

budimex

2022

INTEGRATED
REPORT 2022

**For people.
For a better
life.**



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BUDIMEX GROUP IN NUMBERS IN 2022

Key non-financial performance indicators (Article 49b(2)(2))



BUDIMEX GROUP 2022

Financial area:	
revenue	PLN 8,619 million
net profit	PLN 548 million
order portfolio	PLN 13.29 billion
signed contracts in 2022	PLN 7.88 billion
Personnel area:	
number of employees	7,022 persons
number of accidents among own workers in the Capital Group	110
ratio of women's basic salary to men's basic salary by occupied position	
	all employees in total 17%
	senior management staff 41.9%
	managers 19.9%
	other employees 1.8%
Social area:	
amount of donations	PLN 2,177 thousand
number of campaigns <i>Grant for volunteering</i>	7
Environmental area:	
total energy consumption	28,075.3 MWh
total CO ₂ emissions (scope 1 and 2) in the Capital Group	71,316.5 Mg CO ₂ e
total water consumption	215,085.1 m ³
Counteracting corruption and human rights area	
number of confirmed corruption cases	0
number of confirmed cases of human rights violations	0

1. Letter from the President

[GRI 2-14] [GRI 2-22]

Dear Sirs,

We have undoubtedly come to live in interesting times. These words gained particular significance last year, when the resurgent optimism, after long months marked by the pandemic, was shattered by Russia's attack on Ukraine. This event affected the already weakened global economy by triggering one of the biggest crises in history, including in the construction industry. The sudden downturn affected the condition of a sector that had for years contributed significantly to the state budget. History shows, however, that the crisis is also an opportunity for a new development path. We believe that setting ambitious goals and being flexible is the only way to survive in unstable times. This report presents the results of this path and we are already taking the results of the analyses carried out over the past year into account when planning our next business challenges.

In 2022, setting as our goal the consistent pursuit of further diversification and strengthening of the business, we decided to introduce several changes in the structure of the Budimex Group. Along with the newly chosen directions of development, we have focused on building up areas that allow us to expand our activities in neighbouring countries and also to balance the business activity carried out in Poland. We established three foreign entities – Budimex Bau GmbH, Budimex Construction Prague s.r.o., and Budimex Slovakia s.r.o. – and throughout the year, we actively strengthened our most valuable capital – the human resources that will allow us to strengthen our position in the chosen markets.

At Budimex SA, we are aware that steady growth cannot be realized in isolation from the principles of social responsibility and sustainable development. This is due to both the characteristics of the construction industry and progressive climate change, as well as our preferred method of management. We build with people and for people, putting people and their needs at the center. This approach is at the same time the basis for the Budimex Group's past and future activities in the ESG area.

The Budimex Group's development directions are based on the asks we have set ourselves in the CSR Strategy for 2021-2023. We have defined six areas in this document, which for us today are essential elements of the functioning of any responsible company – both in the business and social context. They concern, among other things, standards of safety

and occupational health and safety, environmental and climate impact, attention to employee development and job satisfaction, countering abuse, and conducting dialogue and supporting local communities. The actions we have implemented in 2022, described in the following paragraphs of the letter, are a reflection and consequence of the declarations we have made. Their continuation and expansion will be the Budimex Group ESG Strategy currently under development.

Energy transformation is an obligation stipulated in the EU agendas that rests on the entire business community with a focus on resource availability and living conditions for future generations. At Budimex SA, we are wholeheartedly committed to this process. In 2022, we continued our efforts to reduce our carbon footprint. These included a number of energy-saving solutions implemented on construction sites and the promotion of the right attitude among employees through educational projects. Last year, we also established Circular Construction SA to support our goals of implementing the principles of a circular economy. Construction is a highly material-intensive industry, so with the help of modern technologies, the company's task is to recycle construction waste in an efficient and economic way. This green competence pillar of our Group also includes the acquired company Magnolia Energy and the photovoltaic company HIG XIV, which started construction of a wind and photovoltaic farm with a combined capacity of more than 20 MW in 2022. Low-carbon transport is also green, which requires appropriate infrastructure in the near future. We have therefore set up Budimex Mobility (formerly Budimex PPP SA), which aims to

support commercial entities and local governments in the implementation of tasks resulting from national and EU regulations related to the reduction of CO2 emissions and the development of clean technologies. Moreover, one of the company's objectives is to contribute to the expansion of the electric vehicle fleet inside the largest construction group in Poland. It should be emphasised that the company has purchased 109 electric chargers in less than a year and intends to launch them in the first quarter of 2023. We see the Budimex Group's participation in the RES market as part of strengthening energy efficiency and the company's business portfolio. Green energy is an area that requires huge investments in the coming years, and that we as a company have the capital to implement on the necessary scale.

Our responsibility to investors, employees and shareholders means that, as a company, we need to closely monitor the opportunities and threats arising from advancing climate change. In 2021 and 2022, we conducted a risk analysis based on TCFD guidelines, thereby basing our actions on clear and verified premises. Due to the nature of our business and the amount of waste generated in the course of our work, we are aiming to introduce a circular model throughout the Budimex Group's value chain. These measures include selecting raw materials for construction from certified sources, increasing the percentage of recycled waste and verifying the compliance of our suppliers and partners with the principles of sustainable development.

Protecting natural resources is a commitment and priority for the Budimex Group. In 2022, we continued to implement further policies and procedures related to respecting biodiversity and safeguarding local ecosystems – both at the design and execution stages.

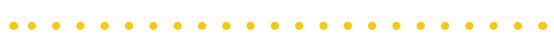
In the Budimex Group, by sustainable and responsible management, we also mean constant care for the relationship with internal and external stakeholders. We are an inclusive and open company. We aim to provide our employees not only with a steady job, but also with space for unlimited development. We encourage young people standing at the beginning of their careers to build their future in the construction industry. In 2022, 279 apprentices took advantage

of Budimex's offer. We promote gender equality in terms of pay and working conditions. In the past year, we have successively increased the parity of women in management positions, supported them in acquiring competencies. We also carried out a calculation of the adjusted wage gap, which was -1.9%.

Budimex Group is growing thanks to the commitment and ingenuity of the people it has been developing within its structures for years. Every year, it identifies talents and helps them acquire new skills and successfully pursue their chosen career path. As a result, at the end of 2022, the Management Board of the Group was expanded by a decision of the Supervisory Board to include three new members, whose long-standing and diversified experience enriches the Group's management competence.

At Budimex Group, respect and care for the employee means first and foremost caring for their safety. Our unchanging priority has always been to set the highest health and safety standards for the construction industry. We have a number of policies and programmes aimed at our team members and partners, in which our entire industry community actively participates, e.g. 'Safety Week'. In 2022, we have been streamlining and increasing the effectiveness of our incident detection and analysis solutions, and applying the conclusions in the course of updating existing procedures and making effective improvements on our project sites. Among other things, we recorded a decrease in the accident severity rate from 0.32 to 0.17, and we also implemented a number of safety training courses for our employees.

We want to be a good neighbour. We pay a lot of attention to the needs of local communities when implementing construction projects. We are keen to ensure that, in addition to the benefits offered by a new facility or piece of infrastructure, we leave added value by affecting the comfort of life for local residents. In 2022 we held 24 dialogue sessions with local stakeholders, and conducted a number of information campaigns on the investments that we have been entrusted with. Our community activities included the second edition of one of our flagship projects, 'House from the Heart'. We also invited our employees to join in helping Ukraine through a volunteer programme.



In the Budimex Group, we are strongly committed to principles such as quality, honesty, timeliness or transparency. We strive to achieve the highest standards in all areas of our business activities. We operate in an ethical manner. This includes compliance with the European Union's requirements for sustainable business operations and Minimum Safeguards. In this report, we have disclosed for the first time the percentage of turnover, capital expenditure and operating expenses of the Budimex Group linked to the EU taxonomy. We have also indicated the actions taken by the company in terms of procedures and policies upholding human rights in our organisation and preventing corruption, unfair competition and other types of abuse. We are successively training our team members on key compliance issues.

We are closely monitoring the European Commission's directives, including the CSRD, and are already implementing solutions to meet our reporting obligations based on the new rules. As part of the existing CSR Strategy 2021-2023 and the ESG strategy under development, we are committed to expanding the scope of GHG emissions calculations to include a water footprint, among other things. The

Yours faithfully,

President of the Management Board
of Budimex SA
Artur Popko

ESG strategy currently under preparation will cover the period 2023 - 2026.

We want to act in accordance with current legislation, but above all in a responsible manner, respecting our employees, partners, as well as the beneficiaries of our investments and their environment. People and quality of life are the foundation on which we will build our potential in the coming years.

I am very proud to present to you our non-financial report for 2022. Despite the unfavourable circumstances and mounting challenges, thanks to the great commitment and experience of the people who make up the Budimex Group, we are going beyond the pattern of a traditional construction company towards a modern enterprise that responds to people's needs and improves their quality of life. We are setting new business goals, growing in a sustainable and innovative way, and successively building our commitment to energy transformation. I would like to thank to all employees of the Group for your invaluable contribution, your daily work and all that we have been able to achieve together.



Green energy is an area that will require huge investments in the coming years, and we as we have the capital that will allow us to implement them on the necessary scale

2. About the Budimex Group

2.1. About the Group

2.1.1. Business model of the Budimex Group

[GRI 2-1] [GRI 2-6]

Budimex Group provides a wide range of construction and assembly services performed under the general contracting system in Poland and abroad. It manufactures products and offers services. Municipal waste management, comprehensive road maintenance, as well as building maintenance. Until May 24, 2021, i.e. until the sale of Budimex Nieruchomości Sp. z o.o., the Budimex Group also conducted real estate development and management activities.

Changes in the Group's operations in 2022 mainly included the cancellation of real estate development activities, the initiation of operations in foreign markets and the development of operations in the renewable energy segment.

As part of its construction activities, Budimex SA, Budimex Kolejnictwo SA and Budimex Budownictwo Sp. z o.o. carry out tasks in all market segments, starting from road, railway and hydrotechnical infrastructure, through housing facilities, to complex power and industrial projects. Mostostal Kraków SA specialises in the execution and assembly of steel structures and devices for the cement and lime, energy, metallurgy and chemical industries, as well as offering design services. The companies of the FBSerwis Group, in terms of service activities, deal with waste management, provide comprehensive road infrastructure maintenance services and lighting infrastructure management and building maintenance services.

The basic form of the company's activity takes place through contracts. Each year, Budimex SA concurrently performs about 200 contracts, the FBSerwis Group about 120 contracts, and Mostostal Kraków SA about 40 contracts.

Budimex's SA construction activities are carried out primarily in Poland and, on a limited scale, also on foreign markets. For nearly 60 years, there has been the German Market Branch, with operational activities focused on subcontracting services for German companies in the scope of; production of prefabricated reinforced concrete elements, production of prefabricated elements for general and engineering construction, reinforcement works, production of steel structures (for power plants, bridge construction, halls, containers, tanks and machines). Budimex Bau GmbH, started to acquire construction contracts on the German market, and under the newly established entities – Budimex Construction Prague s.r.o. and Budimex Slovakia s.r.o. – the Group is also expanding its activities on the Czech and Slovak markets.

The Budimex Group makes every effort to complete the entrusted tasks on time, while maintaining high standards of safety and work quality. Its long-standing experience in the construction area enables the company to offer a full range of works in the general contracting system.

budimex

budimex
budownictwo

budimex
mobility

budimex
Parking Wrocław

budimex
kolejnictwo

budimex
construction

mostostal
kraków

budimex
Bau

fbserwis



The key materials in the Budimex Group, in all areas related to sustainable development management, are the following documents. Descriptions of individual rules and policies can be found in the relevant thematic chapters.

1 Compliance Policy

6 Diversity Policy

11 Rules of Conduct in Case of Offering Financial Benefits to an Employee and in Case of Taking Attempts to Intimidate Them

2 Code of Ethics for Employees of the Budimex Group

7 Code of Conduct for Contractors of Budimex SA

12 Rules for participation in, giving and receiving gifts at sponsored events and other events with a conflict of interest nature

3 Ferrovial Group Code of Ethics

8 Counteracting mobbing and discrimination

13 Approval of Sponsorship Projects, Patronage, Donations and Grants

4 Anti-Corruption Policy

9 Rules for informing about the employment of persons related to the employee

14 Due Diligence of Business Partner

5 Human Rights Protection Policy

10 Principles for dealing with suspected breaches of the Compliance Policy and for countering breaches

15 Money laundering and terrorist financing prevention

2.1.2. Operating segments of the Budimex Group

[GRI 2-1] [GRI 2-6]

budimex

INFRASTRUCTURE CONSTRUCTION

We carry out projects in the following areas: road construction, bridge construction, railway infrastructure, aviation infrastructure and hydrotechnical construction. We are helped by reliable pricing, close cooperation with the ordering party and good organisation of work at every stage of the project. Moreover, we have our own equipment base, we have bituminous mixing plants and a network of certified laboratories across the entire country.

The offer is supplemented by FBSerwis, a company belonging to the Budimex Group, which offers services related to the comprehensive maintenance of road infrastructure.

RAILWAY CONSTRUCTION

Services related to the area of railway construction are of great importance in the business offer of the Budimex Group. When executing projects concluded with investors through public proceedings, it is important for us to cooperate closely with the ordering party and to properly organise works at each stage of the investment implementation. In addition, we have our own equipment base, which is necessary for the execution of railway contracts. Examples of our completed projects include platforms, stations and railway lines.



The offer is supplemented by Budimex Kolejnictwo SA, a company belonging to the Budimex Group, which offers railway, equipment, welding and surveying services as part of its activities. Through the use of new high-performance track machinery and two-way welding vehicles, it is becoming the industry leader in equipment services for railway construction. In addition, Budimex Kolejnictwo SA is a certified rail carrier, thanks to which it also provides transport services. The Company has a qualified and experienced staff of operators and supervisors to operate the machines; their qualifications continually improve through additional training. The combination of modern machinery, experienced staff and innovative solutions allows us to perform construction work faster, with significantly higher quality compared to other machines available on the market.

GENERAL CONSTRUCTION

As a company with a nationwide and international reach, the Budimex Group has a full range of services in the area of general construction. The Group's potential and extensive technical resources enable the implementation of many projects simultaneously. Our offer includes general contracting of public utility buildings, commercial, industrial, residential and sports facilities. We provide comprehensive services at all stages of the construction process. We use our own technical office and propose optimal technological solutions to our customers. Budimex's SA offer is enriched by the use of the BIM methodology, which streamlines the design process and implementation. Thanks to the use of modern tools, the company can increase its competitiveness on the market by offering customers: more accurate valuations of construction works, better communication, and increased control over the investment implementation process. Budimex SA also offers the preparation of as-built BIM models, which significantly improve the process of facility operation and management.

Budimex's SA offer in the area of general construction is supplemented by other Group companies: FBSSerwis SA – offering comprehensive services in the area of Facility Management, and Mostostal Kraków SA – specialising in steel structures.

ENERGY AND INDUSTRIAL CONSTRUCTION

The power and industrial markets are key areas of development for the Budimex Group. We have been executing investments in these construction segments for many years. Depending on the scale of the project, we build as a general contractor or in consortia with leaders in the energy and industrial sectors.

RES

The Budimex Group also operates in the segment of renewable energy sources not only as a contractor of this type of installation, but also as an investor. In February 2022, the Company acquired a project for a ready-to-build wind farm located in the Wielkopolskie Voivodeship with a capacity of up to 7 MW. In November, the Budimex Group expanded its portfolio with another project, this time a photovoltaic farm (also in the form of the purchase of shares in existing company). The energy produced by this farm should largely cover the Company's demand for electricity. The Group is looking for further projects to purchase and is working towards the organic development of such systems by conducting a long-term development process.

LABORATORY SERVICES

The Budimex Group has its own extensive laboratory and technological facilities. This makes it possible to carry out effective, on-going quality control of construction works and post-construction analysis. Our Central Laboratory is accredited by the Polish Centre for Accreditation with the number AB1414.



EQUIPMENT SERVICES

The Budimex SA Equipment Services Division has at its disposal highly qualified supervisory staff and modern equipment for earthworks, mass spreading, pavement milling and crane services. It also offers professional low-loading transport services.



MINERAL AND ASPHALT MIXTURES

Budimex Group has extensive experience in the technology of recycled road decomposition. Most of the company's plants are equipped with a system for cold dosing of asphalt granules or a system with a parallel drum, which allows hot adding of asphalt road debris. The company's high-class technological and laboratory facilities have allowed it to optimise the production of mineral and asphalt mixtures, in terms of technical requirements and material costs, so that MMA mixtures manufactured by Budimex SA are always compliant with quality requirements and can be sold at competitive prices.

