non-ballast (sub-slab vibroinsulation mats and system of block rail supports in the cover) structures of track superstructure are to be developed.

The role of Budimex SA in BRIK projects is to install instruments in the railway track on test sections and to cooperate in the development of guidelines for their assembly, assessment of effectiveness and scope of application. The project's results shall impact the development of the area of protection of environment and people from noise, as well as of buildings from vibrations. Developed devices and conducted tests may affect the popularisation of these methods in Poland. Numerical simulations and prediction models for efficiency of such devices will make a significant contribution for industry and science, constituting the starting point for the development of further solutions. Laboratory and field testing shall allow to assess the effectiveness of solutions and to develop guidelines for their use in the railway infrastructure.

In addition, Budimex SA became involved in the municipal acceleration programme WARSAW booster'19 carried out for the capital city of Warsaw by the Seriatim Foundation. That project aimed at the support of young local technology companies in establishing relations with the municipal authorities and companies operating in Warsaw. That edition focused on searching for solutions in the area of municipal waste management.

Another external action was constituted by the organisation by Budimex SA and the investment fund of the YouNick Mint Venture Day aimed at searching for solutions within the scope of supply chain management.

2.3. Budimex SA on the market

Another extremely important social aspect, which involves a very measurable risk for the entrepreneur is the **risk of violating the principles of free market competition**. From a social point of view, by limiting the market mechanism, it may lead to non-optimal choices and the cost increase. For the entrepreneur, the confirmed charge of breaking the rules of free competition means penalties and the loss of image.

Therefore, this aspect is regulated in Budimex SA not only at the level of operating procedures, but above all in the Group policies applicable to all employees. That concerns the **Principles of Antitrust and Competition Policy**. They refer to such issues as price fixing, meetings of trade associations, contractual clauses, boycotts, mergers and acquisitions, as well as agreements.

With regard to the risk associated with the suspicion of price fixing, very radical steps have been taken, i.e.:

- it is prohibited to speak to competitors about prices applied to individual customers,
- if a competitor is also a customer, talks shall be limited only to the conditions on which sale for its benefit will be conducted; if necessary, mechanisms blocking the flow of information (so-called Chinese walls) shall be implemented between persons working on a transaction and persons dealing with competition areas,
- all tenders must be independent; the bid strategy must never be disclosed to the competitor,
- it is prohibited to exchange information not available to the public, unless legal advice has been obtained,
- all legal and managerial guidelines must be followed in *due diligence* processes.

Every commercial agreement containing a non-competition clause must be reviewed and approved by the Legal and Organisational Division.

The same document refers also to meetings of trade associations. There is stated that they may constitute a good forum for discussing legal regulations, security, public policy rules, etc. Nevertheless, they constitute also meetings with competitors. The document states that any discussion on pricing, markets, customers, volumes, strategies, etc. should be avoided. At the same time, if a conversation diverts to any sensitive topic, one should cut itself from it as clearly and unambiguously as possible, express its objection to any form of information exchange that could be potentially considered a violation of anti-trust provisions, and seek legal advice.

Budimex SA does not participate in joint boycotts with competitors. Agreements on non-performance of sales to competitors lowering prices, joint refusals of purchase from suppliers, or an agreement on non-performance of sales for the benefit of a customer until it stops purchasing from a competitor shall also mean a violation of anti-trust provisions. Every decision on non-conclusion of transactions with any party must be made internally based on reasonable business premises.

When purchasing a product, Budimex SA does not require from the seller the exclusive product sales or license, as it would result in preventing the access of competitors to this product.

Budimex SA does not conclude any agreements that may be considered abusive. In particular, it would be unacceptable to sell products or services below the costs to eliminate competition.

According to the applicable policy, Budimex SA may not take any actions aimed at the increase of costs of conducting business activity by the competitor, embossing the competitor's product or service.

In 2019, no legal steps towards Budimex SA were taken with regard to the violation of free competition principles and monopolistic practices.

2.4. Quality and safety of products (buildings)

Quality of construction materials used and quality of performance affect not only the utility of individual buildings, but also their safety. Thus, responsibility of the general contractor covers the entire life cycle of the facility – from design, through contracting to its maintenance during use. From the contractor's point of view, the lack of due diligence within this scope may entail the **risk related to necessary repairs or even costs of penalties and damages, as well as the loss of image.**

Provision of due diligence is supported, among others, by procedures regulating the performance of quality controls on construction sites and quality management for mineral and asphalt mixes, concrete mixes and aggregates. The procedures include the acquisition and use of a given raw material at various stages of the construction process. They indicate criteria and methods of obtaining materials, provide with guidelines and actions to be taken if deviations from the standard are found.

The acquired certificates and subsequent accreditations constitute the result of work of many people involved in ensuring top quality of construction sites, while uniform quality procedures apply to all contracts implemented by Budimex SA. In 2019, no incidents that might have caused health and life hazards or construction disasters were reported. In the reported period, no fine was imposed on Budimex SA for non-compliance with the law and regulations concerning the provision and use of products and services. There was also no incident of non-compliance with the regulations concerning labelling the information on products and services.

In 2019, a total of 27 laboratory units all over Poland was conducting an ongoing quality control for works and construction products, also in the context of security of building structures, at stages before, during and after their performance. The Central Laboratory with an accreditation of the Polish Centre for Accreditation No. AB 1414 constitutes the main laboratory. Currently, the Laboratory uses 53 accredited test methods, including seven extended methods. Laboratories are equipped with modern test apparatus compliant with the international standards.

The Laboratory management system complies with the standard PN-EN ISO/IEC 17025 "General requirements for the competence of testing and calibration laboratories". Apart from an ongoing laboratory control, the Laboratory is actively supporting the Innovation Department through the performance of research and scientific projects in cooperation with recognised academic centres, e.g. with the Wrocław University of Technology, Gdańsk University of Technology, Warsaw University of Technology, and with the Road and Bridge Research Institute.

Lab works are performed by the highly-qualified personnel who is continuously improving its competences, also by participating in technical and managerial training. Quality experts are eager to share their practical technical knowledge by conducting training for engineering staff within the framework of the Budimex Academy.

3. STAFF MATTERS

Budimex SA has a uniform procedure defining the HR management principles. It regulates all key aspects of HR management, such as recruitment, rules on employment, remuneration and employee benefits, employee relocation, rules of periodic assessment, rules of development and training, ethical issues, **anti-mobbing and anti-discrimination measures.** This allows to limit the risk to which Budimex SA is exposed, i.e. **the risk of no suitably qualified employees, understood both as limited possibilities of recruitment of suitably qualified persons, as well as the risk of losing staff members and of the related loss of competences.**

The CSR Strategy for 2016–2020 indicates, in particular, two key aspects related to human resources management, which are important from the point of view of CSR. They include:

- development of unique competencies and friendly working environment,
- improvement of occupational health and safety standards.

3.1. Working environment and concentration on growth

Budimex SA strives not only for acquiring employees with the greatest potential, but also for encouraging them to establish a long-term relationship with the organisation and to self-development within the organisation. This allows not only to build competences, but also to protect the company from their loss. This is why internal recruitment is preferred, holding out the prospect for long-term growth. At the same time, in connection with the existing restrictions on the labour market, the "**I Recommend Budimex**" programme was initiated. Its essence is to increase efficiency of acquiring new employees through recommendation of candidates by employees who can count on a cash prize, if the recommended person is hired. The recommendation prize amount depends on a type of job for which the recommended candidate shall be hired. In addition, in 2019 Budimex SA, as the first construction company, implemented an external recommendation programme, thanks to which also persons from outside the company were able to recommend employees. They could recommend a person from their surroundings with use of a dedicated platform. A financial prize was offered for a successfully recommended candidate.

Employees are subject to periodic assessment with regard to the implementation status of individual tasks and the style of work consisting of competences forming the Competence Model. The work assessment results are used to evaluate work efficiency, determine the demand for development of competences and to identify persons with a high growth potential. Based on the periodic assessment, there are planned, among others, developmental tasks for employees. Budimex SA defines its overall developmental and training needs based on the Budimex Group's strategy, the above-mentioned results of employee periodic assessments, results of the Management Review and reports of training needs from business units.

In order to encourage current employees to maintain a long-term relationship with the company and in order to attract young, most talented graduates, the staff is provided not only with attractive remuneration, comprehensive social package and opportunities for personal development, but also with a friendly working environment. Moreover, as part of the "Budimex Academy" programme, the Budimex SA representatives meet with students at technical universities, providing future engineers with their knowledge and experience. In addition, Budimex SA provides with an option to perform paid internships throughout the year and enables students interested in their growth in the railway construction industry to receive an annual scholarship.

3.1.1. Social package

The benefits that may be expected by employees include, among others:

- extra payments to the Employee Capital Plans (PPK), i.e. Budimex SA agreed for additional voluntary contributions to monthly premiums, which shall mean higher pensions for employees in the future,
- attractive package of medical benefits regardless of the employee's position, vaccinations at work,
- wide selection of services within the framework of MyBenefit cafeteria, thanks to which every employee may decide on its own on the allocation of its funds from the Company Social Benefit Fund,
- finance for sports activities as part of the "Aktywni BX" initiative (sports sections) and the possibility of using sports facilities with the MultiSport card,
- life insurance and the possibility of insurance extension by additional risk categories (apart from the risks for which insurance is paid by the employer),
- additional, payable day off on one's birth or name day,
- attractive loans and allowances for persons in a difficult life situation,
- housing allowances for white-collar workers,
- gifts for mums on the birth of a child.

