

Resolution no. 338
of the Supervisory Board of Budimex S.A.
of 6 April 2021

regarding: approval of the annual report on operations of the Supervisory Board in 2020.

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

Article 1.

The Supervisory Board accepts the Report for the Ordinary General Meeting (OGM) of Budimex S.A. in 2020:

- on the evaluation of the report on the Company's operations in 2020, together with the financial statement, in terms of their compliance with books, documents and facts as well as the Management Board's proposal concerning the distribution of profit for 2020, on the evaluation of the report on non-financial information of Budimex S.A. for 2020, and the report on non-financial information of the Budimex Group for 2020,
- on the assessment of the Company's standing, taking into account the assessment of the internal control, risk management, compliance and internal audit function (pursuant to rule II.Z.10.1 of Section II of the corporate governance principles 'Best Practice of GPW Listed Companies 2016'), including the evaluation of the effectiveness of the above-mentioned systems and functions,
- on the assessment of the Company's compliance with the information requirements related to the application of the corporate governance principles specified in the Warsaw Stock Exchange Rules and Regulations and in the laws on the current and interim information submitted by the Company as an issuer of securities (in accordance with rule II.Z.10.3. of Section II the Management Board and the Supervisory Board of 'Best Practice for GPW Listed Companies 2016'),
- on the assessment of the rationality of the Company's policy in the scope of sponsorship and charity activities (in accordance with rule II.Z.10.4. of Section II the Management Board and the Supervisory Board of 'Best Practice for GPW Listed Companies 2016'),
- on self-assessment of the work of the Supervisory Board (in accordance with rule II.Z.10.2. of Section II the Management Board and the Supervisory Board of 'Best Practice for GPW Listed Companies 2016'),

worded as attached hereto.

Article 2.

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

Appendix – 1 pc

Content of the Report of the Supervisory Board of Budimex S.A. for 2020.

10 members of the Supervisory Board participated in the voting.

Votes for: 10

Votes against: --

Abstained: --

Secretary of the Supervisory Board

Igor CHALUPEC

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

Marek MICHAŁOWSKI

REPORT
of the Supervisory Board
for the Ordinary General Meeting (OGM) of Budimex S.A. in 2021

- on the evaluation of the report on the Company's operations in 2020, together with the financial statement in terms of their compliance with books, documents and facts as well as the Management Board's proposal concerning the distribution of profit for 2020, from the evaluation of the report on non-financial information of Budimex S.A. for 2020, and the report on non-financial information of the Budimex Group for 2020,
- on the assessment of the Company's standing, taking into account the evaluation of internal control systems, risk management, compliance and internal audit function (in accordance with principle II.Z.10.1. of Section II Management Board and the Supervisory Board of 'Best Practice for GPW Listed Companies 2016'), including evaluation of the effectiveness of the above-mentioned systems and functions,
- on the assessment of the Company's compliance with the information requirements related to the application of the corporate governance principles specified in the Warsaw Stock Exchange Rules and Regulations and in the laws on the current and interim information submitted by the Company as an issuer of securities (in accordance with rule II.Z.10.3. of Section II the Management Board and the Supervisory Board of 'Best Practice for GPW Listed Companies 2016'),
- on the assessment of the rationality of the Company's policy in the scope of sponsorship and charity activities (in accordance with rule II.Z.10.4. of Section II the Management Board and the Supervisory Board of 'Best Practice for GPW Listed Companies 2016'),
- on self-assessment of the work of the Supervisory Board (in accordance with rule II.Z.10.2. of Section II the Management Board and the Supervisory Board of 'Best Practice for GPW Listed Companies 2016').