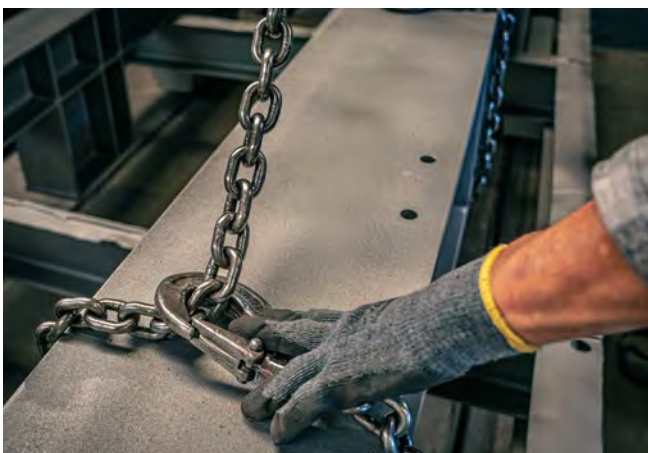


The company is a specialist construction company offering contracting and assembly services with regard to all kinds of steel structures and equipment installation, mostly for the cement and lime, power, metallurgy and chemical industries. Mostostal Kraków is involved in the comprehensive construction of industrial facilities. It has two Steel Constructions Manufacturing Plants – in Kraków and in Kleszczów – with a total production capacity of approximately 1,200 tonnes of structures per

month. The company prefabricates, supplies and assembles steel structures for industrial and general construction, bridges (road, railway and footbridges), tanks, pipelines and dust collection ducts. Mostostal Kraków SA has the capacity to produce structural elements manufactured from steels such as: 16CrMo (heat-resistant chromium-molybdenum), 16Mo3 (boiler steel with increased molybdenum content), S355J2W (Corten).

In addition, the company guarantees:

- comprehensive execution of orders for steel construction elements,
- corrosion and fire protection laboratory and testing,
- training and examination services (according to PN EN 287-1 and PN EN 287-2),
- specialised welding services,
- development of projects at all stages, search for innovative engineering solutions, value engineering, development of advanced coordination models in BIM technology.

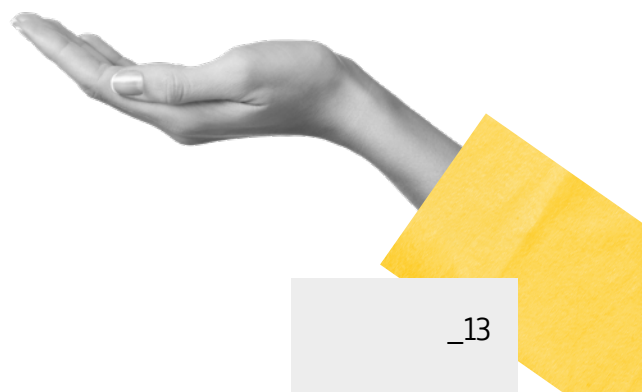
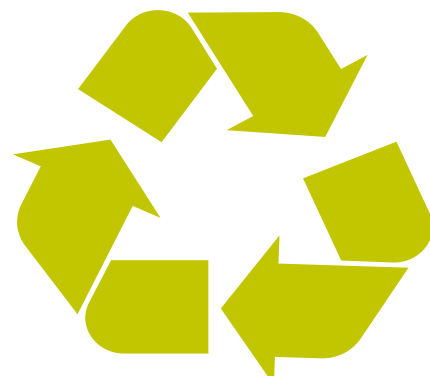


fbserwis

The FBSerwis Group carries out such contracts as: waste management services, technical maintenance of facilities, upgrade of lighting infrastructure and ongoing maintenance of national roads and motorways, as well as internal roads. In terms of waste collection, it serves more than 600,000 residents throughout Poland and commercial customers ranging from small businesses to retail chains and industry. The organisation operates five systems for the mechanical-biological processing of municipal waste and three landfills. The FBSerwis Group maintains around 1,800 km of national roads and motorways, has upgraded around 90,000 lighting points and technically maintains over 6.5 million square metres of space – office buildings, logistics facilities, retail chains, sports facilities, shopping malls and industrial facilities.

CIRCULAR CONSTRUCTION SA

The Company was established out of concern for the environment, in order to solve waste problems and guarantee their safe management and treatment. The company operates in the field of recycling in the broadest sense of the term: collection and storage of waste and its processing for reuse. The company's activities are mainly related to the recycling of construction materials using technologies that allow their separation and fractionation in order not only to store the materials but, above all, to process them in an efficient and economic manner.



BUDIMEX MOBILITY (FORMERLY BUDIMEX PPP SA)

Budimex Group intends to create a network of publicly accessible electric vehicle charging stations located throughout the country. Budimex Mobility SA has been established for this purpose. In December 2022, Budimex Mobility SA submitted an offer in the tender organised by Enea Operator sp. z o.o. for the purchase of 125 electric

vehicle charging stations located in Bydgoszcz, Gorzów Wielkopolski, Poznań and Szczecin. The offer turned out to be the most advantageous with regard to 109 stations. At the same time, Budimex Mobility SA is developing a network of electric vehicle charging stations organically by conducting a comprehensive development process.



2.1.3. Awards and distinctions in 2022

In 2022, the Budimex Group received the following awards and distinctions:

Top Builder 2021 – Budimex won the prestigious Top Builder Prize for building PKN Orlen's R&D Centre in Plock.

Award of the Year of the Federation of Polish Entrepreneurs – Leader of Sustainable Development – an award given for Budimex's environmental protection, closed loop economy, low carbon and social activities.

Construction Company of the Year – award granted by the jury of the Infrastructure and Construction Diamonds competition. The committee includes engineers and construction managers from such organisations as: Warsaw University of Technology, Institute of Roads and Bridges, Railway Research Institute, Polish Economic Chamber of Road Building and Maintenance and Polish Chamber of Civil Engineers.

‘Construction of the Year 2021’ Awards – commonly referred to as the Oscars of the construction industry. The Polish Association of Construction Engineers and Technicians awarded the best, in terms of engineering construction sites in Poland completed in 2021. The following investments made by Budimex were distinguished:

- R&D centre of PKN ORLEN in Płock
- The Sybir Memorial Museum in Białystok
- ‘ZASPA WITA’ in Gdańsk
- Wiślany Mokotów estate, stage V
- Construction of stage B ‘OLYMPIC’ as part of the ‘Mińska 69’ housing estate in Warsaw
- NIEMENA multi-family residential building with a garage hall together with road and technical infrastructure in Poznań
- Fredry 6 investment in Krakow – Stage II (Consortium of: Budimex SA, Przedsiębiorstwo Budowlano-Handlowo-Transportowe ‘Edmund Leś’ companies)

Top Brand – once again, Budimex has won the title of the strongest brand in the construction industry category in the Top Brand 2022 ranking. At the same time, it took 66th place in the classification of 500 brands, ahead of companies such as Nike, T-Mobile and Volvo. Thus, Budimex climbed up two places in the ranking, compared to last year’s result.

Construction Brand of the Year – in the opinion of construction subcontractors, Budimex has been recognised as a company that offers the best conditions. This is according to a study published in June, which was conducted in the first quarter of this year by ASM Centrum Badań Analiz i Rynku. In the survey, in which more than 300 companies from across the country participated, Budimex ranked first among the top ten general contractors and among the companies recommended as a partner for cooperation. The company was also awarded the title of best business partner in terms of financial conditions and payment terms.

Upgrade of 2021 – award for the modernisation of the historic PKP SA railway station in Białystok.

CSR White Leaf of the Polityka weekly – an award granted by the Polityka weekly, Deloitte and the Responsible Business Forum for sustainable development activities..

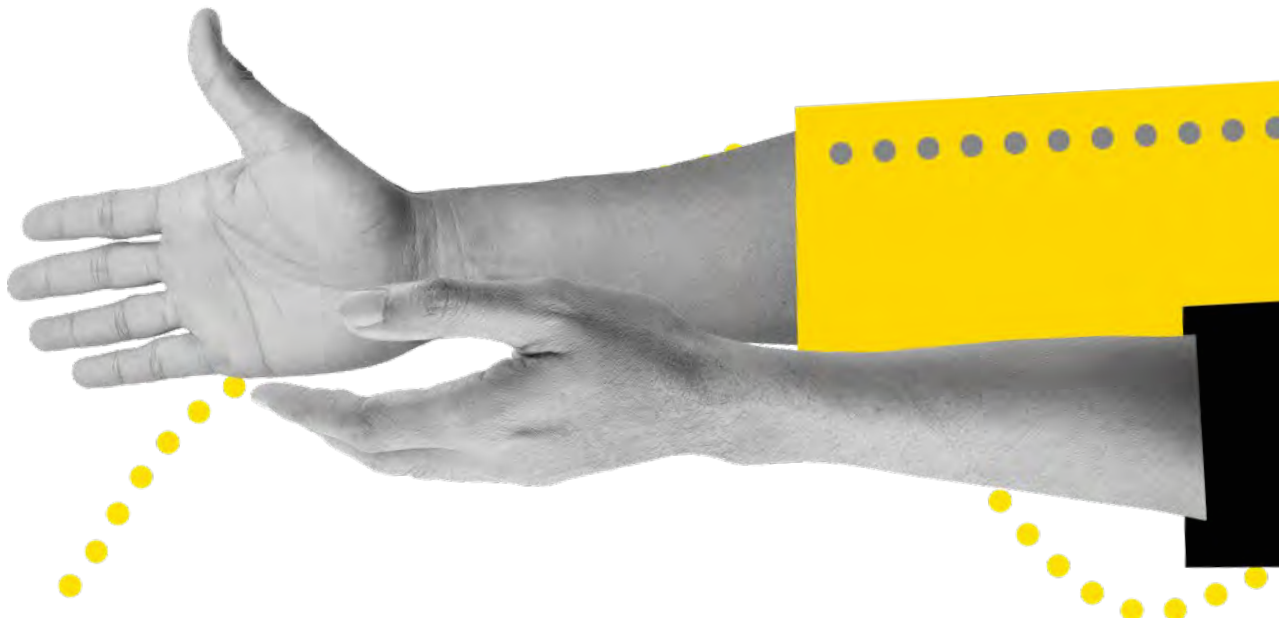


2.1.4. Membership in organisations

[GRI 2-28]

As part of its participation in the associations/organisations indicated below, the Budimex Group obtains knowledge of challenges concerning a particular segment on the construction market. It participates in dedicated meetings, conferences and programme boards and shapes the policies of the associated companies. The Budimex Group has the opportunity to signal the key development directions for its areas and, in cooperation with the associations, represents a strong voice in discussions with decision-makers and legislators in specific sectors of the construction industry. In 2022, Budimex joined associations from new areas such as alternative fuels, electromobility and renewable energy sources. Budimex also became a member of the Chamber of Railways, and joined the Road Chamber in Slovakia.

The Budimex Group belongs to the following associations/organisations:



2.1.5. Structure of the Capital Group

[GRI 2-2]

Consolidated companies:

Budimex SA – Parent Company

100% of shares

mostostal
kraków

budimex
kolejnictwo

fbserwis

budimex
Most Wschodni SA (special purpose vehicle)

Circular Construction SA
- indirectly through Budimex Kolejnictwo SA

Budimex PPP SA

51% of shares

budimex
Parking Wrocław

100% of shares

mostostal
kraków

Mostostal Kraków Energetyka Sp. z o.o.
- indirectly through Mostostal Kraków SA

budimex
Bau

budimex
budownictwo

JZE Sp. z o.o.
- indirectly through FBSerwis SA

Magnolia Energy Sp. z o.o.

Zakład Przetwarzania Odpadów Zawisty Sp. z o.o.
- indirectly through FBSerwis SA and JZE Sp. z o.o.

RailBX GmbH

Fotowoltaika HIG XIV Sp. z o.o.

Budimex Slovakia s.r.o.

fbserwis

FBSerwis A Sp. z o.o.
- indirectly through FBSerwis SA

FBSerwis B Sp. z o.o.
- indirectly through FBSerwis SA

FBSerwis Karpatia Sp. z o.o.
- indirectly through FBSerwis SA

FBSerwis Wrocław Sp. z o.o.
- indirectly through FBSerwis SA

FBSerwis Dolny Śląsk Sp. z o.o.
- indirectly through FBSerwis SA

FBSerwis Odbiór Sp. z o.o.
- indirectly through FBSerwis SA

FBSerwis Kamieński Sp. z o.o.
- indirectly through FBSerwis SA

FBSerwis Paliwa Alternatywne Sp. z o.o.
- indirectly through FBSerwis SA

Other companies with the participation of Budimex SA

100% of shares

ASI 1 ConVentures Sp. z o.o.
SKA

99,9% of contributions

Budimex SA - Cadagua SA III
- special purpose vehicle

Budimex SA - Cadagua SA IV
- special purpose vehicle

Budimex SA - Cadagua SA V
- special purpose vehicle

100% of shares

budimex

Budimex A Sp. z o.o. special purpose vehicle

Budimex C Sp. z o.o. special purpose vehicle

Budimex D Sp. z o.o. special purpose vehicle

Budimex F Sp. z o.o. special purpose vehicle

Budimex H Sp. z o.o. special purpose vehicle

Budimex I Sp. z o.o. special purpose vehicle

Budimex J Sp. z o.o. special purpose vehicle

Budimex K Sp. z o.o. special purpose vehicle

Budimex M Sp. z o.o. special purpose vehicle

Budimex N Sp. z o.o. special purpose vehicle

Budimex O Sp. z o.o. special purpose vehicle

Budimex P Sp. z o.o. special purpose vehicle

Budimex R Sp. z o.o. special purpose vehicle

ConVentures Sp. z o.o. special purpose vehicle

Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in bankructy liquidation - indirectly through Budimex Kolejnictwo SA

Budimex Construction Prague s.r.o.

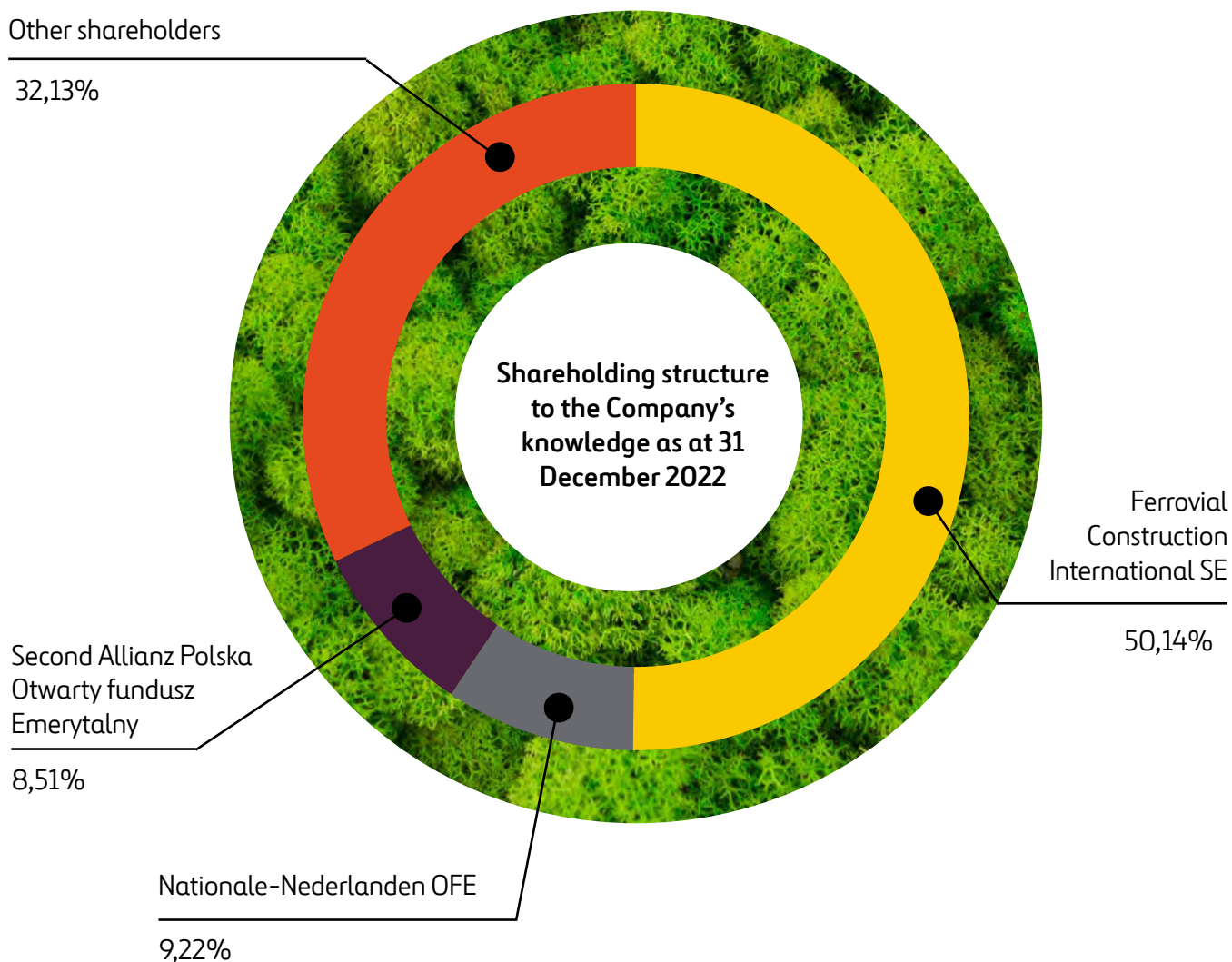
67% of contributions

Budimex SA - Sygnity SA
- general partnership

Budimex SA - Ferroviol Agroman SA 2 - s.c.
- 95% of contributions (special purpose vehicle)

Technicas Reunidas SA - Turów s.c.
- 50% of contributions

Shareholding structure to the Company's knowledge as at 31 December 2022:



In January 2023, the Company received from Powszechne Towarzystwo Emerytalne Allianz Polska SA ('PTE Allianz Polska SA') information on the merger of PTE Allianz Polska SA with Aviva Powszechne Towarzystwo Emerytalne Aviva Santander SA pursuant to art. 492(1)(1) of the Commercial Companies Code and Article 67 of the Act on

the Organisation and Operation of Pension Funds, as a result of which the share in the share capital and the total number of votes at Budimex SA in the accounts of the funds managed by PTE Allianz Polska SA increased to 2,689,466 shares, representing 10.53% of the share capital.

