



BUDIMEX S.A.

REPORT ON NON-FINANCIAL INFORMATION FOR 2020

TABLE OF CONTENTS

1.	INTRODUCTION.....	3
1.1.	Description of the business model.....	3
1.2.	Initiatives in response to the Covid-19 pandemic.....	4
1.3.	Corporate social responsibility management.....	4
1.4.	Approach to the non-financial risk management.....	5
1.5.	Management of non-financial risk in the supply chain.....	6
1.6.	Information security and digitisation.....	7
1.7.	Awards and distinctions in 2020.....	7
2.	KEY PERFORMANCE INDICATORS.....	8
3.	SOCIAL ISSUES.....	9
3.1.	Society and local communities.....	9
3.2.	Innovative projects in Budimex S.A.....	10
3.3.	Budimex S.A. on the market.....	11
3.4.	Quality and its impact on safety of structures.....	12
3.4.1.	Quality management.....	12
3.4.2.	Research laboratories and reliable quality control.....	12
4.	EMPLOYEE ISSUES.....	12
4.1.	Working environment and focus on growth.....	13
4.1.1.	Social package.....	13
4.1.2.	Development and training.....	14
4.2.	Occupational health and safety.....	16
4.2.1.	OHS training and prevention.....	16
4.2.2.	Accident rate.....	17
4.2.3.	Supply chain.....	17
4.3.	Declaration on the diversity policy.....	17
5.	ENVIRONMENTAL ISSUES.....	18
5.1.	Environmental risk management.....	19
5.2.	Environmental protection standards.....	19
5.3.	Climate change, fuel and energy consumption.....	20
5.4.	Materials and raw materials.....	21
5.5.	Waste management.....	21
5.6.	Impact on local ecosystems.....	22
5.7.	Supply chain.....	22
6.	ETHICS AND WHISTLEBLOWING ISSUES.....	23
7.	RESPECT FOR HUMAN RIGHTS.....	25
8.	INDICATORS.....	26
8.1.	Financial issues.....	26
8.2.	Social issues.....	26
8.3.	Issues related to innovative projects.....	26
8.4.	Staff issues (employment, OHS).....	26
8.5.	Environmental issues.....	30
8.6.	Anti-corruption issues.....	366
8.7.	Issues related to human rights violations.....	366
9.	Contact person.....	366
10.	Selected GRI indicators (index).....	366

1. INTRODUCTION

[GRI 102-1], [GRI 102-54] Budimex S.A. (hereinafter also referred to as: "Company") for years has been publishing its information on non-financial data in accordance with the GRI Standards (previously: GRI Guidelines). In the current year, it is also planned to publish a more detailed integrated report in line with the GRI Standards for the Budimex Group, including Budimex S.A. It will be consistent with this report, but more comprehensive and addressed to the more general public. During the preparation of this report, Budimex S.A. relied on the provisions of Directive 2014/95/EU on disclosure of non-financial and diversity information, GRI Standards and standard PN-ISO 26000. In order to keep the report concise, some of its elements, which would make it in accordance with the GRI Standards, were removed. It aims at a transparent presentation of the categories of non-financial risk, policies and management approach, as well as key indicators in the areas defined by the legislator in order to enable the reader to compare them with the solutions applied by other public companies.

1.1. Description of the business model

[GRI 102-2], [GRI 102-3], [GRI 102-4], [GRI 102-6], [GRI 102-7] The core business of Budimex S.A. as the Parent Entity is the provision of construction and installation services and the provision of management and advisory services for the companies of the Budimex Group. Budimex S.A. performs its tasks in all market segments, starting from road, rail and hydrotechnical infrastructure, to residential buildings, to complex energy and industrial projects. Construction contracts are performed in Poland and on foreign markets, on a limited scale. The Company operates in Poland, as well as in Germany and Lithuania. The registered office is located in Warsaw, at ul. Siedmiogrodzka 9.

When implementing projects with clients, we focus on transparent rules of cooperation. We make every effort to fulfil the assigned tasks on time, while maintaining high safety and quality standards. In its business relations with counterparties Budimex S.A. is guided by the principles of cooperation, mutual understanding, transparency and business integrity.

[GRI 102-18], [GRI 102-22], [GRI 102-23]

Composition of the Management Board of Budimex S.A.:

- Dariusz Blocher, President of the Management Board,
- Artur Popko, Vice-President of the Management Board,
- Cezary Mączka, Member of the Management Board,
- Jacek Daniewski, Member of the Management Board,
- Marcin Węglowski, Member of the Management Board.

Composition of the Supervisory Board of Budimex S.A.:

- Marek Michałowski, Chairman of the Supervisory Board,
- Juan Ignacio Gaston Najarro, Vice-Chairman of the Supervisory Board,
- Igor Chalupec, Secretary of the Supervisory Board,
- Agnieszka Słomka-Gołębiowska, Member of the Supervisory Board,
- Danuta Dąbrowska, Member of the Supervisory Board,
- Artur Kucharski, Member of the Supervisory Board,
- Janusz Dedo, Member of the Supervisory Board,
- Javier Galindo Hernández, Member of the Supervisory Board,
- José Carlos Garrido-Lestache Rodríguez, Member of the Supervisory Board,
- Fernando Luis Pascual Larragoiti, Member of the Supervisory Board.

[GRI 102-5] Shareholding structure¹:

- Ferrovial Contruccion International SE – 50.1%
- Aviva OFE Aviva Santander – 10.0%
- Nationale Nederlanden OFE – 6.3%
- Other shareholders – 33.6%

[GRI 102-12], [GRI 102-13] Budimex S.A. is a member of the following organisations:

- Business Centre Club (BCC),
- Centrum Rozwoju Transportu – Klaster Luxtorpeda (Transport Development Centre – Luxtorpeda Cluster)
- Federacja Przedsiębiorców Polskich (Federation of Polish Entrepreneurs),
- Izba Gospodarcza Energetyki i Budownictwa (Polish Chamber of Power Industry and Civil Engineering),
- Izba Gospodarcza Energetyki i Ochrony Środowiska (Polish Chamber of Power Industry and Environment Protection; IGEiOŚ),
- Izba Gospodarcza Transportu Lądowego (Polish Land Transport Chamber of Commerce; IGTL)
- Ogólnopolska Izba Gospodarcza Drogownictwa (Polish Chamber of Road Building; OIGD),
- Polish Cluster of Construction Exporters,

¹ As at 18.06.2020

- Polski Związek Pracodawców Budownictwa (Polish Association of Construction Employers; PZPB), in which a representative of Budimex S.A. acts as a Member of the Management Board
- Polskie Stowarzyszenie Wykonawców Asfaltowych (Polish Asphalt Pavement Association; PSWNA), in which the President of the Management Board of Budimex S.A. acts as the Vice-President,
- Polsko-Litewska Izba Handlowa (Polish and Lithuanian Chamber of Commerce),
- Polsko-Hiszpańska Izba Gospodarcza (Polish-Spanish Chamber of Commerce; PHIG)
- Porozumienie Pracodawców RP (Alliance of the Employers of the Republic of Poland),
- Railway Business Forum (RBF)
- Stowarzyszenie Emitentów Giełdowych (Polish Association of Issuers; SEG)
- Wschodni Klaster Budowlany (Eastern Construction Cluster).

1.2. Initiatives in response to the Covid-19 pandemic

In the face of an unprecedented situation caused by the COVID-19 pandemic in 2020, Budimex S.A. first introduced special procedures aimed at protecting the health of employees and ensuring the continuity of operational activities.

- We have adapted the places of work so that they are fully safe under the conditions of the pandemic (disinfectants, masks, visors, plexiglass separating work areas).
- We have introduced Covid screening tests for employees (including as part of the "Safe return to work after Christmas" campaign).
- We have developed and implemented a system for reporting threats connected with the pandemic.
- As part of our employees' health insurance we have provided webinars with a virologist and psychological consultations.
- We have implemented e-learning training on COVID-19 and safety standards at Budimex S.A.
- We have supported employees in remote work through webinars and advice on the effectiveness of remote work and online meetings.
- We have transferred development programs to the online world while maintaining a full substantive scope and the quality of our operations.
- All types of training: managerial, specialised, technical, negotiating, communication, computer, language and personal effectiveness training was carried out using various available applications.
- Any recruitment meetings with the candidates were moved to the virtual environment, so that it has become much easier to plan them in terms of logistics and inclusion of all people from different locations at the same time.

In addition, we have taken a number of initiatives to support local communities and people affected by the spread of the virus. Here are the most important of these actions:

- Budimex S.A. donated over PLN 2 million to help hospitals as part of "We are together. We help!" campaign. The initiative was taken by entrepreneurs prepared to help in the face of the pandemic. Collected funds were used to provide financial support to health care facilities, persons affected by the pandemic and non-governmental organisations.
- Budimex S.A. joined the #Niezwalnijmy initiative. The #Niezwalnijmy initiative requires any company that joins it to declare that, should any cost cuts be necessary due to the economic impact of the coronavirus crisis, then it is other expenses rather than the employment-related ones that will be reduced first. This is meant to enable companies to retain as many positions as possible.
- Ferrovia, the owner of Budimex S.A., set up a special fund, "Ferrovia Together COVID-19", with the aim of raising funds to fight the consequences of the spreading coronavirus. The initial contribution of Ferrovia was EUR 5 million. The collected funds were used as donations to health administration, hospitals, universities, research and development centres and NGOs. The support also reached Poland: EUR 195,000 was given to the Polish Red Cross. The funds were allocated for the distribution of meals and hygiene products to 3,000 lonely elderly people in 53 Polish towns/cities and for providing personal protective equipment and sanitary materials to employees of hospitals or social welfare centres. The funds were also donated to beneficiaries and institutions that work with the Polish Red Cross, for example a homeless shelter in Szczecin and community centres in Lublin, Katowice and Kraków.
- Budimex S.A. also organised a special edition of the "Grant for volunteering" programme under the slogan: "Grant for volunteering in the fight against COVID-19." As part of the programme the company's employees submitted ideas for aid campaigns for people or centres affected by the pandemic. This resulted in the implementation of eight projects. These involved the purchase of protective equipment (gloves, masks, disinfectants) for hospitals, support for nursing homes affected by the virus, financing of materials for production of masks for small rural communities etc.

1.3. Corporate social responsibility management

The mission of Budimex S.A. is to carry out construction projects and services for sustainable development of the economy and society with respect for natural environment, ethical principles, care for customer satisfaction and user comfort. We achieve this through professionalism, passion for creation, high effectiveness, as well as partner relations with suppliers and subcontractors.

The basis for long-term actions in terms of corporate social responsibility (CSR) in Budimex S.A. is the **CSR Strategy**². The document valid in 2016-2020 described eight key areas of corporate social responsibility:

² https://www.budimex.pl/repository/sustainability/CSR/Strategia_CSR_Budimex_2016_2020_PL.pdf

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

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

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

In the second half of 2020 the process of establishing a new concept of the CSR Strategy was initiated, including the objectives for 2021-2023³. It also refers to the UN Sustainable Development Goals and has been divided into six key areas of responsibility:

- we ensure the highest occupational health and safety standards,
- we reduce the negative impact on the environment and climate,
- we care for employee development and work satisfaction,
- we focus on the highest quality and innovations,
- we prevent abuse,
- we engage in dialogue and support local communities.

[GRI 102-26] The CSR Committee, chaired by the President of the Management Board, is responsible for a comprehensive approach to strategic management of corporate social responsibility at Budimex S.A. and in the entire group. The Committee consists of representatives of the Management Board and selected organisational units. The Committee meets regularly, at least four times a year, to give opinions, approve and account for the implementation of CSR objectives, and to discuss the key topics in the area of sustainable development.

Certified quality, safety and occupational health and safety management systems ensure, in turn, efficient management at the operational level. In the case of Budimex S.A., the head of the group, the **Integrated Management System** consists of:

- quality management system according to ISO 9001:2015,
- environmental management system according to ISO 14001:2015,
- occupational health and safety management system – compliant with PN-N-18001:2004 and OHSAS 18001:2007,
- information security management system according to ISO/IEC 27001:2013,
- quality management system according to AQAP 2110:2016,
- energy management system according to ISO 50001:2011,
- customer satisfaction code of conduct management system according to ISO 10001:2007,
- IT services quality management system according to ISO 20000-1:2011,
- quality system according to PN-EN ISO 3834-2: 2007 for welding.

The company has its NATO Commercial and Government Entity Code (NCAGE) number 1836H – granted to entities whose activities are related to the range of defence products or provision of defence services. In addition, the Integrated Management System takes into account the guidelines for corporate social responsibility management specified in standard PN-ISO 26000:2012.

1.4. Approach to the non-financial risk management

The following are prepared based on the analysis of reported risks:

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

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

³ https://www.budimex.pl/repository/about/Aktualnosci/2021/Strategia_CSR_Budimeksu_polaczone_pliki_skrót_i_tabele.pdf

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

[GRI 102-15] There were no non-financial risks on the map of key risks. The map of other risks includes the selected environmental risks.