It is also worth mentioning that, as a rule, blue-collar workers receive a contract of employment. Moreover, while working away from their place of residence, they may expect free accommodation. All blue-collar workers, regardless of whether they are seconded or they work in their place of residence, have a free lunch every day.

Budimex SA implements an integrated Human Resources Information System (HRIS). Its implementation will allow for even more efficient management of human resources, thus improving the comfort of employees themselves.

3.1.2. Development and training

The training rules are regulated internally, while results of an employee's periodic assessment are crucial. They constitute the foundation for determining individual development objectives based on which the Training and Development Department plans training activities.

Developmental activities are carried out according to the 70:20:10 model, i.e. 70% is development through practical implementation of tasks, 20% with the support of others (e.g. superior, coaching, mentoring, etc.), and 10% is training.

While speaking about training activities, it must be noted that some trainers are the company's employees (internal trainers). They include experts and practitioners of Budimex SA, i.e. persons who deal every day with the issues within the scope of which they conduct training. Thanks to this, the training offer meets not only the developmental needs but, above all, it corresponds perfectly with the specificity of the company's operations. In addition, it develops and promotes the culture of knowledge sharing in Budimex SA.

The most important development programmes include:

- **Engineer's Academy.** This is a training offer provided by internal experts in a given field, dedicated to technical staff working on contracts. Through training, its participants can expand and update their technical knowledge, as well as exchange good practices with other trainees. Some topics are carried out in a classic form – in a classroom, but there are also subjects that are largely taught on the construction site.
- **Contract Manager's Academy.** This project is supporting newly appointed Contract Managers and persons in preparation for promotion to this position in the acquisition of substantive competences and practical skills, as well as it allows to consolidate and deepen the already acquired knowledge within the scope of contract management. The programme is divided into three stages: internal workshops deepening substantive knowledge, external workshops focusing on development of soft competences, and individual support of participants as needed.

A special programme supporting the women's professional development is also worth mentioning:

- **Cast-Iron Success.** It is a programme aimed at women working on the construction site as white-collars. Its aim is to increase the number of women-managers in construction, as well as to support them in the development of leadership, soft and managerial competences. After a two-stage verification, women qualified for the programme participate in a cycle of workshops and meetings. The program lasts for a total of 12 months and a suitably long break is planned between meetings so that every participant is able to implement the training-related knowledge in its daily work.
- Individual development programmes for women who in 2019 reported their willingness to participate in such activities.

Programmes aimed at developing leadership skills are extremely important, such as:

- **Super Leader.** The purpose of the Super Leader programme is to develop leadership competencies among senior managers – to strengthen the skills of strategy communication, development of subordinate teams and involvement of employees to achieve common goals. The programme consists of three modules, each of which presents a different style (leadership styles selected after diagnosis). Each module comprises four stages: a tutoring session with a consultant, performance of an implementation task, a skills laboratory and a set of materials to work on the development of a given leadership style (Manual).
- **Management Stairs.** The development path for management skills, which takes into account the management level, experience and necessary competences at individual managerial positions. It consists of four stages. Each level assumes the development of different skills necessary for being an effective manager, depending on a type of entrusted duties and experience (from the beginning manager to top management). Particular stages assume the knowledge development.

Managers may also apply and be nominated for the **Ferrovial Summa University** programme, which is a global management programme of the Ferrovial Group.

Budimex SA implements also programmes related to the development of interpersonal skills:

- **Communication Stairs.** The communication skills development programme is divided into four main stages, taking into account subsequent levels of acquired skills and knowledge (specific stages: effective communication, persuasion and influencing, building relations within the organisation and with external customer). Paths assume the knowledge development, therefore it is important to conduct training in an appropriate order. Each stage contains several proposals for training topics, thus allowing for comprehensive development tailored to the individual needs.
- **Extended DISC.** An Individual Extended DISC Analysis is a test which allows to get to know one's natural potential, predispositions and talents. It is based upon the self-assessment principle, i.e. how I behave in a specific situation. The main studied areas include behaviours manifested in the professional sphere. After the study, the employee receives a report containing a description of its natural predispositions and talents, as well as individual feedback prepared by the Development and Training Department's employees. Based on the Extended Disc study, we also conduct tailor-made workshops on team efficiency.
- **Feedback culture.** As part of the programme, we share various forms of expanding knowledge and skills within the scope of provision and receipt of feedback, such as short online training on an internal intranet platform, online articles, films, and recommended books. The company conducts also a series of practical workshops for managers and specialists.

Employees can use the **e-Tutor platform**, thanks to which they can improve their knowledge of foreign languages free of charge. In 2019, they could participate in an individual English and Spanish language training and in group language courses in English and Russian. They may also receive co-financing of the costs of building qualifications or post-graduate studies.

3.2. Occupational health and safety

In Budimex SA, **care for safety of employees and persons performing works on construction sites does not constitute only a matter of business risk management. It is a matter of ethics, moral and social responsibility. However, from a purely business point of view, the accident risk is also a risk of temporary exclusion of a qualified employee and, consequently, of additional difficulties in the execution of works, the risk of suspension of works or the loss of image, especially in the eyes of current or potential employees.** It is in the Company's interest to take any and all actions to avoid accidents and reduce health risks. Actions are based on the belief that safety is a common good and every working person is responsible not only for itself, but also for its colleagues. Therefore, operations in the field of safety improvement on construction sites are participated by all employees, contractors, consortium members, suppliers and individuals involved in the project implementation.

Since 2016, Budimex SA has had the OHS Policy applicable to all Ferrovial Group companies. Its goal is to ensure safe processes and workplaces free from any hazards for all employees. Additionally, within the framework of the Policy, good practices are implemented to build a safety culture. The implemented tools allow for the acquisition of knowledge on potential threats and for the accurate risk identification.

The above-mentioned OHS Policy assumes:

- compliance with laws and standards, application of good practices,

- risk assessment and planning, i.e. implementation of reliable occupational risk assessment processes for conducted activities, striving for robust planning, organisation and control of all measures, tools and resources that make it possible to create a safe working environment for all employees,
- effective and consistent communication, i.e. provision of communication channels to facilitate communication and encourage everyone to make a positive contribution into the development and promotion of occupational safety,
- training and involvement in educational activities, i.e. provision of appropriate measures and tools to improve employee competences, so that they are aware of the risks associated with their roles and functions,
- resource allocation, i.e. establishing and maintaining effective occupational health and safety management systems, including the provision of necessary human and material resources to ensure occupational safety,
- occupational safety in the supply chain, i.e. provision of increased attention to the supply chain, implementation of OHS requirements as a criterion for selecting suppliers and business partners,
- measurement and monitoring of occupational safety measures in a regular and consistent manner, including a thorough study of incidents in order to reduce similar hazards in the future,
- continuous improvement and implementation of innovations in that area.

The occupational health and safety committee including representatives of employees and employers is operating in the Company. It represents all employees (100%). The committee's task is to conduct OHS inspections, which are held weekly on all contracts. All the information from inspections and recommendations are stored in one place, so it may be quickly returned to and easily monitored, if necessary.

3.2.1. OHS training and prevention

In Budimex SA, the "Health and Safety Protection Plan" (BIOZ Plan) standard is valid. It describes the rules of safe conduct when employees rotate among construction sites. Every employee on contract, regardless of being hired in Budimex SA or by a subcontractor, must undergo training within the scope of OHS and internal safety procedures applicable within the Company. At the beginning of every project, there occurs the so-called "Contract Start" – the contract management meets with an OHS specialist and an environmental protection specialist to discuss the required procedures. OHS-related materials have also been prepared for foreigners working on construction sites.

The training system and separate OHS procedures constitute also voluntary additional actions taken by the Company as a responsible employer. Training takes place more often than it is ordered by law. The training programme is co-created by employees. It is evaluated and consulted with them. OHS training courses are divided into mandatory and systemic training.

In 2019, 2,325 employees were trained, while 380 persons benefited from the first aid training.

In 2019, several solutions important for the safety level improvement were introduced: In the IT system, a module supporting the process of reporting and investigating accidents at work, near misses and environmental emergencies was launched. The module supports also the implementation of necessary preventive measures for the entire organisation.

In 2019, the reporting system was further tested, after the preliminary tests in 2018. An application prepared for its purposes is used to report and remove hazards found during the construction process by a suitably qualified construction site staff. It is further improved on the basis of notifications from its users. The system contributes to an increased detection of accidents and an increase in staff awareness of near misses. In addition, more detailed statistical analyses can be carried out due to a harmonised reporting system.