According to the information received, the funds managed by PTE Allianz Polska SA have the following share in the share capital of Budimex SA:

- Allianz Polska Otwarty Fundusz Emerytalny and Allianz Polska Dobrowolny Fundusz Emerytalny – 2.03%
- Second Allianz Polska Otwarty Fundusz Emerytalny – 8.51%

2.1.6. Management of the Capital Group

[GRI 2-10]

The process of appointing the Supervisory Board is regulated in the Company's Articles of Association and the Regulations of the Supervisory Board of Budimex SA. The President of the Management Board and, upon his or her request, the Vice-Presidents and the other members of the Management Board are appointed and dismissed by the Supervisory Board for a joint term of office of three years.

The process of appointing the Supervisory Board is regulated in the Company's Articles of Association and the Regulations of the Supervisory Board of Budimex SA. Members of the Supervisory Board of Budimex SA are appointed by the General Meeting for a joint term of office of 3 years. The Board elects from among its members a chairperson and, if necessary, vice-chairpersons and a secretary of the Board.

The Diversity Policy of the Supervisory Board of Budimex SA introduces a minimum level of representation of each gender in the selection process of 30 per cent of all candidates, if such persons are represented among the candidates to the Supervisory Board and their competences are at least equal to those of other candidates. When evaluating candidates for appointment to the Supervisory Board, the General Meeting undertakes to take into account only objective criteria, including diversity criteria, bearing in mind, however, that the primary task of the General Meeting is to ensure that the Board's composition includes persons with the competencies, skills, knowledge and experience necessary to properly perform the supervisory function in a public company, including in the committees of the Supervisory Board.

The Diversity Policy of the Management Board of Budimex SA introduces a minimum level of representation of each gender in the recruitment process for positions in the Management Board of 30% of all people approaching the final stage of recruitment, if these people are represented in the pool of candidates applying for a given position, and their competences are at least equal to the competences of other candidates. When assessing candidates for appointment to the Management Board, the Supervisory Board undertakes to take into account only objective criteria, including diversity criteria, bearing in mind, however, that the primary task of the Supervisory Board is to ensure that the Management Board is composed of persons

with the competences necessary to properly perform the functions of the management board in a public company. These criteria include skills, competences, knowledge, experience, independence and characteristics in line with the specificity of positions in the Management Board, taking into account the need to provide the Management Board with people with knowledge and experience in the broadly understood industry in which the Company operates, as well as in individual areas of company's management, including finance and law, as well as experience in managing entities with a comparable scale of operations.

When appointing members of the Supervisory Board, the General Meeting takes into account in particular the need to ensure that the Board is composed of persons with knowledge and experience in the industry in which the Company operates, as well as in accounting or auditing.

The General Meeting attaches particular importance to ensuring at least the minimum required participation in the Supervisory Board of persons meeting the independence criteria set out in the Act on Statutory Auditors, Audit Firms, and Public Supervision and the regulations on corporate governance of listed companies.

The opinions of stakeholders are not taken into account in the nomination and election of members of management bodies, taking into account the rights of shareholders to propose candidates to the company's Supervisory Board.

Composition of the Management Board

[GRI 2-9] [GRI 2-11]

Composition of the Management Board as at 31 December 2022:

Artur Popko, President of the Management Board, Chief Executive Officer

Jacek Daniewski, Member of the Management Board, Chief Legal and Organisational Officer

Artur Pielech, Member of the Management Board, Chief Executive Officer of FBSerwis SA

Marcin Węglowski, Member of the Management Board, Chief Financial Officer

Changes in the structure of the Management Board

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



**Anna
Karyś-Sosińska**



**Cezary
Łysenko**



**Maciej
Olek**

In accordance with the company's Articles of Association and the Regulations of the Management Board, the President of the Management Board is also the Company's Chief Executive Officer and coordinates the work of the other members of the Management Board. Due to the combination of these two functions within one body, there is no potential conflict of interest.

Skład Rady Nadzorczej

[GRI 2-9]

Composition of the Supervisory Board as of 31 December 2022:

- 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
- Janusz Dedo – Member of the Supervisory Board
- Artur Kucharski – Member of the Supervisory Board
- Danuta Dąbrowska – Member of the Supervisory Board
- Dariusz Blocher – Member of the Supervisory Board
- Ignacio Aitor Garcia Bilbao – Member of the Supervisory Board
- Mario Manuel Menendez Montoya – Member of the Supervisory Board

In the course of 2022, the Ordinary General Meeting of Budimex SA appointed, on 19 May 2022, the Supervisory Board for a new eleventh term. As of the date of the Ordinary General Meeting of Budimex SA, Jose Carlos Garrido-Lestache Rodriguez ceased to serve as a member of the Supervisory Board, as a result of the expiry of the aforementioned person's mandate as a member of the Board and in connection with the failure of the Ordinary General Meeting to appoint him to serve on the Supervisory Board for a new term. At the same time, on 19 May 2022, the Annual General Meeting appointed Mario Manuel Menendez Montoya to serve as a member of the Supervisory

Board. Mario Mostoles Nieto resigned from his position on the Supervisory Board on 8 November 2022.

The Supervisory Board is composed of experienced managers, engineers and academics (in the fields of law, economics, banking, auditing), who poses a significant advantage for the Company due to the potential expansion of the powers of the Management Board and the possibility of obtaining information and guidance from the Supervisory Board in specialised areas. Full details of the educational backgrounds and career paths of the members of the Supervisory Board are published on the Company's website: <https://www.budimex.pl/en/about-budimex/authorities>.

Committees of the Supervisory Board

Within the Supervisory Board of Budimex SA, there are three Committees with the following compositions.

Audit Committee:

The composition of the **Audit Committee** as at 31 December 2022 was as follows:

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



During 2022, the composition of the Audit Committee did not change. In connection with the appointment of the Supervisory Board for a new eleventh term of office by the Ordinary General Meeting of Budimex SA on 19 May 2022, the Supervisory Board on the same date established the existing composition of the Audit Committee.

As far as the independence of the members of the Audit Committee criteria are met, the provisions of Article 129 (3) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, as well as the criteria of independence of the members of the Board within the

meaning of **‘Good Practices of Companies Quoted at the Warsaw Stock Exchange 2021’**.

The independence status of a member of the Supervisory Board is determined by the company in accordance with the criteria determined in Operating Instruction no. IO-01-07-02 on obtaining information from Supervisory Board members and publishing them on the basis of declarations submitted by members of the Board and on the basis of Article 129 (3) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

The composition of **the Investment Committee** as at 31 December 2022 was as follows

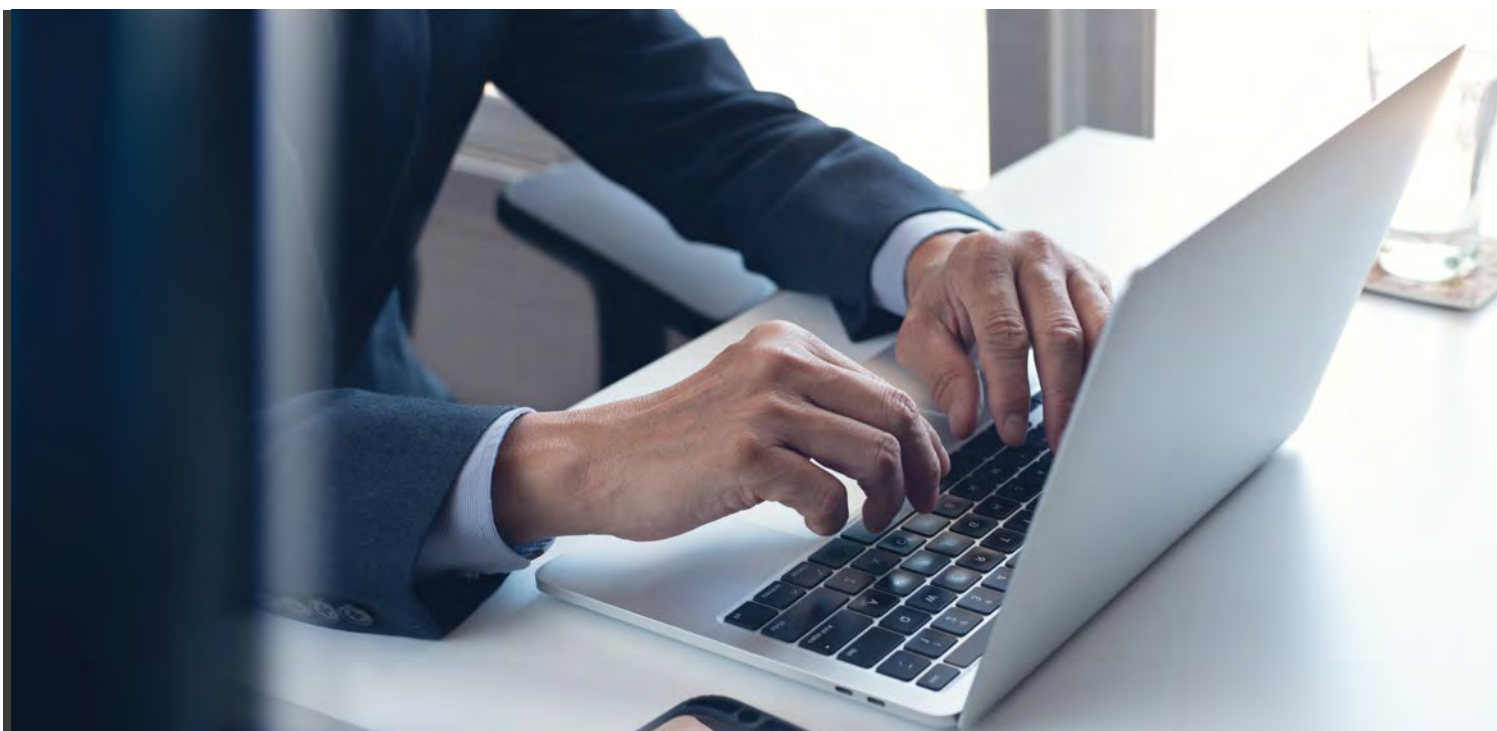
- Janusz Dedo – Chairman of the Committee
- Dariusz Blocher – Member of the Committee
- Ignacio Aitor Garcia Bilbao – Member of the Committee

During 2022, the composition of the Investment Committee did not change. In connection with the appointment of the Supervisory Board for a new eleventh term by the Ordinary General Meeting of Budimex SA on 19 May 2022, the Supervisory Board on the same date determined the composition of the Investment Committee as before.

The composition of **the Remuneration Committee** as at 31 December 2022 was as follows:

- Marek Michałowski – Chairman of the Committee
- Dariusz Blocher – Member of the Committee
- Igor Chalupec – Member of the Committee

During 2022, the composition of the Remuneration Committee changed. In connection with the appointment on 19 May 2022 by the Ordinary General Meeting of Budimex SA of the Supervisory Board for a new, eleventh term, the Supervisory Board on the same day established the composition of the Remuneration Committee as before, i.e. a composition of four members (Dariusz Blocher, Igor Chalupec, Marek Michałowski, Mario Mostoles Nieto). However, due to the resignation from the Supervisory Board submitted on 8 November 2022 by Mario Mostoles Nieto, he also ceased to hold a position within the Remuneration Committee.



Remuneration policy

[GRI 2-19][GRI 2-20]

The remuneration policy implemented at Budimex SA **meets all requirements under the law to ensure** the company's development.

The company's adopted remuneration practices assume that diversity is ensured in the working environment and that the best qualified employees can be attracted and retained by means of a tailored package including base salary, bonuses and attractive additional benefits.

The remuneration principles are regulated at Budimex SA by:

- Remuneration Policy for members of the company authorities of Budimex SA
- Collective Bargaining Agreement and Bonus Regulations

Key assumptions included in the policies

- The assumptions of the implemented remuneration policy are based on ensuring the long-term sustainable development of the Budimex Group. The remuneration and benefits package at Budimex is an offer of competitive total remuneration. It is shaped taking into account the quantity and quality of work provided and in a way that motivates the achievement of ambitious results and translates into the achievement of the company's strategic goals. The Company also attaches great importance to building a remuneration package that ensures a lasting relationship between employees and the Group.
- The Supervisory Board performs its supervisory functions with regard to the remuneration of key individuals through the Remuneration Committee (REMCO), which meets a minimum of once every quarter and addresses topics related to, for example, remuneration.
- The remuneration of Management Board members consists of a fixed and a variable part, awarded on the basis of an assessment of the performance of the Group's development tasks and the effectiveness of their work. Management Board members benefit from a package of fringe benefits and compensation related to the termination of employment contracts. The Company applies competition bans. These benefits are offered at market level.
- The remuneration does not include elements covering clawback.
- The remuneration of the members of the Supervisory Board consists of a fixed portion and does not include components that depend on Group performance.
- The Company examines market levels of remuneration, both in relation to the remuneration of Management Board members, Supervisory Board members and key personnel. The level of remuneration is appropriate to the objective of attracting, retaining and motivating the various management and supervisory functions.

The individual incentive systems are tailored to the specifics of the specific business areas with the assumption that the main task of these systems is to ensure the achievement of the company's business objectives and the development of employees.

- The incentive system for Management Board members consists of an assessment of the individual objectives set for each member at the beginning of the year. The bonus for a given employee, paid out once a year, is triggered on the condition that the company meets the annual targets set by the Supervisory Board (financial and sales targets). Its amount is also influenced by the level of goal fulfilment and the result of the employee's periodic evaluation.
- The incentive system for key personnel is based on the assessment of individual objectives that are set for their representatives at the beginning of the year. In addition, in the case of production staff, the system is determined by the degree of completion of the contract in question, i.e. progress and financial result, as well as the result of the employee's periodic evaluation. Managerial staff have their payout triggered by fulfilling area or company objectives.

Remuneration for the CEO and Management Board members is determined by the Supervisory Board, taking into account the recommendations of the Remuneration Committee (REMCO). This committee recommends a remuneration policy for Management Board members. The policy is described in the Remuneration Policy adopted by the General Meeting of Shareholders. Based on this policy, the REMCO recommends individual terms and conditions within the remuneration packages for each Management Board Member to the Supervisory Board. The REMCO has a supervisory role with regard to the remuneration determination process.

The Company publishes a remuneration report on the remuneration of persons in management and supervisory roles on an annual basis. This report goes to the General Meeting of Shareholders, where shareholders can comment on the remuneration policy.

Management of sustainable development in the Budimex Group

[GRI 2-9] [GRI 2-12] [GRI 2-13] [GRI 2-14] [GRI 2-16] [GRI 2-17] [GRI 2-18]

At Budimex SA, comprehensive supervision of the implementation of ESG activities has been assigned to the entity of the Purchasing, Quality and Environmental Protection Office. However, the supervision of the sustainability issues is being performed, among others, by members of the Management Board through their participation in CSR Committee meetings.

Responsibility for the implementation of activities in specific ESG areas has been assigned to divisions representing key areas at Budimex, according to their competences:



The assessment of the effectiveness of activities in overseeing the management of the organisation’s impact on sustainability issues in 2022 was made on the basis of a review of the indicators of the current CSR Strategy 2021–2023.

In 2022, no communications on sustainable development in the Budimex Group were submitted to the Supervisory Board.

In 2022, three CSR Committee meetings were carried out during which the Management Board and key managers were provided with information on all sustainability issues.

In the due diligence processes in place at the Budimex Group, the Supervisory Board and Management Board perform a strategic and qualitative oversight function and monitor the effectiveness of the processes. In addition, the Management Board and the Supervisory Board are the final authority in the Group’s mechanisms for whistleblowing and dealing with irregularities. Issues related to the supervision of due diligence processes are the responsibility of the Director of the Legal and Organisational Division.

The Management Board comments on and makes recommendations for improvements to the due diligence processes during regular reviews that follow communication on ESG activities.

The Management Board of Budimex SA takes key decisions affecting the strategic directions of the Group in line with the principles of sustainable development. It is also the Management Board’s responsibility to approve strategic plans in this area.

The Management Board is informed in regular communication about the results of conducted due diligence processes, including key risks, including non-financial risks, and cases of non-compliance with regulations and internal conduct guidelines.

In 2022, no violations of a critical nature were reported through Compliance communication channels.

In 2022, the Management Board of Budimex SA did not engage in direct dialogue with stakeholders, while being promptly informed on matters of importance in this regard.

In 2022, work was carried out on the ESG strategy with regard to, inter alia, the governance pillar. As part of this work, the objectives and actions of the various parts of the strategy (ethics, conflict of interest management, cyber security, anti-corruption, internal audit, risk management system) were established, the areas in which the established actions are required, the scopes of these actions, the deadlines and the measures for evaluating their implementation were defined.

A communication framework for the strategy was also prepared. Compilation of the assumptions of a new code of ethics and a special procedure on conflict of interest was prepared, and training was held for all newly hired

employees within the framework of the 'Welcome to the Group' programme and the 'Selected elements of security management of Budimex SA' training course for the Management Board of Budimex SA, the subject matter of which was, for example: employee abuse in the investment process, unfair competition in the construction industry, corruption, giving and accepting gifts, and issues concerning sponsorship, good anti-corruption practices (especially during the process of obtaining public orders), and the risk of collective entity liability. This training kicked off a series of training sessions that are to continue for individual employee groups.