On 29 September 2020, the Supervisory Board of Budimex S.A. approved the establishing of an independent entity of the Internal Audit Office (BAW) at the request of the Management Board. On 19 November 2020, the Supervisory Board approved the decision to appoint the person managing the internal audit unit at Budimex S.A. The Head of the Internal Audit Office was given the task of organising an independent internal audit function, providing systematic and objective assurance and advisory services in the areas of risk management, managerial control and corporate governance. This change is part of improvement of the management and supervision mechanisms at Budimex S.A.

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

[GRI 102-9] The supply chain of Budimex S.A. includes thousands of suppliers and contractors. Over 98.5% of approx. 15,000 counterparties with whom the Company works annually are Polish enterprises. In 2020, we had turnover of over PLN 5 million gross with approx. 200 of these companies. About three thousand counterparties have been working with Budimex S.A. for at least 8 years in a continuous manner. Some key suppliers have done it for even more than 15 years. As a General Contractor, we are responsible for the actions undertaken by the suppliers and contractors, supplied materials and provided working conditions.

The main non-financial risks in the supply chain concern:

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

Every new contractor undergoes a preliminary assessment based on a questionnaire. The questionnaire consists of a supplier's declaration on compliance with applicable regulations within the scope of labour law, environmental protection, etc. All significant suppliers and subcontractors are subject to preliminary assessment (qualification). In the case of ending cooperation with a given supplier, the final assessment is conducted, including such issues as quality, timeliness, actual technical capacity, OHS, environmental aspects and issues related to human rights, including employees' rights. The assessments are made by contract managers. They are tasked with identifying any irregularities or events that may pose a threat, and actions that are inconsistent with the rules of Budimex S.A. applicable to sub-suppliers. Results of questionnaires and final assessments are gathered in the Central Database. Internal auditors have access to these materials and use them to assess sub-suppliers. Auditors have also access to bids presented by suppliers, based on which the contract has been signed. Thanks to the analysis of bids, contract's history and the final assessment result, it is possible to verify how the cooperation actually proceeded and ended and whether it was consistent with what the given sub-supplier committed to at the bid submission stage. Regardless of the assessment, after the end of the contract, Budimex S.A. sends a Satisfaction Survey to the investor. The assessment results and conclusions are then analysed by the management at annual management reviews.

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

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

Budimex S.A. strives to ensure that material agreements with key business partners, regardless of their negotiating power, are supplemented with an appendix constituting a set of rules of conduct for counterparties, which considers the aspects of ethics, human rights, compliance with law, care for natural environment, etc.

The results of preliminary assessments (qualification surveys) and final assessments for sub-suppliers in 2020 are as follows (as at 31.12.2020)⁴:

	2016	2017	2018	2019	2020	cumulatively (active)
Framework agreements						

⁴ Some of them include or are entered by more entities than just Budimex S.A. For example, surveys in the database are entered by both Budimex S.A. and Mostostal Kraków S.A. (the Budimex Group), and the companies jointly use the information gathered there.

Material project agreements defined as framework agreements BZC	16	19	30	11	7	164
Material project agreements containing ethical clauses. Total number of agreements with these clauses and percentage of material framework agreements	11 (69%)	11 (58%)	24 (80%)	8 (73%)	6 (86%)	128 (78%)
Percentage of all agreements with ethical clauses among all framework agreements	50%	72%	73%	73%	86%	79%
Questionnaires and final assessments						
Number of questionnaires	1191	1019	1163	885	820	4662
Number of conducted final assessments	4583	3068	5329	1420	694	7411
Number of irregularities identified	184	153	361	93	40	507
Number of irregularities identified						
Meeting deadlines	61	45	121	31	12	166
Product quality	24	21	47	10	6	66
Technical capacity	50	41	78	23	7	112
Compliance with price terms	11	10	31	13	6	51
OHS	26	23	49	7	5	62
Environmental protection	12	12	35	9	4	50

1.6. Information security and digitisation

Budimex S.A. makes every effort to ensure the efficient and safe operation of its enterprise to best meet the needs of the Company customers, shareholders and employees. A sign of due diligence of the Company's management is the minimisation of operational risk by ensuring proper security of the information processed. Information security at Budimex S.A. is designed, implemented, monitored and supervised within the Information Security Management System (ISMS) certified for compliance with international standard ISO/IEC 27001:2013.

The basis for the Company's operating policies and procedures (including in respect of information handling) is the **Information Security Policy of Budimex S.A.** It is the basis for preparing internal procedures relating to the classification of information, the manner of its storage, processing and removal. The compliance of our regulations with international information security standards has been confirmed by independent certification centres as well as first, second and third party audits.

In the ISMS, personal data is a class of information subject to special protection in terms for processing. Data allowing identification of natural persons are used in our daily work and concern, among others, potential and current employees, customers and business partners of Budimex S.A. Due to the fact that the breach of security of the above data could have a strong impact on personal rights of private persons, data processing is done with prudence and in accordance with the law and rules of internal information security policy.

We closely follow the dynamically changing reality in the digital area and undertake structured actions aimed at using these solutions to improve the Company's operations. Our actions and plans in this area are included in the following documents: **IT Strategy for 2020-2022, Budimex Digitisation Strategy for 2020-2022, Cybersecurity Strategy for 2020-2022, IT Services Management System** (processes, operating instructions). The main risks associated with the digitisation are listed in the Cybersecurity Strategy, which also specifies the prevention methods as well as initiatives and projects to increase the cybersecurity at Budimex S.A. Risks are communicated and monitored to the Management Board Member responsible for IT in monthly reviews of the IT project portfolio and to the Management Board. The most important actions introducing digital solutions for business in 2020 include: digitisation of contract handling processes, digitisation of implementation processes on the construction site and digitisation of communication with counterparties.

1.7. Awards and distinctions in 2020

Budimex S.A. was ranked 25th among the largest individual CIT payers for 2019 in Poland, in the CIT ranking published by the Ministry of Finance.

Awards and distinctions in the area of CSR:

- The "Responsible Business in Poland 2019. Good practices" report, published by the Responsible Business Forum, includes two social programmes by Budimex: "Parent Zone. Budimex for Children" and "Hello ICE".
- Advancement of Budimex to the 6th place (from the 18th place in the preceding year) in the Responsible Companies Ranking.
- Winning the "CSR Gold Leaf" awarded by "Polityka" weekly
- Obtaining the title of "Well-Perceived Company" in the competition organised by BCC.
- The #Niezwalniajmy initiative, in which Budimex participated, was awarded in the "Benefactor of the Year" competition in the "Socially involvement in the fight against the COVID-19 epidemic." category
- Distinction in the competition "The Best Annual Report 2019" for the best statement on applying the corporate governance in a company.

Awards and distinctions in the area of construction:

- Distinction for Budimex in the "Construction Company of the Year" category in the "Infrastructure and Construction Diamonds" competition.
- The project of Budimex in Gdańsk: Garden Gates – Długie Ogrody 18 was awarded in the competition for "The most interesting residential project in Tricity," organised by Trojmiasto.pl.
- Budimex was the first degree prizewinner in three categories in "Construction of 2019" competition. The following were distinguished in the ranking: The .BIG office building in Kraków in the category of "Office Buildings" the Mareckie Educational and Recreational Centre ("Cultural, Scientific and Education Buildings") and Jaskółka Tarnów sports and entertainment Arena in Tarnów ("Individually Assessed Buildings").
- Budimex is one of the two construction companies in Poland best rated by subcontractors (according to the study by ASM Centrum Badań Analiz i Rynku).
- Monopolis, a cultural and business complex in Łódź, received the "Real Estate Oscar" award at the prestigious MIPIM Awards in Paris. It is an international competition, in which the jury acknowledges the most outstanding architectural designs from around the world.
- The award for Monopolis in Łódź in the "Architecture" category in the Prime Property Prize competition. It is awarded to commercial buildings that bring innovative solutions to the market, set the trends and are made with respect for the environment and the urban fabric. Monopolis is an example of a project created according to this ideology.

Awards and distinctions in the area of HR and OHS:

- Budimex, as the only company in the construction industry, was among the 50 best employers in Poland according to the "Wprost" ranking.
- 4th place in the "Engineering" category in the "Universum Most Attractive Employers Poland" ranking, which involved more than 16,000 Polish students.
- The construction of the aircraft engine testing plant in Tajęcina was ranked first in the "Build Safely 2019" competition at the National Labour Inspectorate section in Rzeszów.
- The "Gra o Tor" employment branding project addressed to railway students was awarded in the "Employer Branding Excellence Award" competition in the "EB Innovations" category.
- The Budimex Academy, the Company's recruiting campaign was ranked first in the "Effectiveness" category in the "Recruitment Leaders" competition.
- Budimex received the titles of "Best Quality Employer" and "Company of the Year" awarded by the Central Office for National Certification.
- Budimex received the "Responsible Employer of 2020" award in the "Responsible Employer – HR Leader" competition.

2. KEY PERFORMANCE INDICATORS

	UM	Budimex S.A.	
		2019	2020
Work area			
Number of employees	pcs.	5602	5388
Total number of accidents at work among Company's own employees	pcs.	72	62
Average number of training hours per employee	h	10	12.1
Ratio of basic salary of men and women by occupied position			
blue-collar workers	%	112.9%	116.7%
white-collar workers	%	118.3%	120.5%
managers	%	107.3%	106.3%
executives	%	111.9%	112.0%
Social area			
Amount of donations	PLN thousand	804.0	4,094.0
Environmental area			
Total electricity consumption	GJ	891,436.57	804,845.97
Total CO ₂ emissions (range 1 and 2)	t CO ₂ e	78,999.97	66,850.08
Total water consumption	m ³	218,875.99	167,996.71
Corruption counteracting and human rights area			
Number of confirmed corruption incidents	pcs.	0	0
Number of confirmed cases of human rights violations	pcs.	0	0

3. SOCIAL ISSUES

The management of the Budimex S.A. social area is defined in the Principles of the Company's Responsibility Policy. This document includes, among others, provisions directly or indirectly related to the social impact aspects, e.g.:

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

The aspects related to the social impact specific to the activities of Budimex S.A. are defined in more detail in the **CSR Strategy for 2016-2020** and in the **CSR Strategy for 2021-2023** effective from 1 January 2021.

3.1. Society and local communities

The **CSR Strategy for 2016-2020** assumes cooperation and support for local communities. The assumptions defined in the strategy oblige the Company, among others, to limit the negative impact on the residents of the areas where it operates.

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

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

For many years, Budimex S.A. has been involved in activities for the benefit of local communities by initiating original social programmes, supporting important cultural and sport events, as well as taking part in various initiatives. The documents that govern this area of Budimex S.A. activity are as follows: **Instructions for Approving Sponsorship Projects, Patronages and Donations**, and above all, the **Policy of Cooperation with Local Communities**. The policy provides for specific actions both before the commencement of construction works (emphasis is on effective informing of the local community and dealing with its concerns) and during the contract (building good relations with the local community, local media and authorities).

The flagship social programmes of Budimex S.A. include:

- **Parent Zone.** Since 2012, Budimex S.A. has been running the "Parent Zone. Budimex for Children" programme: it consists in organising special spots in hospital children's wards, where small patients and their parents can spend their time in a friendly environment and feel just like at home, so that they can at least for a moment forget about the difficulties of illness and treatment. One of the most important aspects of this programme is the personal involvement of the Company's employees, who, as volunteers, participate in furnishing renovated premises – they help with the assembly and placement of furniture, and perform minor finishing works. So far Budimex S.A. has launched 34 Parent Zones, and there are plans to open more of them. Nearly 700 thousand children and their carers are already using the existing zones. (more information on: www.strefarodzica.budimex.pl)
- **Hello ICE.** "Hello ICE", replacing in 2019 the "ICE Intercom" implemented since 2009, is another original social programme of Budimex S.A. Its aim is to extend knowledge of the youngest pupils of primary schools (grade levels 1 to 3) and kindergartens in the field of safety on the way to and from school. 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. A key part of the campaign is an interactive map which anyone can use to mark dangerous places that pupils have to cross on their way to school; there is also a website with educational materials for teachers, parents and children. Moreover, pupils are equipped with plastic cards including data facilitating contact with their families in case of emergency. The campaign has also a wider educational dimension, as it promotes the road safety principles and first aid among children. Over 450 dangerous places have already been reported on the interactive map. Due to the pandemic in 2020 we had to move some of our activities online, but we still tried, in compliance with all the safety standards, to enable children to actively participate in the programme, including contact with the programme mascot, Tiger Budi, who welcomed them during the inauguration of the new school year or the World's Reflection Day. We also continued one of the main elements of the programme, i.e. minimising the threats on roads around schools. As part of the pilot initiative, in 2020 we made 4 3D crossings for the residents of Bartoszyce, Lesznowola, Sanok and Miechów. (More information at www.helloice.pl).
- Since 2015 Budimex S.A. has been running the "**Grant for Voluntary Service**" programme, under which employees may suggest their own voluntary service initiatives. Projects can be submitted all year long. They are discussed during quarterly meetings of the CSR Committee that awards grants. The majority of the projects reported and implemented

by the Company's employees involve mainly renovation and construction works. In 2020 we gave grants amounting to more than PLN 100,000. Over PLN 40,000 of this amount was allocated to projects submitted for a special edition of "Volunteering in the fight against COVID-19" where employees helped the centres and people affected by the pandemic.

