

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

5.8 Retirement and similar benefit obligations toward former members of the management and supervisory boards

As at 31 December 2022, neither Budimex SA nor companies from the Budimex Group had any retirement and similar benefit obligations toward former members of management and supervisory boards.

6 CORPORATE GOVERNANCE

6.1 Corporate governance policies at Budimex SA and public availability of the underlying document

In 2022, the Company applied the Best Practices of WSE Listed Companies 2021 ("BPWLC 2021") introduced by Resolution No 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange of 29 March 2021. The scope of the Company's application of BPWLC 2021 changed as follows during 2022:

In accordance with EIB Report No 3/2021 dated 13 December 2021, the Company did not apply the following BPWLC 2021 principles since the beginning of 2022:

-principles 1.3.1, 1.3.2, 1.4 and 1.4.1. due to ongoing work on the Company's strategy whose completion was planned for the first half of 2022,

-principles 2.1. and 2.2 concerning diversity policy – The Company has published on its website the Diversity Policy of the Budimex Group, followed by the Diversity Policy of the Management Board of Budimex SA adopted by the Company's Supervisory Board. The next steps were for the Management Board and the Supervisory Board to recommend to the Annual General Meeting the adoption of the Diversity Policy of the Supervisory Board of Budimex SA (the Policy was adopted on 19 May 2022). All the aforesaid documents do not contain a requirement for participation of the minority group of at least 30 per cent. Instead, they provide for the introduction of a minimum level of representation of each gender in the selection process of 30 per cent of all candidates if they are represented among the candidates and their competences are at least equal to those of the remaining candidates,

-principle 3. 4– concerning the remuneration of persons responsible for risk and compliance management and of the head of internal audit – the Company explained that according to principle 3.4. remuneration of the person in charge of the internal audit and employees of the Internal Audit Office depends on the performance of assigned tasks, and not on the short-term performance of the Company. Remuneration of risk management and compliance by combining these functions with other duties depend on the Company's short-term performance. As soon as these tasks are entrusted to persons dealing only with risk management and compliance, the principle will be applied by the Company.

-principle 3. 5– in accordance with this principle, persons responsible for risk and compliance management report directly to the president or other member of the management board – in this respect, the Company explained that person responsible for risk management reports directly to the President of the Management Board. The Compliance Chief Officer is a Member of the Management Board of the Company – Director of the Legal and Organizational Division, who together with the Deputy Compliance Coordinator and the Compliance Executive Team (under development) oversees the compliance of the Company's operations with the law, internal regulations and rules ethics. The size of the activities conducted by the Company and the high activity on the public procurement market mean that the introduction of the system at this level allows for quick response to the changing legal reality and avoiding potential violations of law in areas of strategic importance for the Company. In addition, it also enables the ongoing minimization of legal risks / breaches of ethics due to the wide and constant access to emerging problems and issues.

-principle 3. 7– in accordance with this principle, Principles 3.–43.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks – in this respect, the Company explained that a company of significant importance to the operations of Budimex is FBSerwis S.A. The company has appointed a Compliance Coordinator who reports directly to the Director 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 structures for risk management is carried out. The expected completion date of this process is the end of June 2022. The company has no regulations or structures for internal audit. The company plans to use the support of Budimex S.A. in this regard, on the basis of an agreement that it plans 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 respect to principle 4.1. concerning e-general meeting, the Company maintains its position presented in connection with Principle IV.R.2(2) of Chapter IV General meeting and shareholder relations and Principle IV.R.2(3) of Chapter IV General meeting and shareholder relations from the set BPWLC 2016; with respect to the remaining principles, the Company explained that the Management Board intends to recommend the application of these principles to the General Meeting. The relevant item will be placed on the agenda of the next General Meeting.

In accordance with the EBI report of 19 May 2022, the commentary to Principle 2.1. and 2.2. has been changed in connection with the decisions taken by the Annual General Meeting of Budimex S.A. on 19 May 2022. (the AGM adopted the Diversity Policy of the Budimex S.A. Supervisory Board) and Principles 4.8., 4.9.1., 4.13. and 4.14. were indicated as applicable. The Company still did not apply the following BPWLC 2021 principles: 1 .3.1., 1.3.1., 2.1., 4.4.2., 1.2., 1.3., 2.3., 4.3., 5.4., 7.1.

In accordance with the EBI report of 21 June 2022, in connection with the adoption by the Management Board of Budimex S.A. of the assumptions of the dividend policy for 2022-2026, the commentary to Principle 1.1 has changed.

In accordance with the EBI report of 30 June 2022, in connection with the extension of the deadline for work on the Company's business strategy and sustainable development strategy the commentary to Principles 1.3, 1.3.2., 1.4. and 1.4.1. was changed as well as in connection with changes in the scope of risk management and in the field of internal audit in a company of significant

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importance to the activities of Budimex, i.e. FBSerwis S.A. the comment to Principle 3.7 was changed. (With regard to internal audit, FBSerwis S.A. has entered into an agreement under which it is supported by Budimex S.A. in this respect).

In accordance with the EBI report of 30 September 2022, due to organisational changes regarding the Company's compliance system, the comments to Principle 3.4. and Principle 3.5. were changed, with the Company starting to apply Principle 3.5.

Information on the scope of application of BPWLC 2021 and the text of BPWLC 2021 are published on the Company's website ("Corporate governance" tab).

6.2 Compliance policy

In September 2017, the Management Board of Budimex SA adopted the Compliance Policy. Adoption of the Policy demonstrates the importance that the Company attaches to conducting its business in compliance with applicable laws, ethical standards and fair play rules. The Compliance Policy adopted aggregated the internal regulations in place at the Company, making them more formal in scope and nature. It was also important to draw the attention of both the Company's external environment and employees/associates to the importance of complying with the applicable laws and with ethical and moral principles in day-to-day business operations. The Compliance Policy contains a catalogue of prohibited activities, although this catalogue is not exhaustive, and indicates the main areas of the Company's business where there may be a risk of violation of the law. It also refers to internal legal acts in force at the Company and aimed at organising and formalising specific processes in order to mitigate the risks indicated above. The day-to-day supervision of the implementation of the Policy is entrusted to the Legal Director of the Compliance area, reporting directly to the Member of the Company's Management Board - Director of the Legal and Organisational Division. Attention had to be paid also to the fact that the Company introduced a uniform whistleblowing system based on 4 available compliance communication channels.

