

## **Resolution No. 369 of the Supervisory Board of Budimex S.A. of 24 March 2022**

regarding: approval of the annual report on activities of the Supervisory Board in 2021.

Pursuant to Article 16(9)(d) of the Articles of Association of Budimex S.A., it is resolved as follows:

### **§ 1.**

The Supervisory Board accepts the Report for the Annual General Meeting (AGM) of Budimex S.A. in 2021:

- on the evaluation of the report on the Company's operations in 2021, together with the financial statement, in terms of their compliance with the books, documents and facts as well as the Management Board's proposal concerning the distribution of profit for 2021, on the evaluation of the report on non-financial information of Budimex S.A. for 2021, and the report on non-financial information of the Budimex Group for 2021,
- on the assessment of the Company's standing on a consolidated basis, taking into account the evaluation of the internal control systems, risk management, compliance and the internal audit function,
- on the assessment of the Company's compliance with the information requirements related to the application of the corporate governance principles specified in the Warsaw Stock Exchange Rules and Regulations and in the laws on the current and interim information submitted by issuers of securities,
- on the assessment of the reasonableness of the expenses incurred by the Company for the purposes indicated in principle 1.5 of the Code of Best Practice for WSE Listed Companies 2021,
- along with information on the degree of implementation of the Diversity Policy with regard to the Management Board and the Supervisory Board, including the fulfilment of the objectives referred to in principle 2.1. of the Code of Best Practice for WSE Listed Companies 2021 as well as other information resulting from the scope of application of the Code of Best Practice for WSE Listed Companies 2021 adopted by the Company,

worded as attached to this Resolution.

### **§ 2.**

The Resolution comes into force on the day of its adoption.

### **Attachment – 1**

Content of the Report of the Supervisory Board of Budimex S.A. for 2021.

*8 members of the Supervisory Board participated in the ballot*

*Votes for: 8*

*Votes against: --*

*Abstained: --*

***Secretary of the Supervisory Board***

***for the Supervisory Board of Budimex  
S.A.: Chairman of the Supervisory Board***

**REPORT of the Supervisory Board of Budimex S.A. for the Annual General Meeting  
(AGM) of Budimex S.A. in 2022**

- on the evaluation of the report on the Company's operations in 2021, together with the financial statement, in terms of their compliance with the books, documents and facts as well as the Management Board's proposal concerning the distribution of profit for 2021, on the evaluation of the report on non-financial information of Budimex S.A. for 2021, and the report on non-financial information of the Budimex Group for 2021,
- on the assessment of the Company's standing on a consolidated basis, taking into account the evaluation of the internal control systems, risk management, compliance and the internal audit function,
- on the assessment of the Company's compliance with the information requirements related to the application of the corporate governance principles specified in the Warsaw Stock Exchange Rules and Regulations and in the laws on the current and interim information submitted by issuers of securities,
- on the assessment of the reasonableness of the expenses incurred by the Company for the purposes indicated in principle 1.5 of the Code of Best Practice for WSE Listed Companies 2021,
- along with information on the degree of implementation of the Diversity Policy with regard to the Management Board and the Supervisory Board, including the fulfilment of the objectives referred to in principle 2.1., as well as other information resulting from the scope of application of the Code of Best Practice for WSE Listed Companies 2021 adopted by the Company.

Pursuant to Article 382(3) and (4) of the Polish Commercial Companies Code and in accordance with Article 11(1)(e) of the Rules and Regulations of the Supervisory Board of Budimex S.A., the Supervisory Board at the meeting held on 24 March 2022 analysed and evaluated the report on operations of the Budimex Group and Budimex S.A. and separate and consolidated financial statements for 2021 with regard to their compliance with the books, documents and facts, evaluated the Management Board's proposal on the distribution of profit for 2021 and became acquainted with the separate and consolidated report on non-financial information for 2021, as a result of which it states as follows:

1. During the examination of documents for the financial year 2021:
  - 1) we became acquainted with the report on operations of the Budimex Group and Budimex S.A. and heard the Management Board's explanations concerning this report,
  - 2) we have read the standalone and consolidated financial statements and analysed the statement of financial position, the income statement, the statement of

- comprehensive income, the statement of changes in equity, the cash flow statement, and the notes to financial statements,
- 3) we became acquainted with the statutory auditor's reports on the course and results of the audit of the separate and consolidated financial statement and we heard the auditor's explanations and answers to questions of the Supervisory Board's Members,
  - 4) we became acquainted with reports on non-financial information of Budimex S.A. and the Budimex Group for 2021 describing issues concerning the impact of Budimex S.A. and the Budimex Group on the environment and social and labour issues, the respect for human rights and counteracting corruption and bribery, and we heard the Management Board's explanations in this respect. The reports describe the business model, policies in place, main risks and key non-financial ratios related to operations.
2. Based on the analyses concerning the report on operations and financial statements referred to in points 1) – 2) of the management report and the financial statements as well as indicated in point 3) of the auditor's reports, the Supervisory Board hereby states that the information disclosed in these documents accurately and reliably reflects the result of the business activities of the Company and Budimex Group, as well as the Company's assets and financial standing. In the opinion of the Supervisory Board, the report on non-financial information referred to in section 4) covers the scope of information required by the Accounting Act and correctly and reliably describes the activities of Budimex S.A. and Budimex Group presented in the context of environmental, social and labour issues, the respect for human rights, counteracting corruption and bribery.
  3. At the meeting held on 24 March 2022, the Supervisory Board prepared and approved the statement on remuneration of members of the Management Board and the Supervisory Board for 2021.
  4. The Supervisory Board became acquainted with information presented by the Company's Management Board on the need for the General Meeting to adopt resolutions on matters regarding the Company's current operations and resulting from the current legal situation, i.e. matters listed in section 5(8) and (9).
  5. In conformity with the position presented in points 2–4, the Supervisory Board issues a positive opinion and requests the Ordinary General Meeting of Budimex S.A. to adopt resolutions regarding the following:
    - 1) review and approval of the report on operations of the Budimex Group and Budimex S.A. for 2021,

- 2) review and approval of the report on non-financial information of Budimex S.A. for 2021,
- 3) review and approval of the report on non-financial information of the Budimex Group for 2021,
- 4) review and approval of the financial statement of Budimex S.A. for the year ended 31 December 2021,
- 5) review and approval of the consolidated financial statement of the Budimex Group for the year ended 31 December 2021,
- 6) distribution of the profit for 2021,
- 7) acknowledgement of the fulfilment of duties by members of the Management Board of Budimex S.A. in 2021,
- 8) adopting the policy of diversity of the Supervisory Board of Budimex S.A.,
- 9) adopting the Code of Best Practice for WSE Listed Companies 2021,

and it issues a positive opinion in terms of formal requirements and requests the General Meeting of Budimex S.A. to adopt resolutions regarding:

- 10) approval of supplementation of the composition of the Supervisory Board of Budimex S.A., which took place on 23 September 2021, by co-opting, pursuant to clause 16(3) of the Company's Articles of Association, a new member of the Supervisory Board – Mr. Mario Mostoles Nieto – due to the resignation of Mr. Javier Galindo Hernandez,
  - 11) discharge of members of the Supervisory Board of Budimex S.A. for 2021,
  - 12) review and approval of the report on the activities of the Supervisory Board of Budimex S.A. for 2021,
  - 13) issue of the opinion on the Supervisory Board's statement on remuneration of members of the Management Board and the Supervisory Board for 2021,
  - 14) appointing a member of the Supervisory Board.
6. On 24 March 2022, the Supervisory Board adopted a Resolution on reviewing and commenting on draft resolutions of the Annual General Meeting of Budimex S.A. in 2022. Attached to the above resolution of the Supervisory Board are the draft resolutions of the AGM listed in section 5 of this Report.
7. Assessment of the Company's standing on a consolidated basis, taking into account the evaluation of the internal control systems, risk management, compliance and the internal audit function.

The core business of Budimex S.A. is: construction and assembly services, building development activities and the provision of management and consulting services for Budimex Group companies. The advisory, management and financial function of Budimex S.A. is to:

- ensure quick flow of information within the Group's structure,
- strengthen the financial management efficiency of individual companies,
- consolidate the Group's market position.

During the 12 months of 2021, Budimex S.A. achieved a sales revenue of PLN 7,042 million, which is a 3.2% decrease versus 2020.

In 2021, the gross profit on sales was PLN 604 million versus PLN 577 million in the previous year. Therefore in 2021 the gross return on sales was 8.6%, while in 2020 this indicator was 7.9%.

The balance of cash in hand and in the bank at the beginning of 2021 was PLN 1,648 million. For the purpose of the cash flow statement, this amount has been adjusted by restricted access funds of PLN 4 million, mainly relating to funds held in split payment accounts and consortium accounts in the part attributable to joint consortium members. The net cash flow for the 12 months of 2021 was positive and amounted to PLN 714 million. As of December 31, 2021 the Company reported a cash balance of PLN 2,380 million, of which the restricted access funds were PLN 22 million.

In 2021, the cash balance for operating activities increased and amounted to PLN 188 million.

The Company's cash from investment activities increased by PLN 1,412 million, in which the sale of shares of Budimex Nieruchomości Sp. z o.o. had the greatest share. Cash flows from financial activities for 2021 were negative and amounted to PLN 886 million. Expenses were caused by the payout of dividends in the amount of PLN 807 million and repayment of finance lease liabilities with interest.

In 2021, the Budimex Group had a total revenue on sales of PLN 7,911 million – higher by 2.6% versus 2020.

In 2021, the value of the Budimex Group's sales in the construction segment decreased by 3.4% in comparison with 2020.

Sales in the building construction sector increased by 0.5% (from PLN 2,615 million in 2020 to PLN 2,628 million in 2021), sales in the infrastructure construction sector dropped by 20.1% (from PLN 3,347 million in 2020 to PLN 2,675 million in 2021) while sales in the railway construction sector increased by 25.6% (from PLN 1,577 million in 2020 to PLN 1,980 million in 2021).

As a result of the sale of Budimex Nieruchomości Sp. z o.o., Budimex Group achieved a net profit of PLN 487,451,000.

In 2021, the Budimex Group companies signed construction contracts with a total value of PLN 7,001,813,000 (including addenda). As at 31 December 2021, the value of the Budimex Group's construction project portfolio was PLN 12,976,720,000, which constitutes an increase by 2% in comparison with the end of 2020.

In 2021, the Group's gross profit on sales was PLN 834 million versus PLN 702 million in the previous year. Consequently, the gross return on sales in 2021 was 10.5% versus 9.1% in 2020.

The Group's financial standing in 2021 remained good. Net cash flows for 2021 were positive and amounted to PLN 604 million. In 2021, the balance of cash for operating activities increased by PLN 765 million. Cash flows from investing activities closed with a positive balance of PLN 827 million. Cash flow from financing activities for 2021 was negative at PLN 988 million, mainly as a result of the payout of the dividend for 2020 and the interim dividend for 2021, as well as the repayment of lease and loan liabilities.

The current financial situation of the Budimex Group with regard to liquidity and access to external sources of financing does not pose any threats to the financing of operations in 2022.

Budimex S.A. has an internal control system in the process of preparing financial statements and the Company's Management Board is responsible for its implementation and operation. The financial statements are prepared by qualified employees of the Economic & Financial Department of Budimex S.A. under the supervision of a member of the Management Board – the Head of the Department. The preparation of annual statements is preceded by a meeting between the Audit Committee and independent auditors held in order to establish the plan and scope of the audit of financial statements and to discuss potential areas of risks that may affect the reliability and accuracy of the financial statements. The Budimex Group also uses a computer program to support the identification and management of risks associated with the preparation of all financial information, including financial statements.

The preparation of financial statements is a planned process, taking into account the appropriate division of tasks among employees of the Economic & Financial Department of Budimex S.A., matching their competences and qualifications. Separate financial statements are prepared based on the books. The books of the Group's most significant companies are kept using the SAP R/3 financial accounting programme, which has been providing the basic information for financial and management accounting since 1 January 2003. SAP R/3 is managed centrally by qualified employees of Budimex S.A., who determine authorisation

levels in terms of entering and modifying transactional data, the layout of the basic reports and changes in the chart of accounts.

Consolidated financial statements are prepared based on uniform consolidation packages prepared in electronic form by individual Group companies. The process of data consolidation is handled by the Reporting & Consolidation Team under the supervision of the Head of the Accounting Office.

The companies of the Budimex Group apply uniform accounting principles approved by the management boards of Budimex S.A. and individual subsidiaries. The accuracy of the application of the accounting principles by particular companies is monitored on an on-going basis by employees of the Reporting & Consolidation Team and the Controlling Department of Budimex S.A.

The Reporting & Consolidation Team of Budimex S.A. is responsible for recommending solutions to modify and revise accounting policies and other requirements of the stock exchange and to implement them with prior approval of the Management Board.