In 2020, as part of the "**Home from the Heart**" campaign, Budimex S.A. joined forces with other companies to build, equip and hand over a house to Ms. Magda's family of sixteen in need near Radomsko. The impulse to organise the initiative was the difficult history of Ms. Magda. At the beginning of 2020, the media became interested in her situation because the court decided to remove the mother's custody rights over her eleven minor children. This decision was to be taken due to difficult living conditions. Thanks to the involvement of Budimex S.A. and partner companies, the family will receive an equipped turnkey, one-storey house with an area of over 200 m². In addition, wireless Internet connection and laptops and tablets will be provided to make it easier for children to learn.

As part of "**Birdhouses. Budimex for nature**" the employees of Budimex S.A. installed 30 birdhouses in Lublin and Sanok. The initiative was carried out in cooperation with the Siemacha Association. Many species of birds will find shelter in the houses installed near the projects carried out by Budimex S.A. The birdhouses were made by young people from the Siemacha Association in Lesser Poland. The pro-environmental cooperation will result in making a few dozen more birdhouses, which will be hung by volunteers in the area of works carried out by the Company.

Besides the social programmes mentioned, Budimex S.A. engages in charity or sponsorship activities, concentrating above all on providing aid to children and cooperating with non-governmental organisations. In 2020, we continued the implementation of socio-cultural and educational projects by promoting the following initiatives:

- The "Diamond Explorers" scholarship programme 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 Demos Foundation, which helps young people in a difficult life situation. The organisation provides premises for educational, therapeutic and sports activities. It organises workshops for youth leaders and scholarship programmes.
- Purchase of 5,000 gift boxes for children in education centres in Łódź and support of the SOS Children's Villages initiative in the Świętokrzyskie Voivodeship.
- Support for the volunteer fire service in Masuria, Subcarpathia and the Łódź Voivodeship.
- Support for organising sports events and teams: The Polish Championship of Disabled Sailors, the Stomil Olsztyn football club and the Wybrzeże Gdańsk handball club.

In 2020 social and sports organizations received support from the Budimex Group (including Budimex S.A.) in the form of donations in the total amount of PLN 2.06 million.

3.2. Innovative projects in Budimex S.A.

Contribution to socio-economic development is much more than just tangible effects of the executed contracts. Changes are also made through ideas and innovative solutions, including those developed with participation of enterprises such as Budimex S.A.

In 2020 the Company took part in the following innovative projects with co-financed at the European and national level:

- SeHePa – development and implementation of innovative self-healing asphalt pavement technology of high durability; project value: PLN 4,020,928.27.
The project (carried out by Budimex S.A. and the Warsaw University of Technology) involves the development of a technology to produce an intelligent additive for road asphalt which will be in an inactive state under certain conditions of use of the asphalt road surface, but which, as a result of the appearance of micro-cracks in the asphalt binder, will become active and repair (close) them. The project will result in increased durability of asphalt roads, extending the periods between renovations and lowering the costs of road use.
- SAFEWAY – infrastructure management system, supporting the response to extreme events on trans-European transport networks (TEN-T); project value: EUR 4,521,100.
The purpose of the project, carried out by an international consortium, is to design and implement methods, strategies and tools aimed at increasing the strength of land transport infrastructure. It includes research on climate and weather phenomena, fires, seismic risk, high temperatures and others. The project is to contribute to the improvement of safety of the transport infrastructure, to establish the basis for development of tools for predicting and mitigating effects of extreme events in all types of road disasters.
- BIMERR – development of a package of tools supplementing the BIM technology, supporting the energy renovation process of existing residential buildings; project value: EUR 6,933,320.
The project involves the building information modelling (BIM) and its main purpose is to help stakeholders involved in the thermal upgrading process in the area of AEC (architecture, engineering and construction) through the design and development of a new set of tools – from concept to delivery. While carrying out the BIMERR project, Budimex S.A. supported the BIM use as a tool for cost optimisation and simultaneous provision of the customer with added value, as well as for seeking solutions allowing for the implementation of projects meeting the criteria of such certificates as BREEM or LEED.
- InRaNoS (BRIK) – innovative solutions within the scope of protection of people and environment from rail traffic noise; project value: PLN 3,885,865.

The project will include the development of prototypes of devices installed in the track superstructure to reduce vibrations and noise from rail traffic – rail and track silencers.

- InRaViS (BRIK) – innovative solutions within the scope of protection of people and buildings from rail traffic vibrations; project value: PLN 7,300,726.83.
This project aims at the development of innovative solutions within the scope of protection of people and buildings from rail traffic vibrations. As part of the works, four products intended for ballast (sub-ballast vibroinsulation mats and sub-sleeper pads) and non-ballast (sub-slab vibroinsulation mats and system of block rail supports in the cover) structures of track superstructure are to be developed.
- CONCERT – CONfigurable CollaborativE Robot Technologies; project value: EUR 2,998,432.50.
It is a new three-year undertaking carried out by Budimex S.A. as part of an international consortium. Its purpose is to develop modular robots intended to perform or support works at construction sites, especially where the works performed are burdensome or dangerous to employees.

In addition, for the second year in a row Budimex S.A. became involved in the municipal acceleration programme “WARSAW booster’20” carried out for the capital city of Warsaw by the following Foundations: MOST, Startup Hub Poland and Coalition for Polish Innovations. That project aimed at the support of young local technology companies in establishing relations with the municipal authorities and companies operating in Warsaw.

In 2020 we also launched the Innovation Zone, a special platform for employees for management of the process of reporting, assessment and implementation of ideas for improvements and innovation. Our goal was standardisation, so the entire process is transparent and every employee can follow the project assessments or participate in consultations on the ideas submitted by them.

Main assumptions of the Innovation Zone:

- gathering ideas in one place,
- recording of projects implemented at Budimex S.A. (including R&D relief),
- improving the effectiveness of analyses and implementation of innovative projects,
- automation of alerts to people involved in the assessment and implementation of innovations,
- enabling a comparative analysis of the effectiveness of innovations and improvements,
- archiving information and data for the analysis of collected ideas, their percentage progress or the areas they apply to.

3.3. Budimex S.A. on the market

Another extremely important social aspect, which involves a very measurable risk for the entrepreneur is the risk of violating the principles of free market competition. From the social point of view, this may lead to non-optimal choices and increased costs (as a result of the restriction of the market mechanism). For an entrepreneur, a confirmed accusation of violation of the principles of free competition means the imposing of adequate penalties and the loss of image.

Therefore, this aspect is regulated in Budimex S.A. not only at the level of operating procedures, but above all in the Group policies applicable to all employees. **The principles of Antimonopoly Policy and Competition Protection** apply, among others, to the issues such as: pricing, trade association meetings, contractual clauses, boycotts, mergers/acquisitions and agreements.

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

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

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

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

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

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

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

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

3.4. Quality and its impact on safety of structures

3.4.1. Quality management

The quality of applied construction materials and the accuracy of completion of particular stages of the construction process directly affect the use of the given facility and its safety. Thus, responsibility of the general contractor covers the entire life cycle of the structure, from design, to contracting to its maintenance during use.

The **Integrated Management System** is in force at Budimex S.A., covering, among others, the quality management system according to PN-EN ISO 90001, environmental management system according to PN-EN ISO 14001, OHS management system according to PN-N-18001, and quality assurance system based on requirements of the AQAP 2110 NATO standard.⁵

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

Certificates and subsequent accreditations are the result of work of many people involved in providing top quality construction sites, while uniform quality procedures apply to all contracts performed by Budimex S.A.

3.4.2. Research laboratories and reliable quality control

In 2020 a total of 27 laboratory units located all over Poland conducted regular quality inspections of works and construction products at all stages, also in the context of security of structures. The Central Laboratory with an accreditation of the Polish Centre for Accreditation No. AB 1414 constitutes the Budimex S.A. leading laboratory. Thanks to the Laboratory we can operate in accordance with the best practices, reducing the number of defective products, while reducing manufacturing costs. The Laboratory currently uses 50 accredited research methods. Nine methods in total were expanded and updated in 2020. Laboratories are equipped with modern test equipment compliant with international standards. In 2020 the Central Laboratory was equipped with specialist equipment such as: dynamic shear rheometer (DSR) and ductility tester, an instrument used for testing asphalt binders. In one of the projects, a set of containers was purchased and a photovoltaic system was installed as a renewable energy source for the purposes of laboratory tests.

The Laboratory management system complies with the standard PN-EN ISO/IEC 17025 "General requirements for the competence of testing and calibration laboratories". In addition to an ongoing laboratory inspection, the unit also actively supports our Innovation Department and is engaged in research and scientific projects in cooperation with recognised scientific centres, e.g. Wrocław University of Technology, Gdańsk University of Technology, Warsaw University of Technology, and the Road and Bridge Research Institute.

Works of laboratories are based on highly qualified personnel, who continuously improves its skills, also by participating in technical and managerial training. Quality experts are eager to share their practical technical knowledge by conducting training for laboratories and engineering staff as part of the Budimex Academy.

Area 6: Top quality assurance			
Maximisation of the Quality Conformance* (QC) index	value of the Quality Conformance (QC) index	≥100% of the last period's value	Goal achieved
<u>Comment:</u>			
The QC value for 2020 was 96.1% compared to 94.6% for 2019.			

* Index for assessing compliance of test results with the quality standards in force

4. EMPLOYEE ISSUES

Budimex S.A. has a uniform procedure defining the HR management principles. It regulates all key aspects of HR management, such as recruitment, rules on employment, remuneration and employee benefits, employee relocation, rules of periodic assessment, rules of development and training, ethical issues, anti-mobbing and anti-discrimination measures. This allows to limit

⁵ Thus, uniform procedures are generally applicable to all ongoing contracts.

the risk to which the Company is exposed, i.e. the risk of no suitably qualified employees, understood both as limited possibilities of recruitment of suitably qualified persons, as well as the risk of losing staff members and of the related loss of competences.

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

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

4.1. Working environment and focus on growth

Budimex S.A. strives to acquire employees with the greatest potential and encourage them to establish a long-term relationship with the organisation and to develop within it. This approach allows us to build competence and protect the Company against its loss. This is why internal recruitment is preferred, holding out the prospect for long-term growth. At the same time, to extend the pool of candidates, the Company runs the "I Know, I Recommend" programme. Its essence is to increase efficiency of acquiring new employees through recommendation of candidates by employees who can count on a cash bonus if the recommended person is hired. The recommendation prize amount depends on a type of job for which the recommended candidate is to be hired. In addition, the Company organises the construction industry's first referral programme "I Recommend Budimex" (www.polecambudimex.pl), which gives people from outside the Company the opportunity to refer employees.

The introduction of new employees to Budimex S.A. starts with the obligatory "Welcome to the Group" training. On the first day of work, employees get the organisation guide, in which they can find the most important information, answers to the questions most frequently asked by new hires and some valuable tips. In 2020 all traditional training modules were adjusted to the online form and spread over a few days. The introduction of new hires was also supported by an onboarding manual, aimed at introducing employees to the organisation and making it easier for them to access the necessary information. An in-house bot was also implemented; it acts as a virtual assistant and supports smooth introduction process, answering employee questions with focus on employee, HR and payroll issues.

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

To encourage and attract young and talented graduates, we offer not only attractive benefits, but also a chance for personal development. As part of the "Budimex Academy" programme experts of Budimex S.A. meet students of technical universities and share their experience. In 2020 we provided knowledge online through special webinars, interviews and meetings with employees, technical training and soft skills training. Every year we also accept for internship almost 300 students of various specialisations all over Poland. As part internship, we offer candidates pay, medical care, training and the opportunity to gain valuable experience in the construction industry. Students interested in development in railway construction can obtain an annual scholarship.

We know that the atmosphere at work has a significant impact on the daily experience of employees and their motivation to act. To get to know the perspective of employees and identify the areas for improvement, Budimex S.A. conducts anonymous engagement surveys. Their results are analysed and used to make improvements within the organization.

4.1.1. Social package

We care for the health, development and comfort of our employees, offering them a friendly workplace and an extensive package of fringe benefits. As part of the internal programme "Budimex and You" we take a number of actions to build an engaging work environment. Our employees participate in charity runs such as Poland Business Run or Mikołajkowy Bieg. They can also receive funding for sports events in which they represent the Company. We also support the passions of our employees. In the "One company, many passions" series we motivate and inspire each other by sharing our interests.

We offer, among others, the following benefits for employees:

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

- gifts for mothers on the birth of their children,
- co-financing of professional qualifications.