Both the Supervisory Board and Management Board are successively expanding their knowledge, skills and experience in the field of ESG. Executives received relevant ESG training in 2022. The main training topics were:

- EU Green Deal and its impact on corporate information disclosure
- EU taxonomy – the first classification system for sustainable business activities
- Reporting obligations from Budimex Group's perspective from 2022 onwards (financial year 2021)
- Turnover, CapEx and OpEx – an overview of the three KPIs of the taxonomy
- Identification of taxonomy-eligible activities from a Budimex Group perspective
- Reporting obligations from a Budimex Group perspective from 2023 (financial year 2022) onwards
- Discussion of sample technical criteria required from a 2022 analysis perspective



Diversity at the top management levels

The Diversity Policy has been in place at the Budimex Group since September 2016, and in November 2016 the organisation signed the Diversity Charter, thus joining the 150 companies in Poland that took part in the Responsible Business Forum initiative. In June 2021, the Group Policy in this area was updated. It defines the direction for the effective management of diversity in the Group. As one

of the largest employers in Poland, Budimex Group is guided by the principles of respect for all people, their equal treatment, use of the employees' potential and counteracting all forms of discrimination, believing that it brings measurable benefits and affects the development and innovation of the organisation, as well as the creation of a friendly social environment.

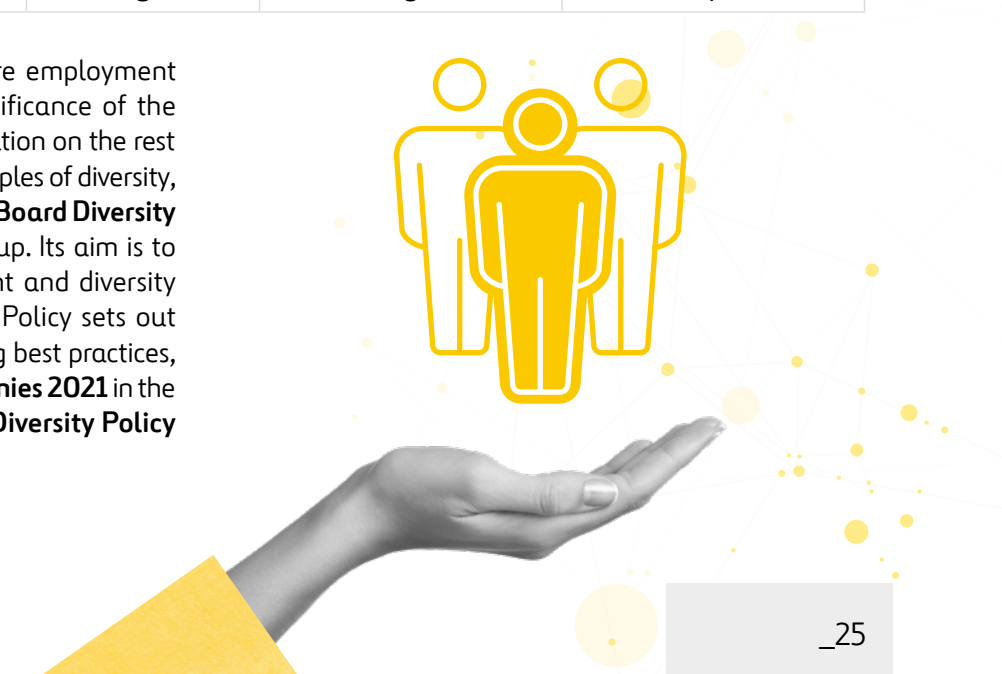


The Diversity Policy in the Budimex Group focuses on:

- active management of diversity within the existing HR management policy and creation of an open and diverse working environment,
- counteracting all forms of discrimination,
- ensuring equal opportunities in access to education and promotion,
- ensuring a fair and objective employee assessment,
- ensuring equal opportunities in access to information about ethical standards applicable in the Group,
- achieving the level of equal remuneration measured by the Gender Pay Gap indicator,
- maintaining the level of representation of women in the total number of the Budimex Group's employees above the average level for the construction sector,
- maintaining the level of representation of women in senior management positions and among managers at the level at least equal to the level of representation of women in the total number of the Budimex Group's employees,
- promoting diversity and education in cooperation with our stakeholders.

	Women	Men	Executive members	Non-executive members
Management Board	0	4	4	0
Supervisory Board	1	8	0	9

The Diversity Policy applies to the entire employment structure in the Group. Due to the significance of the influence of the top levels of the organisation on the rest of the staff resulting in observing the principles of diversity, on 21 September 2021, the **Management Board Diversity Policy** was adopted in the Budimex Group. Its aim is to ensure the principles of equal treatment and diversity at the Group's management level. This Policy sets out a trajectory of activities aimed at meeting best practices, including **Best Practice for Listed Companies 2021** in the scope of diversity. A **Supervisory Board Diversity Policy** was adopted in 2022.



2.1.7. Quality management

The Integrated Management System applicable at Budimex S.A ensures the fulfilment of the principle of due diligence with regard to quality management. The Integrated Management System includes a quality management system in accordance with PN-EN ISO 9001, an environmental management system PN-EN ISO 14001, an occupational health and safety management system in accordance with PN-EN ISO 45001, an energy management system PN-EN 50001, an information security management system PN-ISO/ICE 270001 and a quality assurance system based on the requirements of the NATO standard AQAP 2110. **Ensuring the highest quality of services constitutes part of Budimex SA's core values.**

Uniform quality procedures apply to all contracts executed by the Company. Certificates and subsequent accreditations are the result of the work of many people involved in ensuring the highest quality of the contracts performed.

Budimex SA also has at its disposal procedures that regulate the performance of quality controls on construction sites and quality management for mineral and asphalt mixes, concrete mixes and aggregates. They also concern the acquisition and use of a given raw material at different stages of the construction process, and indicate actions

to be taken in the case of detecting deviations from the standard.

In 2022, **ongoing control of the quality** of works and construction materials at all stages, including in the context of the safety of building structures, **was exercised by a total of 21 laboratory entities.** The Budimex S.A laboratory offers customers a wide range of services in all areas of construction. Based on its competence and experience, it provides support in taking care of the quality of projects: infrastructure, railway, cubature as well as power and industrial projects. It uses the latest research methods and expertise in its work. In 2022, the analyses carried out were expanded to include, for example, the measurement of road surfaces using GPR (Groud Penetrating Radar). Budimex S. A's laboratory is accredited by the Polish Centre for Accreditation (AB 1414) for compliance with the PN-EN ISO/IEC 17025:2018-02 standard. Last year, accreditations were extended to include testing of the alkaline reactivity of aggregates. There are currently 53 test methods within the scope of accreditation. Laboratory activities also include activities related to innovation, e.g. participation in the NCBiR-funded programme entitled '**Compilation and implementation of innovative technology for high durability self-repairing asphalt pavements**'.

2.1.8. Capitals

2.1.8.1. Financial capital

The capital from which the Budimex Group finances its business is the funds entrusted to it by shareholders and lenders, as well as the funds that it generates by creating profits.

The Group conducts activities resulting in the construction of road and railway infrastructure as well as public utility facilities, and it also deals with waste management. It purchases the necessary raw materials and materials, settles its obligations to its business partners in a timely and reliable manner, and therefore ensures their financial liquidity.

Capital management in 2022:

- An increase in sales for the construction segment in 2022 by 7.1% compared to the previous year
- Obtaining a gross margin on sales of 9.6% (compared to 8.6% in 2021). Under the conditions of a dynamic increase in the prices of materials, the Budimex Group has maintained the originally assumed contract margin on most projects.
- Maintaining cost discipline – total cost of sales and general administrative expenses ratio are at the level of 3.6%.
- A net profit of PLN 548.1 million compared to PLN 575.5 million for the previous year's net profit, excluding the result from the sale of Budimex Nieruchomości Sp. z o. o.
- Payment of dividend from profit for 2021 of PLN 599.2 million.
- Effective financial management – at the end of 2022, the net cash position was PLN 3.2 billion, nearly 20% more than a year ago.

Results:

Measurement	31.12.2021	31.12.2022	Change
Equity in PLN million	1 361,0	1 299,5	-4,5%
Long-term liabilities in PLN million	1 023,8	1 029,0	+0,5%
Short-term liabilities in PLN million	4 478,5	5 058,7	+13,0%
Annual sales revenue in PLN million	7 911,2	8 619,1	+9,0%
Annual net profit in PLN million	986,5	548,1	-44,4%

2.1.8.2. Human capital

The Budimex Group is made up of experienced engineers and other professionals involved in creating sustainable value.

The Group ensures fair working conditions for its employees and counterparties. It supports its workers in the development of their competences. It conducts a number of activities for future engineers, such as under the Budimex Academy, internship and apprenticeship programmes. The core value of its activities is concern for the health and safety of all employees. Therefore, the operations for the sake of safety improvement on construction sites include everyone: employees, contractors, consortium members, suppliers and individuals involved in the project implementation.

Capital management in 2022:

- The functioning of the occupational health and safety management system is compliant with ISO 45001,
- Creation of the Observation Programme and adaptation and updating of the Accident Procedure as part of the work of the OHS Executive Committee
- Organisation of the Safety Week and the Safety under construction programme
- Development activities carried out for employees: Academy of the Contract Engineer, Academy of the Young Engineer, Academy of the Engineer and Academy of the Contract Manager
- Organisation and implementation of the Super Leader, Managerial Stairs, Ironclad Success and Keep Growing development programmes.

Results:

Measurement	2021	2022	Change
Number of employees (as at the end of the year)	6 939	7 022	+1,2%
Share of employees employed for an indefinite period in %	65,4	67,6	+2,2 p.p.
Turnover rate in %	4,7	-1,3	-6,0 p.p.
Accident frequency indicator (accidents at work per 1,000 employees)	15,9	12,3	-23,2%

2.1.8.3. Organisational capital

The organisational capital of the Budimex Group is its unique structure, which makes it possible to gather complementary competences, therefore offering a wide range of services.

Budimex Group provides a safe workplace for its employees and contractors, and has a modern stock of the machines and equipment necessary for the completion of contracts.

Capital management in 2022:

- Use of an Integrated Management System consisting of certified quality, occupational health and safety and environmental management systems.
- Work on the Strategy in the ESG areas.
- Development of the Capital Group through the acquisition of Magnolia Energy Sp. z o. o. and Fotowoltaika HIG XIV Sp. z o.o.
- Nearly 78% of the Group's capital expenditures in 2022 comply with the EU taxonomy of environmentally sustainable activities.

Results:

Measurement	2021	2022	Change
Value of tangible fixed assets in PLN million	538,6	640,7	+19,0%
Acquisition of intangible assets and tangible fixed assets in million PLN	104,5	125,2	38,85%
Number of pre-assessed subcontractors	722	2507	+247,23%

2.1.8.4. Intellectual capital

Intellectual capital is the sum of the unique technical solutions developed over the years, resulting from research and development. It also includes the knowledge and competences of the Budimex Group's employees, who create effective solutions that ensure the safety of the recipients of the Group's undertakings and the natural environment, etc.

Capital management in 2022:

- Increasing the company's innovation potential by working with startups.
- Identification of innovations through the use of the R&D tax relief mechanism.
- Functioning of the Innovation Zone – a platform for employees to submit, evaluate and implement ideas for improvements and innovation.
- Possession of 21 laboratory units that exercise ongoing quality control of works and construction products at all stages of project implementation.

Results:

Measurement	2021	2022	Change
Intangible assets in PLN million (as at the end of the year)	150,6	145,1	-3,6%
Average number of training hours per employee	15,2	14,4	-5,3%
Number of employees involved in innovative projects	223	270	+21,08%
<i>Quality Conformance Indicator</i>	94,9%	96,9%	+2 p.p.

2.1.8.5. Social capital

According to the Budimex Group, social capital is the ability to build relations with its environment, i.e. with suppliers, subcontractors and local communities, which it supports through employee volunteering, sponsorship and donations.

Capital management in 2022

- Conducting public consultations during the design process in order to reduce the risk of social conflicts related to the implementation of investments.
- Compensation for local communities for nuisance caused during the execution of contracts.
- Collaboration with other companies, including competitors, to solve common industry issues.
- Development of original social programmes: Parent Zone (since 2012), Hello ICE. Budimex for Children (since 2019) and Home from the Heart 2 (Dom z Serca 2) (since 2022).
- Running a grant programme and employee volunteering programme: Volunteering Grant.
- Support for the implementation of educational, social and cultural projects: Diamond Discoverers (Odkrywcy Diamentów), Kromka Chleba Foundation and Great Orchestra of Christmas Charity).

Results:

Measurement	2021	2022	Change
Number of environment-related conflicts which might result in the cessation of works	0	0	0%
Income tax paid to the state budget in PLN thousand	88 550	100 805	+13,8%
Value of donations in PLN thousand	1 889	2 177	+15%
number of <i>Volunteering Grants actions in items.</i>	11	7	-4 szt.

2.1.8.6. Natural capital

For the Budimex Group, natural capital is its influence exerted (directly and indirectly) on the environment. The Group strives to reduce its impact on the environment (including climate), increase the efficiency of natural resources management and apply the principles of ecological responsibility in the supply chain. It protects the most valuable natural areas, ensuring correct construction site planning and security. It constantly monitors its impact on the surroundings and responds to all potential risks.

Capital management in 2022

- Recovery of secondary raw materials as well as soil and earth.
- Implementation at Budimex S.A. of the VE (value engineering) process, which allows the optimisation of material consumption and reduction in the amount of waste produced.
- Spreading information within the organisation on responsible purchasing.
- Subjecting all subcontractors to prequalification in terms of compliance with environmental protection rules.
- Gradually increasing the percentage of electric and hybrid vehicles in the vehicle fleet.

Results:

Measurement	2021	2022	Change
Total electricity consumption in MWh per million PLN of sales revenue	32,0	29,2	-8,8%
Electricity generated from RES in MWh	62,1	195,5	+215,1%
GHG Scope 1+2 marked based emissions in MgCO ₂ e per million PLN of sales revenue	12,3	8,3	-25,8%

2.1.9. Key non-financial performance indicators**Tabela 1. Key non-financial performance indicators in Budimex Group.**

	Unit	2020	2021	2022	year-on-year change [%]
Personnel area					
Number of employees	No.	7 273	6 939	7 022	1,2
Total number of accidents at work among the employees	No.	134	110	86	-21,82
Average number of training hours per employee	hours	12,1	15,2	14,4	-5,8

	Unit	2020	2021	2022	year-on-year change [%]
Social area					
Amount of donations	PLN thousand	4 094	1 889	2 177	15
Environmental area					
Total electricity consumption	MWh	27634,24	23 814,1	28 075,3	17,9
Scope 1+2 market-based GHG emissions	Mg CO ₂ e	109883,6	88 274,9	71 316,5	-19,2
Total water consumption	m ³	199 509,2	145 588,2	215 085,1	The scope of monitoring has been extended
Counteracting corruption and human rights area					
Number of corruption incidents confirmed	-	0	0	0	
Number of confirmed cases of human rights violations	-	0	0	0	

2.2. The environment in which the Budimex Group operates

2.2.1. The condition of the construction sector in 2022

After the lifting of the pandemic restrictions at the beginning of 2022, the Polish economy began on a path to dynamic growth. This positive trend was halted by Russia's aggression against Ukraine in February. As a result of rising fuel and energy prices, persistent disruptions in supply chains and tightening of monetary policy, the pace of development of the Polish economy slowed from quarter to quarter. In 2022, the GDP was 4.9% higher than in the previous year, when it increased by 6.8%.

The weakening of the domestic economic situation last year was mainly due to household consumption. Despite the introduction of protective measures under the anti-inflation shields, the high increase in prices had a negative impact on their purchasing power. As a result, in 2022 household spending increased by 3.0% compared to 6.3% in 2021. Poland remains a European country with a significant level of inflation. By December 2022, prices were 16.6% higher than the year before. The Monetary Policy Council continued to tighten the monetary policy. Between January and September of that year, it raised interest rates eight times. The reference rate increased from 1.75% at the end of 2021 to 6.75% in September 2022. In the following months, the MPC maintained the interest rates. Minutes from the Council's meetings indicated acceptance of the extended period of elevated inflation due to fears of an economic slowdown. As a result of the measures taken, the availability of loans was significantly reduced, both

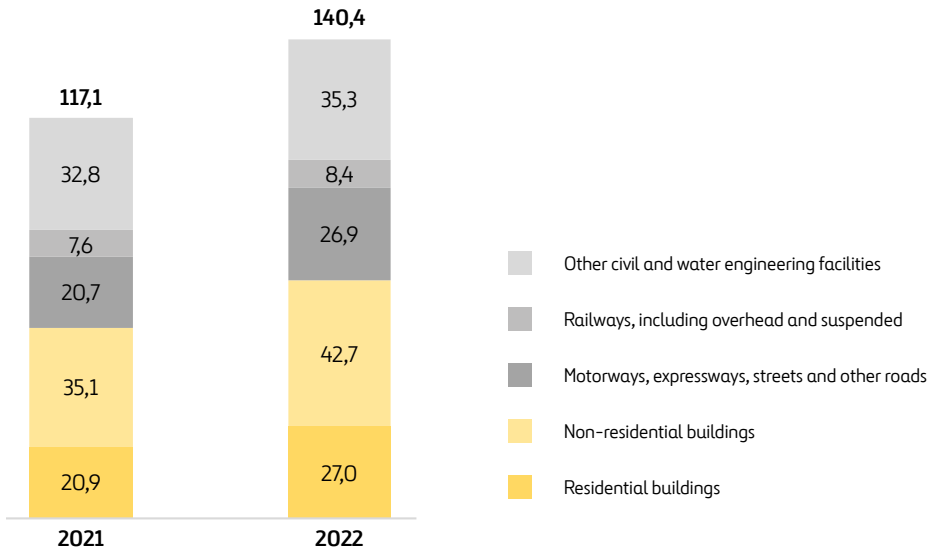
Despite Russia's aggression against Ukraine and the increasing uncertainty on the international and domestic markets, the situation in the Polish construction sector has remained stable.

for enterprises and households (including by reducing the demand on the real estate market).