During the preparation of financial statements, the following control activities are taken:

- assessment of significant and atypical transactions in terms of their impact on the Group's financial situation and the manner of presentation in the financial statement,
- verification of the adequacy of the assumptions adopted for the measurement of estimates,
- comparative and substantive analysis of the financial data,
- verification of the arithmetic correctness and cohesion of the data,
- analysis of completeness of disclosures.

The prepared annual financial statements are submitted for preliminary verification to the Director of the Economic and Financial Department, and then to the entire Management Board for final verification and authorisation.

The annual financial statements are subject to audit by an independent statutory auditor who, after the audit, presents its conclusions and observations to the Audit Committee, and then to the Supervisory Board.

The Company has a structurally separated Internal Control Office reporting to the President of the Management Board and the Audit Committee, which is responsible for:

- identification and analysis of risks in the Budimex Group,
- prevention of risk factors,
- audit of the activity of organisational units and Group companies,



- monitoring of compliance with normative acts applicable across the Group and the general external legislation in force,
- analysis of contract performance processes,
- monitoring of the use of the available resources,
- preparation of reports and issue of instructions for corrective actions and supervision over their implementation.

The Company has a structurally separated Internal Audit Office reporting in organisational terms to the President of the Management Board and in functional terms to the Supervisory Board and the Audit Committee, which is responsible for:

- establishment of rules and procedures concerning managed or supervised areas, including the 'Internal Audit Charter',
- development and implementation by the unit of the 'Internal Audit Plan',
- development and implementation of the 'Programme of Assurance and Improvement of the Internal Audit Quality' covering all essential aspects of the unit's operations,
- informing stakeholders of the results of internal audits and advisory tasks,
- monitoring and supervision of the implementation by the organisation of recommendations from the internal audit,
- submission to the senior management and the Supervisory Board of reports on operations of the internal audit function.

According to the Operational Procedure entitled Internal Audit Charter, the objectives of the Internal Audit Office are as follows:

- identification of risks occurring in the business processes at Budimex through activities undertaken during and as a result of planned and ad hoc audits, the results of which are one of the inputs to the risk management process at Budimex,
- educating auditees on control mechanisms, business process reengineering and/or improvement projects and other systemic solutions,
- analysis and assessment of the existing control mechanisms with a view to ensuring effectiveness and economy of the operating and administrative activities conducted by Budimex, as well as its compliance with legal provisions and internal regulations and requirements,
- collaboration with external inspection and supervision bodies and external auditors.

The specific tasks of the Internal Audit Office include:

- identification of the areas to be audited and the main lines of internal audit activity,
- examination of the actual state of control mechanisms, business process reengineering and/or improvement projects,

- planning and implementation of individual audit tasks in the Budimex Group, including preparation of reports on audit tasks containing conclusions and post-audit recommendations,
- monitoring and reporting on the degree of implementation of post-audit recommendations resulting from completed audit tasks,
- fostering good practices and education on solutions concerning the internal control system.

The Audit Committee of the Supervisory Board monitors the effectiveness of internal control and internal audit systems, i.e. activities of the Internal Control Office and the Internal Audit Office. The Audit Committee is informed about internal audit plans, it receives reports on these activities or periodical summaries from the Internal Control Office, while employees of the Internal Control Office are obliged to perform inspections at the request of the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board. The Audit Committee issues opinions on documentation concerning processes implemented in and performed by the Internal Audit Office, including the Charter and Plan of the Internal Audit.

The Internal Audit Office Manager is appointed by the President of the Management Board of Budimex S.A. with the consent of the Supervisory Board after obtaining the approval of the Audit Committee. Dismissal from the position of Head of the Internal Audit Office takes place with the approval of the Supervisory Board after obtaining the consent of the Audit Committee, however a prior hearing of the Head of the Internal Audit Office by the Supervisory Board is required. The amount of remuneration (including bonuses) of the Internal Audit Office Manager is approved by the Supervisory Board after the Audit Committee has presented its opinion in this regard, with the proviso that the requirements stipulated in the remuneration policy regulations/procedures must be met. The amount of remuneration (including bonuses) should not differ from the remuneration of other persons holding key positions in the Company.

In the past year, the Internal Audit Office provided the President of the Management Board and the Audit Committee of the Budimex Supervisory Board with periodic, quarterly reports on audit activities. The reports included a summary of completed audits, conclusions and recommendations from completed audit tasks, the status of the Office team's training programme and the current level of utilisation of available resources.

The Director of the Internal Audit Office presented a report on the implementation of the Annual Audit Plan and the implementation of the Office's budget (Internal Audit Activity Report – Annual) to the President of the Management Board, the Management Board and the Audit Committee of the Supervisory Board.

The annual report included, inter alia, information on completed and uncompleted audit tasks included in the Annual Audit Plan, conclusions and recommendations from completed audit tasks, ad hoc audit tasks performed over the past year, monitoring of the implementation of recommendations and audit tasks in progress. The report also included information with regard to confirming the independence of the Company's internal audit function and ensuring that the Internal Audit Office collectively possesses and obtains the necessary knowledge, skills, and other competencies to perform its tasks in order to comply with the Internal Audit Charter. A report on the implementation of the Annual Audit Plan was presented to the President of the Management Board and subsequently approved by the Audit Committee of the Supervisory Board.

Budimex S.A. has implemented the 'Compliance Policy' in order to ensure compliance of the organisation's operations with the applicable provisions of law, standards and internal regulations. As one of the largest construction companies on the Polish market, Budimex S.A. is committed in its activity to implementing and following the best standards regarding compliance with the applicable Polish law and other regulations related to the Company's activities.

The basic principles of the Budimex S.A. Compliance Policy designed to eliminate or minimise risks associated with all areas of the activities of Budimex S.A. are:

- respect for the law,
- ethics and integrity,
- transparency of operations,
- no tolerance for any activities violating the applicable law and the Compliance System.

The objectives of the Compliance Policy are achieved through observance by the Company and its stakeholders of the applicable provisions of law and:

- the Company's Articles of Association,
- the Budimex S.A. Code of Ethics,
- the Rules and Regulations, Policies, Procedures, Instructions, Orders, etc. in effect at the Company, including in particular those related to minimisation of the risk of the participation of the Company and its stakeholders in any activities resembling corruption or influence peddling, and designed to prevent embezzlement of the Company's financial resources.

All employees of the Company are responsible for applying and complying with the Compliance Policy.