6.3 Diversity policy

Issues related to diversity have been unequivocally regulated in corporate documents which refer to all companies of the Budimex Group. These include the "Principles of the Company's Responsibility Policy" of the Ferrovial Group, the main shareholder of Budimex. They oblige all employees of the Group to, among others, respect fundamental human rights, promote equality, diversity and ensure a work-life balance. The second group-wide document is the "Principles for the Protection of Human Rights", concerning the avoidance of discrimination, the promotion of equal opportunities and the recognition of values in diversity in the workplace. The third document is the "Code of Ethics", which implements the objectives of the aforesaid policies and prevents discrimination in the field of employment.

In addition, in the reporting year Budimex implemented the principle of additionally compensating the wage gap for people returning after long-term absences (so-called gender pay gap budget).

Budimex implemented the "Diversity Policy", which refers to equal treatment due to gender, age, disability, health, nationality, political beliefs, form, scope and basis of employment, as well as committed to creating an atmosphere and organisational culture that ensures respect for all forms of diversity. The document deals also with recruitment, access to training courses and promotions, remuneration, combining professional duties with personal life, protection against mobbing and unfair dismissal. Budimex breaks down barriers associated with the health of our employees by hiring people with disabilities. In order to manage the Policy efficiently, the so-called anti-discriminatory and anti-mobbing monitoring was introduced, as well as a system of educational tools, training and workshops. The results of implementing the Policy are reported to the Management Board on an annual basis.

The General Diversity Policy has been in place in the Budimex Group since September 2016. It was updated in June 2021. The policy sets the direction for effective diversity management within the Group. Being one of the biggest employers in Poland, Budimex is guided by the principles of respect for all people, equal treatment, utilising employees' potential and counteracting all forms of discrimination, believing that it brings measurable benefits and contributes to the development and innovativeness of the organisation and creation of a friendly social environment.

The objectives of the Diversity Policy are as follows:

- active diversity management as part of our HR policy, creating an open and diverse working environment,
- combating all forms of discrimination,
- ensuring equal opportunities in access to education and promotion,
- ensuring fair and objective performance appraisals,
- ensuring equal opportunities in access to information on the Group's ethical standards,
- achieving pay equity as measured by the Gender Pay Gap indicator,
- maintaining the level of women's representation in the total number of Budimex Group employees at an above average level for the construction sector,
- maintaining the level of women's representation in senior management and among managers and executives at a level at least equal to the level of women's representation in the total number of employees of the Budimex Group,
- promoting diversity and education in collaboration with our stakeholders.

The policy applies to all levels of employment in the Group. Given the importance of the impact that the Management Board has on the other employees by adhering to the diversity principles, a Diversity Policy for the Management Board was adopted in the

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Budimex Group on 21 September 2021. The purpose of the Policy is to ensure the principles of equal treatment and diversity at the highest management level of the Group. The Policy sets out a trajectory of efforts to meet best practice, including the Best Practices of WSE Listed Companies 2021 on diversity. In 2022, the Diversity Policy for the Supervisory Board was adopted by the General Meeting, indicating that a minimum of 30 per cent of each gender must be represented among the candidates for the Supervisory Board.

The Budimex Group is also a signatory to the "Diversity Charter" – an international initiative which constitutes a voluntary commitment of a given organisation to equal treatment of all employees, prevention of any discrimination in the workplace and taking measures to create conditions conducive to diversity. It expresses the readiness of an organisation to engage all its stakeholder groups in actions to protect and promote diversity.

The Budimex Group employs people of different nationalities, providing an opportunity for foreign-speaking people to pursue their professional ambitions. The Group's working environment facilitates the hiring and integration of employees.

Structure of employees of the Budimex Group in 2022:

Age (in years)	Women	Men	Total
<30	421	772	1 193
30-50	1 027	3 378	4 405
> 50	102	1 322	1 424
Total employees	1 550	5 472	7 022

Age and gender structure of the Company's Management Board

	Women	Men	Total
Total Management Board, of which:	0	4	4
under 30 years of age	0	0	0
30-50 years of age	0	2	2
over 50 years of age	0	2	2
including foreign nationals	0	0	0

Age and gender structure of the Company's Supervisory Board

	Women	Men	Total
Supervisory Board	1	8	9
under 30 years of age	0	0	0
30-50 years of age	0	1	1
over 50 years of age	1	7	8
including foreign nationals	0	3	3

6.4 Key features of the Company's internal control and risk management systems with respect to the process of preparation of the financial statements of Budimex SA and the Budimex Group

The Management Board of Budimex SA is responsible for the implementation and functioning of the internal control system in the process of the preparation of separate financial statements of Budimex SA and the consolidated financial statements of the Budimex Group.

The obligation to prepare financial statements is realised in practice by qualified personnel of the Financial Department under the supervision of a Management Board Member – the Chief Financial Officer of Budimex SA.

The preparation of annual financial statements is preceded by a meeting of the Audit Committee with independent auditors in order to determine the audit scope and plan, and to discuss potential risk areas which may have an impact on the truthfulness and fairness of the financial statements. Additionally, the Budimex Group uses a computer program that supports the identification and management of risks related to the preparation of any financial information, including financial statements. In 2022, an audit of the entire financial reporting process was additionally carried out by an independent consulting firm, which did not reveal any irregularities.

Preparation of the financial statements is an orderly process which accounts for the delegation of duties of the personnel of the Financial Department of Budimex SA, in accordance with their competences and qualifications. Separate financial statements of the Company are prepared on the basis of its books of account. The books of account of part of the Group's companies are maintained using the finance and accounting system, SAP R/3, which has been used for financial and management accounting

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purposes since 1 January 2003. The SAP R/3 system is managed centrally by qualified employees of Budimex SA who define authorisation levels for the implementation and modification of transaction data, templates of key reports and changes in the Company's chart of accounts.