Pursuant to Article 382(3) and (4) of the Polish Commercial Companies Code and in accordance with Article 11(1)(e) of the Rules and Regulations of the Supervisory Board of Budimex S.A., the Supervisory Board at the meeting held on 6 April 2021 analysed and evaluated the report on operations of the Budimex Group and Budimex S.A. and separate and consolidated financial statements for 2020 with regard to their compliance with the books, documents and facts, evaluated the Management Board's proposal on the distribution of profit for 2020 and became acquainted with the separate and consolidated report on non-financial information for 2020, as a result of which it states as follows:

1. During the examination of documents for the financial year 2020:
 - 1) we became acquainted with the report on operations of the Budimex Group and Budimex S.A. and heard the Management Board's explanations concerning this report,
 - 2) we became acquainted with separate and consolidated financial statements and analysed: the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and additional notes and explanations,
 - 3) we became acquainted with the statutory auditor's reports on the course and results of the audit of the separate and consolidated financial statement and we heard the auditor's explanations and answers to questions of the Supervisory Board's Members,
 - 4) we became acquainted with reports on non-financial information of Budimex S.A. and the Budimex Group for 2020 describing issues concerning the impact of Budimex S.A. and the Budimex Group on the environment and social and labour issues, the respect for human rights and counteracting corruption and bribery and we heard the Management Board's explanations in this respect. The reports describe the business model, policies in place, main risks and key non-financial ratios related to operations.

2. Based on the analyses concerning the report on operations and financial statements referred to in points 1-2 and the statutory auditor's reports specified in point 3 of the auditor's reports, the Supervisory Board hereby states that the information disclosed in these documents accurately and reliably reflects the result of the business activities of the Company and Budimex Group, as well as the Company's assets and financial standing.
3. At the meeting held on 6 April 2021, the Supervisory Board prepared and approved the statement on remuneration of members of the Management Board and the Supervisory Board for 2019-2020.
4. The Supervisory Board became acquainted with information presented by the Company's Management Board on the need for the General Meeting to adopt resolutions on matters regarding the Company's current operations and resulting from the current legal situation, i.e. matters listed in section 5(8).
5. In conformity with the position presented in points 2-4, the Supervisory Board issues a positive opinion and requests the Ordinary General Meeting of Budimex S.A. to adopt resolutions regarding:
 - 1) review and approval of the report on operations of the Budimex Group and Budimex S.A. for 2020,
 - 2) consideration and approval of the report on non-financial information of Budimex S.A. for 2020,
 - 3) consideration and approval of the report on non-financial information of the Budimex Group for 2020,
 - 4) review and approval of the financial statement of Budimex S.A. for the year ended 31 December 2020,
 - 5) review and approval of the consolidated financial statement of the Budimex Group for the year ended 31 December 2020,
 - 6) distribution of the profit for 2020,
 - 7) acknowledgement of the fulfilment of duties by members of the Management Board of Budimex S.A. in 2020,
 - 8) amendment to points 10.3 and 11.1 of the Rules and Regulations of the General Meeting of Budimex S.A. and the adoption of the text of the uniform Rules and Regulations, as well as it issues a positive opinion in terms of formal requirements and requests the General Meeting of Budimex S.A. to adopt resolutions regarding:
 - 9) acknowledgement of the fulfilment of duties by members of the Supervisory Board of Budimex S.A. in 2020,
 - 10) issue of the opinion on the Supervisory Board's statement on remuneration of members of the Management Board and the Supervisory Board for 2019-2020,
 - 11) changes to the composition of the Supervisory Board.
6. On 6 April 2021, the Supervisory Board adopted Resolution on the review and issue of the opinion on draft resolutions of the Ordinary General Meeting of Budimex S.A. in 2021, including on the audit of financial statements, the report on operations of the Budimex Group and Budimex S.A. for 2020, the proposal regarding the distribution of profit for 2020 and the acknowledgement of the fulfilment of duties by members of the Management Board. The OGM's draft resolutions listed in section 5 of this Report constitutes appendices to the above Resolution of the Supervisory Board.

7. The assessment of the Company's standing, taking into account the evaluation of internal control systems, risk management, compliance and internal audit function, including the evaluation of the effectiveness of their operation.

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

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

During the 12 months of 2020, Budimex S.A. achieved sales revenue of PLN 7,276 million, which constitutes an increase by 4.8% in comparison with the revenue achieved in 2019.

In 2020 the gross profit on sales was PLN 577 million, in comparison with PLN 393 million in the previous year. Therefore in 2020 the gross return on sales was 7.9%, while in 2019 this indicator was 5.7%.