3.2.2. "Agreement for Safety in Construction"

For almost ten years, Budimex SA has been a signatory of the "Agreement for Safety in Construction" designed to promote proper OHS-related behaviour in the construction industry. This is the biggest initiative of this kind. Within the Agreement established in 2010, 13 largest companies from the construction industry has been cooperating with each other to develop as good OHS-related solutions as possible, e.g. uniform document specimens, model of confirming professional qualifications of temporary employees, or a periodical training programme. The BIOZ plan is one of the results of this cooperation. Meetings of the Agreement's Steering Committees gather presidents of the associated construction companies. In 2019, they dealt, among others, with fatal accidents that occurred in the last year. According to the Central Statistical Office data, the building industry is on the third place among the sectors where accidents at work happen and although year by year their number is decreasing, there is still much to do in this area.

As the Agreement's signatory, Budimex SA is involved in many projects, e.g. it supports two "small" Agreements at Regional Labour Inspectorates in Szczecin and Białystok, where smaller construction companies are associated. In addition, it takes part in initiatives where the law and new standards of health and safety protection are created. In 2019, the Director of Occupational Health and Safety, Fire Fighting and Environmental Protection was appointed to the Working Team for Safety in Construction, under which the standard "Machinery for Concrete Transport and Pumping – Minimum Requirements" was developed together with the Association of Ready Mixed Concrete Producers in Poland.

3.2.3. Accident ratio

In Budimex SA, every accident is described according to the Polish statutory classification and in compliance with the procedures and classification adopted by the strategic investor – Ferrovial Group, which facilitates a post-accident statistics analysis (among others, there are differences in the accident assessment process and in the definition of serious accidents). Internal self-regulations are more restrictive than the law within the scope of accident ratio. The accident analysis allows to clearly define what specific actions constitute the source of hazards, what kind of behaviour should be avoided and what kind of behaviour should be recommended.

Employees' exposure to hazards depends on the nature of works performed and is specific for the conducted activity. As far as construction activities are concerned, hazards are related e.g. to the risk of falling from height or injury in contact with construction machinery.

The repeated inspection by the National Health Inspectorate conducted in Budimex SA in 2019 was successfully passed, i.e. it confirmed the effectiveness of corrective actions, which allowed to eliminate breaches of NDN noise level at the operating positions of bituminous mass paver and bituminous worker found one year before.

3.2.4. Supply chain

In 2019, 885 subcontractors were subject to initial qualification and 1,420 assessments summing up cooperation were conducted, within the framework of which the OHS matters were also analysed. Irregularities in that area were found only in seven cases.

4. ENVIRONMENTAL MATTERS

Environmental matters in a broad sense and the risk of non-compliance in this respect, including with administrative decisions, may constitute a potential source of **various business risks**. **The risk directly affecting the continuity of operational work** and financial results of Budimex SA. On the one hand, non-compliance may result in **financial sanctions and work halting**. On the other hand, non-compliance, even not at the level of legislation, but social expectations, may be the cause of protests by inhabitants and environmental organisations. As a consequence, this can also affect delays and work halting. The image-related aspect is also important, as it may affect the perception of Budimex SA as a desirable or undesirable contractor for further construction works. In the case of the so-called carbon footprint, there arises the question of the business model's long-term resilience to climate changes and financial burdens associated with greenhouse gas emissions.

At present, risk assessment takes into account the following risk aspects⁴:

Risk aspect	Environmental impact
interaction with the construction site environment	<ul style="list-style-type: none"> – neighbourhood nuisance – complaints – damage to the image – occurrence of a serious industrial accident – occurrence of distortions in the plant operations
use of surface and soil	<ul style="list-style-type: none"> – area occupancy – soil contamination – change in land use
water use	<ul style="list-style-type: none"> – change in the quantitative status of waters – water contamination – soil and water contamination – change of flow, water pollution
waste emission	<ul style="list-style-type: none"> – surface contamination – area occupancy – surface contamination, bacteriological risk – soil and water contamination
emission of pollutants into the air	<ul style="list-style-type: none"> – emission of dust pollution – emission of dust and gas pollution
emission of vibrations and noise	<ul style="list-style-type: none"> – noise emission – emission of vibrations – physical damage
use of raw materials and materials	<ul style="list-style-type: none"> – use of raw materials – savings in the use of raw materials
use of hazardous substances	<ul style="list-style-type: none"> – soil and water contamination
impact on biodiversity	<ul style="list-style-type: none"> – losses in forest stand – damage to forest stand

⁴ The selected risks are social, but due to a comprehensive management approach, they are managed by the environmental protection department.

Risk aspect	Environmental impact
	– losses in natural capital (losses in animal population)
cultural heritage	– losses in facilities with a cultural value
emergencies	– soil/water/air contamination

In addition to the **Principles of the Company's Responsibility Policy**, the key document is the **Principles of the Environmental Protection Policy**. The first one states, among others, that in its activities Budimex SA shall reduce its environmental impact, also taking measures to reduce climate changes. It will also effectively manage natural resources. In addition, it assumes the promotion of responsible activities and attitudes in the supply chain. In turn, the Principles of the Environmental Protection Policy, referring to the sustainable creation of value added, include, among others, the following:

- assurance of compliance with applicable regulations and environmental risk management (i.e. they constitute an obligation to comply with national, local and sectoral standards in the field of environmental protection, openness in cooperation with administrative bodies and focusing on preventing environmental pollution, by eliminating and minimising negative environmental impact, for the purpose of which a reliable risk assessment and appropriate remedial measures are to be applied),
- cooperation with stakeholders (i.e. promotion of joint benefits from cooperation within the scope of protection and improvement of the environment; creation of communication channels conducive to the exchange of experience and sharing best practices),
- training and competences (i.e. an obligation to conduct appropriate training and information actions in the field of environmental protection for employees, suppliers and other external entities),
- environmental performance (i.e. commitment to the efficient use of natural resources, e.g. materials, through e.g. reduced water demand, reduced waste volume and use of recycled materials),
- limitation of carbon footprint (i.e. reduction of greenhouse gas emissions and other gas and dust pollutants, accompanying operating activities),
- care about biodiversity (i.e. taking measures to preserve valuable natural areas and mitigate the impact of conducted activities on such areas).

As far back as in 2018, the **EcoLogical Strategy** was introduced in Budimex SA, consisting of four principles and 11 environmental aspects, for which basic requirements were defined in the form of environmental protection standards. The Strategy is addressed to all entities – employees, contractors, suppliers, co-operators, whom the Company encourages to actively engage in activities for the improvement of "Environmental Protection Culture" within the framework of the introduced principles.

In turn, in 2019, the verification process was implemented for the performance of the adopted strategy through internal audits of the Construction Site Assessment System. Independent auditors checked the implementation of all 11 environmental aspects of the EcoLogical Strategy. The audit results were very good. No major irregularities were found, and in several cases only corrective actions were recommended. In 2019, 88 such audits were carried out.

Another important document related to the Principles of the Company's Responsibility Policy and, above all, to the EcoLogical Strategy, is constituted by the **Budimex Environmental Protection Standards**. They regulate the principles of environmentally safe performance of works and auxiliary processes. They concern the protection of water, soil, air, biodiversity. Environmental procedures on construction sites are regulated within the framework of uniform internal procedures: "Environmental management on contracts" and "OHS and EP organisation and management on the contract". Their aim is to minimise the negative environmental impact of conducted works. The environmental management standards in Budimex SA exceed its legal obligations and concern:

- designing technological routes in a way ensuring an economical use of land and minimal modification of its surface,
- restoring the site to its condition from before the construction,
- minimisation of tree removal, relocation of plants and compensatory planting,
- protection of trees from mechanical damage in the construction site impact zone,
- preparation of construction facilities (depots, warehouses and transportation bases): they are firstly localised in already developed and transformed areas, if possible far from residential buildings and valuable natural areas,
- reduction to the necessary minimum of the land occupancy in forests and wetland areas,
- materials necessary for construction should be transported primarily within the designated right-of-way,
- introduction of solutions protecting from contamination with chemical substances from the construction site on sections where earthworks and works are carried out in the vicinity of water reservoirs,
- particular attention to the environmental protection from contamination with petroleum derivative products from vehicles and construction machinery,
- relocation of fauna and flora living in habitats interfering with the construction site to new areas,
- monitoring of the construction site by naturalists, e.g. ornithologists, ichthyologists, herpetologists, entomologists, botanists, chiropterologists depending on the site specificity and on local protected species,
- cessation of works when animals enter the investment zone,
- implementation of the schedule and work cycle in a way strictly correlated with the natural cycle,
- performance of works in the vicinity of noise-protected areas only during the day,
- material and waste management based on the 3R principle (Reduce, Reuse, Recycle),
- minimisation of idling with regard to engines of machinery and vehicles of the construction site,

- speed reduction within the construction site and in its vicinity,
- preparation of construction sites for unexpected situations and providing them with equipment necessary in case of contamination.

The environmental area has also been described in the publicly available **CSR Strategy for 2016–2020**, constituting a reference point for ongoing actions in the context of measurable objectives included in the strategy. One of its areas is constituted by the "Limitation of environmental impact", which consists of three objectives (for each one actions are planned and values of measures to be achieved are adopted):

- Effective use of energy and reduction of associated emission.
- Optimum use of raw materials and materials and minimisation of generated waste.
- Control of environmental risks and prevention of environmental damage and emergencies.