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

Budimex S.A. is the first company in the Ferrovia Group and one of the first companies in Poland to implement the Human Resources Information System (HRIS) created by Oracle. In 2020 this solution was used mainly for the processes of "soft" HR, such as periodical evaluation, goal setting, training and development. The processes related to recruitment, succession planning and support for the area of wages and benefits will also be included in the future. In this way, the Company provides a flexible self-service to employees and superiors, which is consistent with the latest global practices. HRIS will cover nearly 6,000 employees in 5 companies of Budimex Group. The works on the implementation of the system have been underway since the beginning of 2019. It is the largest project of this type in the construction industry and one of the greatest implementations of cloud solutions in Poland. The HRIS will support carrying out HR activities by allowing the employees to access the system via computers, tablets or telephones.

4.1.2. Development and training

The training rules are regulated internally, while results of an employee's periodic evaluation are crucial. They are the starting point for setting individual development goals, based on which the Development and Training Department plans training activities.

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

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

The most important development programmes include:

- Young Engineer's Academy. It is a programme addressed to new hires at Budimex S.A. on the following positions: intern engineer, construction engineer. The aim of the project is to efficiently introduce employees to the organisation. It also consolidates key competences that facilitate efficient assumption of engineer's duties and enable more effective operation in accordance with the standards of Budimex S.A. The programme is carried out in three thematic blocks: personal effectiveness, professional effectiveness and construction site safety.
- Engineer's Academy. This is a training offer provided by internal experts in a given field, established for the staff working on contracts. Its participants can expand and update their technical knowledge, as well as exchange good practices with other trainees. Some topics are carried out in a classic form – in a classroom, but there are also subjects that are largely taught on the construction site. Due to the COVID-19 pandemic, trainings at Engineer's Academy were conducted remotely in 2020.
- Contract Manager's Academy. This project supports newly appointed Contract Managers and persons in preparation for promotion to this position in the acquisition of substantive competences and practical skills in connection with contract management. It allows them to consolidate and extend their knowledge on the subject. The programme is divided into three stages: internal workshops deepening substantive knowledge, external workshops focusing on development of soft competences, and individual support of participants as needed.

A significant aspect of the training activities undertaken by Budimex S.A. are special programmes supporting the professional development of women:

- Cast-Iron Success. It is a programme aimed at women working on the construction site as white-collar workers. Its aim is to increase the number of women-managers in construction, as well as to support them in the development of leadership and soft skills. After a two-stage verification, the women qualified for the programme participate in a cycle of workshops and meetings. The programme lasts for a total of 12 months and sufficiently long breaks are planned between meetings so that every participant is able to implement the training-related knowledge in her daily work.

Programmes aimed at developing leadership skills are also very important:

- Super Leader. The purpose of the programme is to develop leadership competencies among senior managers – to strengthen the skills of strategy communication, development of subordinate teams and involvement of employees to achieve common goals. The programme consists of three modules, each of which presents a different leadership style (leadership styles selected after diagnosis). Participants can use the modules to practice their leadership skills during hands-on workshops. Between the workshops, they participate in coaching sessions and have a number of

implementation tasks to perform. Each participant also receives a set of materials to work on the development of the particular leadership style.

- **Management Stairs.** The development path for management skills, which takes into account the management level, experience and necessary competences at individual managerial positions. It consists of four stages. Each level assumes the development of different skills necessary for being an effective manager, depending on a type of entrusted duties and experience (from the beginning manager to top management). Particular stages assume the knowledge development.
- **Manager's Toolbox.** The path of obligatory managerial training for managers in the production area. Participants are invited to training on: strengthening the skills of task evaluation and providing feedback, employee development planning, labour law, as well as media appearance and conducting effective business meetings. Their range depends on the scope and type of duties and rank.

Budimex S.A. implements also programmes related to the development of interpersonal skills:

- **Communication Path.** The communication skills development programme is divided into several main stages, taking into account subsequent levels of acquired skills and knowledge (specific stages: effective communication, business presentations, persuasion and influencing, building authority, building relations within the organisation and with external clients, coping with conflict and claims). The paths assume the knowledge development, therefore it is important to conduct training in an appropriate order. Each stage contains several proposals for training topics, thus allowing for comprehensive development tailored to the individual needs.
- **Extended DISC.** An Individual Extended DISC Analysis is a test which allows to get to know one's natural potential, predispositions and talents. It is a self-reflection tool – the employee self evaluates how they behave in a particular situation. The main areas studies include behaviours and communication styles manifested in the professional area. Following the test, the employee participates in the webinar to become familiar with the Extended DISC model, to communicate the characteristics of the four main styles and prepare to work on their own with individual reports. Fourteen webinars for nearly 300 people were carried out in 2020. After the meeting, the participant receives an individual report. Then, they may continue the development of social competencies in the course of Communication Path training.
- **Feedback Culture.** The purpose of the project is to strengthen the openness and trust in cooperation by promoting the idea of feedback. The programme provides various forms of knowledge and skills broadening in the field of providing and receiving feedback, such as:
 - Online workshops in the form of practical training with a good amount of knowledge and inspiring activities. The training is divided into three stages: two workshop sessions 3.5 hours each and one session lasting 2 hours – behavioural training with an actor.
 - Knowledge pills in the form of one-pagers, leaflets and short educational videos posted on the intranet.
 - Webinars – short educational forms.
- **Negotiation Path.** The negotiation skills development programme designed so that the successive stages provide new knowledge, specific and increasingly advanced tools and give the opportunity to test newly acquired skills under safe conditions. The negotiation path consists of three stages: "Basics of Negotiations," "Negotiation Tools" and "Expert Negotiator" (at this stage the participant has the opportunity to face a sparring partner). The training focuses on the best business practices and the attitude to building long-term relations with external partners, as well as strengthening the image of Budimex S.A. as a reliable business partner.
- **Stay Strong – training of strength and mental resilience.** Webinars with experts aimed at encouraging employees to take care of their mental well-being and equipping them with practical skills of building mental resilience for situations of increased stress (mainly related to the COVID-19 pandemic). The following topics are discussed during proposed meetings with experts: how to improve vitality and mental well-being, how to regenerate in the case of overstrain, how to maintain mental resilience, how to plan the time to maintain the work-life balance, e.g. during remote work. The programme included elements of mental health education, practical training of relaxation techniques and promotion of physical activity. More than 300 employees participated in the webinars.

Employees can participate in co-funded individual English courses. The offer is addressed to those who actively use the English language in their everyday work. Employees have access to the eTutor English learning platform, which offers English lessons at levels from A1 to C2. The platform uses unique solutions and features such as: multimedia exercises, innovative system of revisions, artificial intelligence for pronunciation, an algorithm verifying the correctness of written tasks, language games and embedded DIKI dictionary. Each participant may invite one person to learn free of charge.

Specialist courses are also conducted as part of the training catalogue:

The analysis of accidents and near misses that took place in our projects led to the identification of areas that require urgent supplementation of knowledge. One of them is the rules of safe vertical transport. From October 2019 to March 2020 we have trained over 800 people (blue-collar workers and technical supervision staff) on OHS in vertical transport, putting particular emphasis on separating the functions of rigger and signalman, as well as communication between the crane operators and the signalman. The training was divided into theoretical and practical parts.

As part of activities improving work safety, we also conducted specialist courses that included the specificity resulting from the nature of the work. Examples are training courses conducted for the Railway Construction Department, such as: "Railway Traffic

Control" or "Training for Employees Supervising Works on Railway Contracts," which include the discussion of rules and procedures for safe execution of works on railway contracts, including works on active railway tracks.

Execution of works on contracts is strictly related to the subject of waste management; in 2020 we completed a series of training courses in this area, involving 192 participants. As part of the "Waste Management in Construction" training the participants could learn about the latest legal requirements to be met by general contractors regarding construction waste. In addition to the training, the participants received scripts with answers to questions regarding interpretation of regulations, based on examples of specific situations during the performance of contracts.

4.2. Occupational health and safety

Care for the safety and health of all our employees is the core value of our business. Therefore, the operations in the field of safety improvement on construction sites include everyone: employees, contractors, consortium members, suppliers, and individuals involved in the project implementation. The year 2019 was the last year in which Budimex S.A. used the **PN-N-18001 standard**, which focused mainly on safety management in the organisation. In 2020 Budimex S.A. obtained a certificate of compliance with the European **standard ISO 45001** which assumes the commitment of all entities involved in the implementation of construction projects, such as subcontractors or suppliers. This commitment model has been implemented and developed in the organisation for many years. At Budimex S.A., in addition to the management system, the **Ferrovial Minimum OHS Standards** are in place, whose main message is the organization of the construction process in line with the principle: "After finishing work, every employee (whether they are an employee of Budimex S.A. or our business partner) should go back to their family and loved ones, so nothing should stop us from respecting the safety rules, for which we always have to find time."

Budimex S.A. also has the **OHS Policy**, which assumes the following:

- to ensure safe and hygienic working conditions to effectively prevent accidents, near misses and occupational diseases among employees and subcontractors,
- to ensure the organisation's context relevant to the scope of operations, including all interested parties and associated risks and opportunities,
- to ensure the supervision and reduction of OHS risks in accordance with the principle of supervision hierarchy,
- to monitor and strictly adhere to applicable legal and other provisions in the field of OHS,
- to ensure appropriate training for employees of the Group companies to continuously increasing their commitment and awareness for improvement of working conditions and building leadership within the organisation
- to create for all employees and their representatives the conditions for consultations and participation in creating common safety by supporting initiatives to improve the OHS processes,
- to continuously improve the OHS management system through the exchange of best available practices.

In late 2019 and early 2020, in addition to the OHS Committee, which has been operating in our organisation for many years, the OHS Executive Committee was established at the initiative of Branch Directors. Meetings are held every 2 months and are aimed at sharing knowledge and experience between Divisions and planning actions at operational and strategic level regarding OHS.

Employees at various levels of the organisation are involved in monitoring safety. The OHS staff conduct health and safety inspections of projects and at the headquarters; the correctness of the safety system operation is monitored through system audits carried out by a team of internal auditors. Compliance of work organisation regarding projects is verified through SOB audits. Since 2019, a group of management staff has been conducting Senior Management Visits to build the culture of safety at all levels of the organisation.

4.2.1. OHS training and prevention

Apart from obligatory elements, the OHS training and procedure system also includes voluntary additional activities undertaken by Budimex S.A. Trainings take place more often than it is required by law. The training programme is co-created by employees. It is evaluated and consulted with them. OHS training courses are divided into mandatory and systemic training.

The COVID-19 epidemic did not slow down Budimex S.A. in activities connected with OHS-related education, training and awareness. The year 2020 forced us to remodel our operations in this area.

Despite the possibility of suspending periodic OHS training, dictated by the introduced regulation, we implemented the "Temporary OHS Training Instructions" and conducted training in online mode for employees with access to a computer. Our physical workers received educational materials and, as part of periodic training conducted by their immediate supervisors, they could continue to refresh their knowledge of the most important OHS risks and regulations related to the tasks they perform. We also conducted numerous campaigns on the Company's OHS standards in the form of articles in our intranet and posters hung in offices and construction sites.

An annual Safety Week was held in October, organised together with 12 signatories of the Agreement for Safety in Construction. Webinars and toolboxes were carried out, focusing on the organisation and planning of works with regard to the risks associated with the biggest OHS risks in our projects. In most of our construction sites, we organised full-day hands-on training in first aid, fire-fighting, dangerous areas related to machine operation and other activities involving not only the employees of Budimex S.A. and our subcontractors, but also investors and the National Labour Inspectorate. Educational presentations regarding safe driving

for the headquarters employees were also held for the first time. 2210 employees of Budimex S.A. and 3290 employees of business partners participated in the events of the Safety Week.

In Q4 2020, the Engineer's Academy conducted online courses for young construction engineers. They presented the essential aspects of safety management at the level of construction project, cooperation with subcontractors in this regard and practical application of this knowledge on the example of works at heights, which occur in 90% of projects carried out by Budimex S.A.

At the end of the year, as part of the preparation for the new position by future contract managers, webinars were held in the field of building the culture of safety and leadership in the area of security and new responsibilities related to implementation of safety strategy at the level of the team to be managed by the participants in the future.

As part of cooperation under the Agreement for Safety in Construction Budimex S.A. developed several OHS standards and guidelines, such as "Standard of Railway Works."

4.2.2. Accident rate

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

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

Regardless of effect and the injured, any accident is treated very seriously at Budimex S.A. Every year we investigate all the incidents that happened in our organisation. In 2020, at the request of the Vice President, in order to share experiences and promote preventive and corrective actions throughout the organization, EIR (Executive Incident Review) meetings were held every two weeks to present the analyses of accidents and near misses. The meetings are attended by the Managing Staff and supervisory staff responsible for planning and organising work on projects. Every major incident is communicated throughout the organization with alerts.

In 2020 we held the "Stand Down" awareness campaign for employees of construction sites and subcontractors. The aim was to make them aware that it is necessary to pay attention to all the incidents with a fatal potential, also observing and reacting to any identified irregularities or dangerous behaviours in our projects.