The balance of cash for the purpose of the cash flow statement in Budimex S.A. at the beginning of 2020 amounted to PLN 1,168 million. Net cash flows in the period of 12 months of 2020 were positive and amounted to PLN 475 million. The cash balance for the purpose of the cash flow statement as at 31 December 2020 was PLN 1,644, and the cash balance in the statement of financial position was PLN 1,648 million.

The Company's cash balance for investment activity increased by PLN 159 million, with the highest share of dividends received and net inflows from the resale of bonds issued by banks. The financial cash flows for 2020 were negative and amounted to PLN 184 million. Expenses were related to the payment by the Company of dividend in the amount of PLN 116 million and the repayment of liabilities under lease and borrowings together with interest.

In 2020 the Budimex Group achieved total sales revenue of PLN 8,382 million – 10.7% higher in relation to the revenue achieved in 2019.

In 2020 the value of the Budimex Group's sales in the construction segment increased by 5.4% in comparison with 2019.

Sales in the building construction sector dropped by 8.9% (from PLN 2,870 million in 2019 to PLN 2,615 million in 2020), sales in the infrastructure construction sector dropped by 8.2% (from PLN 3,092 million in 2019 to PLN 3,347 million in 2020) while sales in the railway construction sector increased by 32.5% (from PLN 1,190 million in 2019 to PLN 1,577 million in 2020).

In 2020 the sales revenue from the development business was equal to PLN 674 million, which was an increase by 21% in comparison with the previous year. The sales revenue from the development business is recognised at the moment of the transfer of the ownership title to the apartment/premises to the buyer after the technical acceptance of the entire facility. As a result, notary-certified sale of apartments depends on completion dates of construction projects and the handover of finished apartments to clients and is not a seasonal phenomenon or a phenomenon comparable year on year.

In 2020 the pre-sale of the development sector amounted to 1,672 apartments and was slightly higher than in the previous year. The demand for new apartments in 2020 proved to be stable despite a noticeable decrease in pre-sale from March to April, i.e. in the period of the strict lockdown. Main factors driving the pre-sale were low interest rates and increasing inflationary pressure causing the transfer of free funds from banks to the real estate sector.

In 2020 the Budimex Group companies signed construction contracts of the total value of PLN 8,976,411 thousand (including addenda). As at 31 December 2020, the value of the Budimex Group's construction project portfolio was PLN 12,721,460 thousand, which constitutes an increase by 18% in comparison with the end of 2019.

In 2020 the gross profit on the Group's sales was PLN 937 million, while in the previous year it amounted to PLN 552 million. Consequently, the gross return on sales in 2019 was 11.2% versus 7.3% in 2019.

The Group's financial standing in 2020 remained good. Net cash flows for 2020 were positive and amounted to PLN 740 million. In 2020 the cash balance for operating activities increased by PLN 888 million. Cash flows from investing activities closed with a positive balance of PLN 96 million. Cash flows from financing activities for 2020 were negative and amounted to PLN 244 million and they were mainly the result of the payment of dividend for 2019 and the repayment of lease liabilities, loans and borrowings.

The current financial situation of the Budimex Group with regard to liquidity and access to external sources of financing does not pose any threats to the financing of operations in 2021.

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

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

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

The companies of the Budimex Group apply uniform accounting principles approved by the management boards of Budimex S.A. and individual subsidiaries. The accuracy of the

application of the accounting principles by particular companies is monitored on an on-going basis by employees of the Reporting & Consolidation Team and the Controlling Department of Budimex S.A.

The Reporting & Consolidation Team of Budimex S.A. is responsible for recommending solutions in the scope of the modification and revision of accounting policies and other requirements of the stock-exchange financial reporting as well as their implementation with prior approval of the Management Board.

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

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

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

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

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

- identification and analysis of risks in the Budimex Group,
- prevention of risk factors,
- audit of the activity of organisational units and Group companies,
- monitoring of compliance with normative acts applicable across the Group and the general external legislation in force,
- analysis of contract performance processes,
- monitoring of the use of the available resources,
- preparation of reports and issue of instructions for corrective actions and supervision over their implementation.

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

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

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

The Audit Committee issues opinions on the Management Board's candidate for the position of the Head of the Internal Audit Office, includes them after their approval by the Supervisory Board in the process of monitoring of the internal control effectiveness and supports in the implementation of the separated internal audit function in the Company.