As it is important from the point of view of environmental risk management, each investment project of Budimex SA is assessed in terms of various environmental risks and their mitigation (Questionnaire of Environmental Requirements and Aspects) prior to the work commencement. It is filled in by the site and contract manager, and then the risk exposure is analysed. Based on the result from the Questionnaire of Environmental Requirements and Aspects, there is developed the Plan of Environmental Tasks for the Construction Site, then implemented in the BIOZ plan. In turn, the sum of risks from all construction sites is calculated in the MARS tool – the environmental risk assessment module. Aspects of the greatest risk constitute significant aspects and mitigating actions are being developed for them on a yearly basis.

4.1. Fuel, energy and CO2 emissions

The Budimex SA demand for fuels and energy results mainly from:

- production of bituminous mass,
- operation of construction equipment, transport of materials, raw materials and waste,
- use of company cars.

The current energy consumption of works (and emissivity resulting therefrom) is closely linked to the stage at which the investment implementation is placed (e.g. increased demand for transport, operation of machines or production of bituminous mass). Due to a relatively long contract performance cycle (much more than one year), comparing energy demand and energy consumption on an annual basis is rather unreliable. Positive or negative changes in effects may result from the current state of implementation of the contract portfolio, instead of changes in the operating model. Nevertheless they do occur, as Budimex SA takes actions aimed just at permanent reduction of energy consumption and emissivity, e.g. through successive replacement of equipment for models that are more environmentally friendly. Educational activities are also undertaken to sensitise employees to these issues and to rationalise their behaviour. It is about grafting healthy habits and eliminating bad practices, which translate, among others, into increased fuel and energy consumption. In 2019, the first electric vehicles appeared in Budimex SA.

4.2. Materials and raw materials

Environmental impact applies also to materials transported to construction sites and raw materials used during works. The most frequently used raw materials and materials include plain and modified road asphalt, cement, concrete, steel, hydraulic binders, lime dust, asphalt aggregate (including sand and grit), construction aggregate (sand, gravel), road aggregate (sand, grit, etc.), hydro-technical stone and railway breakstone. The following may be reprocessed: slag, rock spoil, cement, crushed-stone aggregate for bituminous mass, crushed-stone aggregate mixes, concrete, steel, wood.

Effective management of a demand for materials and raw materials and their recycling in Budimex SA is possible thanks to the VE (value engineering) – a monitoring system for their use, applied to optimise the use of materials and limit the amount of produced waste. VE allows also to reduce costs, which is a very good example of an activity aimed at the reduction of the investment's adverse environmental impact, with simultaneous business benefits.

In order to optimise the transport of materials and thus minimise the carbon footprint of the entire investment, Budimex SA has a network of its own bituminous mass factories, which, if necessary, may be relocated within five-six weeks.

4.3. Waste management

Waste produced during construction may adversely affect the local biosphere. They usually come from demolition and refurbishment works. Their quantity depends on a number of contracts and a level of their progress. Budimex SA guarantees that waste is removed with utmost care and hazardous waste is appropriately disposed of so that not to pose a threat to people and environment. Waste management on construction sites is regulated by the Waste Management Plan contained in the BIOZ Plan. If hazardous waste is to be generated in the course of works, prior to the commencement of works the contractor must include this in the "Safe Work Performance" Instruction and respond to emergencies and environmental incidents during their performance. Proper waste management on construction sites and monitoring of potential residuals of hazardous substances is coordinated on an ongoing basis on the investment site by laboratories located there.

A different type of waste is generated at each construction stage. Bricks and concrete waste are produced at the initial stage of demolition of facilities, on the site where a new investment is to be established, while old asphalt or track ballast constitutes waste produced after the road and track removal. The most commonly generated waste types include soil and rubble, rocks and waste from renovation and disassembly of construction facilities and road infrastructure. Many of them can be re-used at subsequent stages of conducted works. Removed soil is a valuable raw material that may be applied for finishing works. Bushes or branches from clearance, which often cannot be avoided, may be used as a biomass fuel or gardening material after the so-called chipping, i.e. fine grinding.

Most of waste generated on construction sites may be recycled only in a limited way. Nevertheless, more and more often a lot of waste is used economically (e.g. crushed concrete from demolition may perform a role of aggregate, as well as the removed bituminous mass – crushed asphalt, is 100% re-used, etc.). At the demolition of buildings, there may be used, among others, metal, wood, glass, rubble or breakstone.

In 2019, the following quantities of secondary raw materials were segregated in Budimex SA:

Secondary raw materials	2019
Metals in [t]	1,147.10
Waste paper in [t]	76.46
Plastics in [t]	193.30

In addition, 86.66 thousand tons of soil and earth, 23.79 thousand tons of rubble, 31.56 thousand tons of crushed asphalt were reused.

4.4. Impact on the local biosphere

The CSR Strategy for 2016-2020 indicates also another key area, indirectly related to natural environment, which is "Being a neighbour, guest and partner for local communities". Such an approach obliges Budimex SA, among others, to reduce the negative impact of conducted actions on inhabitants of neighbouring areas. This obligation applies also to subcontractors. Environmental amenities concern usually the course of roads in the vicinity of households and animal passages according to their migration routes and ecotone zones in forests along routes that protect the ecosystem. In order to protect nature, water drainage systems are created and transparent sound-absorbing screens are established. Formally, the design preparation process, including public consultation and environmental impact level, for the given investment constitutes its investor's responsibility. Budimex SA, acting as the general contractor, has no direct impact on these issues. However, while operating as a designer on a given contract, they are fully responsible for the investment preparation with regard to its environmental and social aspects. The key to success is constituted by careful preparation and organisation of construction sites, facilities, proper routing of technological roads, so that they are as non-arduous to road participants and local residents as possible. Construction facilities, warehouses, yards and transportation bases are firstly located on already developed and transformed territories. If possible, the construction site is located within a sufficient distance from inhabited areas. During the investment implementation, materials and raw materials are transported mainly with use of already designated rights-of-way. Trees and tree roots are protected from mechanical damage related to the use of heavy equipment. Animal and plant habitats are separated, while water reservoirs are protected against potential contamination with chemical substances (e.g. oil derivatives). In turn, after the completion of works, the environment condition is restored to the nearest possible status from before the construction. To compensate nature for losses, new trees are planted in place of trees clearing of which was unavoidable. Even the top layer of soil (humus) that had to be removed is reused. It is common to conduct the so-called metaplantation, i.e. to move plants from construction sites to new sites of the same requirements and qualities. If it is necessary to backfill a small reservoir, amphibians, reptiles and birds living in this location are transferred to a safe place upon their capture. In 2019, 188 individuals of amphibians were transferred, such as green toad, moor frog, common frog, common toad, smooth newt, as well as six reptiles, such as viviparous lizard.

The work schedule depends on the natural cycle, which, for instance, affects work halting in the migration period of forest animals, amphibians or fish, or in the bird breeding season. All works comply with legal requirements, including those regarding the Natura 2000 areas. There is also conducted an environmental control of the impact area and habitats on a given territory, while environmental observation is conducted after the project completion. For all investments that may significantly affect the natural environment, an environmental impact report is prepared pursuant to the applicable legal regulations. Works on the report involve experts from various areas, such as ornithology, herpetology, botany, etc. The report presents potential risks and recommendations of solutions that mitigate the investment effects as much as possible. All pro-environmental actions are supported by environmental specialists who monitor the situation on an ongoing basis, issue conclusions, guidelines and recommendations, such as naturalists, botanists, ichthyologists, dendrologists. Most construction sites are subject to environmental supervision according to environmental decisions and contracts with an entity ordering a given investment. Sometimes supervision is carried out at the request of the contract management or preventively, even when the law does not require this. In this manner, Budimex SA applies the precautionary principle.

On construction sites, there are placed boards informing on the location of the construction waste landfill site, place to wash concrete pumps, where special care should be taken due to the occurrence of protected species or tree protection zones. Such information enables employees and subcontractors to take care of environmental protection. The associated system for visual identification of environmental protection standards has only been recently implemented, as in 2018, and the presence of relevant markings is verified during audits of the construction site assessment system.

One of the principles in force on construction sites of Budimex SA is to have the so-called environmental first aid kit, which is a set for quick containment and neutralisation of spills of environmentally hazardous substances, such as oils, petroleum products. Kits are in marked places and information on their location is commonly shared with workers. In accordance with the precautionary principle, any potential contamination is treated as environmentally hazardous until its type and source are determined. Another requirement is to manage the waste produced, keep its records and collect it.

4.5. Supply chain

In the Contractor's Code, Budimex SA obligates its subcontractors to respect legal norms and an environmental decision on the given investment site. While submitting their bid, subcontractors interested in cooperation with Budimex SA must read, among others, the guidelines concerning environmental standards. Environmental requirements are included in an annex to agreements – "Environmental Protection Requirements." Every subcontractor must respond to emergencies and environmental incidents according to the system and standards of Budimex SA.

Every subcontractor is going through training related to the environmental protection procedures and to the rules of conduct in the event of failure. Their equipment is also subject to technical efficiency assessment. Supervisors of a given construction site receive specialist training in environmental protection, while the remaining staff participates in regular training courses "Training in the Area of OHS Management and Environmental Protection on Contract".