Consolidated financial statements are drafted on the basis of consistent consolidation packages prepared electronically by individual Group companies. The process of consolidation is executed by the Department of Reporting and Consolidation and is supervised by the Head of the Accounting Department.

The companies of the Budimex Group apply consistent accounting policies approved by the Management Boards of Budimex SA and subsidiary companies. The correctness of application of the accounting policies by individual companies is regularly monitored by the Department of Reporting and Consolidation and by the Controlling Office of Budimex SA.

The Department of Reporting and Consolidation of Budimex SA is responsible for recommending solutions relating to modifying and updating accounting policies and other WSE reporting requirements, as well as for implementing solutions approved by the Management Board.

During the preparation of the financial statements, among others, the following control activities are carried out:

- assessment of significant, non-routine transactions in terms of their effect on the financial position of the Group or the manner of their presentation in the financial statements,
- verification of the correctness of the assumptions underlying accounting estimates,
- comparative and substantive analyses of financial data,
- verification of the arithmetical correctness and consistency of financial data,
- analysis of disclosure completeness.

Annual financial statements are forwarded to the Chief Financial Officer for preliminary verification and then to the Management Board for final verification and authorisation.

Annual financial statements are subject to an audit by an independent certified auditor who presents post-audit conclusions and observations to the Audit Committee and then to the Supervisory Board. After reviewing the contents of the financial statements and this Directors' Report as well as the auditor's report, the Supervisory Board issues an assessment on their consistency with the accounting records, supporting documentation, and the actual state of affairs.

6.5 Shareholders with direct or indirect ownership of significant blocks of shares

According to the information available to Budimex SA, the shareholding structure of the Company as at 31 December 2022 was as follows:

Shareholder	Type of shares	Number of shares	% share in the share capital	Number of votes	% share in the number of votes at the GSM
Ferrovial Construction International SE	ordinary	12 801 654	50.14%	12 801 654	50.14%
Nationale-Nederlanden OFE	ordinary	2 353 889	9.22%	2 353 889	9.22%
Drugi Allianz OFE	ordinary	2 172 000	8.51%	2 172 000	8.51%
Other shareholders	ordinary	8 202 555	32.13%	8 202 555	32.13%
Total		25 530 098	100.0%	25 530 098	100.0%

The above figures present the shareholding structure as at the last General Shareholders' Meeting (GMS) of 19 May 2022, taking into account the information contained in current report No 2/2023 of 5 January 2023.

6.6 Holders of all securities which confer special control rights

The Company did not issue any securities that give special control rights.

6.7 Restrictions on exercising voting rights

There are no restrictions concerning the exercise of voting rights.

6.8 Restrictions on transferring ownership rights to the securities of Budimex SA

There are no restrictions on the transfer of ownership rights to securities of Budimex SA, except for the rights concerning registered shares whose disposal requires the pre-approval of the Company. Such approval has to be granted by the Management Board in writing to be valid.

6.9 Regulations concerning appointment or removal of Management or Supervisory Board Members, the rights of those persons, in particular, the right to make decisions on share issue or redemption

The Supervisory Board appoints and removes the President of the Management Board and, upon his/her request, the Vice-Presidents of the Management Board or other Board Members for a joint three-year term of office.

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The Management Board is not authorised to take a decision on share issue. The rights of the Management Board regarding the decision to redeem shares do not vary from those set forth in the Code of Commercial Companies.

During 2022, policies concerning the appointment or removal of members of managing bodies as well as the rights of members of these bodies, including the right to make a decision on the issuance or redemption of the Company shares, as provided for in the Articles of Association, did not change.

In accordance with the provisions of the Company's Articles of Association, the Management Board conducts the Company's affairs and represents the Company, which effectively means that the scope of duties of this body does not differ from that defined in the Code of Commercial Companies. Detailed rights of the Management Board of Budimex SA specified in the Company's Articles of Association are as follows:

- granting approval for disposal of registered (inscribed) shares,
- determining the share issue price in the case of a share capital increase,
- cancelling or limiting the pre-emptive right to newly issued shares upon approval by the Supervisory Board,
- defining the method of determining the share issue price or issuing shares in exchange for non-monetary contribution upon approval by the Supervisory Board,
- making a decision on the purchase or disposal of property, perpetual usufruct or a share in property, machines and equipment, securities or other asset items where the unit price on acquisition or disposal does not exceed one fifth of the Company's share capital,
- taking a decision on the prepayment of year-end dividend upon approval by the Supervisory Board.

6.10 Implementing changes to the Articles of Association of Budimex SA

Changes to the Articles of Association are made by way of a resolution of the General Meeting of Shareholders and an entry in the National Court Register. These issues are regulated in sec. 13 letter r) of the Articles of Association in the description of the rights of the General Meeting of Shareholders. A draft resolution on amending the Company's Articles of Association should be submitted to the Supervisory Board for approval, as is the case for all resolutions of the General Meeting. In accordance with the provisions of the Code of Commercial Companies, such resolution should be adopted with a qualified majority of votes, i.e. (i) as a rule, three quarters of the total voting rights, and (ii) in the case of a significant change to business activities – two thirds of the votes.

6.11 Functioning of the General Meeting of Shareholders, its fundamental powers, rights of the shareholders and the manner of exercising those rights

The General Meeting of Shareholders of the Company operates on the basis of the Articles of Association, By-laws of the General Meeting (both documents are posted on the Company's website) and provisions of other laws, including the provisions of the Code of Commercial Companies. Detailed powers of the General Meeting of Shareholders have been described in sec. 13 of the Articles of Association. Shareholders exercise their rights in the manner specified in the Articles of Association, By-laws of the General Meeting of Shareholders and binding laws.

The General Meeting of Shareholders is convened as ordinary or extraordinary. Ordinary General Meetings of Shareholders take place, at the latest, within 6 months of the end of each financial year. General Meetings of Shareholders are convened by the Company's Management Board. The Supervisory Board may convene an Ordinary General Meeting of Shareholders if the Company's Management Board does not convene it within the period defined in the Code of Commercial Companies or in the Articles of Association; the Supervisory Board may also convene an Extraordinary General Meeting of Shareholders if such a meeting is deemed advisable. An Extraordinary General Meeting of Shareholders may also be convened by the shareholders representing at least half of the Company's share capital or at least half of the total number of votes in the Company. If this is the case, the shareholders appoint the chairman of the Meeting.