In 2020 we recorded two fatal accidents among the employees and subcontractors of Budimex S.A.. In January 2020, an accident during works on a railway line led to a fatality on the spot. To avoid such situations in the future, a corrective and preventive action plan was prepared and introduced:

- the obligation for each crew performing work near the tracks to have a radiotelephone for communication with the dispatcher;
- changes in the procedure regarding the closing of tracks for the duration of works;
- an absolute ban on organising material storage yards, warehouses, back-up facilities, parking places for cars and machinery at a distance of less than 2 metres from the outer rail;
- development and implementation of the Railway Standard at Budimex S.A. and a number of others.

The second accident occurred in September 2020 as a result of a worker falling from a height of approx. 1.80 m onto the concrete foundation. The plan of corrective and preventive actions after this event established the training for employees of Budimex S.A. and subcontractors responsible for direct supervision, a series of trainings in installation of formwork and training in the organisation of work at heights. We also introduced monitoring and enforcement activities, including: establishing or using an existing surveillance system at selected sites, in justified locations, in order to verify the security issues; strict enforcement so that all employees of Budimex S.A. and subcontractors properly use personal protective equipment (such as helmets with chin straps correctly fastened under the chin).

4.2.3. Supply chain

820 suppliers were subjected to pre-qualification and 694 final evaluations were made in 2020. These evaluations also analysed the occupational health and safety issues. Irregularities in that area were found only in five cases.

4.3. Declaration on the diversity policy

Pursuant to §91 section 5 item 4(l) of the Regulation of the Minister of Finance of 19 February 2009 on the current and periodic information, the Company declares that Budimex S.A. implemented the Diversity Policy concerning equal treatment with regard to, among others, gender, age, disability, health status, nationality, political beliefs, form, scope and basis of employment. Under the Policy, the Company undertook to create an organisational atmosphere and culture ensuring respect for any form of diversity.

The Diversity Policy also deals with recruitment, access to training courses and promotions, remuneration, combining professional duties with personal life, protection against mobbing and unfair dismissal. Budimex S.A. also breaks the barriers connected with health state of its employees by hiring disabled people. In order to manage the Policy efficiently, there was introduced the so-called anti-discriminatory and anti-mobbing monitoring, as well as a system of educational tools, training and workshops. The results of carrying out this Policy are reported to the Management Board every year.

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

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

The diversity management area is also emphasised in the Budimex S.A. CSR Strategy for 2021-2023. The goals we wish to achieve include:

- support for professional development of women employed in the organisation,
- guaranteeing that men and women get equal pay for the same work,
- introduction of the Anti-Mobbing Policy defining mobbing behaviour and providing for the whistleblowing procedure.

5. ENVIRONMENTAL ISSUES

Responsible environmental management issues are primarily governed by:

- **Principles of the Company's Responsibility Policy**, which include a commitment to reduce the impact of the environment (and climate), effectively manage natural resources and promote environmental responsibility in the supply chain;
- **Principles of the Environmental Protection Policy** referring to creating added value in a sustainable way:

The Principles of the Environmental Protection Policy oblige Budimex S.A. to:

- compliance with national, local and industry environmental standards and openness in cooperation with administrative bodies in this area,
- focus on prevention of pollutant emissions, including the reduction of greenhouse gas emissions,
- cooperate with stakeholders to protect and improve the condition of the environment, e.g. in the form of exchange of experiences,
- conduct training and information campaigns concerning environmental protection, in particular for employees and suppliers,
- use natural resources in more efficient way, for example through reduced water demand, reduced waste volume and use of recycled materials,
- take actions to preserve valuable natural areas and mitigate the impact of conducted activities on such areas.

In 2018 Budimex S.A. started the implementation of the **Environmental Strategy**, addressed to employees, contractors, subcontractors and suppliers. It contains 4 rules of conduct and 11 environmental aspects with defined basic standards. In 2019 the verification process was implemented for the performance of the strategy through internal audits of the Construction Site Assessment System. 65 SOB audits were carried out in 2020 and did not reveal any major irregularities.

Actions and measurable objectives to be achieved in environmental protection were an important element of the **CSR Strategy for 2016-2020**. The "Reduction of the environmental impact" area was divided into three objectives:

- effective use of energy and reduction of related emissions,
- optimum use of raw materials and materials and minimisation of generated waste,
- control of environmental risks and prevention of environmental damage and emergencies.

Reducing the negative impact on the environment and climate is also one of the pillars of the **Budimex S.A. CSR Strategy for 2021-2023**.

5.1. Environmental risk management

Lack of compliance with environmental protection law, administrative decisions or social expectations in this area is a major category of business risk for Budimex S.A. Its materialisation could have direct effect on both business continuity and financial result of the Company. These can include:

- financial sanctions,
- suspension or delay in works,
- protests by residents and/or environmental organisations,
- loss of reputation as a desired contractor of construction works.

In the long-term perspective, the risks arising from the climate crisis are of particular importance. Budimex S.A. must take into account in its risk model the issue of their business model's resilience to climate change and related financial burdens imposed on emitters of greenhouse gases.

Each investment project is assessed for environmental risks and their mitigation before the commencement of works. This is done through the Questionnaire of Environmental Requirements and Aspects filled in by the construction manager and contract manager. Then, the risk exposure is analysed, and the final result of the process is the development of an Environmental Task Plan for Construction implemented into the BIOZ (Safety and Health Protection) Plan.

The sum of risks at all construction sites is calculated using the MARS tool. Mitigation measures are developed each year for the highest risk aspects.

In the risk assessment process, Budimex S.A. considers the following environmental aspects:

Risk aspect	Environmental impact
interaction with the construction site environment	- neighbourhood nuisance - complaints - damage to the image - occurrence of a serious industrial accident - occurrence of distortions in the plant operations
use of land and soil	- land occupation - soil contamination - change in land use
water use	- change in the quantitative status of waters - soil and water contamination - change of flow, water pollution
waste emission	- land occupation - surface contamination, bacteriological risk - soil and water contamination
emission of pollutants into the air	- emission of dust pollution - emission of dust and gas pollution
emission of vibrations and noise	- noise emission - emission of vibrations - physical damage
use of raw materials and materials	- use of raw materials - savings in the use of raw materials
use of hazardous substances	- soil and water contamination
impact on biodiversity	- losses in forest stand - damage to forest stand - losses in natural capital (losses in animal population)
cultural heritage	- losses in facilities with a cultural value
emergencies	- soil/water/air contamination

5.2. Environmental protection standards.

Rules for proper protection of water, soil, air and biodiversity during the performance of construction works and auxiliary processes are governed by the **Budimex Environmental Protection Standards**. Environmental procedures for construction sites are established under uniform internal procedures: **Environmental management on contracts** and **OHS and EP organisation and management on contracts**.

The environmental protection standards at Budimex S.A. exceed its legal obligations and concern:

- designing technological routes in a way ensuring an economical use of terrain and minimal modification of its surface,
- restoring the site to its condition from before the construction,
- minimisation of tree removal, relocation of plants elsewhere and replanting,
- protection of trees from mechanical damage in the construction site impact zone,

- preparation of construction facilities (depots, warehouses and transportation bases): they are firstly localised in already developed and transformed areas, if possible far from residential buildings and valuable natural areas,
- reduction to the necessary minimum of the land occupancy in forests and wetland areas,
- transportation of materials necessary for construction should take place primarily within the designated right-of-way,
- introduction of solutions protecting from contamination with chemical substances from the construction site on sections where earthworks and works are carried out in the vicinity of water reservoirs,
- particular attention to the environmental protection from contamination with petroleum derivative products from vehicles and construction machinery,
- relocation of fauna and flora living in habitats interfering with the construction site to new areas,
- monitoring of the construction site by naturalists, e.g. ornithologists, ichthyologists, herpetologists, entomologists, botanists, chiropterologists depending on the site specificity and on local protected species,
- cessation of works when animals enter the project zone,
- implementation of the schedule and work cycle in a way strictly correlated with the natural cycle,
- performance of works in the vicinity of noise-protected areas only during the day,
- management of materials and waste according to the 3R principle (reduce, reuse, recycle),
- minimisation of idling with regard to engines of machinery and vehicles of the construction site,
- speed reduction within the construction site and in its vicinity,
- preparation of construction sites for unexpected situations and providing them with equipment necessary in case of contamination.

5.3. Climate change, fuel and energy consumption

The activity of Budimex S.A. has a significant impact on the climate. The Company is aware of that and makes efforts to minimise the negative impact. The risks and opportunities in connection with the necessary transition of Poland and all of Europe to a low-carbon economy are also of great importance in the context of the climate crisis.

As part of the **Budimex CSR Strategy for 2021-2023**, measures were defined to reduce the Company's negative impact on climate, mainly by contributing to reducing greenhouse gas emissions, as well as to help to adapt the business model to climate changes. To achieve these goals, the Company has committed to:

- develop in 2021 and implement in 2022 a policy related to climate change mitigation and a policy to adapt the Company to climate change,
- develop in 2021 the Company's business model and strategy analysis, taking into account various climate change scenarios,
- define and develop in 2021 a matrix of risks and opportunities for the Company in connection with climate change,
- set in 2021 the objectives in relation to reducing CO₂ emissions for 2021-2023,
- increase the share of energy from renewable sources to 50% in 2023,
- implement and promote low emission technologies (use of asphalt technology with asphalt granulate).

The demand of Budimex S.A. for fuels and energy results mainly from:

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

The ongoing energy consumption related to works (and therefore the emission level) is closely connected with project construction stages and results from the demand for transport, operation of machines or production of bituminous mass, for example. Due to a relatively long contract performance cycle (much more than one year), comparing energy demand and energy consumption on an annual basis is sometimes rather unreliable. Positive or negative changes in effects may result from the current state of implementation of the contract portfolio, instead of changes in the operating model. Nevertheless they do occur, as Budimex S.A. takes measures aimed at permanent reduction of energy consumption and emission levels, e.g. through successive replacement of equipment. Efforts are also made to engage employees in good practices, which translate into lower consumption of electricity and fuel.

In 2019 electric vehicles were introduced to the car fleet of Budimex S.A.

For detailed information regarding fuel consumption and CO₂ emissions, see Section 7.4 Environmental issues. The methodology for their monitoring and calculation is as follows:

Fuel and energy costs are monitored in internal company registers. Their consumption is based on their average prices. The fuel consumption was converted into energy expressed in GJ using the calorific values published in the document KOBIZE 2019 Calorific values (CV) and CO₂ emission rates (ER) in 2017 to be reported under the Emissions Trading System for 2020.

Emission calculations were prepared in accordance with the following standards: The Greenhouse Gas Protocol. A Corporate Accounting and Reporting Standard Revised Edition and GHG Protocol Scope 2 Guidance. Greenhouse gases identified and included in the calculations are O₂, CH₄ and N₂O, expressed as a CO₂ equivalent. No biogenic greenhouse gas emissions were identified. The sources of emission rates were mainly the publications by KOBIZE (National Centre for Emissions Balancing and Management), the Energy Regulatory Office and indicators published by energy suppliers. The emission amount from the production of consumed electricity was calculated according to the market-based method; if the supplier was known, the emission rates provided by it were applied for electricity, while the rate of 0 kgCO₂e/kWh was assumed for energy from RES confirmed by the Guarantees of Origin.

Total energy consumption	UM	Budimex S.A.		
		2018	2019	2020
Total	GJ	1,040,642.61	891,436.57	804,845.97
	Toe: /tonne of equivalent oil/	24,855.32	21,291.60	19,223.42
Energy efficiency	GJ/PLN million	146.05	121.38	107.17
	Toe/PLN million	3.49	2.90	2.56

CO ₂ emission	UM	Budimex S.A.			
		2018	2019	2020*	Change 2020/2019
Direct emission (scope 1)	tonnes	76,474.80	64,041.40	56,164.43	-12.3%
Indirect emission (scope 2)	tonnes	19,330.69	14,958.57	10,685.64	-28.6%
Total:	tonnes	95,805.49	78,999.97	66,850.08	-15.4%
Efficiency	tonne/PLN million	13.51	10.76	8.90	-17.3%

* Emissions for 2020 calculated using the market-based method, i.e. the specific emission indicators were assumed for known energy suppliers. For other years, assumed average rates for Poland.

5.4. Materials and raw materials

The raw materials and materials most frequently used during works include plain and modified road asphalt, cement, concrete, steel, hydraulic binders, lime dust, asphalt aggregate (including sand and grit), construction aggregate (sand, gravel), road aggregate (sand, grit, etc.), hydro-technical stone and railway breakstone. The following are potentially re-processed: slag, rock winning, cement, crushed-stone aggregate for a bituminous mass, crushed-stone aggregate mixes, concrete, steel, wood. Effective (in terms of environmental protection and economy) management of demand for materials and raw materials and their recycling is possible through the VE (value engineering) monitoring system.