From the point of view of the construction sector, the dynamics of investments deserves special attention, which in 2022 was twice as high as in the previous year (4.5% vs. 2.1%). The value of construction and assembly production in current prices amounted to PLN 140.4 billion (an increase by 19.9% y/y). Production in the field of general construction (residential and non-residential buildings) reached the level of PLN 69.7 billion, 24.6% higher than in the previous year. A good economic situation occurred in both residential and non-residential construction, where the construction and assembly production increased by 29.4% and 21.8%, respectively. In 2022, the value of infrastructural construction production amounted to PLN 70.6 billion, an increase by 15.5% compared to 2021 (including 29.9% in construction and assembly production for road construction and 10.2% in rail construction).¹⁾

¹⁾ Source: GUS

Construction and erection production in PLN billion



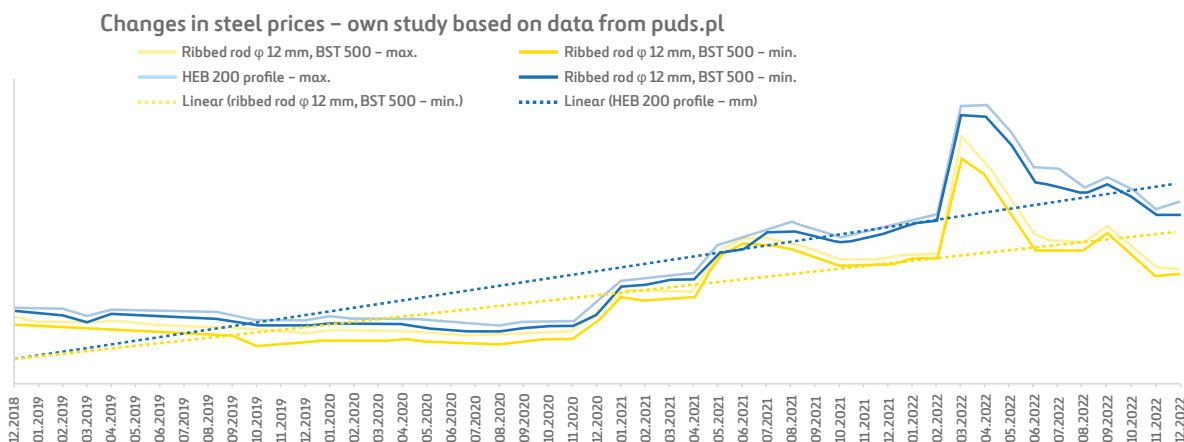
In 2022, the positive trends in residential construction continued. 238,600 apartments, i.e. 1.7% more than in the previous year were handed over for use (when the increase was 6.3%). There was an increase in the number of premises handed over for use in both individual construction (by 3.2%) and intended for sale or rent (by 1.3%). In 2022, the number of building permits or notifications was lower than in the previous year. 297,400 of them were issued, which was 12.8% less than in 2021 (203,000 were intended for developers, which was a decrease by 4.9%).

Russia's attack on Ukraine in February last year influenced the development of commodity prices in the world. For example, after a periodic drop in steel prices at the beginning of 2022, the start of the conflict across the eastern border caused them to rise sharply again (to the level of EUR 1,375/t in April). At the end of 2022, steel prices fell significantly and returned to the levels from the end of 2021. In December 2022, they reached approximately EUR 670/t. A similar trend was also observed in the case of other construction materials and raw materials, which

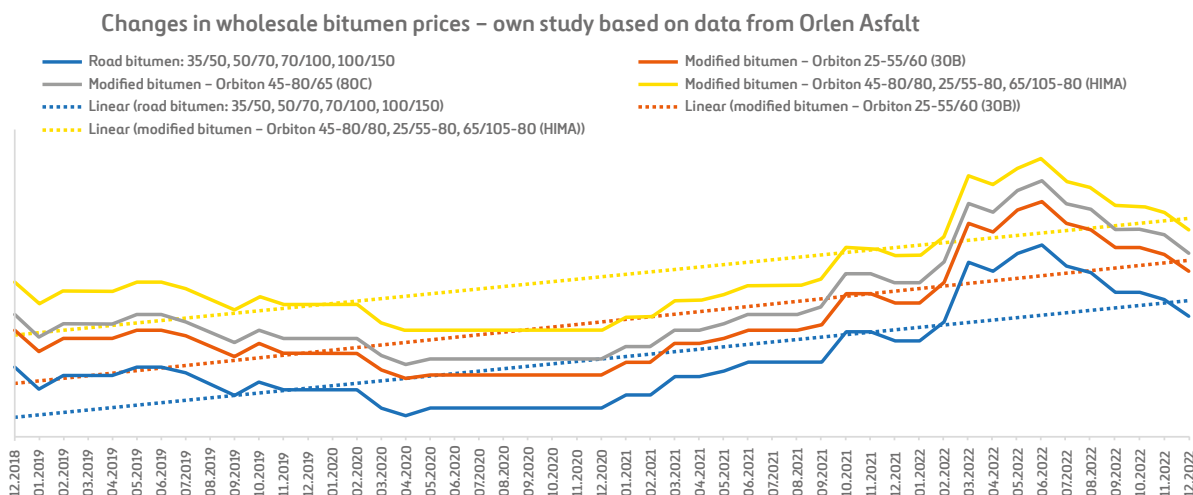


was mainly caused by the slowdown in economic growth and poorer forecasts for the development of the global economy.

Changes in prices of steel bars



Changes in wholesale bitumen prices



Source: Indexation and price changes on the market – new data, GDDKiA (motorway agency), 9 January 2023

In order to limit the negative effects of the increase in the prices of building materials and wages on the profitability of projects, enterprises increased the prices of construction contracts. In 2022, the average prices of construction and assembly production were 12.6% higher than in the previous year.²⁾

Being aware of the situation in the industry, in February 2022 the Ministry of Infrastructure introduced a change in the indexation system for road contracts, increasing the indexation limit from 5% to 10%. It applies to tenders announced in 2022 for tasks carried out under the Design and Build system. Equal risk sharing between project owners and contractors remained unchanged. In the period from July to December 2022, GDDKiA signed indexation annexes for 115 projects carried out by 26 contractors. The annexes signed relate to ongoing projects as part of the government programmes for the Construction of National Roads for 2014–2023 (with a perspective until 2025) and Construction of 100 Bypasses for 2020–2030. The annexes include remuneration for work performed after 24 February 2022, i.e. after Russia's aggression against Ukraine and the related economic consequences.

In 2022, the average employment in the construction industry was 432,000 people, 2.2% higher than in 2021.

In December last year, a construction worker received an average of PLN 7,022 from their salary compared to PLN 6,360 the year before, which means an increase by 10.4%. This was primarily the effect of wage pressure conditioned by rapidly growing inflation.

Despite the increase in production, the general mood in the construction industry deteriorated month by month. In December 2022, entities from the construction sector assessed their situation in the most pessimistic way among all companies. Most often they indicated that constraints related to the costs of materials and employment, as well as the uncertainty of the general economic situation, are hindrances to their activities.

According to Coface, 280 insolvent construction companies were registered by the end of 2022, i.e. 37% more than a year before. These were mainly small entities. The increase in the number of insolvent enterprises resulted from a combination of many factors – both of a supply and demand nature. The high prices of building materials, which started to fall at the end of the year, were still higher than in 2021. Growing salaries and the outflow of employees due to the mobilisation of men in Ukraine have also become a challenge for the sector.



²⁾ Source: GUS (Central Statistical Office)

Prospects for the construction market in Poland



According to the forecasts of the Polish Economic Institute (PIE), published in December 2022, in 2023 Poland and other economies in the European Union will face a slowdown. According to analysts, the domestic economy is heading towards a shallow recession. Throughout 2023, GDP is likely to increase by 1.2%, while experts expect a recession at the beginning of the year (GDP decline in the first quarter by 0.3% y/y). In the second half of the year, an increase in economic activity is expected due to the improvement in the economic situation in the euro area. Poland will struggle with increased inflation which, according to analysts, should slow down in 2024. In 2023, CPI inflation is expected to be 13%, compared to 14.4% in 2022.

The GDP growth forecast published in March 2023 by NBP assumes that in 2023 it will increase by 0.9%. The Polish economy should still be under the influence of strong negative shocks, including the raw material shocks, strengthened by the effects of Russia's aggression against Ukraine. Economic activity in Poland will also be adversely affected by a marked slowdown in the rate of economic growth abroad, as well as the gradually materialising effects of the previous NBP interest rate increases. At the same time the scale of the deterioration in the domestic economic situation should be mitigated by a number of protective measures for households and sensitive entities related to the increase in prices of energy carriers.

Household spending, which in recent years has been the main driver behind GDP growth, in 2023 is likely to increase

by only 0.9%. It will be limited by: high inflation predicted in the coming quarters, reducing the purchasing power of the population, depressed moods, and the effects of the previous NBP interest rate increases. The impact of these factors will be partially counteracted by the legislative solutions introduced by the government in the field of energy policy.

The economic situation in Poland in 2023 will be largely determined by the course of Russia's aggression against Ukraine.

In 2023, the investment climate in Poland will be influenced by the armed conflict taking place beyond the Polish border. Investment demand will be adversely affected by the still high prices of raw materials in the global markets and higher costs of energy consumption and project execution, as well as a decrease in investment optimism resulting from concerns about lower demand on both the domestic and foreign markets. The volume of private investment outlays, including housing demand in particular, will be adversely affected by the spread-over-time effects of the previous increases in NBP interest rates, limiting the availability and increasing the cost of credit. Under the influence of the above factors, gross fixed asset expenditures in 2023 will probably be at the level of 2022.

The size of public projects largely depends on the level of absorption of EU funds. The NBP has assumed that they will grow, while the implementation of already started projects under the KPO (National Reconstruction Plan) will be temporarily financed from national funds.

The key challenge in 2023 will be the persistently high level of inflation. According to NBP, in 2023 the average inflation will be at the level of 11.9%.

Future economic activity and the path of inflation in Poland will largely depend on the scale of disturbances in the functioning of the global economy caused by Russia's military aggression against Ukraine. An important source of risk for economic conditions abroad is also the future shape of the monetary policy of major central banks.

Poland was the largest beneficiary of EU funds in the 2014–2020 perspective (co-financing value of EUR 86.1 billion). By the end of 2022, agreements for co-financing projects had been signed, with the total value of subsidies amounting to PLN 349.1 billion, i.e. 99.1% of the entire available allocation of EU funds. On the other hand, the value of total expenditures of beneficiaries settled at the national level amounted to PLN 424.5 billion, including

PLN 274.0 billion of EU co-financing, which constitutes 77.8% of the allocation.³⁾

In December 2021, the Polish government submitted the Partnership Agreement to the European Commission regarding the allocation of EU funds under the next financial perspective of the European Union for 2021–2027. The proposed value of the funds allocated to Poland is EUR 76 billion in current prices, compared to EUR 82.5 billion in current prices which were allocated to Poland under the previous financial perspective. EUR 24.2 billion from EU funds has been allocated to the Infrastructure and Environment (FEnKS) programme, compared to EUR 27.4 billion in the previous financial perspective. Despite the decrease in the value of allocations, Poland still remains the largest beneficiary of EU funds. The expected scale of support in the area of infrastructural projects should allow the maintaining of the significant role of these funds in the development of the Polish construction sector in the coming years. The forthcoming budget perspective will be the first to prioritise rail investment over road investment. It will also be important in supporting infrastructural projects under the Connecting Europe Facility (CEF) competition instrument.

An additional source of investment financing could be the Reconstruction Fund. As part of the subsidies, Poland should receive PLN 23.9 billion, including PLN 12 billion for railways

2.2.2. Road construction

The process of preparing the expressway construction project to the final stage (road works and their supervision) in Poland is under the responsibility of the General Directorate for National Roads and Motorways (GDDKiA).

In 2022, the key programme that governed the directions of development of the national road network was the National Road Construction Programme for 2014–2023 (with a perspective until 2025). Due to the consequences of Russia's aggression against Ukraine in the form of an increase in raw material prices, the outflow of Ukrainian workers, and the extension of delivery lead times, the expenditure limit of the National Road Fund was increased in May 2022 from PLN 163.9 billion to PLN 166.5 billion. An important source of orders for construction companies is also the 100 Bypass Construction Programme for 2020–2030. The cost of commissioning 100 bypasses has been estimated at nearly PLN 28 billion.

In 2022, GDDKiA commissioned 322 km for new roads, compared to 425 km in 2021. GDDKiA's investment expenditures amounted to over PLN 18 billion (PLN 15.1 billion in the previous year). In addition, the Directorate signed 24 contracts for roads with a total length of 333 km

and PLN 3.2 billion for roads under transport projects. In addition, we can apply for PLN 34.2 billion in loans. As a result of the low pace in implementing milestones, the government decided to pre-finance projects through the Polish Development Fund. The estimated level of support in 2023 under the instrument is PLN 15 billion.

An important investment project in Poland, which construction companies count on, is the Central Communication Port (CPK) Project – the construction of the Solidarity port. This is in the first stage of works which should last until 2023 and cost PLN 13 billion. In the airport part, the planning phase has been completed. The design stage is currently underway. A contract was signed with the designer of the passenger terminal and the railway station (master architect) – a consortium consisting of Foster + Partners and Buro Happold, and with the Master Civil Engineer (MCE) – the Lebanese Dar Al-Handasah group of companies which was involved in the design of airports, including in Doha, Dubai and Chicago. In addition, 13 companies and consortia have been selected with which the CPK will sign a framework agreement as part of the first tender for the design of supporting facilities (SIE – Support Infrastructure Engineer). Bids submitted in the second part of the tender announced in October, known as SIE2, for the airport (including hotels, offices, multi-storey car parks, commercial facilities and cargo terminals) are still being analysed.

The forecasts for the road construction market are good. Regardless of the macroeconomic situation, the number and value of GDDKiA's projects remain at a high level.

and a value of approximately PLN 12.8 billion. In the case of 22 contracts, these are PBDK tasks covering a total length of 314 km and with a value of over PLN 12.4 billion. Contracts were also concluded for one 5.9 km long bypass and the construction of a second roadway on the 13.8 km long bypass (the total value of both contracts is PLN 349 million). As a result, the value of the contracts signed in 2022 was significantly lower than in 2021, when it amounted to PLN 16.8 billion.

For the second time in a row, last year, the number of tenders announced by GDDKiA decreased. In 2022, tenders were announced for 20 road sections with a total length of 227 km (including 11 tasks from PPBDK with a total length

³⁾ Source: Ministry of Funds and Regional Policy



of 135 km). For comparison, in 2021 it concerned 27 sections with a total length of approximately 334 km and a value of over PLN 15 billion (25 tasks from PBDK with a total length of 325 km and 2 bypasses from the 100 Bypass Construction Programme for 2020–2030 with a total length of 9 km).

On 13 December 2022 the Council of Ministers adopted a new road programme – the Government Programme for the Construction of National Roads until 2030 (with a perspective until 2033) which presented a list of investments concerning national roads planned by the government to be implemented in the third decade of the 21st century. The main objective of the program is to complete the entire network of motorways and expressways in Poland, i.e. the missing sections of the S10, S11, S12, S16, S74, and the border section of the A2. The most important investments planned as part of the National Road Construction Program until 2030 include: widening the A4 motorway over a 370 kilometre length, between Krzyżowa and Tarnów, with an estimated cost of PLN 35.5 billion, construction of the Warsaw Agglomeration Bypass along the A50 and S50, with a length of 260 kilometres and worth PLN 35 billion, as well as the construction of a third lane on the A2 motorway between Konotopa and Łódź. These projects are part of the concept for the Central Communication Port.

RPBDK 2030 assumes the implementation of road projects along national roads, expressways and motorways, covering a total length of over 6,100 km. The new projects include tasks covering a length of 2,600 km, while the continued tasks, started under the current road programme, cover over 3,500 km.

The main source of financing for the projects included in RPBDK2030 is the National Road Fund supplied by, but not limited to, funds from EU operational programmes. The financial limit of the new programme should allow the completion of the entire target network of motorways and expressways, as set forth in the Regulation of the Council of Ministers on the network of motorways and expressways.

In 2023, GDDKiA intends to announce tenders for the construction of 565 km of roads. Their total value amounts to PLN 28.6 billion. According to GDDKiA, the funds for their implementation are ensured. As part of the Government Programme for the Construction of National Roads adopted by the Council of Ministers on 13 December 2022, it is planned to announce tenders for roads with a length of approximately 480 km. In turn, under the 100 Bypass Construction Programme, there will be projects with a total length of about 85 km.

As part of the **Government Programme for the Construction of National Roads until 2030** (with a perspective until 2033), we will announce tenders for roads of approx. **480 km**. In turn, under the **100 Bypass Construction Programme**, there will be projects with a total length of about **85 km**.