The shareholder or shareholders representing at least 1/20th of the Company's share capital may request in writing, or using electronic means of communication, that the Company's Management Board convene an Extraordinary General Meeting of Shareholders and include certain specific matters on the meeting agenda or matters that are to be introduced to the meeting agenda. If, within two weeks of the date of forwarding such a request, the Extraordinary General Meeting of Shareholders is not convened, the court of registration may authorise the shareholders initiating such a request to convene the Meeting. The court of registration appoints the person chairing the Meeting, and in the notification about the Meeting the shareholders should refer to such decision of the court of registration. The Meeting convened in this manner takes a resolution on whether the costs of convening and holding the Meeting are to be borne by the Company. The shareholders who requested that the Meeting should be convened may apply to the court to be exempted from the costs imposed by the resolution of the Meeting of Shareholders.

A dedicated email address which may be used in cases defined by the Code of Commercial Companies in connection with convening General Meetings of Shareholders is posted on the Company's website.

The General Meeting of Shareholders of the Company is convened by way of posting an announcement on the Company's website and in the manner reserved for forwarding current information, in accordance with the provisions of the Act on the Public Offering and the Terms and Conditions of Introducing Financial Instruments to an Organised System of Trading and on Public Companies. The announcement should be made at least twenty six days before the scheduled date of the General Meeting of Shareholders.

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A General Meeting of Shareholders may also take place in the manner specified in the Code of Commercial Companies on condition that the provisions of Article 405 of the Code of Commercial Companies are fulfilled.

A shareholder or shareholders representing at least one twentieth of the Company's share capital may request that certain matters be included on the agenda of the next General Meeting of Shareholders. The request should be forwarded to the Management Board of the Company no later than twenty-one days before the scheduled date of the meeting and should include justification for or a draft of the resolution concerning the proposed matter for the agenda. The request may be forwarded in an electronic form. The request may be forwarded in an electronic form. The Management Board must immediately, but no later than 18 days before the scheduled date of the General Meeting, announce changes to the meeting agenda that were introduced at the request of the shareholders. Such announcement is executed in the manner applicable to convening the General Meetings of Shareholders.

A shareholder or shareholders representing at least one twentieth of the Company's share capital may, before the date of the General Meeting of Shareholders, send to the Company in writing, or using electronic means of communication, draft resolutions concerning items placed on the agenda of the General Meeting of Shareholders or items that are to be placed on the agenda. The Company shall immediately post such drafts of resolutions on its website. During a General Meeting of Shareholders, each shareholder may submit draft resolutions concerning matters entered on the agenda.

The shareholders may participate in the General Meeting of Shareholders and exercise their voting rights in person or through authorised representatives. The authorisation to participate in the General Meeting of Shareholders and to exercise voting rights should be granted in writing or in an electronic form. Granting authorisation in electronic form does not require the use of a qualified electronic signature.

In accordance with the Articles of Association and applicable laws, the General Meeting of Shareholders adopts resolutions in particular on the following matters:

- considering and authorising the report on the Company's activities and of the financial statements for the prior financial year,
- reviewing and approving the directors' report on the Group's activities and the consolidated financial statements of the Budimex Group,
- acknowledging the fulfilment of duties by members of the Management and Supervisory Boards,
- creating and reversing of special funds and reserve capital, and their utilisation,
- profit appropriation or defining the manner of loss absorption; the General Meeting of Shareholders may resolve that dividend, in whole or in part, be allocated towards increasing the share capital and the shareholders are issued new shares in exchange,
- claims for losses incurred at the incorporation of the Company, or losses resulting from performing management or supervisory functions,
- disposing or leasing/renting the company or its organised part, or establishing restrictions on its use or disposal,
- taking decisions on company merger or liquidation, and in the case of the latter – appointing Company liquidators,
- issuing convertible bonds or bonds with pre-emptive rights, or subscription warrants,
- redemption of shares,
- an amendment to the Company's Articles of Association, especially concerning a share capital increase or decrease, or an amendment to the Company's objects,
- adopting By-laws of the General Meeting of Shareholders of Budimex SA,
- appointing and removing Supervisory Board members,
- defining the principles and amount of remuneration for Supervisory Board members,
- re-acquisition of own shares to offer them to employees or persons who were employed at the Company or any related company for the period of at least three years,
- conclusion by the Company of a loan, borrowing or suretyship agreement, or other similar agreement with a member of the Management or Supervisory Board, authorised commercial representative, liquidator, or concluding an agreement in favour of any of the said persons,
- determining the date on which the list of shareholders entitled to receive dividend for the year is prepared (dividend date).

Matters forwarded by the Management Board for consideration by the General Meeting of Shareholders are first forwarded for the Supervisory Board's consideration.

Resolutions of the General Meeting of Shareholders are adopted by an absolute majority of votes, irrespective of the number of shares represented at the meeting, unless the provisions of the Code of Commercial Companies state otherwise.

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6.12 Composition of the Management and Supervisory Boards, changes thereto in the last financial year and functioning of the management and supervisory bodies of the Company and their committees

a) Composition of the Management Board

As at 31 December 2022, the Management Board of Budimex SA was composed of the following persons:

- | | |
|--------------------|---|
| • Artur Popko | President of the Management Board, General Director |
| • Jacek Daniewski | Board Member, Chief Legal and Organisational Officer, |
| • Artur Pielech | Board Member, General Director of FBSerwis SA, |
| • Marcin Węglowski | Board Member, Chief Financial Officer. |

In 2022, the composition of the Management Board did not change.

On 14 December 2022, the Supervisory Board appointed the following persons to the Management Board of Budimex SA with effect from 1 January 2023:

- Anna Karyś-Sosińska,
- Cezary Łysenko,
- Maciej Olek.