In order to optimise the transport of materials and therefore the carbon footprint of the entire project, Budimex S.A. has its own bituminous mass factories, which, if necessary, may be relocated within five-six weeks.

5.5. Waste management

Construction waste usually comes from demolition and renovation works, and its total amount depends on the number of contracts and their progress. Waste management on construction sites is governed by the **Waste Management Plan** contained in the BIOZ Plan. If hazardous waste is to be generated during works, the contractor is obliged to take it into account in the Safe Work Method Statement and to respond to emergency situations and environmental incidents. Proper waste management on construction sites, including the monitoring of potential residuals of hazardous substances, is done on an ongoing basis by the laboratories located on the project site.

A different type of waste is generated at each construction stage. Bricks and concrete waste are produced at the initial stage of demolition of facilities, on the site where a new project is to be established, while old asphalt or track ballast is produced after the road and track removal. The most commonly generated waste types include soil and rubble, rocks and waste from renovation and disassembly of construction facilities and road infrastructure. Many of them can be re-used at subsequent stages of works. Removed soil is a valuable material and can be applied for finishing works. Shrubs and branches from felling, which often cannot be avoided, can be used as biomass fuel or horticultural material after being ground into small pieces (so-called chipping).

Waste generated on construction sites has been more frequently reused (e.g. crushed concrete from demolition may be used as aggregate, removed bituminous mass as reclaimed asphalt). During construction and demolition works, the following can be segregated: metal, wood, glass, rubble, soil, earth, gravel and others.

In 2020, the following amounts of secondary raw materials were segregated at Budimex S.A.:

Secondary raw materials	Quantity in tonnes
Metals	691.15
Waste paper	28.92
Plastics	120.74

In addition, 23,026.92 thousand tonnes of soil and earth, 30.52 thousand tonnes of rubble and 16.04 thousand tonnes of track ballast were reused.

5.6. Impact on local ecosystems

One of the key areas of the **CSR Strategy for 2016-2020**, indirectly related to the natural environment, is "Being a neighbour, guest and partner for local communities." This means mainly a commitment, also for subcontractors, to reduce the adverse impact of activities on the residents of neighbouring areas. Environmental amenities most often concern the course of roads in the vicinity of households and passages for animals, according to their migration routes and the preservation of protected areas (ecotones) in forests. In order to protect the environment, water drainage systems and transparent sound-absorbing screens are also created.

Formally, the investor is responsible for preparing the project, including public consultation and environmental impact level. Budimex S.A., acting as the general contractor, has no direct impact on these issues. Only as a designer for a given contract, the Company has an impact on project preparation with regard to its environmental and social aspects. The key to success is to carefully prepare and organise construction sites and facilities, including in particular the proper routing of technological roads, so that they are as little burdensome as possible from the point of view of road participants and local residents. Construction facilities, warehouses, yards and transportation bases are firstly located on already developed and transformed territories. If possible, the construction site is organised at a safe distance from inhabited areas. During the project implementation, materials and raw materials are transported mainly with use of existing road lanes. Trunks and roots of trees are protected from mechanical damage caused by heavy equipment. Animal and plant habitats are fenced off, while water reservoirs are protected against potential contamination with chemical substances.

When works are completed, the surrounding area is restored to be as similar as possible to the pre-construction condition. New trees are planted in place of the trees that had to be felled, while the top, humus layer of the soil that had to be removed is reused. A popular operation is the transfer of plants from the construction site to a new site of the same requirements and qualities (so-called metaplantation). If it is necessary to backfill a small water reservoir, the amphibians, reptiles and birds that live in it are transferred to a safe location. In 2020 a total of 1470 amphibians of the following species were relocated: green frog, moor frog, grass frog, common toad, green toad, common newt, great crested newt, fire-bellied toad, and 7 reptiles of the following species: viviparous lizard, sand lizard and grass snake. Two anthills were also moved.

The schedule of construction works is adjusted to the natural cycle, which means, for example, suspension of works in the period of migrations of forest animals, amphibians and fish or during the bird breeding season. All works comply with current legal requirements, including those applicable to the Natura 2000 sites. There is also conducted an environmental control of the impact area and habitats on a given territory, while environmental observation is conducted after the project completion. In accordance with the applicable regulations, an environmental impact report is prepared before the commencement of a project with a potentially significant impact on the natural environment. Experts in various fields are involved in preparing the document: ornithologists, herpetologists, botanists, etc. The report shows potential risks and recommendations for mitigating the effects of the project.

Specialists support all pro-environmental activities conducted by the Company: they monitor the project implementation on an ongoing basis and issue conclusions and recommendations. Most construction sites are subject to environmental supervision according to environmental decisions and contracts with an entity ordering a given project. Sometimes supervision is carried out at the request of the contract management or preventively, even when the law does not require this. Budimex S.A. applies the precautionary principle in this manner.

Care for the environment is made easier for employees and subcontractors by the boards placed on construction sites, informing on the location of the construction waste landfill site, place to wash concrete pumps, where special care should be taken due to the occurrence of protected species or tree protection areas. The presence of appropriate markings is verified during SOB audits.

One of the principles in force on construction sites of Budimex S.A. is to have the so-called environmental first aid kit, which is a set for quick containment and neutralisation of spills of environmentally hazardous substances, such as oils, petroleum products. The kits are stored in marked places and the workers are informed about those places. In accordance with the precautionary principle, any potential contamination is treated as environmentally hazardous until its type and source are determined. Another requirement is to manage the generated waste, keep its records and collect it.

5.7. Supply chain

In the **Contractor's Code**, Budimex S.A. obliges its subcontractors to respect legal norms and environmental decisions. Requirements in this respect are included in a separate appendix to agreements ("Environmental Protection Requirements").

Every subcontractor must respond to emergencies and environmental incidents according to the system and standards of Budimex S.A.

Subcontractors go through mandatory training concerning procedures applicable in the field of environmental protection and rules of conduct in the event of failure. In addition, their equipment is subject to technical efficiency assessment. Construction site supervisors receive specialist training in environmental protection, while the remaining staff participates in regular training courses in OHS management and environmental protection on contract.

The Environmental Protection Team, which carries out inspections and audits on the executed contracts, is responsible for ensuring that the environmental protection rules are followed. In 2020 there were no environmental incidents or accidents that would cause environmental damage. No fines or other sanctions were imposed on Budimex S.A. due to the violation of environmental regulations in that period. The Voivodeship Environmental Protection Inspectors conducted 5 inspections, but none of them resulted in a fine or proceedings against Budimex S.A.

820 suppliers were subjected to pre-qualification and 694 final evaluations were made in 2020. Irregularities related to the environmental protection were found only in four cases.

6. ETHICS AND WHISTLEBLOWING ISSUES

The risk of corruptive behaviour is inextricably linked to each type of business activity. It is in the interest of every entrepreneur to introduce solutions limiting such risk and to implement mechanisms allowing for early identification of activities that are illegal or contrary to the in-house procedures. Liability is particularly high in the construction industry, where contracts have a very high value and funds are often public. At the same time, the solutions implemented at Budimex S.A. in response to the existing threats make it possible to reduce the risk to the low level.

The policy of Budimex S.A. in relation to corruption counteracting is defined above all by the **Principles of the Anti-Corruption Policy** and the **Compliance Policy**. These documents expressly forbid, among others, to offer any benefits to representatives of the administration or other persons in exchange for a specific action or decision. The Company's employees also must not demand or accept any benefits which could affect the performance of their official duties in a disloyal or improper manner. Further examples of prohibited conduct include entering into false agreements, unreliable bookkeeping and recording, concealing or incorrectly allocating funds or concealing the sources of funds.

Prior to concluding an agreement with a natural or legal person who would represent the Company in relations with government officials or private entities, it is necessary to conduct due diligence and repeat it periodically if necessary. In particular, attention must be paid to the reputation of such person or entity, in particular to potential: breaches of anti-corruption laws, charging fees unreasonably higher than standard payments and being on lists important from the point of view of protecting the enterprise interests (e.g. on the US Trade Department's list of persons under trade embargo). It is also necessary to verify whether the person or entity is somehow related to the public administration. Those aspects are included in the **CSR Strategy for 2016-2020**. One of its key objectives is "Elimination of the risk of unethical conduct".

In practice, monitoring of the compliance with rules and controls are conducted by the Office of Internal Control, and supervised by the President of the Management Board. The Office of Internal Control is responsible for the identification and analysis of risks in the Company, as well as for the prevention of factors causing them. At the same time, it examines the activity of particular organisational units. In the case of completed projects, the Office analyses the contract performance process, use of owned resources, draws up reports and issues instructions to take corrective actions. According to the implemented Procedure IO-01-01-03 "Final Contract Settlement", after the completion of each construction, the Office of Internal Control personnel examine the final settlements any construction materials purchased and used.

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

The Office of Internal Control may also carry out additional inspections. Its role is also to take preventive actions and build awareness of the Budimex S.A. employees concerning the risks and activities that may lead to them. To this end, the Office of Internal Control has also prepared the guide for the Contract Director/Manager, describing production processes allowing for safe and correct contract performance based on applicable procedures and instructions. In addition, all employees and suppliers of Budimex S.A. must familiarise themselves with the anti-corruption policy and procedures. Each person employed at the Company becomes familiar with the applicable anti-corruption procedures during regular training.

Documents that allow to counteract the corruption risk at the operational level are the **Compliance Policy** and the **Code of Ethics**. They specify the principles that make it possible to prevent various unethical behaviours, including corruption and bribery and any form of discrimination. The rules expressed in the Code of Ethics and the Compliance Policy apply to all employees and persons employed by contractors of Budimex S.A. In practice, they are aggregated in the form of **Rules of conduct for**

contractors of Budimex S.A. and in most cases constitute appendices to agreements concluded by Budimex S.A. with contractors.

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

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

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

The Code of Ethics is part of the compliance system in force at Budimex S.A., governed by the Compliance Policy and supports "ensuring compliance of the organisation's activities with the applicable law, standards and internal regulations, aimed at: preventing breaches of the organisation's good name and reputation, minimising the risks of financial losses related to the organisation's activities contrary to the law or the internal regulations, as well as reducing the risk of exposing the organisation to civil, administrative or criminal liability". It also states that the respect for the law and ethics in business is one of key principles of Budimex S.A. The main principles of the Compliance Policy include:

- respect for the law,
- ethics and honesty in conducting activity,
- transparency of companies' activities,
- zero tolerance for activities contrary to the law or to the compliance system.

The Compliance Policy is to draw attention of employees to the above-mentioned issues important for Budimex S.A. It introduces the so-called compliance system, aiming at the correct implementation and performance of internal regulations. The proper application of and compliance with the Compliance Policy is supervised by the Chief Compliance Officer appointed by the Company's Management Board, the Deputy Chief Compliance Officer, and also by the Compliance Committee. It includes representatives of every organisational division of the Company. The Chief Compliance Officer is a Member of the Management Board, Director of the Legal and Organisational Department.

Adherence to the Compliance Policy concerns the compliance with law and articles of association of Budimex S.A., the Code of Ethics, regulations, policies, procedures, instructions in force in companies, particularly those related to the minimisation of the risk of participation of the Company's employees in any activity raising suspicion of corruption or paid protection.

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

[GRI 102-17] All employees have access to the information and tools enabling them to report the observed violations and irregularities. Apart from the usual forms of communication, the Company has also made available:

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

If a reporting person expresses such a wish, it remains anonymous. Everybody is assured of no business consequences connected with the fact of report. There are also notifications made otherwise than through the said communication channels, e.g. letters sent directly to the President of the Management Board or Members of the Management Board of Budimex S.A. In such a case, they are transferred directly to the persons responsible for their consideration.

All reports are investigated with the confidentiality standards preserved, and may be the basis for development of improvement and corrective actions. Every breach is recorded in writing together with recommendations or guidelines for further actions to be taken by the organisational unit relevant to the report. The Chief Compliance Officer, in cooperation with the Compliance Committee and/or the Office of Internal Control, analyses every report in detail. The Chief Compliance Officer is also obliged to regularly provide the Management Board and the Supervisory Board with reports containing information on the actions that have been taken in order to explain the given report (at least for a period of three months). Furthermore, the Supervisory Board's Audit Committee may request a report for a given period at any time.

The list of reports of breaches of the Code of Ethics / Compliance Policy in 2020:

- the probability of improper behaviour by the contract director towards subcontractors, i.e. preferring particular companies,
- the probability of irregularities in hiring foreign employees by one of subcontractors,

- the probability of improper behaviour by a supervisor towards an employee,
- information on improper behaviour of an employee towards a former spouse;
- the probability of breaking into the Budimex IT system in the context of family disputes,
- an employee of an external company detained by the Police (family issues),
- employee drawing attention to the use of words that may be offensive by certain people.

In the case of any irregularities in the behaviour of the contract manager and subcontractor's employees, the reported violations were not confirmed. None of those events resulted in financial losses in Budimex S.A. In other cases, employees were only cautioned about correct behaviours, even in non-work relations.