Approx. **565 km**
of roads to be included
in tenders for **2023**



As part of the construction of the Central Communication Port, it is planned to build 400 km in new expressways, including the construction of the Warsaw Agglomeration Bypass (S50) and the S10 for the Toruń - Naruszewo section.



2.2.3. Railway construction

A company responsible for managing the state railway network, currently having over 19,000 km, is PKP Polskie Linie Kolejowe S.A.

The development of the railway construction industry in Poland is possible mainly thanks to the National Railway Programme (KPK), worth PLN 77 billion, which includes projects on railway lines co-financed by the Ministry of Infrastructure. In 2022, it was updated three times. It was originally prepared for the period from 2016 to 2023, until the end of the possibility of co-financing for projects under the European Union's financial perspective for 2014–2020. Its recent updates also include 2024. The amendment of the National Railway Programme (KPK) adopted on 13 December 2022 by the Council of Ministers assumes expenditures of PLN 13.9 billion, including PKP PLK's expenditures of PLN 10.9 billion, in 2023. The KPK determines the size and sources of financing, including EU and national funds.

As at the end of 2022, 39.1% of the projects from the KPK (with a total value of approx. PLN 30 billion) have already been completed. Another 59.5% (worth PLN 45.6 billion) is under implementation. Tenders for work worth PLN 400 million (0.6% of the total) are in progress. This category includes, but is not limited to, the reconstruction of line 202 within Słupsk station, development of design documentation for the Kędzierzyn-Koźle – Chałupki section, and retrofitting of the traffic control system at the CMK exit at Zawiercie station. Only 0.8% of the funds (PLN 600 million) are allocated to tasks for which tenders have not yet been announced.

The problem for railway project contractors is the indexation of contracts. According to construction companies, a similar solution should be introduced in this respect as in the case of road contracts. They believe that a further lack of a decision on the indexation threatens to paralyse railway projects due to financial problems and bankruptcy of subsequent contractors, further layoffs of employees, and the loss of executive potential, the reconstruction of which will take many years.

In 2022, PKP PLK announced tenders worth PLN 18.5 billion, but the signing of most contracts was delayed due to the lack of confirmed project financing. The company is ready to announce further tasks. In 2023, these are to be projects for a total amount of PLN 15–20 billion. Due to the lack of funds from the National Reconstruction Plan, industry representatives are calling for an alternative source of financing for railway projects (e.g. from the Polish Development Fund).

Despite the current stagnation, the long-term prospects for railway construction in Poland are good.

PKP PLK also runs the Kolej Plus (Railway Plus) Programme. Its purpose is to supplement the existing network with railway connections to towns having more than 10,000 inhabitants who do not have access to passenger connections with the capitals of the wojewodstwo. In 2022, the budget of the Kolej Plus Programme was increased from PLN 5.6 billion to PLN 11 billion. The condition for participation in this programme is that the applicant provides co-financing of at least 15% of the eligible costs and submits a declaration of a transport organiser for connecting at least four pairs of trains for at least 5 years.

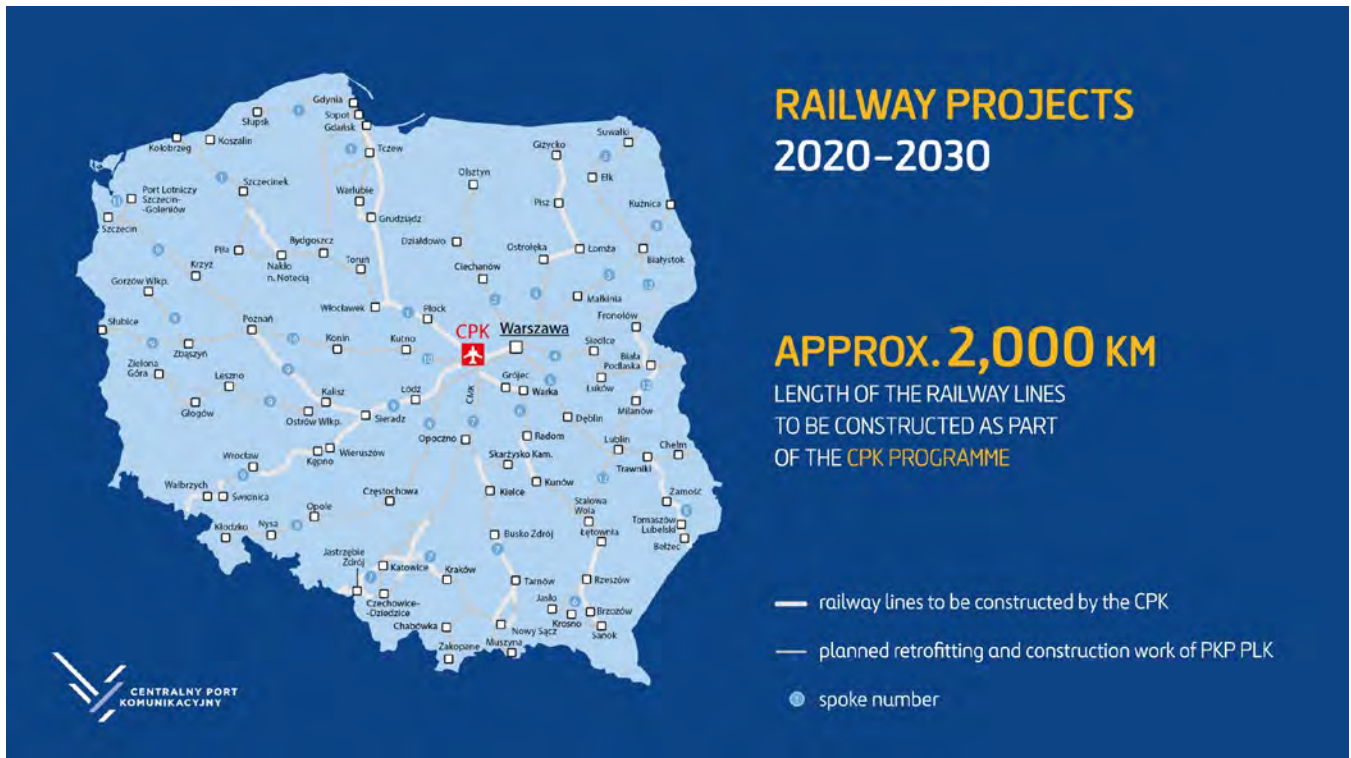
PKP S.A. also runs the Railway Station Investment Programme (PID) for 2016–2023, covering 189 projects. Currently, the estimated value of PID for 2016–2023 is PLN 3.3 billion, of which projects worth approximately PLN 773 million have already been completed. In 2022, 26 railway stations (from 71 in total) were commissioned. By the end of 2023, PKP plans to hand over more than 50 railway stations after reconstruction and construction. As for the other projects planned under this programme: 75% of the projects is at the construction stage, 10% at the design stage and 15% at the preparatory stage.

The long-term perspective for the development of railway construction in Poland is favourable, taking into account the possibilities of co-financing investments under the FEnIKS and CEF programmes, and the plans to build railway lines as part of the Central Communication Port (CPK) project.

The CPK programme assumes the construction of approximately 2,000 km of railway lines by the end of 2034, a total of 10 routes (including 10 the spokes leading from various regions of Poland to Warsaw and the CPK).

Works on the railway section between Warsaw and Łódź are the most advanced. The CPK company signed contracts for the design of the line, which is the first element of the new railway network, and at the same time the first fragment of the High Speed Railway in Poland. It submitted an application for a location decision related to the tunnel in Łódź. Construction works are to start in the first half of 2023. A project option was also announced for the Łódź – Wrocław section.

Railway projects related to the Central Communication Port



Source: www.cpk.pl

2.2.4. Water engineering

Projects in the area of water engineering are gradually being prepared. In the case of port projects, three are being implemented for container terminals in Gdańsk, Gdynia and Świnoujście. The total value of projects in sea ports is estimated at over PLN 20 billion. At the end of 2022, the construction of a new T3 terminal at the port of Gdańsk began. The project is being implemented by a consortium of Budimex and DEME. The full completion of the project is scheduled for the second quarter of 2025. In the case of the port in Świnoujście, the process of selecting a company to construct a container terminal is underway. In turn, the Port of Gdynia seaport was selected by the Council of Ministers in 2021 as the optimal location for the installation terminal intended for the organisation of the process of construction and operation of offshore wind farms in the Baltic Sea. At the end of November 2021, the Port of Gdynia received an environmental decision for the construction of the External Port.

Due to the blockade of Black Sea ports and the inability to export Ukrainian corn through them, in July 2022 the Polish government decided that a terminal to transfer the Ukrainian corn will be constructed at the Port of Gdansk. The implementation of this project has not started. The need to build more terminals for the export of Ukrainian products is being raised.

The needs for the extension and retrofitting of energy facilities and infrastructure are enormous.

In 2021, investments were started on Odrzańska Droga Wodna (Oder Waterway). The entire project is to cover the E30 waterway on the Oder, for the section from the border with the Czech Republic to Świnoujście. In addition, investments are planned for the E40 waterway on the Vistula from Gdańsk to Warsaw, the Narew and the Bug rivers, and the E70 waterway on the Oder from the Oder-Havel Canal to Kostrzyn, the Vistula-Oder waterway, the Lower Vistula and the Szkarpa. The estimated cost of the projects in the development of water transport infrastructure is over PLN 77 billion.

It should be noted, however, that many projects in the field of water construction are associated with protests by environmentalists.

2.2.5. Power plant construction

Three segments can be distinguished on the energy construction market:

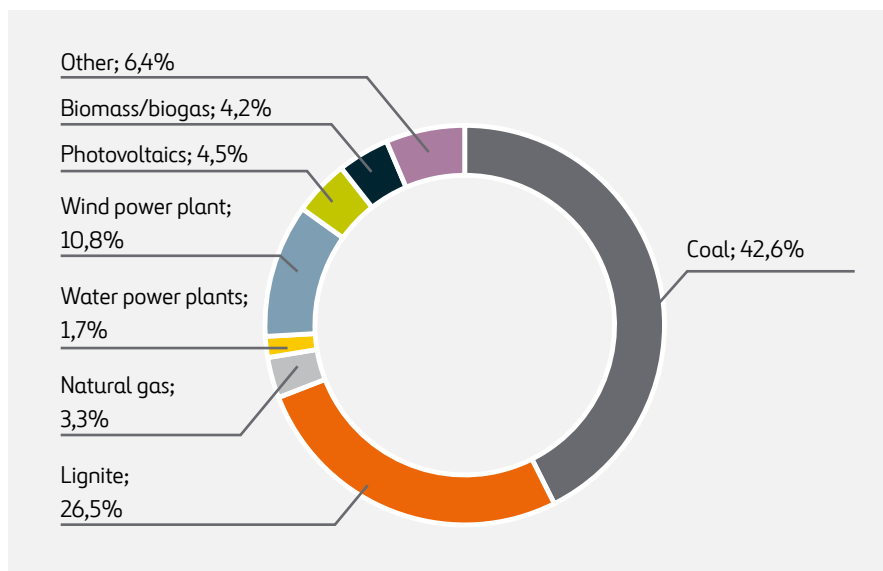
- transmission and distribution of electricity;
- generation of electricity;
- transmission and distribution of gas.

The size and structure of energy projects are determined by Poland’s energy policy. In February 2021, the Council of Ministers adopted the Energy Policy of Poland until 2040 (PEP 2040). The document sets directions for the development of the energy sector. The strategy is to be based on three pillars of a fair transition for all regions, a zero-carbon energy system and good air quality. In terms of the energy mix, it sets out the goal for achieving the following indicators in 2030:

- no more than 56% of coal in electricity generation;
- at least 23% of RES in gross final energy consumption.

Greenhouse gas emissions should fall by 30% by 2023 compared to the 1990 levels.

Energy mix in Poland in 2022



Poland is currently facing the challenge of phasing out the oldest coal-fired power units. The activities of companies in the sector are focused on the implementation of projects aimed at climate neutrality. PGE is preparing the project of the largest offshore wind farm in the Baltic Sea and is working on the construction of two CCGT units at the Dolna Odra Power Plant. Another important event in the energy sector is the merger of Orlen, Lotos and PGNiG. The creation of a multi-energy group of companies is an unprecedented event on the domestic market, which may change the balance of power on the map of Europe’s energy interests.

The Energy Policy of Poland until 2040 assumes that the first nuclear power plant in Poland will be built by 2033. In 2021, it was decided that it will be located in Lubiatowo-Kopalino in the Choczewo gmina (Wejherowo powiat, Pomorskie wojewodztwo). In 2033, it is planned to commission the first unit of the nuclear power plant with a capacity of approximately 1–1.6 GW. Subsequent units

will be commissioned every 2–3 years, and the entire programme assumes the construction of 6 units. In 2022, the Council of Ministers selected the supplier of reactors for the first Polish nuclear power plant – Westinghouse, an American company. At the end of October 2022, ZE PAK signed a letter of intent with Polska Grupa Energetyczna and KHNP, a Korean company, on partnerships in exploring the possibility of constructing a nuclear power plant in Poland. The power plant is to be constructed in Pątnów, where the ZE PAK lignite-fired power plant is currently located.

Small nuclear power plants are becoming increasingly popular among Polish companies. In 2021, the first two contracts were signed for the construction of modern small, modular nuclear power plants. In 2022, the Enea Group signed a letter of intent with an American company, Last Energy, on working in the field of SMR.

The PEP 2040 assumes the construction of offshore power plants with a capacity of 5.9 GW by 2030. The applicable Act of 20 May 2016 on projects related to wind farms introduced one of the most restrictive distance rules in Europe – known as the 10H rule, i.e. ten times the height of the wind farm as the minimum distance between any new project and the existing residential buildings and forms of nature conservation. It was a response to social dissatisfaction in some parts of the country related to the rapid development of power plants. It resulted in limiting the possibility of locating new plants and initiating wind farm projects, as well as blocking the development of residential construction in the vicinity of the existing power plants. In 2022, despite the government's work on amending this act, it was not possible to unlock the development of wind farms in Poland.

In connection with Russia's aggression against Ukraine, on 29 March 2022 the Council of Ministers adopted assumptions for updating Poland's Energy Policy until 2040. The amended energy policy for Poland will take into account the fourth pillar – energy sovereignty, the special element of which to ensure the rapid independence of the national economy from the import of fossil fuels from Russia. Compared to previous forecasts, the policy in its current form assumes that gas consumption in power plants and combined heat and power plants will be reduced by about 37% by 2030 and about 45% by 2040.

According to the provisions of PEP 2040, RES are to have a 50% share in electricity production. The strategy also mentions 23% of energy from nuclear energy, new capacities of 7.8 GW from large nuclear power plants and the development of SMR in the future. The construction of the FSRU, a gas floating terminal in the Gulf of Gdańsk, is to be accelerated along with the expansion of the national network and underground natural gas storage facilities.

In November 2022, the President of the Energy Regulatory Office agreed on the "Development plan to satisfy the current and future electricity demand" for 2023–2032 (Transmission System Development Plan). According to this document, the value of projects in the transmission network in 2023–2032 will amount to PLN 36 billion. The plans include the construction of 600 kilometres of an HV DC line to enable the transmission of energy from the north of the country, generated in onshore and offshore wind sources, to the south. The transmission network should also enable the connection and power output from a nuclear power plant in the location currently preferred by Polskie Elektrownie Jądrowe. The projects presented in the PRSP are intended to support Poland's commitments to achieving the national target in terms of the share of energy from RES in final energy consumption, the government plan to build offshore wind farms in the Baltic Sea, the government plan to build nuclear power capacity, and the connection of new generating units in accordance with the results of capacity market auctions for 2023–2026.



2.2.6. Public-private partnership

Budimex is still interested in implementing projects in the public-private partnership (PPP) form.

After the pandemic struggles in 2019–2021, the PPP market in Poland had to face new challenges, such as the outbreak of war in Ukraine, the energy crisis, high inflation, rising prices of raw materials and construction materials, and lack of funds from the EU Reconstruction Fund.

In 2022, 10 PPP contracts were signed with a total value of PLN 269 million (10 contracts were signed in 2021, worth PLN 172 million). 18 contracts were also initiated (in 2021–24) with a total value of PLN 1.2 billion (PLN 627 million in 2021).