The Company's Management Board, within its authority or after obtaining appropriate recommendations from the Company's Supervisory Board, adopts the internal Policies,

Procedures or Instructions related to particular areas of the Company's activity, also to the Company's internal relationships and relationships with third parties, designed to limit the risks associated with the Company's activities (including the Compliance area) and prevent situations that may result in criminal, civil, administrative or criminal and fiscal liability of Budimex S.A.

Direct supervision over the application and observance of the Compliance Policy by the Company and the stakeholders is exercised by the Chief Compliance Officer appointed by the Company's Management Board, and the Deputy Chief Compliance Officer, as well as the Compliance Committee established at the Chief Compliance Officer's request, which is comprised of representatives of every organisational division unit of the Company.

The Supervisory Board, on the basis of the information and materials obtained from the Company's Management Board and the Audit Committee at subsequent meetings, as well as on the basis of the analysis of internal regulations defining the principles of functioning of the system of internal control, risk management, internal audit, as well as supervision of compliance of operations with the law and their relation to regulatory requirements, assesses the aforementioned systems and the effectiveness of their functioning positively.

The Supervisory Board evaluated the activity of the Company's Management Board in 2021 positively.

#### 8. Information about the composition and structure of the Supervisory Board and its committees in 2021.

As at 31 December 2021, the Supervisory Board of Budimex S.A. was composed of:

– Marek Michałowski	Chairman of the Board,
– Juan Ignacio Gastón Najarro	Vice-Chairman of the Board,
– Igor Adam Chalupec	Secretary of the Board,
– Danuta Dąbrowska	Board Member,
– Dariusz Jacek Blocher	Board Member,
– Janusz Dedo	Board Member,
– Ignacio Aitor Garcia Bilbao	Board Member,
– Jose Carlos Garrido-Lestache Rodríguez	Board Member,
– Artur Kucharski	Board Member,
– Mario Mostoles Nieto	Board Member.

In 2021, the following changes occurred in the composition of the Supervisory Board:

- on 17 May 2021, Mr Fernando Luis Pascual Larragoiti resigned from his position on the Supervisory Board,

- on 12 May 2021, Ms Agnieszka Słomka-Gołębiowska resigned from her position on the Supervisory Board effective 20 May 2021,
- on 20 May 2021, the Ordinary General Meeting appointed two new members of the Supervisory Board, i.e. Mr Dariusz Jacek Blocher and Mr Ignacio Aitor Garcia Bilbao,
- on 14 September 2021, Mr Javier Galindo Hernandez resigned from his position on the Supervisory Board effective 22 September 2021,
- on 23 September 2021, the Supervisory Board of Budimex S.A. pursuant to Article 16(3) of the Articles of Association adopted a resolution on supplementing the composition of the Supervisory Board by co-opting Mr Mario Mostoles Nieto to the Supervisory Board.

The following members of the Supervisory Board meet the independence criteria set out in the Act of 11 May 2017 on Statutory Auditors:

- Ms Danuta Dąbrowska,
- Mr Janusz Dedo,
- Mr Artur Kucharski.

The above-mentioned members of the Supervisory Board do not have any real and significant relations with a shareholder holding at least 5% of the total number of votes in Budimex S.A.

Within the Supervisory Board, three Board Committees were active throughout 2021:

1. **The Investment Committee**, with tasks and competences defined in Operating Procedure PO-01-04 *The rules of assessing and making investment, financial, and corporate decisions*, accepted by the Supervisory Board and approved by the Chairman of the Board. The rights and responsibilities of the Investment Committee were also laid down in § 12(9) through § 12(11) of the By-laws of the Supervisory Board.
2. **The Audit Committee**, with the tasks determined in Article 12(6) of the Rules and Regulations of the Supervisory Board of Budimex S.A. and the Rules and Regulations of the Audit Committee approved by the Supervisory Board.
3. **The Remuneration Committee**, with the tasks determined in Article 12(14) of the Rules and Regulations of the Supervisory Board of Budimex S.A. and the Rules and Regulations of the Remuneration Committee approved by the Supervisory Board.

The **Committees of the Supervisory Board** at the end of 2021 had the following members:

Composition of the Investment Committee as at 31 December 2021:

- Janusz Dedo – Chairman of the Committee,
- Dariusz Blocher – Member of the Committee,

- Ignacio Aior García Bilbao – Member of the Committee.

In 2021, the following changes occurred in the composition of the Investment Committee:

- as of 17 May 2021, in connection with the resignation from the position held on the Supervisory Board, Mr Fernando Luis Pascual Larragoiti ceased to be a member of the Investment Committee,
- on 20 May 2021, the Supervisory Board appointed Mr Dariusz Blocher to perform a function on the Investment Committee,
- as of 22 September 2021, in connection with the resignation from the position held on the Supervisory Board, Mr Javier Galindo Hernandez ceased to be a member of the Investment Committee,
- on 23 September, the Supervisory Board appointed Mr Ignacio Aitor Garcia Bilbao to perform a function on the Investment Committee.

Composition of the Remuneration Committee as at 31 December 2021:

- Marek Michałowski – Chairman of the Committee,
- Dariusz Blocher – Member of the Committee,
- Igor Chalupiec – Member of the Committee,
- Mario Mostoles Nieto – Member of the Committee.

In 2021, the following changes occurred in the composition of the Remuneration Committee:

- on 20 May 2021, the Supervisory Board appointed Mr Dariusz Blocher to perform a function on the Remuneration Committee,
- on 23 September 2021, Mr Juan Ignacio Gaston Najarro submitted the resignation from his membership on the Remuneration Committee,
- on 23 September 2021, the Supervisory Board appointed Mr Mario Mostoles Nieto to perform a function on the Remuneration Committee.

Composition of the Audit Committee as at 31 December 2021:

- Danuta Dąbrowska – Chairwoman of the Committee,
- Janusz Dedo – Member of the Committee,
- Ignacio Aitor Garcia Bilbao – Member of the Committee.

In 2021, the following changes occurred in the composition of the Audit Committee:

- as of 20 May 2021, in connection with the resignation from the position held on the Supervisory Board, Ms Agnieszka Słomka-Gołębiowska ceased to be a member of the Audit Committee,

- as of 20 May 2021, Mr Javier Galindo Hernandez submitted the resignation from his membership on the Audit Committee,
- on 20 May 2021, the Supervisory Board appointed Mr Janusz Dedo and Mr Ignacio Aitor Garcia Bilbao to perform functions on the Audit Committee.

With regard to the fulfilment of the independence criteria for the members of the Audit Committee in 2021, the Company applied the provisions of Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight, as well as the independence criteria for the members of the Supervisory Board within the meaning of the Code of Best Practice for WSE Listed Companies (principle II.Z.4. Section II – Management Board and Supervisory Board – of the Code of Best Practice for WSE Listed Companies 2016, and from 1 July 2021, principle 2.3 of the Code of Best Practice for WSE Listed Companies 2021).