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

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

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

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

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

Direct responsibility for the application and observance of the Compliance Policy by the employees is borne mainly by their immediate superiors.

The Company's Management Board, in the scope of its competences or after obtaining appropriate recommendations of the Company's Supervisory Board, adopts internal Policies, Procedures or Instructions related to particular areas of the Company's activities, including the Company's internal relationships as well as relationships and rules of conduct with third parties, aimed at limiting risks associated with the Company's activities (including the Compliance area) and preventing situations that may expose Budimex SA to criminal, civil, administrative or criminal and fiscal liability.

Direct supervision over the application and observance of the Compliance Policy by the Company and the stakeholders is exercised by the Chief Compliance Officer appointed by the Company's Management Board, and the Deputy Chief Compliance Officer, as well as the

Compliance Committee established at the Chief Compliance Officer's request, which comprises of representatives of every organisational division unit of the Company.

The Supervisory Board positively evaluates the Company's situation, its operations, including the effectiveness of the internal control system, risk management and supervision over legal compliance.

The Supervisory Board positively evaluated the activity of the Company's Management Board in 2020.

8. Information about the composition and structure of the Supervisory Board and its committees in 2019.

As at 31 December 2020, the Supervisory Board of Budimex S.A. was composed of:

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

In 2020 the following changes occurred in the composition of the Supervisory Board:

- as of 18 June 2020 Ms Marzenna Anna Weresa resigned from her position in the Supervisory Board,
- on 18 June 2020 the Ordinary General Meeting appointed to the Supervisory Board Mr Artur Kucharski.

The following Members of the Supervisory Board meet the independence criteria specified in principle II.Z.4 of Best Practice for GPW Listed Companies 2016, including in Appendix II to the Commission Recommendation 2005/162/EC:

- Ms Danuta Dąbrowska,
- Ms Agnieszka Słomka-Gołębiowska,
- Mr Janusz Dedo,
- Mr Artur Kucharski.

In 2020 three three-member Committees operated within the Supervisory Board:

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

The composition of all **the Committees of the Supervisory Board** at the end of 2020 was as follows:

Investment Committee:

- Janusz Dedo – Chairman of the Committee,
- Javier Galindo Hernandez – Member of the Committee,
- Fernando Luis Pascual Larragoiti – Member of the Committee.

The composition of the Investment Committee remained unchanged in 2020.

Remuneration Committee:

- Marek Michałowski – Chairman of the Committee,
- Igor Chalupec – Member of the Committee,
- Juan Ignacio Gaston Najarro – Member of the Committee.

The composition of the Remuneration Committee remained unchanged in 2020.

Audit Committee:

- Danuta Dąbrowska – Chairwoman of the Committee,
- Javier Galindo Hernandez – Member of the Committee,
- Agnieszka Słomka-Gołębiowska – Member of the Committee.

The independence criteria within the meaning of Article 129(3) of the Polish Act of 11 May 2017 on statutory auditors, audit firms and public supervision are met by Ms Danuta Dąbrowska and Ms Agnieszka Słomka-Gołębiowska.

The composition of the Audit Committee remained unchanged in 2020.

9. Activities of the Supervisory Board of Budimex S.A. and its Committees in 2020

The Board held nine meetings in 2020. Four of them were devoted to the analysis of the Company's current situation based on materials and information related in particular to:

- acquisitions, the order portfolio, the most important contracts won,
- financial results and net cash position of the Budimex Group,
- the evolution of property development activities,
- investments and disinvestments in the Budimex Group.

The meetings on 20 March 2020 and on 13 May 2020 were devoted to the issue of the opinion on materials for the Ordinary General Meeting of Budimex S.A. in 2020; also on 20 March 2020 the Supervisory Board appointed the Management Board of Budimex S.A. of the tenth term of office. Additional meetings of the Supervisory Board on: 29 October, 19 November and 30 December were devoted to the process of the review of strategic options in the development sector carried out in the Budimex Group.