The Environmental Protection Team, which carries out inspections and audits on the executed contracts, is responsible for the compliance with the adopted environmental protection rules. In 2019, there were no environmental incidents or accidents that would cause environmental damage. No significant substance spillages were observed as a result of conducted monitoring. No fines or others sanctions were imposed on Budimex SA due to the violation of environmental regulations. In 2019, two inspections were carried out by the voivodeship environmental protection supervisors. In both cases, Budimex SA did not agree with their content and therefore the cases are pending.

In 2019, 885 suppliers were subject to initial qualification and 1,420 final assessments summing up cooperation were conducted, within the framework of which environmental issues were also analysed. Irregularities related to the environmental protection were found only in nine cases.

5. ANTI-CORRUPTION MATTERS

The risk of corruptive behaviour is inextricably linked to each type of business activity. It is in the interest of every entrepreneur to introduce solutions limiting their risk and to implement mechanisms allowing for early identification of illegal activities or company procedures. In the construction industry, where contracts have a very high value and funds are often public, responsibility is particularly great. The solutions implemented in Budimex SA in response to the existing hazards allow for bringing the risk to the level assessed as low.

The key documents defining the anti-corruption policy in Budimex SA include the **Anti-Corruption Policy** and the **Compliance Policy**. They clearly prohibit the transfer, offering, promising or agreeing to the transfer of any benefits directly or indirectly to the administration representatives or to other persons, in order to cause an illegal influence of such persons on the action or decision or as a reward for an action or decision. Analogously, it is prohibited to request, receive or accept any benefits that could affect the performance of official duties in a disloyal or improper way. It is also prohibited to offer, transfer or express one's consent to the transfer of benefits in order to influence another person so that it performs its professional duties in a disloyal or improper way. It is also unacceptable to conclude false agreements and keep books and records in an unreliable way, to hide or place funds incorrectly, or to hide or try to hide sources of funds.

Prior to the conclusion of an agreement with a natural or legal person who would act on behalf of Budimex SA in relations with government officials or private entities, it is necessary to conduct *due diligence* with use of publicly available materials. In particular, attention should be paid to the entity's reputation and, above all, whether it has ever been involved in the violation of anti-corruption laws, or it charges fees which are unfairly higher than the standard ones. It must be further verified whether the entity is not on the Denied Persons List of the US Department of Trade or on the list of Specially Designated Nationals of the Foreign Assets Control Office of the US Department of Treasury, or on any other list relevant from the point of view of the protection of the company's interests. It is also important whether it is in any way linked to the government and public administration. *Due diligence* may be periodically repeated.

At the same time, those aspects were included in the **CSR Strategy for 2016–2020**. The "Elimination of the risk of unethical conduct" was deemed one of its key areas and objectives (specific areas and objectives were assigned with measures and measurable target values).

In practice, monitoring of compliance with the applicable rules and inspections are carried out by the Office of Internal Control. The President of the Management Board supervises them. The Office of Internal Control is responsible for the identification and analysis of risks, as well as for the prevention of factors causing them. At the same time, it examines the activity of particular organisational units and companies in the capital group. In the case of completed investments, the Office analyses the contract performance process, use of owned resources, draws up reports and issues instructions to take corrective actions. According to

the implemented Procedure IO-01-01-03 “Final Contract Settlement”, after the completion of each construction project, the Office of Internal Control personnel inspects final settlements of purchased and built-in construction materials.

All key projects are analysed with regard to the corruption risk. The special form is filled by 100% of the controlled entities. In turn, inspections on contracts of lower value are ad hoc and random. A post-inspection report does not disclose any tools used for their monitoring, considering them confidential. The Company assesses making such information public, in particular the analysis method, as potentially contributing to the reduction of their effectiveness and to an increased risk of unethical conduct. Risk monitoring is conducted in monthly, fortnightly or, if necessary, weekly cycles.

The Office of Internal Control may also carry out additional inspections. Its role is also to take preventive actions and build awareness of the Budimex SA employees with regard to the risks and activities that may lead to them. To this end, the Office of Internal Control has also prepared the guide for the Contract Director/Manager, describing production processes allowing for safe and correct contract performance based on applicable procedures and instructions. In addition, all employees and suppliers of Budimex SA must familiarise themselves with the anti-corruption policy and procedures. All employees – newly hired and with long experience in Budimex SA – must become familiar with applicable anti-corruption procedures during regular training sessions.

Documents which allow to counteract the corruption risk in everyday work at the operational level include the **Compliance Policy** and the **Code of Ethics**. The first one defines the Compliance System, which includes, among others, the Code of Ethics. The documents specify the principles allowing for prevention from any form of unethical behaviour, including corruption and bribery, and any form of discrimination. The rules expressed in the Compliance Policy and the Code of Ethics apply to all employees and persons employed by contractors of Budimex SA⁵. In practice, they have been aggregated in the form of “Rules of conduct for contractors of Budimex SA” and constitute mainly annexes to agreements concluded by Budimex SA with contractors.

The **Ethics Committee** is responsible for the compliance with the Code of Ethics and for the monitoring of the compliance of the professional ethics standards with the rules of the Code of Ethics. It is appointed by the President of the Management Board and composed of:

- Member of the Management Board, Director of the HR Management Division,
- Member of the Management Board, Director of the Legal and Organisational Division,
- Director of the Office of Internal Control.

Every year the Ethics Committee draws up a report on its activities, which is then submitted to the Management Board and to the Audit Committee of the Supervisory Board.

The main principles of the Compliance Policy include:

- consideration for the law,
- ethics and honesty in conducting activity,
- transparency of companies’ activities,
- zero tolerance for activities contrary to the law or to the Compliance System.

The Compliance Policy is to draw attention of employees to the above-mentioned issues important for Budimex SA. It introduces the so-called Compliance System, aiming at the correct implementation and performance of internal regulations. Supervision over the proper application of and adherence to the Compliance Policy is exercised by the Chief Compliance Officer appointed by the Company’s Management Board, the Deputy Chief Compliance Officer, and the Compliance Committee established at the request of the Chief Compliance Officer. It includes representatives of every organisational division of the Company. The Chief Compliance Officer is a Member of the Management Board, Director of the Legal and Organisational Department.

Adherence to the Compliance Policy concerns the observation of the law and articles of association of Budimex SA and the Code of Ethics, regulations, policies, procedures, instructions, etc. in force in companies, particularly those related to the minimisation of the risk of participation of the Company’s employees in any activity that has features of corruption or influence peddling.

Any information on the Code of Ethics and Compliance Policy is available on Budinet – intranet of Budimex SA. Each new employee familiarises itself with the Code of Ethics. Since 2017, the compliance matters and ethics contained in them constitute a part of regular training activities for employees.

All employees have access to the information and tools enabling them to report the observed violations and irregularities. Apart from the usual forms of communication, the Company has also made available:

⁵ At the same time, contractors are bound by the “Rules of conduct for contractors of Budimex SA”, which obligate them to refrain from bribing authorities and public officers and to ban their employees from giving and receiving from third parties any undue payments of any kind, gifts, donations or favours not covered by customary market activities, or which, due to their value, nature or circumstances, may affect the development of trade, official and professional relations participated by the company.

- dedicated compliance communication channels such as: – compliance emergency phone number +48 789 404 104, special e-mail address compliance@budimex.pl or etyka@budimex.pl and electronic platform for anonymous reporting,
- option of reporting in person to the Chief Compliance Officer or its Deputy.

If a reporting person expresses such a wish, it remains anonymous. Everybody receives the assurance of no disciplinary sanctions to be used in connection with the fact of making a report. There are also reports made outside the above-mentioned communication channels, e.g. in the form of letters sent directly to the President of the Management Board or to members of the Management Board of Budimex SA. In such a case, they are transferred directly to persons responsible for their consideration.

All the reports are investigated with maintenance of the confidentiality standards and may constitute the basis for development of facilitating and remedial measures. Every breach is recorded in writing together with recommendations or guidelines for further actions to be taken by a given organisational unit concerned by the report. The Chief Compliance Officer, in cooperation with the Compliance Committee and/or the Office of Internal Control, analyses every report in detail. The Chief Compliance Officer is also obliged to regularly provide the Management Board and the Supervisory Board with reports containing information on the actions that have been taken in order to explain the given report (at least for a period of three months). Furthermore, the Supervisory Board's Audit Committee may request a report for a given period at any time. In 2019, six reports regarding non-compliance with the provisions of the Code of Ethics and/or Compliance Policy in Budimex SA were examined, including three related to staff matters, two - potential careless management, one breach of procedures.

None of the events covered by the reports was confirmed and led to financial losses in the Company.

6. RESPECT FOR HUMAN RIGHTS

Human rights matters, regulated, among others, in the Universal Declaration of Human Rights, are reflected in the provisions of the Polish law. Therefore, in Budimex SA, which strictly abides by all provisions of the applicable law, the risk of gross violation of human rights is insignificant. Simultaneously, such a situation would mean both legal and image-related risk. Particular attention should be paid to risks related to improper treatment of workers, e.g. actions with features of discrimination (e.g. on grounds of gender or nationality) or limiting the trade unions' freedom to operate. Recent changes on the labour market, resulting in an increased participation of foreign workers, may theoretically pose the risk of unequal treatment of foreigners or even of xenophobic behaviours. Risks associated with the actions of suppliers and subcontractors should also be highlighted.