	2019	2020
Number of confirmed corruption incidents	0	0
Percentage of employees familiar with anti-corruption policies and procedures	100%	100%
Percentage of suppliers familiar with anti-corruption policies and regulations (contractual provisions)	100%	100%

In connection with the Company's decision in Q4 2020 to establish an independent internal audit function, the supervision mechanisms of the described area will be further improved.

7. RESPECT FOR HUMAN RIGHTS

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

The Intercompany Trade Union NSZZ "Solidarność" and the Trade Union "Budowlani" operate in Budimex S.A.; there is also a Collective Bargaining Agreement.

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

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

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

The Code of Ethics and the Compliance Policy constitute the documents allowing for the protection of human rights at operational level in everyday work. Therefore, the matters of human rights violations are governed by the same procedures that define the manner of conduct in the event of corruption prevention (see Chapter 5: "Anti-corruption issues").

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

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

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

The "Forced Labour. Guide: how to identify and counteract it" was published in October 2020; the Director of Corporate Systems at Budimex S.A. have participated in its development. The purpose of the guide is to support companies in effective counteracting the risk of forced labour in their supply chains or the consequences of cooperating with dishonest temporary employment agencies or subcontractors.

	2019	2020
Number of confirmed cases of human rights violations	0	0

8. INDICATORS

8.1. Financial issues [GRI 102-7]

	2019	2020
Budimex S.A.		
Net revenues (PLN thousand)	6,939,810	7,276,483
Total costs (PLN thousand)	-6,724,892	-6,934,975
Operating profit (PLN thousand)	190,374	353,967
Net profit (PLN thousand)	232,723	310,542

8.2. Social issues

	2019	2020
Budimex S.A.		
donations (PLN thousand)	804	4,094
sponsorship (PLN thousand)	1,581	1,226

8.3. Issues related to innovative projects

	2019	2020
Expenditure on R&D (with consideration of own expenditure and obtained subsidies, in PLN thousand)	2,101	14,910
Number of employees involved in innovative projects	54	177

8.4. Staff issues (employment, OHS)

I. Employment at the end of the year [GRI 102-7], [GRI 102-8]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.	1,187	4,415	5,602	1,226	4,162	5,388
- Polish market	1,182	3,504	4,686	1,225	3,388	4,613
<i>definite period</i>	285	1,120	1,405	274	888	1,162
<i>indefinite period</i>	897	2,384	3,281	951	2,500	3,451
<i>full-time</i>	1,163	3,496	4,659	1,198	3,372	4,570
<i>part-time</i>	19	8	27	27	16	43

	2019			2020		
	Women	Men	Total	Women	Men	Total
<i>age below 30</i>	404	624	1,028	385	568	953
<i>age 30-50</i>	704	2,316	3,020	768	2,289	3,057
<i>age over 50</i>	74	564	638	72	531	603
- German market	5	911	916	1	774	775
<i>definite period</i>	3	883	886	0	750	750
<i>indefinite period</i>	2	28	30	1	24	25
<i>full-time</i>	5	911	916	1	774	775
<i>part-time</i>	0	0	0	0	0	0
<i>age below 30</i>	0	129	129	0	84	84
<i>age 30-50</i>	1	499	500	0	435	435
<i>age over 50</i>	4	283	287	1	255	256

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

	2019	2020
Budimex S.A.	99.6%	99.8%

Note: data refer to the Polish market.

III. Ratio of remuneration at the lowest level to the official minimum wage [GRI 202-1]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.	146%	152%	152%	100%	104%	103%

Note: data refer to the Polish market.

IV. Hiring of new employees [GRI 401-1]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.	168	1,234	1,402	172	1,135	1,307
- Polish market	165	389	554	171	474	645
<i>age below 30</i>	98	132	230	105	173	278
<i>age 30-50</i>	59	211	270	62	247	309
<i>age over 50</i>	8	46	54	4	54	58
<i>Percentage share of new employees</i>	14%	11%	12%	14%	14%	14%
- German market	3	845	848	1	661	662
<i>age below 30</i>	0	171	171	0	118	118
<i>age 30-50</i>	1	477	478	0	350	350
<i>age over 50</i>	2	197	199	1	193	194
<i>Percentage share of new employees</i>	0%	93%	93%	100%	85%	85%

V. Departures of employees [GRI 401-1]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.	196	1,602	1,798	133	1,388	1,521
- Polish market	193	742	935	128	590	718
<i>age below 30</i>	87	191	278	42	97	139

	2019			2020		
	Women	Men	Total	Women	Men	Total
<i>age 30-50</i>	98	425	523	76	366	442
<i>age over 50</i>	8	126	134	10	127	137
<i>turnover ratio</i>	16,3%	21,2%	20,0%	10,4%	17,4%	15,6%
- German market	3	860	863	5	798	803
<i>age below 30</i>	0	122	122	0	139	139
<i>age 30-50</i>	1	511	512	0	418	418
<i>age over 50</i>	2	227	229	5	241	246
<i>turnover ratio</i>	300%	94%	95%	500%	103,1%	103,6%

VI. Number of employees on parental leaves as at 31 December [GRI 401-3a]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.	99	6	105	93	6	99
- Polish market	99	5	104	93	6	99
- German market	0	1	1	0	0	0

VII. Number of employees who returned to work after parental leaves during the year [GRI 401-3b]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.	76	304	380	106	247	353
- Polish market	76	283	359	106	234	340
- German market	0	21	21	0	13	13

VIII. Percentage of employees who left the company within 12 months after their return to work from parental leaves [GRI 401-3c]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.	22%	13%	16%	20%	12%	14%
- Polish market	0%	4%	3%	20%	9%	13%
- German market	78%	87%	84%	0%	62%	62%

IX. OHS management system [GRI 403-8]

	2019	2020
Budimex S.A.		
number of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system	13,703	12,978
% of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system	100	100
number of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system and internal audit	13,703	12,978
% of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system and internal audit	100	100
number of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system, external audit and certification	13,703	12,978
% of own employees and third-party employees working under supervision of the organisation, covered by the OHS management system, external audit and certification	100	100

X. Accidents at work [GRI 403-9]

	2019	2020
Budimex S.A.		
fatal accidents at work among own employees	1	0
total accidents at work among own employees	72	62
<i>accident rate for total accidents at work among own employees</i>	7.46	6.75
serious accidents at work among own employees	1	1
<i>accident rate for total serious accidents at work among own employees</i>	0.10	0.10
minor accidents at work among own employees	70	61
<i>accident rate for total light accidents at work among own employees</i>	7.25	6.64
fatal accidents at work among third-party employees	1	2
total accidents at work among third-party employees	72	49
<i>accident rate for total accidents at work among third-party employees</i>	4.03	2.9
serious accidents at work among third-party employees	3	3
<i>accident rate for total serious accidents at work among third-party employees</i>	0.17	0.18
serious accidents at work among third-party employees	68	44
<i>accident rate for total light accidents at work among third-party employees</i>	3.81	2.61

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

XI. Occupational diseases [GRI 403-10]

	2019	2020
Budimex S.A.		
number of people who died as a result of occupational diseases among own employees	0	0
number of identified cases of occupational diseases among own employees	0	1
number of people who died as a result of occupational diseases among third-party employees	0	0
number of identified cases of occupational diseases among third-party employees	0	0

XII. Average number of training hours per employee during the year [GRI 404-1]

	2019	2020
Budimex S.A.		
by gender		
men	8.1	12.0
women	17.2	12.5
by position		
Management Board	23.4	14
Directors	38.9	29.1
Managers	18.3	12.9
Specialist positions and other	5.6	9.7
Average	10	12.1

XIII. Diversity in management bodies [GRI 405-1]

	2019			2020		
	Women	Men	Total	Women	Men	Total
Budimex S.A.						
Management Board	0	6	6	0	5	5

age below 30	0	0	0	0	0	0
age 30-50	0	1	1	0	1	1
age over 50	0	5	5	0	4	4
including foreigners	0	0	0	0	0	0
Supervisory Board	3	7	10	2	8	10
age below 30	0	0	0	0	0	0
age 30-50	1	0	1	1	1	2
age over 50	2	7	9	1	7	8
including foreigners	0	4	4	0	4	4

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

Budimex S.A.	2019	2020
blue-collar workers	112.9%	116.7%
white-collar workers	118.3%	120.5%
managers	107.3%	106.3%
executives	111.9%	112.0%
Management Board	–	–

8.5. Environmental issues

I. Raw materials and materials [GRI 301-1]

Raw material / material	UM	Budimex S.A.
		2020
Wood	m ³	83,994.107
Concrete and mortar	m ³	821,789.772
Hydraulic binders	m ³	33,882.153
Cement	t	345,487.770
Steel	t	394,806.329
Tracks/ rails	m	225,687.940
Hydrotechnical stone	t	31,738.290
Railway breakstone	t	329,673.340
Aggregates		
Grits	t	91,795.500
Natural aggregate (sand + gravel)	t	3,354,808.777
Other aggregate	t	2,336,069.289
Asphalt	t	37,487.200
Wooden railway sleepers	pcs.	7,193.000
Prestressed concrete railway sleepers	pcs.	239,331.000
Lime dust	t	19,816.600
Coal dust	t	11,221.940

II. Consumption of raw materials for reuse [GRI 301-2]

Category of recovered raw material	UM	Budimex S.A.			
		2017	2018	2019	2020
Combustion by-products	thousand tonnes	20.07	6.03	0	0

Category of recovered raw material	UM	Budimex S.A.			
		2017	2018	2019	2020
Soil	thousand tonnes	1380.2	1706.51	86.66	23,023.92
Rubble	thousand tonnes	91.99	44.32	24.47	30.52
Crushed asphalt	thousand tonnes	66.05	64.77	31.56	0
Aggregate	thousand tonnes	8.69	0	0	0
Track ballast	thousand tonnes	65.79	39.24	0.29	16.04

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

Source of energy and energy resources*	UM	Budimex S.A.		
		2018	2019	2020
Diesel oil	GJ	356,849.89	426,396.15	403,487.49
	tonnes	8,298.83	9,916.19	9,383.43
Petrol	GJ	19,668.30	21,803.86	38,018.70
	tonnes	443.98	492.19	858.21
Light fuel oil	GJ	40,791.59	23,618.33	11,266.00
	tonnes	948.64	549.26	262.00
Heavy fuel oil (LSC)	GJ	0.00	0.00	0.00
	tonnes	0.00	0.00	0.00
Electrical energy	GJ	85794.28	66,335.14	50,370.32
	MWh	23,831.75	18,426.43	13,991.76
Electrical energy from renewable sources	GJ	24,742.07	9,821.21	16,031.89
	MWh	6,872.80	2,728.11	4,453.30
Heat energy	GJ	41,291.29	40,135.46	51,542.44
	MWh	11,469.80	11,148.74	14,318.49
Coal dust	GJ	461,873.80	292,849.28	232,294.16
	tonnes	22,312.74	14,147.31	11,221.94
Network Natural Gas	GJ	8,411.47	9,516.40	1,733.27
	tonnes	175.24	198.26	35.10
LPG	GJ	287.87	113.23	2.95
	tonnes	6.09	2.39	0.06
Propane-butane	GJ	932.06	847.52	98.75
	tonnes	19.71	17.92	2.09
Total	GJ	1,040,642.61	891,436.57	804,845.97
	Toe: /tonne of equivalent oil/	24,855.32	21,291.60	19,223.42
Energy efficiency	GJ/ PLN million*	146.05	121.38	107.17
	Toe/PLN million*	3.49	2.90	2.56

* refers to the production value

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

Use of renewable energy	UM	Budimex S.A.					
		2017	2018	2019	2020	Change 2019/2018	Change 2020/2019
Purchase of renewable energy	GJ	24,253.87	22,537.88	9,649.25	15,905.30	-57.2%	64.83%
Production of renewable energy	GJ	11.45	70.62	160.66	126.59	127.50%	-21.21%
Total:	GJ	24,265.32	22,608.50	9,809.91	16,031.89	-56.6%	63.43%
Reduction of CO ₂ emission (purchase)	tonnes	5,469.25	5,082.29	2,175.90	2,995.07	-57.2%	37.65%
Reduction of CO ₂ emission (production)	tonnes	2.58	15.92	36.23	23.84	127.6%	-34.20%
Total:	tonnes	5,471.83	5,098.22	2,212.13	3,018.91	-56.6%	36.47%
Efficiency	tonne/PLN million*	0.93	0.72	0.30	0.40	-58.3%	0.33%

* refers to the production value

IV. Emissions of CO₂ [GRI 305-1], [GRI 305-2], [GRI 305-4]

CO ₂ emission	UM	Budimex S.A.			
		2018	2019	2020*	Change
					2020/2019
Direct emission (scope 1)	tonnes	76,474.80	64,041.40	56,164.43	-12.3%
Indirect emission (scope 2)	tonnes	19,330.69	14,958.57	10,685.64	-28.6%
Total:	tonnes	95,805.49	78,999.97	66,850.08	-15.4%
Efficiency	tonne/PLN million**	13.51	10.76	8.90	-17.3%

* Emissions for 2020 calculated using the market-based method, i.e. the specific emission indicators were assumed for known energy suppliers. For other entities and years, the Budimex Group assumed average rates for Poland.