The following members of the Audit Committee met the statutory criterion of independence during 2021: Ms Danuta Dąbrowska, Ms Agnieszka Słomka-Gołębiowska, and Mr Janusz Dedo.

In 2021, the Audit Committee members with the most experience, knowledge, and skills in accounting and management were:

- Ms Danuta Dąbrowska, member of the Association of Certified Auditors (ACCA), member of supervisory boards of companies listed on the Warsaw Stock Exchange, and
- Ms Agnieszka Słomka-Gołębiowska – professor at the department of International Comparative Studies at the Warsaw School of Economics, member of supervisory boards of companies listed on the Warsaw Stock Exchange.

The Audit Committee member with the most experience, knowledge, and skills in the broadly defined construction industry was Mr. Javier Galindo Hernández – former long-time Economic and Financial Director, and Mr. Ignacio Aitor Garcia Bilbao – Financial Director at Ferrovial Construcción S.A., the main company of the Ferrovial Group’s construction segment.

#### 9. Activities of the Supervisory Board of Budimex S.A. and its Committees in 2021

The Supervisory Board held seven meetings in 2021. Five were devoted to discussion of the current situation in the Company based on materials and information concerning in particular acquisitions, order portfolio, major contracts won, financial results, cash position, as well as investments and divestments in the Budimex Group. Additional Board meetings were devoted to the process of reviewing strategic options for the property development segment, as well as to changes in the composition of the Company’s management body.

**The Supervisory Board** passed 35 resolutions in 2021, the subject matter of which included:

- granting consent for Budimex S.A. to dispose of 100% of shares in Budimex Nieruchomości sp. z o.o.,
- assessment regarding the procedure of selection of an audit firm and the assessment of whether it meets conditions of the preparation of an unbiased and independent report on the audit of annual financial statements,
- assessment in the scope of annual financial statements and the annual report on operations of the Budimex Group and Budimex S.A. for 2020,
- acceptance of the Supervisory Board's report on remuneration of members of the Management Board and the Supervisory Board of Budimex S.A. for 2019–2020,
- recommendation that the General Meeting grant discharge to Members of the Budimex S.A. Management Board for the fulfilment of their duties,
- review and issue of the opinion of materials and draft resolutions of the Ordinary General Meeting of Budimex S.A. for 2020,
- acceptance of the annual report on the Supervisory Board's operations in 2020,
- approval of the Audit Plan for 2021,
- awarding a bonus for 2020 to members of the Management Board of Budimex S.A.,
- amendments to employment agreements with the members of the Management Board of Budimex S.A.,
- expressing an opinion on the proposal of the dividend date and the day of payout of the dividend for 2020,
- appointing the President of the Management Board of Budimex S.A.,
- determination of the amount of remuneration for the person performing the function of President of the Management Board of Budimex S.A. and concluding an employment contract in this respect,
- granting consent to conclude a non-competition agreement with the person performing the function of President of the Management Board of Budimex S.A.,
- appointment of a member of the Investment Committee of the Supervisory Board and determination of the current composition of the Committee,
- appointment of a member of the Audit Committee of the Supervisory Board and determination of the current composition of the Committee,
- appointment of a member of the Remuneration Committee of the Supervisory Board and determination of the current composition of the Committee,
- approval of the Internal Audit Charter,
- appointment of an auditing company to audit the semi-annual financial statements of Budimex S.A. for the 6 months of 2021,
- supplementation of the composition of the Supervisory Board of Budimex S.A.,
- appointment of a member of the Management Board of Budimex S.A.,



- appointment of a member of the Investment Committee of the Supervisory Board and determination of the current composition of the Committee,
- appointment of a member of the Remuneration Committee of the Supervisory Board and determination of the current composition of the Committee,
- determination of rules of adopting the budget of the Supervisory Board of Budimex S.A., selection of external entities to prepare opinions, expert opinions, analyses and other studies necessary for the Board to perform its duties, use of various forms of professional development by the Members of the Supervisory Board and settlement of travel costs related to the performance of supervisory functions,
- amendments to the By-Laws of the Supervisory Board of Budimex S.A.,
- adoption of the Diversity Policy of the Management Board of Budimex S.A.,
- adoption of the rules contained in the Code of Best Practice for WSE Listed Companies 2021,
- adoption of the operating Instruction (10-01-04-03) determining the rules of periodic assessment of significant transactions with related entities in the Budimex Group by the Supervisory Board of Budimex S.A.,
- approval of the Strategy of the Internal Audit Office for the years 2021–2025,
- granting consent for Budimex S.A. to pay out interim dividends for 2021,
- amending the rules of adopting the budget of the Supervisory Board of Budimex S.A., selection of external entities to prepare opinions, expert opinions, analyses and other studies necessary for the Board to perform its duties, use of various forms of professional development by the Members of the Supervisory Board and settlement of travel costs related to the performance of supervisory functions,
- approval of the annual Audit Plan for 2022,
- approval of information on the implemented tax strategy for 2020,
- adoption of the Description of the Fiscal Governance of Budimex S.A. (version 2.0),
- dismissal of a member of the Management Board of Budimex S.A.

Due to the ongoing pandemic, some of the meetings of the Supervisory Board of Budimex S.A. in 2021 were held remotely. The Company's Articles of Association and the Rules and Regulations of the Supervisory Board allow the Supervisory Board to adopt resolutions by written ballot or through means of direct distance communication. In 2021, the Supervisory Board used the option of written ballot four times, adopting resolutions on:

- granting consent for Budimex S.A. to dispose of 100% of shares in Budimex Nieruchomości sp. z o.o.,
- assessment of the procedure of selection of an audit firm,

- assessment of financial statements and the annual report on operations of the Budimex Group and Budimex S.A. for 2020,
- expressing an opinion on the proposal of the dividend date and the day of payout of the dividend.

The Supervisory Board's **Investment Committee** reviewed requests as they were submitted, with all members present. 13 requests were submitted to the Investment Committee in 2021. Throughout 2021, the Supervisory Board was informed about actions undertaken by the **Investment Committee** and their results at regular meetings based on materials on processed and pending requests prepared in accordance with the Operational Procedure PO-01-04 *The rules of approving on and making investment, financial and corporate decisions*, as well as based on possible additional verbal explanations.

On 24 March 2022, the **Investment Committee** submitted to the Supervisory Board a written Report for fiscal 2021, which the Supervisory Board accepted.