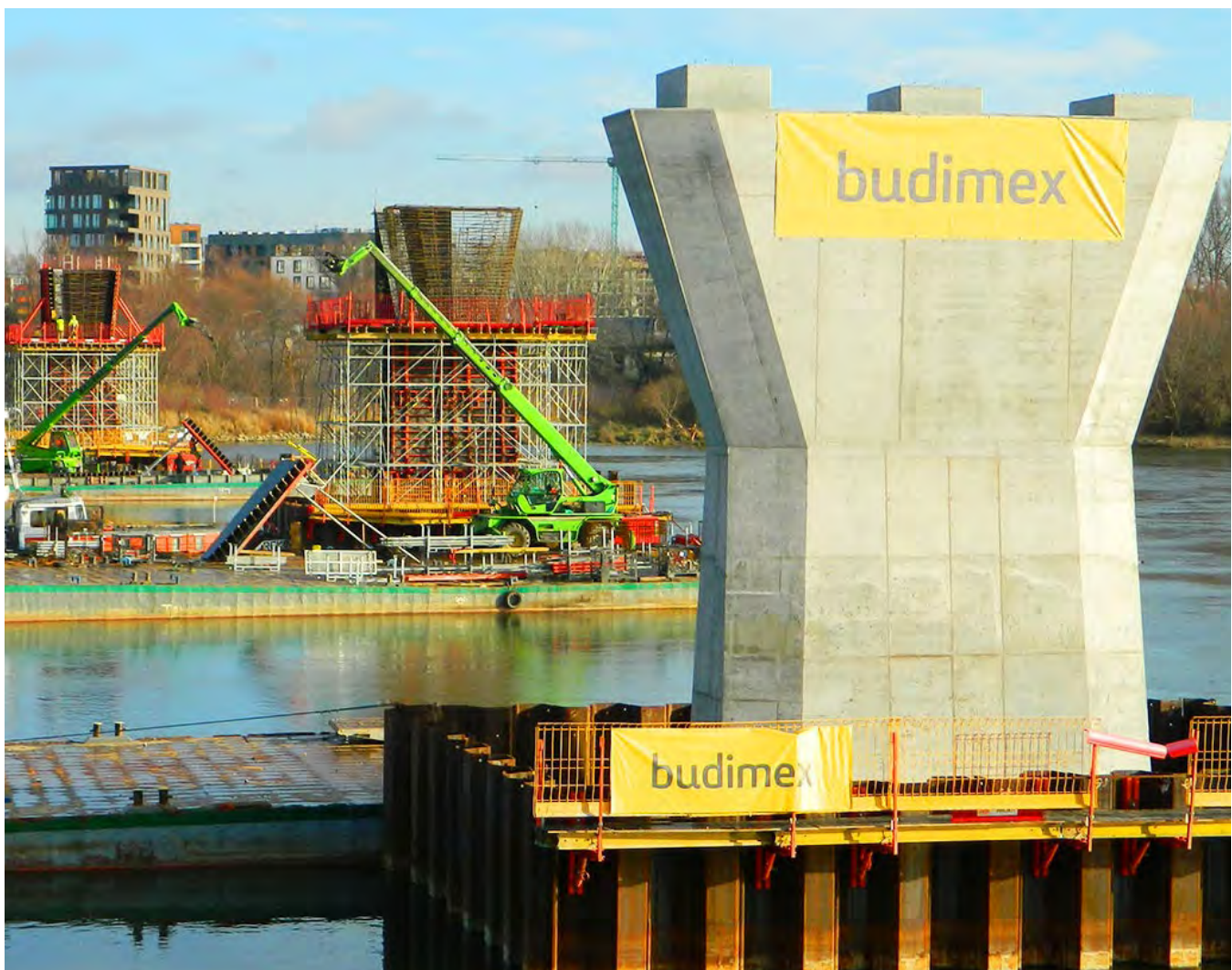
As in previous years, last year's PPPs were mainly developed by local governments.

The Database of Potential PPP Projects contained 56 projects, 33 (61%) of which were in the pre-procedure

There are still few PPP tenders for high-value projects on the Polish market.

phase, while the remaining 21 (39%) were at the stage of ongoing procedures. The majority of possible projects concerns transport infrastructure (12), public buildings (11) as well as sports and tourism (8).

Among the projects under preparation and in the course of the procedure, there are two government projects supported by the Ministry of Funds and Regional Policy: the construction of the Outer Port in the Port of Gdynia worth nearly PLN 4.4 billion, and the construction and maintenance of state archives worth about PLN 344 million.



3. Strategy of the Budimex Group

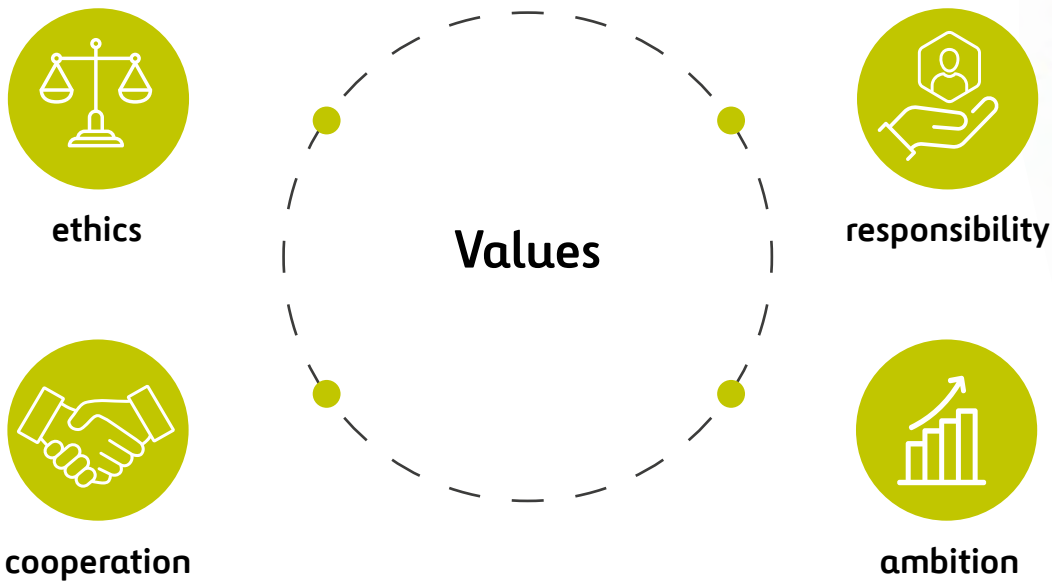
3.1. Values of the Budimex Group

The Management Board of Budimex SA undertakes actions aimed at the continuous growth of the company's value for all shareholders and defines directions of development, although it has not formalised it in the form of a strategy document. In the perspective of the next financial year, the Budimex Group's activities will be focused on increasing the margins of the held portfolio of orders and gaining new profitable construction contracts, including on foreign markets. In the long-term, the Management Board of Budimex SA will aim to diversify the activities of the Budimex Group in terms of both the construction segment (e.g. increasing the presence in the railway and hydrotechnical market segments) and the service segment (managing new fractions of precipitation and increasing processing capacity), as well as the development of renewable energy sources (RES) activities by building its own portfolio of RES systems.

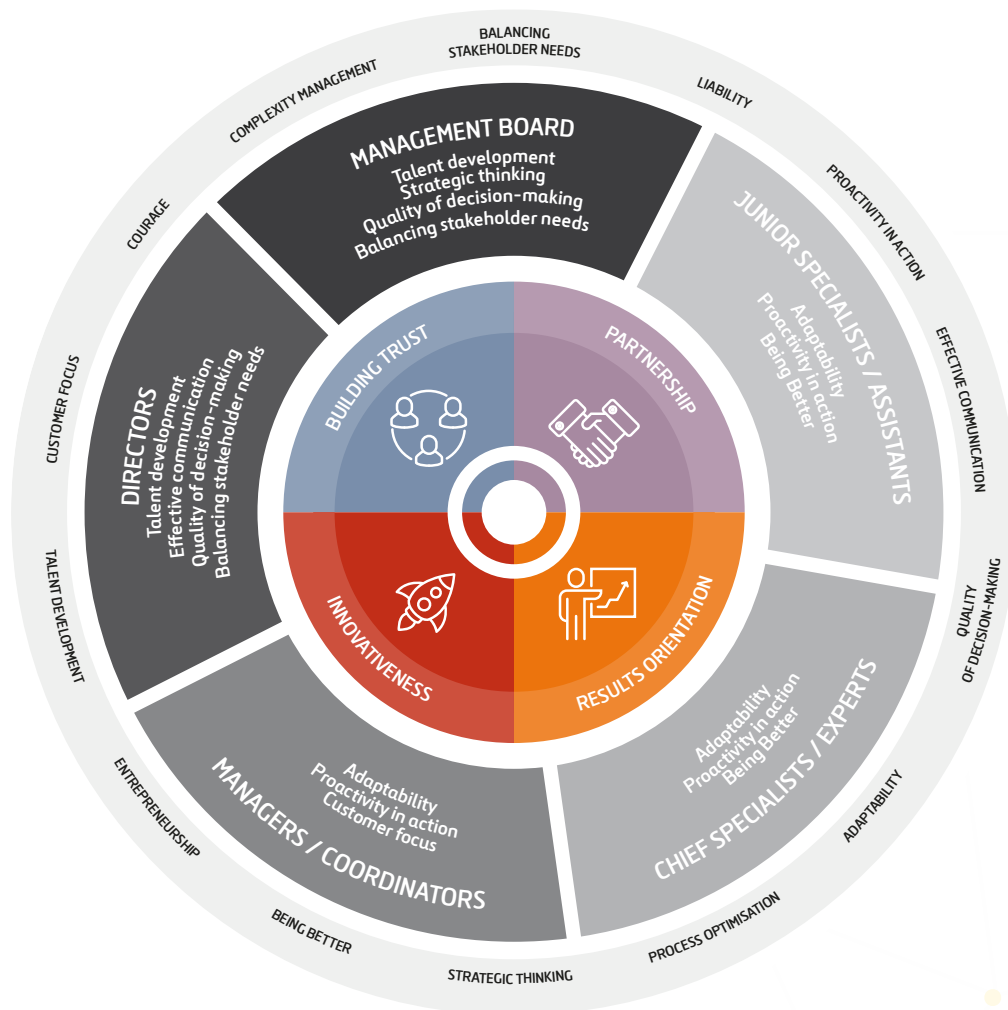
The mission of Budimex SA is to implement construction investments in a manner compatible with the market leader status, with respect for the natural environment and the principles of ethics, as well as care for customer satisfaction and user comfort. Budimex SA achieves this through professionalism, passion for construction, high operating efficiency and partner relationships with suppliers and subcontractors.

The main mission of the Budimex Group is to implement construction investments in line with the sustainable development principles. The values adopted as foundations of operations in the Budimex Group result from the assumptions of the CSR Strategy for 2021–2023 of Budimex SA and are consistent with the key ESG areas. Particular diligence in ethical conduct, care for OHS issues, optimisation of the impact on the environment and ensuring customer satisfaction and service quality are achieved through professionalism resulting from experience and passion for construction. Relationships with business partners, subcontractors and suppliers constitute an undoubtedly important value for the Budimex Group. Experience and diversity resulting from these relationships constantly enrich the organisational culture of the Budimex Group.





Budimex SA strives to continuously develop and achieve the best results. The organisation is oriented towards new, more ambitious and complex goals. The dynamic business and economic environment even forces us to act even faster, even more efficiently and oriented towards further successes. In order to function efficiently, Budimex SA has a specific set of attitudes, behaviours and skills called the competence model, which corresponds to current business and social requirements. According to the competency model, each station is described by 4 key competencies: inspiring trust, cooperation, results orientation and nurturing innovation, as well as job competencies specific to each grade level. Each competence is described by specific behaviours, making them more easily discernible in everyday work, which in turn enables conscious efforts to improve them.



3.2. Our contribution to the UN 2030 Agenda for Sustainable Development

In 2022, Budimex SA joined the Partnership for the Sustainable Development Goals. The 2030 Agenda is the world's development strategy until 2030, with 17 Sustainable Development Goals divided into 5 areas: people, planet, prosperity, peace and partnership. Budimex SA is implementing the following Sustainable Development Goals:



3.3. Value chain of the Budimex Group

[GRI 2-6]

Budimex Capital Group provides a wide range of construction and assembly services performed under the general contracting system in Poland and abroad. It is also involved in production and offers design services, machine and laboratory rentals, municipal waste management, comprehensive road maintenance and building maintenance services.

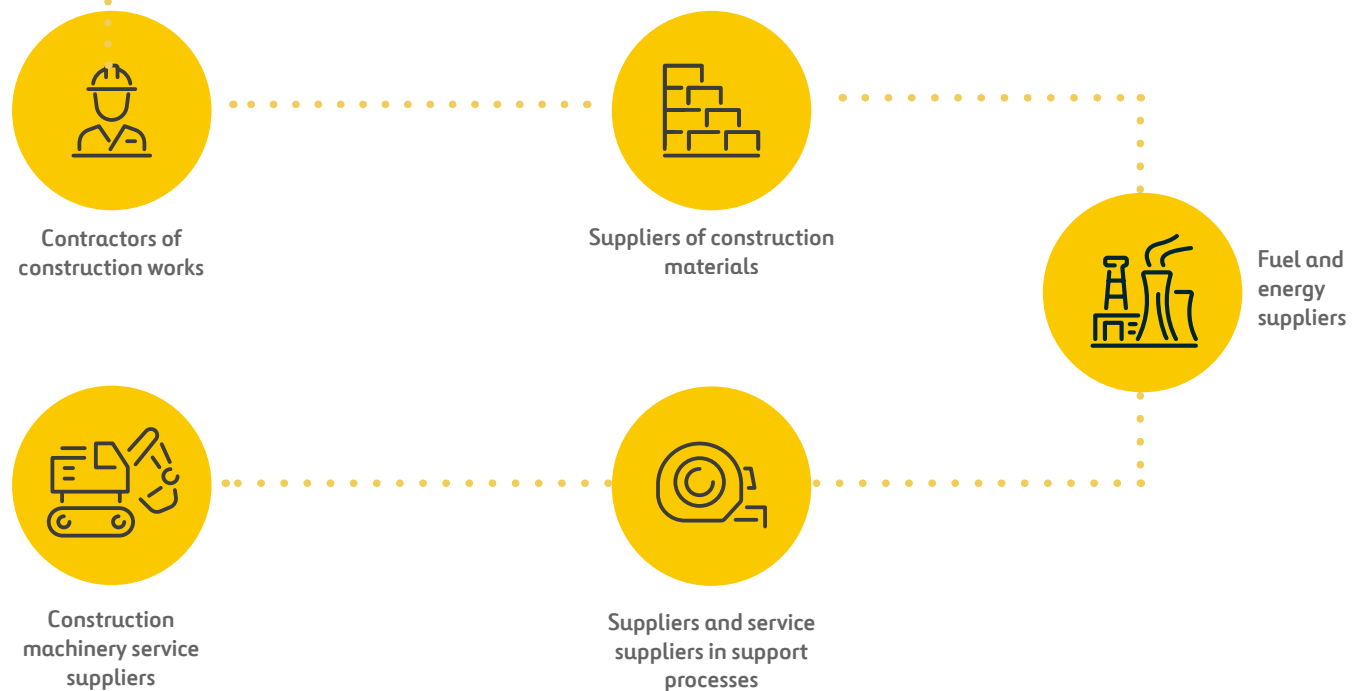
The companies of the Budimex Group operate on the Polish, German, Slovakian and Czech markets. A list of the most important operations – contracts and activities of the Capital Group companies, is provided in Chapter 2.3

Sectors of activity of the Capital Group companies

As part of their construction activities, Budimex SA, Budimex Kolejnictwo SA and Budimex Budownictwo Sp. z o.o. carry out tasks in all market segments, starting from road, bridge, railway and hydrotechnical infrastructure, through housing facilities, to complex power and industrial projects.

The most common types of entities in the Budimex SA value chain are:

budimex



Both public and private entities participate in the contracts performed by Budimex SA.

Mostostal Kraków SA specialises in the execution and assembly of steel structures and devices for the cement and lime, energy, metallurgy and chemical industries, as well as offering design services. Mostostal Kraków SA sells its goods on the Polish market and supplies steel structures to customers abroad. In 2022, the company's constructions were shipped to Germany, the UK, France, Hungary and Greece.

The most common types of entities in the Budimex SA value chain are:

mostostal kraków



The companies of the FBSeerwis Group, as part of their activities, deal with waste management, provide comprehensive services for the maintenance of road infrastructure and the management of lighting infrastructure and building maintenance.

The most common types of entities in the FBSeerwis supply chain are:

fbseerwis



Suppliers of waste management services – mainly waste treatment and waste transport, including collection



Construction service suppliers



Suppliers of services performed with vehicles, machinery and specialised equipment



Fuel and energy suppliers



Suppliers of vehicle, machinery and specialised equipment rental services



Material suppliers



Suppliers and service suppliers in support processes

Customers of FBSeerwis Group Companies are public and private entities, including, in particular: road administrators, local governments (cities, municipalities, districts), retail chains, logistics and distribution centres, building owners/administrators, and individual customers (including entrepreneurs of various scales of activity, including micro-entrepreneurs) in the field of waste collection.

Budimex Bau GmbH started acquiring construction contracts on the German market in 2021, and under the newly established entities – **Budimex Construction Prague s.r.o. and Budimex Slovakia s.r.o.** – the Group is expanding its activities, including on the Czech and Slovak markets.

Budimex Slovakia and Budimex Construction Prague have no significant operating activities in 2022.