The Principles of the Company's Responsibility Policy constitutes the key document in force in Budimex SA⁶. This policy obliges all companies, all managers and all employees to, among others, respect basic human rights. Regardless of the above, the **Principles of Protection of Human Rights** are in force in the Company. The obligations cover all employees, customers, suppliers and contractors with whom the company operates. In particular, they recognise the rights of their employees expressed in the Declaration on Fundamental Principles and Rights at Work adopted by the International Labour Organization. They bind to non-discriminatory conduct, promoting equal opportunities and valuing diversity, as well as complying with the prohibition of child labour and forced labour, with provision of the freedom of association and the right to collective bargaining. With regard to customers and local communities, Budimex SA does not allow any form of discrimination and undertakes to provide information on its activities in a fast, transparent and secure manner.

Budimex SA undertakes not only to comply with the regulations, but also to respect the culture, habits and people in the communities in which it develops its business. It seeks to promote human rights, keep an open dialogue with interest groups and participate in social activities in the communities concerned. The rules assume also the establishment of appropriate procedures for evaluation and selection of suppliers and contractors aimed at the assurance of respect for human rights at each stage of the supply chain. In order to identify any negative phenomena, the Principles assume conducting *due diligence* in respect of human rights.

At the same time, those aspects were included in the **CSR Strategy for 2016–2020**. The "Elimination of the risk of unethical conduct" was deemed one of its key areas and objectives (specific areas and objectives were assigned with measures and measurable target values).

The Code of Ethics and the Compliance Policy constitute the documents allowing for the protection of human rights at operational level in everyday work. Therefore, the matters of human rights violations are governed by the same procedures that define the manner of conduct in the event of corruption prevention (see: "Anti-corruption matters").

Actions taken with respect to human rights protection and promotion include:

- cooperation with government administration and non-governmental organisations,
- completion of social projects,
- implementation of appropriate procedures,
- rejection of any type of discrimination and creation of an atmosphere of mutual respect.

⁶ This is a document which must be respected not only by Budimex, but more broadly – by all companies of the Ferrovial Group.

As already mentioned, the obligation of respect for human rights concerns also suppliers and contractors. Appropriate procedures for evaluation and selection of suppliers have been established for this purpose. Human rights are included in the Contractor's Code, which they must sign prior to the commencement of cooperation with Budimex SA. Their observation is monitored during audits.

7. KEY INDICATORS

7.1. Social matters

	2018	2019
Budimex SA		
donations (thousands PLN)	1,890.0	797.9
sponsorship (thousands PLN)	1,202.5	1,580.5

7.2. Issues related to innovative projects

	2018	2019
Expenditure on R&D (with consideration of own expenditure and obtained subsidies, in thousands PLN)	4,745.3	2,101.1
Number of employees involved in innovative projects	102	54

7.3. Staff matters (employment, OHS)

I. Employment at the end of the year [102-8]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA	1,216	4,782	5,998	1,187	4,415	5,602
– Polish market	1,212	3,857	5,069	1,182	3,504	4,686
<i>definite period</i>	356	1,524	1,880	285	1,120	1,405
<i>indefinite period</i>	856	2,333	3,189	897	2,384	3,281
<i>full-time</i>	1,199	3,860	5,059	1,163	3,496	4,659
<i>part-time</i>	15	10	25	19	8	27
<i>age below 30</i>	451	803	1,254	404	624	1,028
<i>age 30–50</i>	695	2,459	3,154	704	2,316	3,020
<i>age over 50</i>	68	608	676	74	564	638
– German market	4	925	929	5	911	916
<i>definite period</i>	0	906	906	1	883	884
<i>indefinite period</i>	4	19	23	4	28	32
<i>full-time</i>	4	925	929	5	911	916
<i>part-time</i>	0	0	0	0	0	0
<i>age below 30</i>	0	97	97	0	129	129
<i>age 30–50</i>	1	537	538	1	499	500
<i>age over 50</i>	3	291	294	4	283	287

II. Admission of new employees [401-1]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA	237	2,185	2,422	168	1,234	1,402
– Polish market	237	1,386	1,623	165	389	554
<i>age below 30</i>	150	418	568	98	132	230
<i>age 30–50</i>	79	768	847	59	211	270
<i>age over 50</i>	8	200	208	8	46	54
<i>% share of new employees</i>	20%	36%	32%	14%	11%	12%
– German market	0	799	799	3	845	848
<i>age below 30</i>	0	135	135	0	171	171
<i>age 30–50</i>	0	435	435	1	477	478
<i>age over 50</i>	0	229	229	2	197	199
<i>% share of new employees</i>	0%	86%	86%	0%	93%	93%

III. Employee departures [G4-LA1]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA	185	1,596	1,781	196	1,602	1,798
– Polish market	185	723	908	193	742	935
<i>age below 30</i>	66	190	256	87	191	278
<i>age 30–50</i>	103	412	515	98	425	523
<i>age over 50</i>	16	121	137	8	126	134
<i>turnover ratio</i>	15.2%	18.7%	17.9%	16.3%	21.2%	20.0%
– German market	0	873	873	3	860	863
<i>age below 30</i>	0	148	148	0	122	122
<i>age 30–50</i>	0	489	489	1	511	512
<i>age over 50</i>	0	236	236	2	227	229
<i>turnover ratio</i>	0.0%	94.4%	94.1%	300%	94%	95%

IV. Percentage of employees covered by collective agreements [102-41]

	2018	2019
Budimex SA	99.2%	99.6%

Note: data refer to the Polish market.

V. Ratio of basic salary of men and women by occupied position [405-2]

	2018	2019
Budimex SA		
Blue-collar workers	20.0%	17.8%
White-collar workers	17.0%	19.9%
Managers	7.0%	7.3%
Directors	14.0%	11.9%
Management Board	-	-

VI. Ratio of remuneration at the lowest level to the official minimum wage in the country [202-1]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA	125%	133%	125%	146%	152%	152%

Note: data refer to the Polish market.

VII. Number of employees on maternity/paternity leaves as of 31 December [401-3a]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA	148	277	425	99	6	105
– Polish market	148	247	395	99	5	104
– German market	0	30	30	0	1	1

VIII. Number of employees who returned to work after maternity/paternity leaves during the year [401-3b]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA	70	267	337	76	304	380
– Polish market	70	241	311	76	283	359
– German market	0	26	26	0	21	21

IX. Percentage of employees who left the company within 12 months after their return to work from maternity/paternity leaves [401-3c]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA	31.4%	11.6%	15.7%	20%	13%	14%
– Polish market	31.4%	10.4%	15.1%	20%	10%	12%
– German market	0.0%	23.1%	23.1%	0%	52%	52%

X. Diversity in management bodies [405-1]

	2018			2019		
	Women	Men	Total	Women	Men	Total
Budimex SA						
Management Board	0	7	7	0	6	6
<i>age below 30</i>	0	0	0	0	0	0
<i>age 30–50</i>	0	3	3	0	1	1
<i>age over 50</i>	0	4	4	0	5	5
<i>including foreigners</i>	0	0	0	0	0	0
Supervisory Board	1	8	9	3	7	10
<i>age below 30</i>	0	0	0	0	0	0
<i>age 30–50</i>	0	1	1	1	0	1
<i>age over 50</i>	1	7	8	2	7	9
<i>including foreigners</i>	0	4	4	0	4	4

XI. Average number of training hours per employee per year [404-1]

	2018	2019
Budimex SA		
by gender		
men	9.0	8.1
women	21.7	17.2
by position		

	2018	2019
Management Board	23.8	23.4
Directors	36.6	38.9
Managers	24.2	18.3
Specialist positions and other	6.1	5.6
Total	12	10

XII. OHS management system [403-8]

	2018	2019
Budimex SA		
number of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system	11,058	13,703
% of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system	100	100
number of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system and internal audit	11,058	13,703
% of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system and internal audit	100	100
number of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system, external audit and certification	11,058	13,703
% of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system, external audit and certification	100	100

XIII. Accidents at work [403-9]

	2018	2019
Budimex SA		
<u>fatal</u> accidents at work among <u>own employees</u>	0	1
<u>total</u> accidents at work among <u>own employees</u>	69	72
<i>accident ratio for total accidents at work among own employees</i>	7.12	7.46
<u>serious</u> accidents at work among <u>own employees</u>	2	1
<i>accident ratio for total serious accidents at work among own employees</i>	0.21	0.10
<u>minor</u> accidents at work among <u>own employees</u>	67	70
<i>accident ratio for total light accidents at work among own employees</i>	6.91	7.25
fatal accidents at work among third-party employees	3	1
total accidents at work among third-party employees	103	72
<i>accident ratio for total accidents at work among third-party employees</i>	8.29	4.03
serious accidents at work among third-party employees	3	3
<i>accident ratio for total serious accidents at work among third-party employees</i>	0.24	0.17
serious accidents at work among third-party employees	97	68
<i>accident ratio for total light accidents at work among third-party employees</i>	7.81	3.81

Note: For accident ratios indicated by the GRI Standards, a conversion factor of 1,000,000 h of work was assumed. I.e. they were calculated as the quotient of a number of accidents, divided by the total number of hours worked multiplied by 1,000,000 h. In the absence of a precise actual number of hours worked, there was assumed the product of a number of employees and a number of working hours per year, in the situation where a working day lasts eight hours.