** refers to the production value

V. Total water extraction [GRI 303-3]

Water consumption	Water consumption	UM	Budimex S.A.	
			2019	2020
water by source	water from the network	m ³	217,982.99	167,088.71
	underground water	m ³	875	908
	surface water	m ³	0	0
	total	m ³	218,875.99	167,996.71

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

Contract name	Work commencement date	Protected areas
Extension of S3/A6 motorway section Kijewo – Rzęśnica (without the junction) - completing the construction of the ecological pass over the A6 motorway, including fencing	18/08/2020	Szczecin Landscape Park "Beech Woods" buffer zone

Contract name	Work commencement date	Protected areas
The construction of the gas pipeline for the connection of the transmission systems of the Republic of Poland and Slovak Republic with the necessary infrastructure for its operation: Strachocina – Polish Border pipeline.	19/07/2019	Natura 2000 sites: Bieszczady PLC180001, Low Beskids PLB180002, Upper San River Basin PLH180021, Jaślicka Refuge PLH180014
Task IV.2 Construction of the Vistula collector – stage II	01/08/2020	Natura 2000 sites: Middle Vistula Valley PLB 140004 Bielański Forest PLH 140041
Construction of Goleniów – Lwówek DN1000 gas pipeline; Stage I – Goleniów – Ciecierzyc gas pipeline	19/10/2020	Natura 2000 sites: Krąpiel Valley PLH320005, Barlinek Forest PLB080001, Barlinek Refuge PLH080071, Lower Noteć Valley PLB080002, Protected landscape areas: C (Barlinek), Barlinek Forest, Warta and Lower Noteć Valley, Ecological use: Blue ecological corridor of the Ina River bed and its tributaries – II
Design and construction of the S61 expressway, Augustów bypass – state border, section: end of the Suwałki bypass – Budzisko with the Szypliszek bypass	01/08/2020	The Protected Landscape Area of the North Suwałki Lake District
Design and construction of the S61 expressway Szczuczyn – Budzisko (state border), Task 3: section Wysokie junction – Raczki	04/07/2018	Rajgrodzkie Lake Protected Landscape Area
Works on railway line No. 7 Warszawa Wschodnia Osobowa – Dorohusk on the section Warszawa-Otwock-Dęblin-Lublin, section Otwock-Lublin	05/10/2017	PLH140022 Celestynowskie Swamp – Celestyn Lake; (NATURA 2000) "Rogalec" Nature Reserve – protection of tree stands in the habitats of alder and riparian forests "Polesie Rowskie" Nature Reserve – peat bog ecosystems
Performance of modernisation works on railway line No. 7 on the section Dęblin – Nałęczów at km 107.283 km to km 146.320	01/04/2019	PLB140004 Middle Vistula Valley – OSO (NATURA 2000) PLH060051 Lower Wieprz – SAC (NATURA 2000) PLH060055 Puławy – SAC (NATURA 2000)
Completion of the construction of the Racibórz Dolny Flood Protection Reservoir	08/01/2018	PLB240003 Special Protection Area for Birds Natura 2000 Wielikąt Ponds and Tworków Forest PLH240040 Special Area of Conservation of Habitats Natura 2000 Las near Tworków 3150 Oxbow lakes and natural eutrophic water reservoirs with Nymphaeion Potamion communities 6410 Variable wet Molinion meadows 91F0 Oak, elm and ash riparian forests (Ficario-Ulmetum) 3260 Lowland and mountain rivers with water-crowfoot communities 91E0 Willow, poplar, alder and ash riparian forests (Salicetum albae, Populetum albae, alnenion glutinoso-incanae, alder forests on percolating mires) 6510 Lowland and mountain fresh meadows, extensively used (Arrhenatherion elatioris) Wielikąt Nature and Landscape Complex
Construction of flood embankments and reconstruction of the Black Channel and Racza Struga	29/09/2020	PLH080013 Natura 2000 – "Ślubice Riparian Forests" PLB080004 Natura 2000 – "Middle Oder Valley" Protected landscape area "15-Ślubice Oder Valley" "Łęgi near Ślubice" Nature Reserve 91F0 Oak, elm and ash riparian forests (Ficario-Ulmetum) 91E0 Willow, poplar, alder and ash riparian forests (Salicetum albae, Populetum albae, alnenion glutinoso-incanae, alder forests on percolating mires) 3270 Flooded silty river banks 3150 Oxbow lakes and natural eutrophic water reservoirs

Contract name	Work commencement date	Protected areas
Reconstruction of the Oder River regulatory structures – adaptation to the 3rd class of waterway on the section from Ścinawa to the estuary of Nysa Łużycka	16/03/2020	PLB080004 Natura 2000 - "Middle Oder Valley" PLH080028 Krosno Oder Valley (Natura 2000 sites of Community importance) PLH020018 "Oder Riparian Forests" PLH080012 "Kargowa Oder Bends" (Natura 2000) PLH08001 "Nowa Sól Oder Valley" ("Natura 2000) Protected Landscape Area "18-Krośno Oder Valley" Protected Landscape Area "21-Nowa Sól Oder Valley".
Performance of construction works and preparation of the detailed design on the section Podg. Most Wisła – Czechowice – Dziedzice – Zabrzeg line 139 Czechowice-Dziedzice	11/10/2019	PLB240001 "Upper Vistula Valley" Special Protection Area for Birds Natura 2000
Design and construction of the S19 expressway along the section from the Nisko Południe junction (without the junction) to the Sokołów Małopolski Północ (with the junction) with a division into three tasks: Task "C" from the "Kamień" junction (junction included) to the "Sokołów Małopolski Północ" junction	21/12/2018	9110 Acid beech forest

VII. Waste [GRI 306-2]

Main waste by type		Budimex S.A.	
		2019	2020
		weight (tonnes)	weight (tonnes)
Hazardous waste, including:		1647.82	1507.1
Waste code	Waste type		
07 01 03*	Organic halogenated solvents, washing liquids and mother liquors	0.239	0
08 01 11*	Waste paint and varnish containing organic solvents or other hazardous substances	0	0.107
13 02 08*	Other engine oils, gear oils and lubricating oils	2.82	4.8
15 01 10*	Packaging containing residues of hazardous substances	19.105	6.08
15 01 11*	High pressure packaging	0.849	0
15 02 02*	Absorbents, filter materials and protective clothing contaminated by hazardous substances	19.172	2.22
16 01 07*	Oil filters	0.283	0.59
16 02 13*	Discarded equipment containing hazardous elements	0.264	0
16 05 06*	Laboratory and analytical chemicals (e.g. chemical agents)	0.094	0.2
16 81 01*	Waste displaying hazardous properties	0.5	0

Main waste by type		Budimex S.A.	
		2019	2020
		weight (tonnes)	weight (tonnes)
17 02 04*	Glass, plastic and wood waste containing or contaminated with dangerous substances (e.g. wooden railway sleepers)	780.834	1353.4
17 05 03*	Soil and stones containing hazardous substances	772.320	139.7
17 06 05*	Building materials containing asbestos	51.34	3.11
17 09 03*	Other construction, renovation and demolition waste (including mixed waste) containing hazardous substances	0	0.06
Non-hazardous waste, including:		108,493.117	243,950.46
Waste code	Waste type		
01 04 12	Waste from washing and cleaning of minerals	495.54	0
12 01 13	Welding waste	0.9	0
12 01 21	Spent grinding bodies and grinding materials	2.7	0
15 01 01	Paper and cardboard packaging	76.46	28.92
15 01 02	Plastic packaging	50.92	55.1
15 01 03	Wood packaging	279.36	25.84
15 01 06	Mixed packaging	75.14	48.79
15 01 07	Glass packaging	0.42	0
15 02 03	Absorbents, filter materials, wiping cloths (e.g. rugs, towels)	0.16	0.97
16 01 03	Waste tyres	3.53	29.11
16 01 19	Plastics	0	6.85
16 01 20	Glass	0.24	0.27
16 02 14	Discarded equipment	1.40	1.39
16 02 16	Components removed from discarded equipment	0.11	0
17 01 01	Concrete waste and concrete rubble	62,904.60	35,954.77
17 01 02	Brick rubble	24,497.86	10,478.47
17 01 03	Waste of other ceramic materials and equipment elements	28.28	87.48
17 01 07	Mixed concrete waste, brick rubble, waste ceramic materials	24,567.18	20,687.68
17 01 81	Waste from road repairs and reconstructions	55,286.92	4631.85
17 01 82	Waste not otherwise specified	30.14	20.48
17 02 01	Wood	3759.89	968.67
17 02 02	Glass	39.04	0

Main waste by type		Budimex S.A.	
		2019	2020
		weight (tonnes)	weight (tonnes)
17 02 03	Plastics	67.24	65.64
17 03 02	Bituminous mixtures	2261.42	38,673.69
17 03 80	Waste tar	5319.43	19.84
17 04 05	Iron and steel	374.78	691.15
17 04 11	Cables	0	8.82
17 05 04	Soil and stones, other than those mentioned in 17 05 03	0	5,754,128.86
17 05 08	Track ballast	50,025.48	76,738.54
17 06 04	Insulation materials	738.06	121.45
17 09 04	Mixed construction, renovation and demolition waste	9085.09	8291.98

8.6. Anti-corruption issues [GRI 205-2], [GRI 205-3]

	2019	2020
Number of confirmed corruption incidents	0	0
Number of training courses within the scope of anti-corruption policies and procedures	10	1
Percentage of employees familiar with anti-corruption policies and procedures	100%	100%
Number and percentage of persons holding managerial positions and having a function of superiors who completed anti-corruption training	100%	100%
Percentage of suppliers familiar with anti-corruption policies and regulations (contractual provisions)	100%	100%

8.7. Issues related to human rights violations [GRI 406-1]

	2019	2020
Number of confirmed cases of human rights violations	0	0
Number of questionnaires analysed (suppliers)	885	820
Number of final surveys analysed (suppliers)	1420	694

9. Contact person [GRI 102-53]

Aldona Orłowski Budimex S.A. Director of the Recruitment, Development and Communication Department ul. Siedmiogrodzka 9, 01-204 Warszawa aldona.orlowski@budimex.pl tel.: (+48) 22 623 60 00
--

10. Selected GRI indicators (index)

Indicator index	Indicator	Page
102-1	Organisation name	3
102-2	Activity, brands, products and services	3

102-3	Location of the registered office	3
102-4	Operation locations	3
102-5	Ownership and legal structure	3
102-6	Markets supported	3
102-8	Number of own employees and employees supervised by the company by gender and contract type	27
102-9	Supply chain	6
102-12	External initiatives	3
102-13	Membership in organisations	3
102-15	Key impacts, risks, and opportunities	6
102-18	Governance structure	3
102-22	Composition of the highest governance body and its committees	3
102-23	Chair of the highest governance body	3
102-26	Role of highest governance body in setting purpose, values, and strategy	5
102-41	Percentage of employees covered by collective bargaining agreements	27
102-53	Contact person	36
102-54	Claims of reporting in accordance with the GRI Standards	3
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	27
205-2	Percentage of employees trained within the scope of the organisation's anti-corruption policies and procedures	36
205-3	Actions taken in response to corruption cases	36
301-1	Raw materials/materials used by weight and volume	30
301-2	Percentage of recycled materials used in the production process	31
302-1	Direct and indirect energy consumption by primary energy sources	31, 32
302-3	Energy efficiency	31
303-3	Water withdrawal	33
304-1	Location and area of the land owned, leased, or managed in protected areas or in areas of high biodiversity value outside the protected areas or adjacent to such areas	33
304-3	Habitats protected or restored	33
305-1	Direct greenhouse gas emissions (Scope 1)	32
305-2	Total indirect greenhouse gas emissions by weight (Scope 2)	32
305-4	Efficiency associated with greenhouse gas emission	32
306-2	Total weight of waste by waste type and waste disposal method	34
401-1	Total number of employee leavers and employee turnover rate by age, gender and region	28
401-3	Percentage of return to work and retention rate after maternity/paternity leaves, in relation to gender	28
403-8	Employees covered by occupational health and safety management systems	29
403-9	Accidents at work	29
403-10	Occupational diseases	29
404-1	Average number of training hours per employee per year	30
405-1	Composition of governance bodies and staff divided into categories according to gender, age, minority, and other diversity indicators	30
405-2	Ratio of basic salary of men and women by occupied position	30
406-1	Total number of discrimination cases and actions taken in that area	36

Dariusz Blocher President of the Management Board	
Artur Popko Vice-President of the Management Board	
Jacek Daniewski Member of the Management Board	
Cezary Mączka Member of the Management Board	

Marcin Węglowski	
------------------	--

Member of the Management Board	
--------------------------------	--