In 2020 the **Supervisory Board** adopted 34 resolutions on:

- assessment regarding the procedure of selection of an audit firm and the assessment whether it meets conditions of the preparation of an unbiased and independent report on the audit of annual financial statements,
- recommendation that the General Meeting grant discharge to Members of the Budimex S.A. Management Board for the fulfilment of their duties,

- appointment of the President, the Vice-President and Members of the Budimex S.A. Management Board for the tenth term of office,
- awarding a bonus for 2019 to Members of the Management Board,
- awarding the retention remuneration to the Vice-President of the Budimex S.A. Management Board – Mr Artur Popko,
- assessment in the scope of annual financial statements and the annual report on operations of the Budimex Group and Budimex S.A. for 2019,
- review and issue of the opinion of materials and draft resolutions of the Ordinary General Meeting of Budimex S.A. in 2020,
- acceptance of the annual report on the Supervisory Board's operations in 2019,
- acceptance of amendments to the Rules and Regulations of the Supervisory Board,
- acceptance of amendments to the Rules and Regulations of the Audit Committee,
- approval of amendments to the Rules and Regulations of the Management Board,
- amendments to employment agreements with the members of the Management Board of Budimex S.A.,
- awarding the housing allowance to the Vice-President of the Management Board,
- consent to the investment of excess funds in bonds or Treasury bonds,
- delegation of Members of the Supervisory Board's Investment Committee to independent performance of supervisory activities,
- establishment of the Internal Audit Office,
- adoption of the Tax Policy (strategy),
- adoption of the Internal Tax Supervision Framework,
- adoption of the policy and procedure of selection of an internal auditor,
- approval of rules for granting bonuses to Members of the Budimex S.A. Management Board in connection with the current process of the review of strategic options in the development sector,
- approval of the appointment of the Head of the Internal Audit Office.

Due to the current COVID-19 pandemic, in 2020 the meetings of the Budimex S.A. Supervisory Board were held remotely. The Company's Articles of Association and the Rules and Regulations of the Supervisory Board allow the Supervisory Board to adopt resolutions by written ballot or through means of direct distance communication. In 2020 the Supervisory Board used the option of written ballot three times, adopting resolutions on:

- assessment of financial statements and the annual report on operations of the Budimex Group and Budimex S.A. for 2019,
- assessment of the procedure of selection of an audit firm,
- delegation of Members of the Supervisory Board's Investment Committee to independent performance of supervisory activities.

The Supervisory Board's **Investment Committee** reviewed requests as they were submitted, with all members present. 16 requests were submitted to the Investment Committee in 2020. Throughout 2020, the Supervisory Board was informed about actions undertaken by the **Investment Committee** and their results at regular meetings based on materials on processed and pending requests prepared in accordance with the Operational Procedure PO-01-04 *The rules of approving on and making investment, financial and corporate decisions*, as well as based on possible additional verbal explanations.

On 6 April 2021, the **Investment Committee** submitted to the Supervisory Board a written Report for the financial year 2020, which the Supervisory Board accepted.

The **Remuneration Committee** held four meetings in 2020. The Board was informed about significant decisions made by the Remuneration Committee and their results on an on-going basis.

On 6 April 2021 the **Remuneration Committee** submitted to the Supervisory Board a written Report on operations in 2020, which was accepted by the Supervisory Board.

The **Audit Committee** held 7 meetings in 2020.

At its meetings, the Audit Committee met the representatives of the audit firm Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with regard to the financial statements for 2019 and 2020.

Prior to the Ordinary General Meeting of Budimex S.A. in 2021 (**OGM**), the **Audit Committee** recommended to the Supervisory Board:

- approval of financial statements, reports on non-financial information and the report on operations for 2020,
- distribution of the net profit for 2020, taking into account the payment of dividend,
- acknowledgement of the fulfilment of duties by the member of the Management Board – Head of the Economic & Financial Department in 2020.

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

On 29 September 2020, the Audit Committee submitted to the Supervisory Board a written Report on operations for the 1st half-year of 2020. On 6 April 2021, the Committee submitted the annual report on operations. The reports above were accepted by the Supervisory Board.