XIV. Occupational diseases [403-10]

	2018	2019
Budimex SA		
number of people who died as a result of occupational diseases among own employees	0	0
number of identified cases of occupational diseases among own employees	1	0

	2018	2019
number of people who died as a result of occupational diseases among third-party employees	0	0
number of identified cases of occupational diseases among third-party employees	0	0

7.4. Environmental matters

I. Raw materials and materials [301-1]

• Raw material / material	Unit of measurement	Budimex SA	
		2018	2019
Paper	thousand tons	0.1	0.094
Wood	thousand m ³	14.03	10.89
Asphalt	thousand tons	78.84	57.76
Cement	thousand tons	231.98	99.86
Concrete	thousand m ³	1,681.39	870.40
Hydraulic binders	thousand tons	316.26	100.96
Lime dust	thousand tons	55.16	29.73
Steel	thousand tons	78.76	109.49
Asphalt aggregates	thousand tons	1,660.75	1,102.55
Hydro-technical aggregates	thousand tons	230.67	163.82
Railway aggregates	thousand tons	467.14	1,172.65
Other aggregates	thousand tons	19,224.79	21,342.00

Attention: The decrease of contracting in asphalt aggregate is a result of the fact that the production of asphalt mixes decreased compared to the same period in 2018. The increase in the consumption of railway aggregates and steel is associated with the increase in the share of railway projects in the company's order portfolio.

II. Consumption of raw materials constituting their reuse [301-2]

Category of recovered raw material	unit of measurement	Budimex SA			
		2016	2017	2018	2019
Combustion by-products	thousand tons	37.61	20.07	6.03	-
Soil	thousand tons	1,686.73	1,380.20	1,706.51	86.66
Rubble	thousand tons	-	91.99	44.32	24.47
Crushed asphalt	thousand tons	-	66.05	64.77	31.56
Aggregate	thousand tons	-	8.69	0	-
Track ballast	thousand tons	-	65.79	39.24	0.29

Category of recovered raw material	unit of measurement	Budimex SA			
		2016	2017	2018	2019
Loose materials reused as % of purchased aggregates		1.83%	8.17%	8.62%	0.66%

Attention: As regards reuse of soil due to the change in the provisions of the Act on waste, there were difficulties in obtaining permits for recovery / processing of waste, while entering the finishing works phase means that the volume of earthworks was not as large as in previous years.

IIIa. Fuel and electricity consumption [302-1, 303-3]

Energy source and energy sources*	unit of measurement	Budimex SA	
		2018	2019
Diesel oil	GJ	356,849.89	426,396.15
	ton	8,298.83	9,916.19
Petrol	GJ	19,668.3	21,803.86
	ton	443.98	492.19
Light fuel oil	GJ	40,791.59	23,618.33
	ton	948.64	549.26
Heavy fuel oil /LSC/	GJ	0	0
	ton	0	0
Electrical energy	GJ	87,857.25	66,174.48
	MWh	25,586.71	18,381.8
Electrical energy from renewable sources	GJ	22,608.5	9,809.90
	MWh	5,098.22	2,724.97
Heat energy	GJ	41,291.29	40,135.46
	MWh	11,469.8	11,148.74
Coal dust	GJ	461,873.8	292,849.28
	ton	22,312.74	14,147.31
Network Natural Gas	GJ	8,411.47	9,516.40
	ton	175.24	198.26
LPG	GJ	287.87	113.23
	ton	6.09	2.39
Propane gas	GJ	932.06	847.52
	ton	19.71	17.92
Total	GJ	1,040,572.01	891,264.60
	Toe:		
	/ton of equivalent oil/	24,853.64	21,287.49
Energy efficiency	GJ/million PLN	146.05	121.36
	Toe/million PLN	3.49	2.90

IIIb. Purchase of energy from renewable sources [302-1]

Use of renewable energy	unit of measurement	Budimex SA			
		2017	2018	2019	Change
					year-to-year
Purchase of renewable energy	GJ	24,253.87	22,537.88	9,649.25	-57.2%
Production of renewable energy		11.45	70.62	160.66	127.5%
Total:		24,265.32	22,608.5	9,809.91	-56.6%
Reduction CO ₂ emission /purchase/	ton	5,469.25	5,082.29	2,175.90	-57.2%
Reduction CO ₂ emission /production/		2.58	15.92	36.23	127.6%
Total:		5,471.83	5,098.22	2,212.13	-56.6%
Efficiency	ton/million PLN	0.93	0.72	0.30	-58.3%

IV. CO₂ emission [305-1, 305-2, 305-2, 305-4]

CO ₂ emission	unit of measurement	Budimex SA		
		2018	2019	Change
				year-to-year
Direct emission (scope 1)	tons	76,474.8	64,041.40	-16.3%
Indirect emission (scope 2)	tons	19,811.81	15,069.37	-23.9%
Total:*	tons	96,286.61	79,110.77	-17.8%
Efficiency	ton/million PLN	13.51	10.77	-20.3%
Indirect emission (scope 3)**	tons	559,284.97	353,829.27	-36.7%
Efficiency	ton/million PLN	78.5	48.18	-38.6%

* All values refer to the use inside the organisation (Scope 1, Scope 2).

** Volumes refer to consumption in the supply chain of key products for which calculations could be made (Scope 3).

V. Total water extraction [303-3]

Water consumption	Water consumption	Unit of measurement	Budimex SA	
			2018	2019
water by source	water from the network	m ³	337,327.88	217,982.99
	underground water	m ³	455	875
	surface water	m ³	0	0
	total	m ³	337,782.88	218,875.99

VI. Activities conducted on valuable natural areas or in their vicinity [GRI: 304-1, 304-3]

Contract name	Work commencement date	Protected Areas
"Reconstruction of the voivodeship road no. 323 km approx. 32+060–36+888 on the Luboszyce – Ciechanów section"	22 July 2019	Natura 2000 – "Barycz Valley" protected landscape area
"Performance of works and creation of the executive design and performance of works on the section Podg. Most Wisła – Czechowice – Dziedzice – Zabrzeg line 139 Czechowice-Dziedzice"	11 October 2019	"Rotuz" nature reserve; Special Area of Conservation PLH240039 "Zbiornik Goczałkowicki – Ujście Wisły i Bajerki"; Natural monument Oak Avenue at ul. Bielska and Cieszyńska (199 pcs.) in the commune of Chybie
"S61 Zad3 Wysokie – Raczki"	4 July 2018	Rajgrodzkie Lake Nature Park
Strachocina Pipeline – Border of the Republic of Poland	19 July 2019	Natura 2000 Area – Beskid Niski PLB180002 and Bieszczady PLC180001; Beskid Niski Protected Landscape Area; Beskid Wschodni Protected Landscape Area; Cisna and Wetlina Landscape Park; Bieszczady Special Protection Area PLC180001; Dorzecze Górnego Sanu PLH180021; Beskid Niski Special Protection Area PLB180002; Beskid Niski Protected Landscape Area; Beskid Wschodni Protected Landscape Area; Cisna and Wetlina Landscape Park; Ostoja Jaśliska PLH180014
Kashubian route S6 Słupsk – Gdańsk part 1	11 June 2018	Natura 2000 – Sites of natural habitats; buffer zone of the Tricity Landscape Park
Railway line no. 7 Dęblin – Nałęczów	1 April 2019	Natura 2000 Area "Puławy" PLH060055; Kazimierz Landscape Park
Construction of the voivodeship road no. 992 Jasło	25 March 2019	Area significant for the Wisłoka Community with tributaries PLH180052
S3 Miękowo – end of Brzozowa circuit part 1	6 May 2019	Natura 2000 Area "Puszcza Goleniowska" PLB320012

VIII. Waste [306-2]

Main waste by type		Budimex SA	
		2018	2019
		weight (tons)	weight (tons)
Hazardous waste, including:		170.759	1,647.82
Waste code	Waste type		
07 01 03*	Organic halogenated solvents, washing liquids and mother liquors	3.194	0.239
08 01 11*	Waste paint and varnish containing organic solvents or other hazardous	-	-

Main waste by type		Budimex SA	
		2018	2019
		weight (tons)	weight (tons)
	substances		
09 01 01*	Aqueous solutions of developers and fixatives	-	-
09 01 04*	Fixer solutions	-	-
13 01 13*	Other hydraulic oils	-	-
13 02 05*	Mineral engine oils, gear oils and lubricating oils	0.49	-
13 02 08*	Other engine oils, gear oils and lubricating oils	0.4	2.82
13 05 07	Oil water from oil dehydration in separators	-	-
14 06 03*	Other solvents and solvent mixtures	0.05	-
15 01 10*	Packaging containing residues of hazardous substances	19.318	19.105
15 01 11*	High pressure packaging	1.326	0.849
15 02 02*	Absorbents, filter materials and protective clothing contaminated by hazardous substances	19.998	19.172
16 01 07*	Oil filters	0.216	0.283
16 02 13*	Discarded equipment containing hazardous elements	-	0.264
16 05 06*	Laboratory and analytical chemicals (e.g. chemical agents)	-	0.094
16 81 01*	Waste displaying hazardous properties		0.5
17 02 04*	Glass, plastic and wood waste containing or contaminated with dangerous substances (e.g. wooden sleepers)	57.38	780.834
17 05 03*	Soil and stones containing hazardous substances	32.2	772.320
Hazardous waste, including:		217.509	1,647.82
Waste code	Waste type		
17 06 01*	Insulation materials containing asbestos	15.44	-
17 06 05*	Building materials containing asbestos	6.767	51.34
17 09 03*	Other construction, renovation and demolition waste (including mixed waste) containing hazardous substances	13.98	-
Non-hazardous waste, including:		108,493.117	243,950.46
Waste code	Waste type		