In 2022, there were no changes as regards authorisations to represent the Company granted by the Management Board.

b) Composition of the Supervisory Board and its Committees

As at 31 December 2022, the Supervisory Board of Budimex SA was composed of the following persons:

- | | |
|---------------------------------|---|
| • Marek Michałowski | Chairperson of the Supervisory Board |
| • Juan Ignacio Gaston Najarro | Deputy Chairperson of the Supervisory Board |
| • Igor Adam Chalupiec | Supervisory Board secretary |
| • Danuta Dąbrowska | Supervisory Board Member |
| • Dariusz Jacek Blocher | Supervisory Board Member |
| • Janusz Dedo | Supervisory Board Member |
| • Ignacio Aitor Garcia Bilbao | Supervisory Board Member |
| • Artur Kucharski | Supervisory Board Member |
| • Mario Manuel Menendez Montoya | Supervisory Board Member |

In 2022, the composition of the Supervisory Board changed as follows:

- as of the date of the Ordinary General Meeting of Budimex SA, i.e. as of 19 May 2022, Mr Jose Carlos Garrido-Lestache Rodriguez ceased to perform the function of a member of the Supervisory Board, which results from the expiry of the mandate of the above-mentioned person, due to the lack of appointment by the Ordinary General Meeting to the Supervisory Board for a new term of office, on 19 May 2022 the Ordinary General Meeting appointed Mario Manuel Menendez Montoya to the Supervisory Board,
- on 8 November 2022, Mario Mostoles Nieto ceased to be a member of the Supervisory Board as a result of his resignation.

As at 31 December 2022, the Audit Committee was composed of the following persons:

- Danuta Dąbrowska – Chairperson,
- Janusz Dedo – Member,
- Ignacio Aitor Garcia Bilbao – Member.

There were no changes in the composition of the Audit Committee in 2022. Following the General Meeting's election of the composition of the Supervisory Board for a new term of office on 19 May 2022, on the same date the Supervisory Board determined the composition of the Audit Committee to be the same as before.

As regards the independence of an Audit Committee member, the Company applied the following provisions in 2022: Article 129 par. 3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 and criteria of independence of Board members, within the meaning of the Best Practices of WSE Listed Companies 2021.

The status of independence of a Supervisory Board member is determined by the Company in accordance with the criteria defined in the Operating Instruction No. IO-01-07-02, relating to obtaining information from Supervisory Board members and the publication of this information, based on representations filed by Board members and based on Article 129 par. 3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017.

As at 31 December 2022, the Investment Committee was composed of the following persons:

- Janusz Dedo – Chairperson,
- Dariusz Blocher – Member,
- Ignacio Aitor Garcia Bilbao – Member.

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There were no changes in the composition of the Investment Committee in 2022. Following the General Meeting's election of the composition of the Supervisory Board for a new term of office on 19 May 2022, on the same date the Supervisory Board determined the composition of the Investment Committee to be the same as before.

As at 31 December 2022, the Remuneration Committee was composed of the following persons:

- Marek Michałowski – Chairperson,
- Dariusz Blocher – Member,
- Igor Chalupiec – Member,

In 2022, there was a change in the composition of the Remuneration Committee as a result of Mario Mostoles Nieto's resignation, following which he ceased to be a member of the Supervisory Board and thus a member of the Remuneration Committee as of 8 November 2022.

Following the General Meeting's election of the composition of the Supervisory Board for a new term of office on 19 May 2022, on the same date the Supervisory Board determined the following four-member composition of the Remuneration Committee:

- Marek Michałowski – Chairperson,
- Dariusz Blocher – Member,
- Igor Chalupiec – Member,
- Mario Mostoles Nieto – member.

Following the resignation of Mr Mario Mostoles Nieto, the Remuneration Committee was composed of three members.

c) Operation of the Management Board

The Management Board operates based on the provisions of the Company's Articles of Association, By-laws of the Management Board and other binding regulations, including the Code of Commercial Companies. The Management Board is composed of one or more members. The Management Board conducts the Company affairs and formally represents the Company.

The President of the Management Board is appointed and removed by the Supervisory Board. The President of the Management Board is, at the same time, the Company's General Director. The Supervisory Board, at the request of the President of the Management Board, appoints vice-presidents and other members of the Management Board for a 3-year joint term of office.

The functioning of the Management Board is managed by the President of the Management Board. The detailed manner of Management Board functioning has been defined in the By-laws of the Management Board approved by the Supervisory Board.

Resolutions of the Management Board may be adopted with an absolute majority of votes. In the event of an equal number of votes, the casting vote is that of the President of the Management Board.

The persons authorised to make representations or sign documents on behalf of the Company are:

- President of the Management Board – individual representation,
- two Board Members – acting together or one Board Member acting together with an authorised commercial representative.

Representations filed with the Company or submissions of documents are considered valid if addressed to one Board Member, or authorised commercial representative of the Company.

d) Operation of the Supervisory Board

The Supervisory Board operates on the basis of the Articles of Association, By-laws of the Supervisory Board of Budimex SA and other legal regulations, including the Code of Commercial Companies. The organisation and operation of the Supervisory Board is defined in the By-laws of the Supervisory Board.

The Supervisory Board takes decisions provided at least half of Board Members are present at the meeting and all its members were invited to the meeting. The Supervisory Board meetings may also be attended by means of direct remote communication. The Supervisory Board adopts resolutions with an absolute majority of votes. In the case of equal number of votes, the casting vote is that of the Chairperson of the Supervisory Board. It is allowed that resolutions of the Supervisory Board are taken in writing or using means of direct communication. Resolutions of the Supervisory Board are valid and effective if all Board members were informed about the content of the draft resolution and at least half of the Board members participated in passing the resolution. Supervisory Board members may participate in taking resolutions by voting in writing by proxy i.e. through another member of the Supervisory Board, in all matters listed on the agenda of the Supervisory Board meeting, except for matters that were added to the agenda during the course of the Supervisory Board's Meeting.

In performing its duties, the Supervisory Board is authorised to review all documents of the Company or to request reports and explanations from the Management Board or employees of the Company; it may also verify the company's assets, books of account, registers and documents. The Supervisory Board is also entitled to order, for its own use, appropriate expert research in matters of its supervision and control.