The **Remuneration Committee** held six meetings in 2021. The Board was informed about significant decisions made by the Remuneration Committee and their results on an on-going basis.

On 24 March 2022, the **Remuneration Committee** submitted to the Supervisory Board a written Report on operations in 2020, which was accepted by the Supervisory Board.

The **Audit Committee** held five meetings in 2021. In the meetings, the Audit Committee met the representatives of the audit firm Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with regard to the financial statements for 2020 and 2021.

The Board was informed about significant decisions made by the Remuneration Committee and their results at subsequent meetings on an ongoing basis.

Prior to the Annual General Meeting of Budimex S.A. in 2022 (**AGM**), the **Audit Committee** recommended to the Supervisory Board the following:

- approval of financial statements, reports on non-financial information and the report on operations for 2021,
- acknowledgement of the fulfilment of duties by the member of the Management Board – Head of the Economic & Financial Department in 2021.

Following its meeting on 23 September 2021, the Audit Committee submitted to the Supervisory Board a written Report on operations for the 1st half-year of 2021. On 24 March 2022, the Committee submitted the annual report on operations. The reports above were accepted by the Supervisory Board.

The Audit Committee assessed the Company's standing, taking into account the evaluation of internal control systems, risk management, compliance and internal audit function, without detecting any nonconformities.

In accordance with the operating procedure 01-04-03 "Periodic assessment by the Supervisory Board of Budimex S.A. of material transactions with related parties within the Budimex Group" adopted in the Company, the Supervisory Board read, on 9 December 2021, the written information of the Budimex S.A. Internal Control Office on material transactions with related parties within the Budimex Group in 2019–2020. The substantive analysis of the transactions showed that all identified intra-group transactions were made in the ordinary course of business of the companies, while a comparison of the value of the transactions to the prices applied by the companies in transactions with unrelated parties, an analysis of the transactions prepared for transfer pricing purposes and statements made by the Management Boards of the companies all confirm that the transactions were made at arm's length.

The **Supervisory Board** accepted the above explanations by approving on 9 December 2021 the written information of the Internal Control Office of Budimex S.A. on transactions with related parties carried out in the Budimex Group in 2019–2020.

10. Assessment of the application by the company of corporate governance principles and the manner of fulfilling information obligations related to their application specified in the Stock Exchange Regulations and the provisions concerning current and periodic information to be submitted by issuers of securities.

In 2021, the Company applied the principles set out in the two codes of Best Practice for WSE Listed Companies, i.e.:

- until 30 June 2021: "Code of Best Practice for WSE Listed Companies 2016" ("DPSN 2016") introduced by Resolution of the Board of the Warsaw Stock Exchange No. 26/1413/2015 of 13 October 2015,
- and from 1 July 2021: "Code of Best Practice for WSE Listed Companies 2021" ("DPSN 2021") introduced by Resolution of the Board of the Warsaw Stock Exchange No. 13/1834/2021 of 29 March 2021.

Each time, the Company duly informed about the scope of application of the principles resulting from the code of Good Practice, i.e.:

- with regard to the DPSN 2016, the Company informed of the scope of their application in the report no. 1/2016 of 4 January 2016 sent on the EBI system and posted on the Company's website,

- with reference to DPSN 2021, the Company, in the course of the year 2021, while adjusting its internal regulations to the implementation of the subsequent principles, each time informed about a change in the scope of the principles applied, presenting full information in the subsequent EBI reports No. 1/2021 of 29 July 2021, No. 2/2021 of 23 September 2021 and No. 3/2021 of 13 December 2021, as well as publishing the aforementioned reports on the Company's website.

Thus, it should be considered that the Company met its disclosure obligations regarding the application of corporate governance principles in 2021.

The Company has in place the Operating Instruction 10-01-07-01 The protection of inside information of Budimex S.A. and insider trading, and the Operating Instruction no. 10-01-07-04 regulating the rules and the procedure of providing information published in current reports in connection with the listing of Budimex S.A. shares in the Warsaw Stock Exchange. The overriding objective of both instructions is the correct execution by Budimex S.A. as a listed company of the information requirements laid down in particular regulations. In 2021, the Supervisory Board did not find any nonconformities in the compliance by Budimex S.A. with the above-mentioned information requirements.

In accordance with EBI Report No. 3/2021 dated 13 December 2021, the Company did not apply the following DPSN 2021 principles at the end of 2021:

- principles 1.3.1, 1.3.2, 1.4 and 1.4.1. in connection with the ongoing work on the Company's strategy – the planned completion date is the first half of 2022,
- principles 2.1. and 2.2 concerning the diversity policy – the Company published the Diversity Policy of the Budimex S.A. Group on its website, and then the Diversity Policy of the Budimex S.A. Management Board adopted by the Supervisory Board. The next steps are to recommend to the nearest General Meeting the adoption of the Diversity Policy of the Supervisory Board of Budimex S.A. All of the above-mentioned documents do not contain the condition of minority participation at the level of not less than 30%. Instead, they provide for the introduction of a minimum level of representation of each gender in the selection process of 30% of all candidates if they are represented among the candidates and their competencies are at least equal to those of the other candidates. The Supervisory Board approves of the Company's approach to the aforementioned DPSN 2021 principles, finding no shortcomings in the application of the adopted diversity policy in 2021,
- principle 3.4 – regarding the remuneration of persons responsible for risk management and *compliance* and the internal audit manager – the Company explained that in accordance with principle 3.4, the remuneration of the internal audit manager and the

employees of the Internal Audit Office depends on the performance of the assigned tasks and not on the short-term results of the Company. The remuneration of risk managers and compliance officers, on the other hand, due to the combination of these functions with other duties, is dependent on the Company's short-term performance, with the principle being applied by the Company as soon as these tasks are entrusted to persons dealing exclusively with risk management and compliance.