10. The assessment of the Company's compliance with information requirements.

In connection with the adoption of the new 'Best Practice for GPW Listed Companies 2016' by the Board of Exchange, after adopting resolutions on the application of these new rules by the Management Board (Resolution no. 22 of 11 December 2015) and by the Supervisory Board (Resolution no. 240 of 16 December 2015), the Company sent report no. 01/2016, on 4 January 2016, on the scope of application of these new rules in accordance with the new format introduced by the Stock Exchange on 1 January 2016.

Pursuant to section 91(5)(4) of the Regulation of the Minister of Finance on the current and periodic information published by issuers of securities and the conditions for considering as equivalent the information required by law of a non-member state, on 25 March 2021 the Company published the report on the issuer's operations for 2020, including the statement on the application of corporate governance principles (section 6 of the report on operations for 2020), constituting a separate part.

Consequently, the Company should be deemed to have correctly complied in 2020 with the information requirements regarding the application of the corporate governance principles set out in the Rules and Regulations of the Stock Exchange and the provisions on the current and interim information submitted by issuers of securities.

The Company has Operating Instruction IO-01-07-01 The protection of confidential information and trading in financial instruments by persons with confidential information concerning Budimex S.A. and Operating Instruction no. IO-01-07-04 regulating the rules and

procedure of providing information published in current reports in connection with the listing of Budimex S.A. shares on the Warsaw Stock Exchange. The overriding objective of both instructions is the correct execution by Budimex S.A. as a listed company of the information requirements laid down in particular regulations. In 2020 the Supervisory Board did not find any nonconformities in the compliance by Budimex S.A. with the above-mentioned information requirements.

11. The assessment of the rationality of the Company's policy in the scope of sponsorship and charity activities

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

The flagship programmes of Budimex S.A. from the scope of the corporate social responsibility include:

- **'Parent Zone'** programme initiated in 2012. Areas are set up in the children's wards in hospitals for the patients to enjoy quality time with their parents. The Parent Zones provide a welcoming ambiance and conditions not unlike at home to help the parents and their children forget, even if for a moment only, about the hardship of their disorder and its treatment. One of the most important aspects of this project is the personal involvement of our employees who, as volunteers, participate in furnishing renovated premises – they not only help with the assembly and placement of furniture, but also perform minor finishing works. By 2020, Budimex S.A. had opened 34 Parent Zones, which are now used by nearly 700,000 children and their guardians.
- **'Hello ICE'** is another of proprietary CSR programmes of Budimex S.A. delivered since 2019 with the following objectives: broadening knowledge of pre-schoolers and the youngest primary school pupils (grades 1 to 3) of the safety of commuting to and from school, principles and method of providing first aid, and minimising hazards on the streets around schools. The Hello ICE programme is held under the honorary auspices of the Minister of Infrastructure and the Minister of National Education, and it received a positive review from Stowarzyszenie Dobra Edukacja. The pandemic hazards forced us to move some of the programme's activities online in 2020. Still, and with safety standards in effect, we completed such activities as: the meet and greet for the children with Budi the Tiger (the programme's mascot) during the 2020/2021 school year inauguration, or another session with the Tiger on the World High-Visibility Day. In 2020 we launched a pilot campaign to improve children's safety in pedestrian traffic, and painted 3D-effect pedestrian crossing zebras in four locations (Bartoszyce, Lesznowola, Sanok, and Miechów).
- Since 2015, Budimex S.A. has run the **'Grants for Volunteering'** employee volunteering programme. In 2020, the company awarded grants of the value of more than PLN 100,000, PLN 40,000 of which was assigned to carry out projects under a special edition of the programme: 'Volunteering to Fight COVID-19'. Within this programme edition, our employee provided assistance at centres and to people suffering from the pandemic.

In 2020 Budimex S.A. undertook a number of additional **activities aimed at the provision of assistance to institutions fighting the coronavirus** and to victims of the epidemic.

The company donated more than PLN 2 million to help hospitals as part of 'We are together. We help!' (Jesteśmy razem. Pomagamy!) and joined the #Niezwalniajmy initiative aimed at the protection of as many jobs as possible.

Companies taking part in this undertaking have declared that in the case when – as a result of the pandemic – the economic situation requires the reduction of costs, they will limit them in the employment area as a last resort. The #Niezwalniajmy initiative was awarded in the

‘Benefactor of the Year’ competition in the ‘Socially involved in the fight against the COVID-19 epidemic’ category.