The Supervisory Board supervises all aspects of the Company's operations in an ongoing manner. Included in the scope of duties of the Supervisory Board are, in particular, the following:

- assessment of the directors' report on the company's activities and evaluation of the financial statements for the previous year,
- evaluation of profit appropriation or loss absorption proposals made by the Management Board,

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- recommending to the General Meeting of Shareholders the acknowledgement of the fulfilment of duties by members of the Management Board,
- presenting to the General Meeting of Shareholders annual written reports on the results of the assessment referred to above,
- suspending, for valid reasons, individual or all Management Board members and delegating Supervisory Board members for a period lasting no more than 3 months to temporarily perform the duties of those Management Board members who were removed, resigned or could not perform their duties for other reasons,
- approval of the By-laws of the Management Board of the Company,
- concluding agreements with the Company Management Board members, determining the remuneration of the President of the Management Board and of other Board members, determining policies for granting management bonuses, exercising rights towards Management Board members resulting from work relations; with the proviso that such agreements should be signed by the Chairperson of the Supervisory Board on behalf of the Supervisory Board,
- appointment of a new certified auditor from the list of certified auditors maintained by the National Council of Certified Auditors to audit the financial statements of the Company,
- approval of the agreement between the Company's Management Board and the underwriter to take up the Company's shares,
- granting approval to a Board member to deal with competitive business or to participate in a competing company,
- granting approval to excluding or limiting by the Management Board a pre-emptive right to newly issued shares,
- granting approval to the method of determining share issue price proposed by the Management Board or to issue shares for an in-kind (non-monetary) contribution,
- granting approval for the purchase or disposal of property, perpetual usufruct right or share in property, machines, equipment, securities or other assets, if the unit price on acquisition or disposal exceeds 1/5th of the Company's share capital; if the value of the transactions referred to in this point does not exceed the amount stated above, the decision is made independently by the Management Board,
- overseeing the implementation of the Company's Tax Policy (Tax Strategy) and supervising the effectiveness and adequacy of the Internal Tax Oversight Framework.

In accordance with sec. 12, par. 3 of the By-laws of the Supervisory Board, the Supervisory Board may establish committees or appoint teams from among its members, or delegate a Board member to such bodies. As stated above, the following three committees operate as part of the Supervisory Board: Audit Committee, Investment Committee and Remuneration Committee.

e) Tasks of the Audit Committee

The role of the Audit Committee is to:

- monitor the process of preparation of the financial statements of the Company and the consolidated financial statements for the previous year, perform detailed reviews of the results of audits performed by a statutory auditor at each audit stage; monitor the process of preparation of the Directors' Report, including statements on non-financial information;
- monitor the effectiveness of the internal control systems, risk management systems and internal audit, also in the area of financial reporting;
- monitor the performance of audit activities, in particular performance by an audit firm of an audit, while taking into consideration any and all motions and findings of the Audit Supervision Authority arising from the control activities carried out within the audit firm;
- control and monitor the independence of the statutory auditor and of the audit firm, in particular when the services other than audit and review of financial statements are provided to the Company by the audit firm;
- inform the Supervisory Board about the results of the audit and explain the manner in which the audit contributed to reliability of financial reporting at the Company and the role of the Audit Committee in the audit process;
- assess the independence of the statutory auditor and grant consent to provision by the statutory auditor of permitted services other than the audit in the Company;
- develop a policy for selecting the audit firm to conduct the audit;
- develop a policy governing provision by the audit firm, entities affiliated with that audit firm and by any member of the audit firm's network of permitted services other than audit;
- define the procedure for selection of the audit firm by the Company;
- present to the Supervisory Board a recommendation referred to in Article 16 par. 2 of Regulation No. 537/2014 (a recommendation for the appointment of statutory auditors or audit firms) in compliance with the policies referred to above;
- submit recommendations designed to ensure integrity of the financial reporting process at the Company;

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- forward to the Supervisory Board conclusions and recommendations relating to the audit and assessment of the financial statements of the Company and of the consolidated financial statements for the previous year;
- forward to the Supervisory Board conclusions and recommendations concerning acknowledgement of the fulfilment of duties by the Chief Financial Officer;
- perform other tasks commissioned by the Supervisory Board depending on the current situation of the Company;
- submit a report on the Committee's activities to the Supervisory Board on a semi-annual basis, by the date of approval of annual financial statements and after publication of semi-annual financial statements.
- give an opinion on changes to the Internal Tax Oversight Framework model proposed by the Management Board and changes to Budimex S.A.'s Tax Policy (Tax Strategy) and Tax Governance;
- advise the Supervisory Board on the selection, re-election or dismissal of the Company's independent auditor of the tax function, including the preparation of a list of candidates and the presentation of a recommendation to the Supervisory Board;
- prepare a report for the Supervisory Board on the activities and development of cooperation with the Company's independent auditor of the tax function, at least once every three years and in the event of termination of the agreement with the independent auditor.

The statutory criterion of independence during 2022 was met by the following members of the Audit Committee: Danuta Dąbrowska and Janusz Dedo.

In 2022, the member of the Audit Committee who has the most extensive experience, knowledge and skills in the field of accounting and management was: Danuta Dąbrowska, member of the Association of Chartered Certified Accountants (ACCA), member of supervisory boards of WSE-listed companies.

Ignacio Aitor Garcia Bilbao – Chief Financial Officer of Ferrovial Construcción SA, the main company in the Ferrovial Group's construction segment – was the Audit Committee member with the greatest experience, knowledge and skills in the broadly understood construction industry.

The Audit Committee held 5 meetings in 2022.

Key elements of the audit firm selection policy

In accordance with the Articles of Association of Budimex SA, the audit company is selected by the Supervisory Board on the basis of a recommendation of the Audit Committee. It is prohibited to introduce any contractual clauses that would require the Supervisory Board to select an audit firm from a specific category or list of audit firms. Such clauses shall be null and void by operation of law.