Main waste by type		Budimex SA	
		2018	2019
		weight (tons)	weight (tons)
01 04 12	Waste from washing and cleaning of minerals	23.56	495.54
02 01 03	Plant-tissue waste	643.01	-
06 03 99	Waste not otherwise specified	50,160.89	-
07 02 99	Waste not otherwise specified	-	-
10 01 01	Slags, bottom ash and boiler combustion ash	138,393.7	-
10 06 80	Lump copper slag and granulated slag	-	-
12 01 01	Ferrous metal filings and turnings	-	-
12 01 02	Ferrous dust and particles	-	-
12 01 13	Welding waste	5.1	0.9
12 01 21	Spent grinding bodies and grinding materials	5.5	2.7
15 01 01	Paper and cardboard packaging	73.3	76.46
15 01 02	Plastic packaging	235.38	50.92
15 01 03	Wood packaging	2.01	279.36
15 01 04	Metal packaging	-	-
15 01 06	Mixed packaging waste	47.24	75.14
15 01 07	Glass packaging	18.83	0.42
15 02 03	Absorbents, filter materials, wiping cloths (e.g. rugs, towels)	0.81	0.16
16 01 03	Waste tyres	8.94	3.53
16 01 15	Antifreeze fluids	-	-
16 01 19	Plastics	0.02	-
16 01 20	Glass	0.05	0.24
16 02 14	Discarded equipment	-	1.40
16 02 16	Components removed from discarded equipment	0.02	0.11
16 06 05	Other batteries and accumulators	-	-
17 01 01	Concrete waste and concrete rubble	44,076.62	62,904.60
17 01 02	Brick rubble	17,354.81	24,497.86
17 01 03	Waste of other ceramic materials and equipment elements	4.5	28.28
17 01 07	Mixed concrete waste, brick rubble, waste ceramic materials	6,167.57	24,567.18
17 01 81	Waste from road repairs and reconstructions	1,524.73	55,286.92
17 01 82	Waste not otherwise specified	-	30.14
17 02 01	Wood	2,649.34	3,759.89
17 02 02	Glass	1.28	39.04
Non-hazardous waste, including:		108,493.117	243,950.46

Main waste by type		Budimex SA	
		2018	2019
		weight (tons)	weight (tons)
Waste code	Waste type		
17 02 03	Plastics	38.49	67.24
17 03 02	Bituminous mixtures	1,624.21	2,261.42
17 03 80	Waste tar	80.89	5,319.43
17 04 05	Iron and steel	760.93	374.78
17 04 07	Mixed metals	-	-
17 04 11	Cables	-	-
17 05 06	Dredging spoil other than those mentioned in 17 05 05		3,978.16
17 05 08	Track ballast	27,286.07	50,025.48
17 06 04	Insulation materials	525.3	738.06
17 09 04	Mixed construction, renovation and demolition waste	9,863.42	9,085.09
19 12 12	Waste from mechanical waste treatment	0	-

7.5. Anti-corruption matters

[205-2, 205-3]	2018	2019
Number of confirmed corruption incidents	0*	0
Number of training courses within the scope of anti-corruption policies and procedures	9	10
% of employees familiar with anti-corruption policies and procedures	100%	100%
Number and % of persons holding managerial positions and having a function of superiors who completed anti-corruption training	250 (90%)	
Suppliers familiar with anti-corruption policies and regulations (contractual provisions)	100%	100%

* Two cases that might be regarded as an attempt of corruption probe were reported.

7.6. Matters related to human rights violations

[406-1]	2018	2019
Number of confirmed cases of human rights violations	0	0
Number of questionnaires analysed (suppliers)	1,163	885
Number of final surveys analysed (suppliers)	5,329	1,420

8. Contact person

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9. Selected GRI numeric indicators (index)

Indicator's index	Indicator	Place in declaration
102-8	Number of own employees and employees supervised by the company by gender and contract type	Key indicators: staff matters
205-2	Percentage of employees trained within the scope of the organisation's anti-corruption policies and procedures	Key indicators: anti-corruption matters
205-3	Actions taken in response to corruption cases	Key indicators: anti-corruption matters
301-1	Raw materials / materials used by weight and volume	Key indicators: environmental matters
301-2	Percentage of recycled materials used in the production process	Key indicators: environmental matters
302-1	Direct and indirect energy consumption by primary energy sources	Key indicators: environmental matters
302-3	Energy efficiency	Key indicators: environmental matters
303-1	Total water consumption with indication of source	Key indicators: environmental matters
304-1	Location and area of the land owned, leased, or managed in protected areas or in areas of high biodiversity value outside the protected areas or adjacent to such areas	Key indicators: environmental matters
304-3	Habitats protected or restored	Key indicators: environmental matters
305-1	Direct greenhouse gas emissions (Scope 1)	Key indicators: environmental matters
305-2	Total indirect greenhouse gas emissions by weight (Scope 2)	Key indicators: environmental matters
305-4	Efficiency associated with greenhouse gas emission	Key indicators: environmental matters
306-2	Total weight of waste by waste type and waste disposal method	Key indicators: environmental matters
401-1	Total number of employee leavers and employee turnover rate by age, gender and region	Key indicators: staff matters
401-3	Percentage of return to work and retention rate after maternity/paternity leaves, in relation to gender	Key indicators: staff matters
403-1	Percentage of the total number of employees represented in formal OHS commissions (including both the management and employees), who advise on OHS programmes and monitor them	Key indicators: staff matters
403-8	Employees covered by occupational health and safety management systems	Key indicators: staff matters (OHS)
403-9	Accidents at work	Key indicators: staff matters (OHS)
403-10	Occupational diseases	Key indicators: staff matters (OHS)
404-1	Average number of training hours per employee per year	Key indicators: staff matters (OHS)
405-1	Composition of governance bodies and staff divided into categories according to gender, age, minority, and other diversity indicators	Key indicators: staff matters
405-2	Ratio of basic salary of men and women by occupied position	Key indicators: staff matters
406-1	Total number of discrimination cases and actions taken in that area	Key indicators: matters related to human rights violations

10. Declaration on the diversity policy

Pursuant to §91 section 5 item 4(l) of the Regulation of the Minister of Finance of 19 February 2009 on the current and periodic information, the Company declares that Budimex SA has implemented the Diversity Policy concerning equal treatment with regard to, among others, gender, age, disability, health status, nationality, political beliefs, form, scope and basis of employment. Under the Policy, Budimex has undertaken to create an organisational atmosphere and culture ensuring respect for any form of diversity. The Diversity Policy deals also with recruitment, access to training courses and promotions, remuneration, combining professional duties with personal life, protection against mobbing and unfair dismissal. Budimex SA breaks also barriers connected with health state of its employees by hiring disabled people. In order to manage the Policy efficiently, there was introduced the so-called anti-discriminatory and anti-mobbing monitoring, as well as a system of educational tools, training and workshops. The results of carrying out this Policy are reported to the Management Board every year.

Moreover, these issues have been clearly regulated in other corporate documents applicable to the entire capital group, i.e. to all its companies. They include, among others, documents constituting policies of the Ferrovial Group, to which Budimex SA belongs. An advantage of this type of policies is constituted by the fact that they are supervised by the Board of Directors of Ferrovial. First of all, it is important to mention here the fundamental Principles of the Company's Responsibility Policy, which obliges all managers of companies and their employees, among others, to respect basic human rights and to promote equality, diversity and work-life balance. The Principles of the Protection of Human Rights constitute the second key Group policy. One of their dimensions is the commitment to avoid discrimination and to promote equal opportunities, with simultaneous appreciation for diversity at work. In this area, the Code of Ethics is also crucial, as it constitutes a document that in practice implements the

assumptions of the above-mentioned policies. Effective anti-discrimination measures in the area of employment constitute one of principles on which it is based.

Budimex SA is also a signatory to the Diversity Charter. This is a voluntary international initiative that constitutes a commitment on equal treatment of all its employees and on prevention from any discrimination at work, acting for the benefit of creation and promotion of diversity, as well as it expresses the organisation's readiness to involve all employees and business and social partners in these activities.

In 2019, Budimex SA participated also in #ideathon. That was the first social project of that type in Poland and an innovative example of competency volunteering, in which the Budimex SA employees and experts from Integration were developing solutions aimed at changing a situation of disabled people on the labour market. This is an example of practical action aimed at promoting diversity, not only in Budimex SA, but also on the wider labour market.