In 2020 Budimex S.A. initiated the **‘Home from the Heart’** project aimed at the construction, equipment and hand-over of a house for 16-member family of Magda from Wierzbica near Radomsko. Its organisation was driven by media reports on the difficult situation of a family from Wierzbica. The court decided on taking custody of eleven children from the mother due to difficult living conditions. Thanks to the involvement of Budimex S.A. and partner companies, in March 2021 the family received a turnkey one-storey house with an area of over 200 m² equipped also with an Internet connection.

In 2020 the company continued the assistance for foundations providing children with different forms of help and those acting for the development of local communities in less developed regions. Budimex S.A. beneficiaries included the following foundations: Siepomaga, Jesteśmy Razem. Pomagamy, Moje Drzewko Pomarańczowe and Fundacja dla Transplantacji – Zostaw Serce Na Ziemi.

In 2020 Budimex S.A. became also engaged in:

- the ‘Diamond Explorers’ scholarship programme, whose idea is the provision of financial support to talented and active 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),
- the Demos Foundation, which helps young people in a difficult life situation. This organisation carries out scholarship programmes and workshops for youth leaders and creates premises resources for conducting pedagogical, educational, therapeutic and sports activities,
- Purchase of 5 thousand packages for children from educational facilities in Łódź,
- Support for the SOS Wioski Dziecięce initiative in the Świętokrzyskie Province,
- Support for the volunteer fire services in the Mazury and Podkarpacie regions and the Łódź Province.
- Organisation of the Polish Sailing Championships for the Disabled,
- Stomil Olsztyn Football Team,
- Chemik Sport Akademia Gorzów Wlkp. Students’ Sports Club,
- Volleyball club – MKS Kangur Nowy Tomyśl,
- Football club – futsal – Madness,
- Handball club – Wybrzeże Gdańsk.

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

For years the company’s CSR activities have been highly recognised by the market, sector organisations and the media. In 2020 Budimex S.A. received:

- the ‘CSR Gold Leaf’ awarded by ‘Polityka’ weekly,
- the title of ‘Well-Perceived Company’ in the competition organised by BCC,
- distinction in the competition ‘The Best Annual Report 2019’ for the best statement on the application of the corporate governance in a company.

Moreover in 2020 the company moved up to sixth position (from eighteenth position in the previous year) in the Ranking of Responsible Companies, in which companies operating in Poland are assessed in terms of the quality of the corporate social responsibility management system. Since 2018, the Ranking of Responsible Companies has been organised by Koźmiński Business Hub, while its expert partner is the Responsible Business Forum. Deloitte is responsible for the verification, whereas the ‘Gazeta Prawna’ daily is its media partner.

The Supervisory Board positively evaluates the above-mentioned activities, understood as a constant element of the company's operations and as single initiatives; in the opinion of the Board, they reflect the assumptions of corporate social responsibility, bringing the company important image-building benefits.

12. Self-assessment of the activities of the Supervisory Board.

In 2020 the Supervisory Board operated in accordance with the principles specified in the Company's Articles of Association and in the Rules and Regulations of the Supervisory Board. The Board examined, and at the Management Board's request issued opinions on matters relevant to the Company and the Budimex Group connected with the Company's current operations and formulated potential recommendations for the Management Board as to the implementation of remedial instruments or improvement actions. Members of the Supervisory Board devoted their time to the Company to the extent necessary for the proper performance of their duties, both within the Supervisory Board and within individual committees. Apart from the above-mentioned obligations, the Chairman of the Supervisory Board performed activities connected with convening individual meetings of the Board and chaired the sessions.

The Supervisory Board meetings in 2020 were participated by all its Members. Members of the Management Board responsible for particular areas of the Company's activities took an active part in the meetings of the Supervisory Board.

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

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

Considering the Company's profile and business activities, the Supervisory Board positively evaluates competences of the Supervisory Board Members, especially since the Board consists of scientists, lawyers, economists and engineers.

Four of the ten members of the Supervisory Board meet the independence criteria specified in rule II.Z.4 of the Best Practice for GPW Listed Companies 2016, including those laid down in Appendix II to Commission Recommendation 2005/162/EC.