At the same time, the Supervisory Board – during the selection of the audit firm – and the Audit Committee – at the stage of preparing recommendations – follow, among others, the following guidelines concerning the audit firm:

- a) the price proposed by the audit firm,
- b) the ability to ensure full range of services defined by Budimex SA,
- c) previous experience of an audit firm in auditing financial statements of entities whose business profile is similar to that of the Budimex Group and experience in auditing financial statements of public interest entities,
- d) professional qualifications and experience of persons directly involved in the audit carried out in the Budimex Group,
- e) the ability to collaborate with the Ferrovial Group auditors and to meet the deadlines for reporting to the Ferrovial Group.

The Audit Committee's recommendation to the Supervisory Board regarding the extension of agreement with audit firm to perform the audit was issued in 2019 and met the applicable conditions. The aforementioned recommendation regarding the selection of the audit firm was issued in 2017 and prepared as a result of Budimex SA's procedure for selecting an audit firm, carried out in the second half of 2016 and at the beginning of 2017. The procedure for selecting an audit firm was consistent with the "Budimex SA's policy and procedure for selecting an audit firm to audit financial statements".

Key elements of Budimex SA's policy for provision of authorised non-audit services by audit firms and entities affiliated with them

The audit firm, entities affiliated with it and entities belonging to the same network may provide authorised non-audit services, as defined in Article 136 par. 2 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017, to Budimex SA, to its subsidiaries and to the parent company of Budimex SA. However, the Audit Committee is required to approve the conclusion of an agreement for such services, after prior analysis of threats to and safeguards for independence, referred to in Articles 69-73 of the Act. This approval must be recorded in the minutes of the Committee's meeting or be given in circular form and confirmed in the minutes of the next Committee meeting. If the seriousness of the threats to the independence of the audit firm is such that independence is compromised, the Audit Committee shall not approve the signing of an agreement for additional services. The services referred to above may be provided only to the extent not related to the tax policy of Budimex SA. All other non-audit services are prohibited.

f) Tasks of the Investment Committee

The role of the Investment Committee is to provide opinions or approve decisions material for the Company from the point of view of the value of operations relating to: making investments or de-investments in non-financial assets, company incorporation or dissolution, making investments or de-investments or issuing financial assets, Budimex Group company mergers, divisions or

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transformations, carrying out financial operations, establishing special purpose vehicles (SPVs) to perform works or to render services based on terms and conditions other than those prevailing in the consortium agreements concluded by Budimex Group, preliminary agreements and non-binding initial offers, development projects and significant contracts with related parties.

The Investment Committee operates based on the procedure authorised by the Supervisory Board. The Supervisory Board is informed at its subsequent meetings about matters on which the Investment Committee was to provide opinions during the period in between the Supervisory Board's meetings.

g) Tasks of the Remuneration Committee

The tasks of the Remuneration Committee comprise:

- submitting for approval by the Supervisory Board, proposals concerning remunerating Management Board Members, especially in the form of fixed remuneration, performance-based remuneration, retirement benefit schemes and retirement benefit and long-term incentive programs, together with recommendations concerning objectives and assessment criteria for appropriate adjustment of remuneration of Management Board Members to long-term shareholder interests and the Company's objectives defined by the Supervisory Board; providing the Supervisory Board with proposals concerning the remuneration of individual Management Board Members and ensuring that the remuneration proposed is consistent with the remuneration regulations adopted by the Company and the assessment of the work performance of individual Board Members; providing the Supervisory Board with proposals concerning the appropriate form of employment contracts for individual Board Members; providing the Supervisory Board with proposals concerning bonus ratios, their weight for Board members based on the budget for the given year; offering assistance to the Supervisory Board in supervising the process under which the Company fulfils binding regulations in the area of remuneration disclosure requirements (in particular in the area of remuneration of members of the Management Board); monitoring the level and structure of remuneration of Management Board members based on independent payroll reports, market ratios and submitting to the Supervisory Board appropriate underlying analyses and conclusions; providing opinions on the appointment and removal of members of Supervisory Boards at Budimex SA subsidiary companies, except for SPVs;
- accepting, at the request of the Management Board, the bonus ratio for employees of the Budimex SA head office to be used in the calculation of the previous year's bonus and the percentage ratio for salary/wage increase in the current year;
- preparation of the annual report on activities of the Remuneration Committee.

6.13 Remuneration Policy for Members of Management and Supervisory Boards, as well as key managers at Budimex SA

On 18 June 2020, the General Meeting of Shareholders adopted the remuneration policy of the Budimex SA Governing Bodies. In 2022, the Company published the next Report on the remuneration of the Management Board and Supervisory Board members in 2021.

The purpose of the policy is to set the general guidelines and framework for the remuneration of members of the Company's Management Board and Supervisory Board. The implementation of the purpose and objectives of the Policy is focused on promoting the fulfilment of the tasks entrusted to the members of the Management Board, the achievement of business results at the assumed level or exceeding expectations, as well as promoting the increase of the Company's operational, business and organisational efficiency.

The objectives and goals of the policy are the basis for the rules of remuneration of members of the Management Board of Budimex SA and members of the Supervisory Board.

The policy regulates, among other things:

- components of remuneration of members of the Management Board,
- components of remuneration of members of the Supervisory Board,
- it indicates the proportions between the components,
- it sets out a detailed framework for the award of variable remuneration components,
- it specifies how the bonus criteria are linked to the objectives.

Supervisory Board Members

The body authorised to determine the remuneration policy for members of the Supervisory Board of Budimex SA is the General Meeting of Shareholders. On 28 April 2015, the General Meeting of Shareholders resolved that members of the Supervisory Board of Budimex SA would receive monthly remuneration for their work in the following amounts:

- Chairperson of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.7 ratio,
- President of the Audit Committee of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.5 ratio,
- President of the Investment Committee of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.3 ratio,

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- President of the Remuneration Committee of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.3 ratio,
- Deputy Chairperson of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.1 ratio,
- Secretary of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.2 ratio,
- Supervisory Board Member – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.1 ratio.

Management Board Members

The body authorised to determine the remuneration policy for members of the Management Board of Budimex SA is the Supervisory Board. The policy defines all types of remuneration, in particular, fixed remuneration, performance-based remuneration, retirement benefit schemes and retirement benefits, and long-term incentive schemes.