- principle 3.5 – in accordance with this principle, the persons responsible for risk management and *compliance* report directly to the president or another member of the management board – the Company has explained in this respect that the person responsible for risk management reports directly to the President of the Management Board. The Compliance Chief Officer is a Member of the Company's Management Board – the Head of the Legal and Organisational Division, who, together with the Deputy Compliance Coordinator and the Compliance Executive Team (which is being expanded), ensures compliance of the Company's operations with the law, internal regulations, and ethical principles. The sheer size of the Company's business and its high activity on the public procurement market means that introducing a system at this level allows it to respond quickly to the changing legal requirements and to avoid potential breaches of the law in areas of strategic importance to the Company. In addition, it also enables the ongoing minimisation of the occurrence of legal risks / ethical violations due to the broad and constant access to emerging issues and problems.
- principle 3.7 – in accordance with this principle, principles 3.4 – 3.6 also apply to entities from the group's companies of significant importance to its activities if persons to perform these tasks have been appointed in them – the Company has explained in this respect that FBSerwis S.A. is a company of significant importance to Budimex's activities. There is a Compliance Coordinator appointed in the Company who reports directly to the Head of the Legal Department – Member of the Management Board of FBSerwis S.A. The coordinator's remuneration depends partly on the financial results of FBSerwis S.A. At the same time, the process of creating regulations and structure in the area of risk management is carried out. This is expected to be completed by the end of June 2022. The Company does not have internal audit regulations and structures in place. The Company plans to take advantage of the support of Budimex S.A. in this respect on the basis of an agreement which it seeks to conclude by the end of June 2022,
- principles 4.1, 4.8, 4.9.1, 4.13 and 4.14. concerning the General Meeting – with regard to principle 4.1. concerning the e-General Meeting, the Company has upheld its position presented in relation to principle IV.R.2(2) from chapter IV General Meeting and Relations with Shareholders as well as to principle IV.R.2(3) from Chapter IV General

Meeting and Relations with Shareholders of the DPSN 2016 code described above; as regards the other principles, the Company has explained that the Management Board intended to recommend to the General Meeting the application of these principles and, therefore, a corresponding agenda item would be placed on the agenda of the next General Meeting.

The Supervisory Board takes the view that the scope of application of DPSN 2021 is appropriate to the scale and profile of the Company's business.

11. Assessment of the reasonableness of the expenses incurred by the Company for the purposes indicated in principle 1.5 of the Code of Best Practice for WSE Listed Companies 2021

For many years, Budimex S.A. has been engaged in activities for the benefit of local communities, e.g. through the performance of proprietary projects of a social nature and supporting cultural and sporting events.

Despite the ongoing pandemic, in 2021 Budimex S.A. continued to develop its proprietary social programmes, i.e. "Parent Zone. Budimex for Children" and "Hello ICE. Budimex for Children". As part of the latter, further 3D lanes were piloted in 2021. In addition, since 2015, the Company has operated an internal employee-oriented volunteering programme, "Grant for Voluntary Service".

- "Parent Zone. Budimex for Children" is a programme introduced at the end of 2012. Areas are set up at children's wings in hospitals for the patients to enjoy quality time with their parents. The Parent Zones provide a welcoming atmosphere and conditions not unlike at home to help the parents and their children forget, even if only for a moment, about the hardship of their disorder and its treatment. One of the most important aspects of this project is the personal involvement of our employees who, as volunteers, participate in furnishing renovated premises – they not only help with the assembly and placement of furniture, but also perform minor finishing works. So far, Budimex S.A. has launched 39 Parent Zones in children's wards in Polish hospitals. In 2021, 5 Parent Zones were launched (in Białystok, Świecie, Lublin, Włocławek, and Środa Śląska).

**Annual cost of project implementation: PLN 776,000 gross**

- The purpose of the "Hello ICE. Budimex for Children" programme is to increase the knowledge of the youngest primary school pupils (grades 1–3) and pre-school children on road safety. The key elements of the campaign are: an interactive map which anyone can use to mark dangerous places that children encounter on their way to school or kindergarten, and educational materials for teachers, educational games for parents and children. Moreover, pupils are given plastic cards with the contact details of their families

(in case of emergency). The “Hello ICE” programme was held under the honorary auspices of the Minister of Infrastructure and the Minister of National Education, and it received a positive opinion from Stowarzyszenie Dobra Edukacja. The campaign also has a wider educational dimension, as it promotes road safety principles and first aid among children. By the end of 2021: more than 450 dangerous places have been reported on the interactive programme map, more than 200 reflectors and ICE cards have been distributed, and more than 1,700 children have participated in 20 safety days.

**Annual cost of project implementation: PLN 248,000 gross**

- In 2015, the Company initiated the “Grant for Voluntary Service” programme, in which Budimex personnel can suggest their own voluntary service initiatives. Projects can be submitted all year long. They are discussed during quarterly CSR Committee meetings when decisions regarding the grants are taken. In 2021, company volunteers carried out 11 projects for a total of PLN 60,000. **Annual cost of project implementation: PLN 60,000 gross**

In 2021, Budimex S.A. launched the second edition of the “Home from the Heart” programme, as part of which the company joined forces with other companies to build, equip, and donate a house to the sixteen-person in-need family of Ms Magda from near Radomsko. The house was handed over to the family in March 2021, and the second edition of the programme started as early as in October of the same year, in which a eight-person family in need from Brus, in the Pomeranian Voivodeship, is taking part. The new house will be a living space where children will have appropriate conditions for learning and developing their talents. This project, a heartfelt act of good will, is intended to help families with many children who are in a difficult material situation, while encouraging other companies to initiate similar aid activities addressed to this group of people in need. **Project implementation cost incurred in 2021: PLN 223,000 gross**

The Budimex Group is actively involved in sponsorship and charity activities. The document regulating this area of activities is the “Instruction for Approval of Sponsorship Projects, Patronages and Donations”. In 2021, the Budimex Group was active in a number of sponsorship and charity programmes and activities. In 2021, we continued the implementation of socio-cultural and educational projects by supporting the following initiatives:

- The ‘Diamond Explorers’ scholarship programme, aimed at providing financial support to talented and effective groups of young people to give them the opportunity to participate in prestigious international and national scientific and technical contests, in particular in such fields as technology, engineering, design, industrial design, mathematics and management; the Company’s involvement is PLN 15,000 gross,

- The Siemacha Foundation, which helps young people in a difficult life situation. This organisation provides premises for educational, therapeutic and sports activities. It organises workshops for youth leaders and scholarship programmes; the Company's involvement is PLN 42,000 gross,
- supporting education in regions struggling with poverty: through e.g. purchase of school equipment, financing summer holidays, organisation of educational tournaments in the Warmińsko-Mazurskie, Mazowieckie, Podlaskie and Łódzkie voivodeships; the Company's involvement is PLN 733,000 gross,
- support for volunteer fire brigades in the Lubelskie, Podlaskie, Łódzkie regions; the Company's involvement is PLN 59,500 gross,
- Support for the Slice of Bread Foundation: Financing for part of the construction of the first hospice in Tarnów, Małopolskie Province; the Company's involvement is PLN 150,000 gross,
- Great Orchestra of Christmas Charity: Golden Heart Auction; the Company's involvement is PLN 27,500 gross,

The Supervisory Board positively evaluates the above-mentioned activities, understood as a constant element of the company's operations and as single initiatives; in the opinion of the Board, they reflect the assumptions of corporate social responsibility, bringing the company important image-building benefits. The costs delegated by the Company for each initiative are, in the Supervisory Board's opinion, reasonable and correspond to the needs under the initiatives undertaken.

For years, the company's CSR activities have been highly recognised by the market, sector organisations and the media. In 2021, Budimex S.A. was appreciated as a recognisable and reliable brand and one of the best employers on the market:

- **Best Quality Employer 2021** – aimed at selecting companies that are distinguished by their reliability in terms of employment policy, employee solutions, and human resources management. The companies are trustworthy enterprises that take care of the development of employees and ensure stable employment and a friendly atmosphere at work.
- **We won five Construction of the Year 2020 awards**, the most among all general contractors. The following investments received the awards: Communication Centre in Kielce, Monopolis office and museum facility in Łódź, LCS Idzikowice, Flood Reservoir in Racibórz, Wola Retro office building in Warsaw
- **Universum Most Attractive Employers Poland 2021** – in the "Engineering" category, Budimex took second place among the companies that are worth tying your career with.



- The survey involved students from more than 70 universities. The students appreciated, among other factors, high earnings, development prospects and employment security.
- **XV Edition of the Ranking of the most valuable Polish brands 2021** – Budimex was placed in 46th position on the “500 list” of the Rzeczpospolita daily. The ranking illustrates the economic situation of Polish business and the standing of the 500 largest companies in Poland.
  - **Top Marka 2021** – first place in the category of construction companies and developers. Top Marka is the biggest research into brands in Poland conducted by the “Press” magazine and PRESS-SERVICE Media Monitoring. In this year’s fourth edition, as many as 500 brands from 50 industries were examined. The report analysed 2 million press texts, 16 million web contents and 90 million social media posts published between 1 July 2020 and 30 June 2021.
12. Information on the degree of implementation of the Diversity Policy with regard to the Management Board and the Supervisory Board

As at 31 December 2021, the Management Board was composed of five members:

- Mr Artur Popko – President of the Management Board, Chief Executive Officer,
- Mr Jacek Daniewski – Member of the Management Board, Chief Legal and Organisational Officer,
- Mr Cezary Mączka – Member of the Management Board, Chief HR Officer,
- Mr Artur Pielech – Member of the Management Board, Chief Executive Officer of FBService S.A.,
- Mr Marcin Węglowski – Member of the Management Board, Chief Financial Officer.

Until 20 May 2021, the position of President of the Management Board was held by Mr Dariusz Jacek Blocher.

Members of the Management Board of Budimex S.A. have education adequate to the aforementioned accepted areas of responsibility in the Company. Prior to taking up duties on the Management Board of Budimex S.A., they gained experience and expertise by working in professional capacities in other entities, including in managerial positions. Full details of the educational backgrounds and career paths of the members of the Management Board are published on the Company’s website.

In 2021, 100% of the members of the Management Board were men aged between 30–50 years (2 members) and over 50 years of age (4 members).

- As at 31 December 2021, the Supervisory Board was composed of ten members: Marek Michałowski  
Chairman of the Board,

- Juan Ignacio Gaston Najarro Vice-Chairman of the Board,
- Igor Adam Chalupec Secretary of the Board,
- Danuta Dąbrowska Board Member,
- Dariusz Jacek Blocher Board Member,
- Janusz Dedo Board Member,
- Ignacio Aitor Garcia Bilbao Board Member,
- Jose Carlos Garrido-Lestache Rodríguez Board Member,
- Artur Kucharski Board Member,
- Mario Mostoles Nieto Board Member.

During 2021, the function of a member of the Supervisory Board was also held by:

- Ms Agnieszka Słomka-Gołębiowska,
- Mr Fernando Luis Pascual Larragoiti,
- Mr Javier Galindo Hernandez.

The Supervisory Board is composed of experienced managers, engineers and academics (in the fields of law, economics, banking, auditing), which poses a significant advantage for the Company due to the potential expansion of the powers of the Management Board and the possibility of obtaining information and guidance from the Supervisory Board in specialised areas. Full details of the educational backgrounds and career paths of the members of the Supervisory Board are published on the Company's website.

During the year, the Company's Supervisory Board was composed of 2 women and 11 men aged between 30 and 50 (2 members) and over 50 years of age (11 members).

As regards the diversity policy, the Company published the Diversity Policy of the Budimex S.A. Group on its website, and then the Diversity Policy of the Budimex S.A. Management Board adopted by the Supervisory Board. The next steps are to recommend to the nearest General Meeting the adoption of the Diversity Policy of the Supervisory Board of Budimex S.A. All of the above-mentioned documents do not contain a condition for minority participation at a certain level. Instead, they provide for the introduction of a minimum level of representation of each gender in the selection process of 30% of all candidates if they are represented among the candidates and their competencies are at least equal to those of the other candidates. The Supervisory Board, taking into account the Company's business profile and the specificity of the industry in which the Company operates, assesses the aforementioned Company's approach to defining the principles of the diversity policy positively. No deficiencies in the application of adopted policies were identified in 2021.

In 2021, the Supervisory Board operated in accordance with the principles specified in the Company's Articles of Association and in the Rules and Regulations of the Supervisory Board. The Board examined, and at the Management Board's request issued opinions on matters relevant to the Company and the Budimex Group connected with the Company's current operations and formulated potential recommendations for the Management Board as to the implementation of remedial instruments or improvement actions. Supervisory Board Members devoted their time to the Company to the extent necessary for the proper performance of their duties, both within the Supervisory Board and within individual committees. Apart from the above-mentioned obligations, the Chairman of the Supervisory Board performed activities connected with convening individual meetings of the Board and chaired the sessions.

Six of the seven meetings of the Supervisory Board in 2021 were held in full composition. Members of the Management Board responsible for particular areas of the Company's activities took an active part in the meetings of the Supervisory Board.

The Supervisory Board positively evaluates the communication between the Supervisory Board and the Management Board.

Members of the Supervisory Board delegated to its individual Committees actively participated in the meetings of the Committees and in the decision-making process and kept the Supervisory Board informed about the arrangements and decisions made. Based on the Supervisory Board's decision, Mr Javier Galindo Hernandez monitored and issued opinions on operations on derivative instruments conducted by the Company.

The Supervisory Board assesses the competence of the members of the Supervisory Board in light of the Company's profile and activities positively.