In addition, the Supervisory Board performs all labour-law based activities in relations between Budimex SA and members of the Management Board. Employment contracts with members of the Management Board are signed by the Chairperson of the Supervisory Board on behalf of the Supervisory Board.

Members of the Management Board of Budimex SA ("Company"), in connection with the work performed and position occupied on the Management Board, are employed at either Budimex SA or at subsidiary companies where they receive remuneration based on an employment contract concluded for a fixed term of office, with a termination notice period resulting from the Labour Code provisions. In addition, the employment contracts provide for severance pay in the amount of 6-12 monthly salaries, depending on the position, in the case of removal or non-appointment for the next term of office of the Management Board for reasons due to the Company. Where the contract is terminated due to an employee's resignation or his/her wilful misconduct to the detriment of the Company, severance pay is not paid and only the termination notice period resulting from the applicable Labour Code provisions remains in effect.

In addition, Members of the Management Board of Budimex SA have concluded, with the Company or the company paying their remuneration, separate non-competition agreements which are valid for a period of 12 months after the date of dissolution of the respective employment contracts. During the period of validity of the non-competition clause, the Company will pay the employee 25-100 per cent of his/her basic monthly remuneration, depending on the manner in which the employment contract is terminated and the party that initiated the termination. Contractual penalties have been established for the breach of the non-competition clause by a member of the Management Board.

Information on the remuneration of Members of the Management Board was presented in note 40.1 to the consolidated financial statements of the Budimex Group and in note 38 to the financial statements of Budimex SA.

The remuneration of Management Board members is composed of the following items:

- fixed remuneration – basic monthly salary,
- performance-based remuneration (annual bonus) which is composed of the following elements: task-related bonus which is determined on the basis of an annual assessment of task completion, and ratio-related bonus relating to the business activities of the Budimex Group,
- share-based remuneration under the "Ferrovial's objective-related share incentive scheme" ("Plan przyznania akcji związanych z celami Ferrovialu") which consists in conditional awarding of rights to acquire shares in Ferrovial SA. Management Board members who have been employed at the Company for at least 36 months will be eligible to subscribe for the shares in Ferrovial. Both the fact of awarding and the number of awarded shares depends on achieving economic parameters budgeted by the Ferrovial Group in three consecutive years and on the eligible persons' remaining employed by the Company at the date of awarding the shares.

As part of the ECP (Employee Capital Plan), the Company operates the voluntary Employer's Additional Contribution Scheme. Contributions are calculated as a percentage of the employee's remuneration. Members of the Management Board participate in the scheme on the same basis as all Budimex employees.

Key managers

The body authorised to determine the remuneration policy for Key managers is the Management Board of Budimex SA. The remuneration policy has been determined in individual employment contracts.

The remuneration of key managers is composed of the following items:

- fixed remuneration – basic monthly salary,
 - performance-based remuneration (annual bonus) which is composed of the following elements: task-related bonus, which is determined on the basis of an annual assessment of task completion, and ratio-related bonus relating to the business activities – areas under management,
 - share-based remuneration under the "Ferrovial's objective-related share incentive scheme" ("Plan przyznania akcji związanych z celami Ferrovialu") which consists in conditional awarding of rights to acquire shares in Ferrovial SA. Key
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(all amounts in tables are expressed in PLN thousand, unless stated otherwise)

managers

who have been employed at the Company for at least 36 months will be eligible to subscribe for the shares in Ferrovia. Both the fact of awarding and the number of awarded shares depends on achieving economic parameters budgeted by the Ferrovia Group in three consecutive years and on the eligible persons' remaining employed by the Ferrovia Group at the date of awarding the shares,

- in addition, for key employees with above-average business performance, the Company has introduced retention contracts.

Non-financial components of remuneration

Non-financial components of remunerations to which individual Board Members and key managers are entitled are the same and include "in-kind" benefits such as free-of-charge medical care (including dental care), payment of life insurance policy premiums, Employee Capital Plans, company car.

Significant changes to the remuneration policy

There were no significant changes to the remuneration policy during the last financial year.

Assessment of the remuneration policy

The remuneration policy in place is an effective management tool supporting the Company's strategic development objectives and enabling a flexible response to changes in the business environment caused by the shortage of subcontractors and the need to expand the Company's own execution capacities.

7 REPORT ON NON-FINANCIAL INFORMATION

Budimex SA and the Budimex Group have decided to prepare reports on non-financial information as separate documents. The consolidated report of the Budimex Group on non-financial information and the separate report of Budimex SA on non-financial information will be published on the website www.budimex.pl.

8 REPRESENTATION BY THE MANAGEMENT BOARD

To the best of our knowledge, the consolidated financial statements of the Budimex Group and financial statements of Budimex SA for the twelve-month period ended 31 December 2022 and the comparative data have been prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial conditions and financial performance of the Budimex Group and Budimex SA. The Directors' Report gives a true view of the development, achievements and position of the Budimex Group and Budimex SA; it also includes a description of key risks and threats.

Pursuant to the representation by the Supervisory Board of Budimex SA, we hereby inform that the audit firm carrying out the audit of the consolidated financial statements of the Budimex Group and the financial statements of Budimex SA for the 12-month period ended 31 December 2022 – Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. – has been selected in accordance with the regulations, including those concerning the selection and procedure for the selection of the audit firm, and that:

- the audit firm and the auditors who performed the audit met the conditions required to issue an impartial and independent audit report on the annual consolidated financial statements of the Budimex Group and audit report on the financial statements of Budimex SA, in accordance with the applicable laws and regulations, professional standards, and principles of professional ethics,
- the regulations on rotation of audit firms and lead auditors and on the mandatory cooling-off periods are observed,
- Budimex SA has a policy for selection of an audit firm and a policy governing the provision to Budimex SA of additional non-audit services, including services conditionally exempt from the prohibition of certain non-audit services, by an audit firm, an entity related to the audit firm or a member of the audit firm's network.

Warsaw, 27 March 2023

Artur Popko President of the Management Board	
Jacek Daniewski Member of the Management Board	
Anna Karyś-Sosińska Member of the Management Board	

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Cezary Łysenko Member of the Management Board	
Maciej Olek Member of the Management Board	
Marcin Węglowski Member of the Management Board	