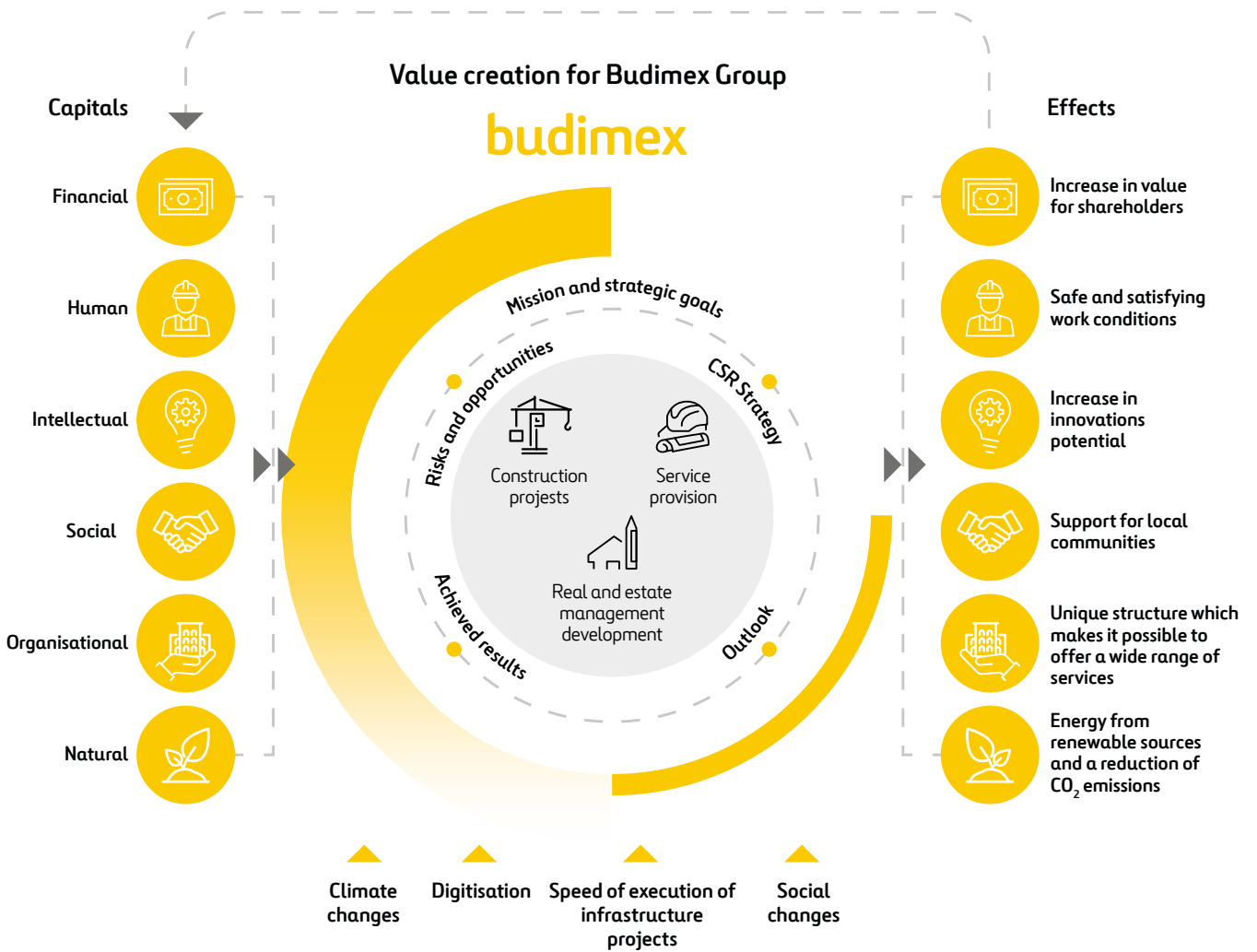
Circular Construction SA is a new company in the Budimex Capital Group, which was established in 2022 and operates in the field of broadly understood recycling: collection, storage and processing of waste for reuse. The company's area of particular interest is construction waste.

In 2022, Budimex SA acquired 100 per cent of the shares of **Magnolia Energy**, a company with a business model of generating green energy from RES through a wind system. The company's main service suppliers are actors in the purchase, supply and installation of wind turbines and a supplier of civil works accompanying the construction of wind farms.

Significant business relationships

Ferrovial Group, which owns 50.14 per cent of the Budimex Group, is a key strategic partner of the company. The Spanish Group emphasises sustainable development, supported by a portfolio of long-term, high-quality investments. The long-standing cooperation provides Budimex SA with unique opportunities for growth and the exchange of expertise.

In 2022, the Budimex Group entered into agreements on business cooperation with partners from the energy sector – Bechtel and Westinghouse (USA), as well as Doosan (South Korea) and Boygues Travaux Publics SAS (France). Budimex SA has also established a business relationship with Elocity for the provision and management of vehicle charging station sites.



3.4. CSR strategy for 2021–2023

[TCFD_4c]

The Budimex Group, bearing in mind the needs of local communities and the environment, is guided in its activities by the principles of sustainable development. The aim of ‘Budimex’s SA CSR Strategy for 2021–2023’ is to increase the company’s positive impact on society and the environment and reduce its negative impact in accordance with accepted definitions of corporate social responsibility and sustainable development. ‘Budimex’s SA CSR strategy for 2021–2023’ has been developed into 6 key areas of responsibility:



We ensure the highest standards of health and safety at work



We reduce the negative impact on the environment and climate



We care about employee development and job satisfaction



We focus on the highest quality and innovation



We counter abuse



We engage in dialogue and support local communities



Level of implementation of CSR Strategy activities in 2022

The current Strategy in the area of sustainable development, i.e. Budimex Group's CSR Strategy for 2021–2023, adopts targets for implementation in the six relevant areas included in the classification of ESG issues. Throughout 2022, the Budimex Group has maintained the assumed level of a number of adopted indicators, thus fulfilling the assumptions of the strategic goals, especially in the context of due diligence, ethics and health and safety. As part of the issue of tackling climate change, Budimex SA is successively adapting to the challenges facing the global population both by investing in energy transformation and developing internal adaptation tools, as well as meeting new requirements for sustainable financing.



We ensure the highest standards of health and safety at work

In 2022, the Budimex Group recorded a decrease in the accident severity rate to 0.17, compared to the 0.32 recorded in 2021. The accident frequency rate remained at 3.9, a level similar to the previous year. The Budimex Group takes a diligent approach to accident prevention, as evidenced by the achievement of the target for additional first-aid training for people on contracts (398 people in 2022, representing 303% of the 2021 level). As part of its strategic tasks, the Budimex Group implements measures to take care of employee wellbeing. In 2022, 2,956 Group employees participated in the offer of mental health training and support, with 1,370 employees participating in a minimum of one event (671 people participated in one event, 699 people participated in more than 1 event). Since July, the organisation has provided 2 hours of time with an on-call psychologist available to employees each week – that is, 8 hours per month. In 2022, more than 30 on-call events have taken place since July. There have also been 32 events – webinars, trainings, courses – to strengthen mental health and to raise awareness and build balance



We are reducing our environmental and climate impact

Over the course of 2021 and 2022, the Budimex Group carried out a climate risk analysis to support other climate change adaptation activities. The categorisation of risks, threats and opportunities used in the analysis is based on TCFD guidelines. Budimex SA has developed corporate objectives and policies related to climate change mitigation. As part of its efforts to adapt to climate change, investments were made in renewable energy sources, electrification of the vehicle fleet and new machinery and devices.

Measures were taken to implement closed-loop policy solutions through the compilation of a methodology for the recovery of construction waste. As part of the objective related to sustainable raw materials, activities were carried out to maximise the use of asphalt technology using asphalt granules. In addition, as part of environmental due diligence, meetings and discussions were held with business partners on low-carbon and innovative products available on the Polish market.



We care about employee development and job satisfaction

The Budimex Group runs a number of development programmes aimed at both existing staff and students taking their first steps in the construction sector. Throughout 2022, 279 apprentices have benefited from Budimex's SA offer. We have organised 85 educational events aimed at future employees in the construction sector. As part of our approach to providing equal employment opportunities, we are monitoring and successively reducing inequalities and the pay gap. In 2022, Budimex Group has calculated an adjusted pay gap of: -1.9%.

 **We focus on the highest quality and innovation**

Budimex SA is committed to the highest quality of the services provided. The implementation of the objective to continuously improve the quality of services is monitored by the Quality Control indicator, the level of which was 96.9% in 2022, which is a 2 p.p. improvement on 2021. This level meets the quality target for Budimex SA for 2022. Budimex SA met a number of Innovation Zone targets in 2022, with 147 innovation projects reported over the past year, of which 18 were implemented.



 **We counter abuse**

In 2022, training was provided to newly recruited employees as part of the ‘Welcome to the Group’ programme. As part of the training, key compliance issues were presented, including the importance of compliance for the Company’s operations, a discussion of the current Compliance Policy, the relevant areas of materialisation of legal risks in the area of compliance, i.e. corruption, conflict of interest and fraud, and on the Company’s existing compliance communication channels. In November 2022, a training course was organised for Management Board Members entitled ‘Selected Elements of Security Management at Budimex SA’, which covered such issues as:

- employee abuse in the investment process
- unfair competition in the construction industry
- corruption
- giving and accepting gifts as well as sponsoring issues
- good anti-corruption practices, especially during the procurement process
- risk of liability of a collective entity

This training kicked off a series of training sessions that are to continue in 2023 for individual employee groups.

As part of the due diligence processes in place at the Budimex Group, a key element is the monitoring of the effectiveness of the processing of reports. In 2022, there were no reported and confirmed violations of ethical standards.

 **We engage in dialogue and support local communities**

In 2022, the Budimex Group met all its objectives regarding dialogue and cooperation with local communities, conducting, for example, 3 permanent information campaigns dedicated to the company’s good practices in the social and environmental areas. In 2022, 24 dialogue sessions were held with stakeholders, which depended on their needs for the ongoing contracts, as well as a number of information campaigns for local communities on specific projects. Throughout 2022, 3 CSR Committee meetings were held to oversee the level of implementation of sustainable development tasks in the Budimex Group. Employees of the Budimex Group in 2022 were involved in a number of pro-social and volunteer projects – over the period of 2022, the involvement of 87 volunteers within the framework of employee volunteering was reported.

In addition, the implementation of the individual qualitative objectives set out in the CSR Strategy is achieved by carrying out the activities described in the thematic chapters.



4. Budimex Group in 2022

4.1. Characteristics of the operating activities of the Budimex Group

4.1.1. Business structure

CONSTRUCTION ACTIVITY SEGMENT

The construction market in Poland (measured by the value of sales of construction and assembly production in current prices) increased by 19.9% in 2022 compared to the previous year, including in the infrastructure construction sector by 15.5% and in building construction by 24.6%.

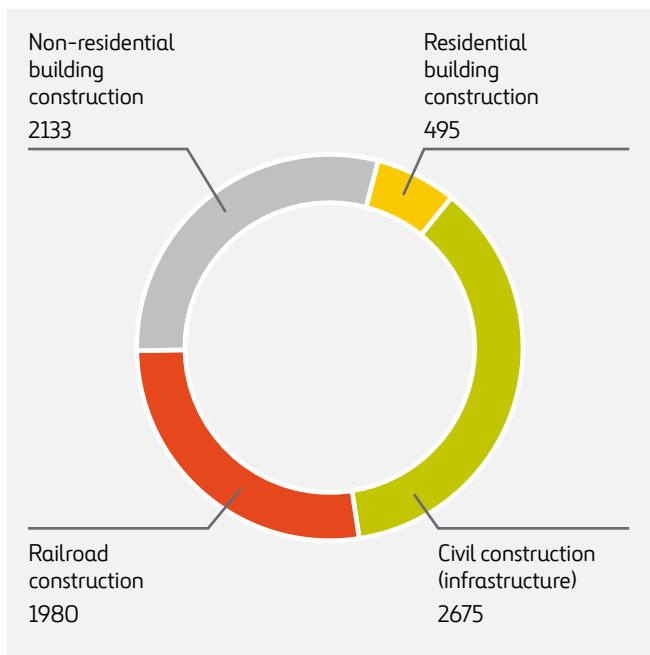
The main activity of the Budimex Group is the provision of broadly understood construction and assembly services performed in the general contracting system in Poland and abroad. In 2022, the group's construction segment revenues amounted to PLN 7,820,834 thousand against PLN 7,282,424 thousand in the previous year (an increase of 7.4%). At the same time, the structure of revenues from this segment changed, i.e.:

In 2022, The Budimex Group, which is the undisputed leader of the Polish construction industry, maintained a stable position in the face of difficulties and economic challenges caused by Russia's aggression against Ukraine.

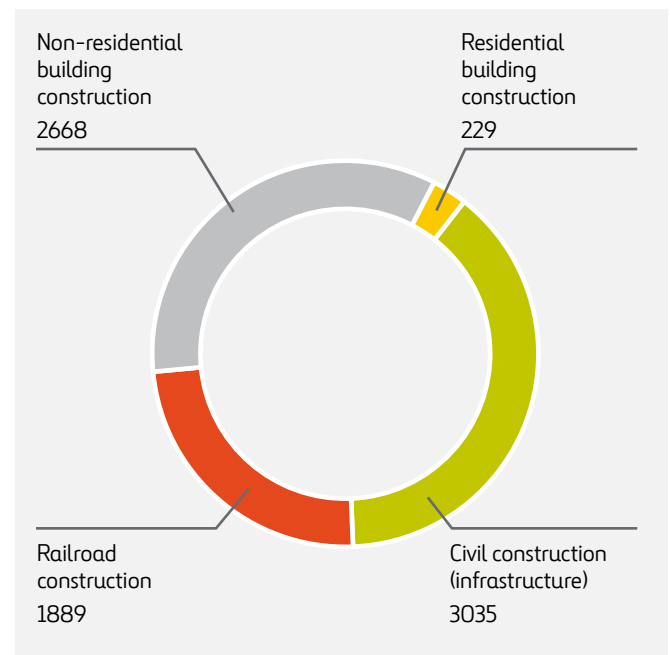
- Infrastructure construction revenues amounted to PLN 3,034,865 thousand and increased by 13.5%. Their share in the segment's revenues increased from 36.7% in 2021 to 38.8% in 2022.
- As part of building construction (both residential and non-residential), the group generated revenues of PLN 2,897,068 thousand. Participation in building construction increased the group's revenues from 36.1% in 2021 to 37.0%, thanks to non-residential construction.
- Due to the small number of tender procedures, in 2022, the share of revenues from railway construction was 24.2% compared to 27.2% in the previous year.

Revenues from the construction segment of the Budimex Group in millions of PLN

2021



2022



The value of the portfolio of Budimex Group construction orders achieved the level of PLN 13.3 billion at the end of 2022, which secures our work for the whole of 2023 and most of 2024. This situation allows the group to submit tenders responsibly without having to fight aggressively in the market. Road projects constitute almost half of the contracts, and 26% of the portfolio are projects in the area of general construction. The value of projects in the “waiting room” worth PLN 5.8 billion is also record-breaking, with railway projects dominating them.

Provision of services

The Budimex Group’s revenues from service activities include proceeds from: comprehensive services in the field of waste management, maintenance of road and lighting infrastructure as well as management and technical maintenance of real estate, also in the form of a public-private partnership. They also include revenues from electricity generation from renewable energy sources.

In 2022, the revenues of the services segment amounted to PLN 821,397 thousand against PLN 783,174 thousand in the previous year (an increase of 4.9%).

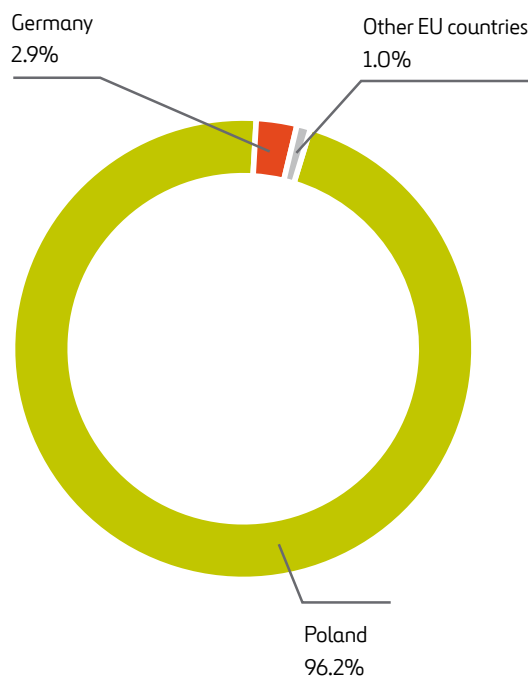
With a view to building its own RES projects, in 2022, the Budimex Group was expanded to include two newly purchased companies: Magnolia Energy Sp. z o. o. and Fotowoltaika HIG XIV Sp. z o.o. Additionally, the possibilities in the field of waste disposal and processing were increased thanks to the purchase of Zakład Przetwarzania Odpadów Zawisty Sp. z o. o.

Geographic structure of sales revenues

The dominant part of the Budimex Group’s sales revenues is generated in Poland. In 2022, due to operations on the domestic market, they amounted to PLN 8,290,101 thousand and increased by 9.6%. The share of Polish clients in the group’s revenues was 96.2%. Other contractors were mainly German. Budimex acquired PLN 245,814 thousand from this group of clients, which is 12.5% more than in the previous year. It also had a 9% share in the revenues of the Budimex Group.

As part of its operations on the German market, in 2022, the group performed workshop works (prefabrication works and metal works). In 2022, there was an increase in both types of work: prefabrication works by 13.1% and metal works by 6.9%. The structure of recipients was dispersed; only two exceeded the level of 10% of total revenues (10.6% and 11.0%, respectively).

Geographic structure of sales revenues in 2022 in %



4.1.2. The most important contracts signed in 2022

ROAD PROJECTS

Construction of the D1 Bratislava-Triblavina expansion in accordance with FIDIC contractual conditions

On 28 November 2022, Národná diaľničná spoločnosť a.s. with its registered office in Bratislava, signed a contract with Budimex SA for: “Construction of the D1 Bratislava-Triblavina expansion in accordance with FIDIC contractual conditions – «yellow book»” (“Zhotovenie stavby D1 Bratislava-Triblavina, rozšírenie v zmysle zmluvných podmienok FIDIC – «žltá kniha»”).

Contract terms and conditions:

- Contract value: EUR 110.9 million net
- Commencement of works: 1 December 2022
- Completion date: 36 months after the commencement

The aim of the project is to reconstruct the motorway and other related facilities. This means the full extension of the D1 motorway, including the replacement of the road structure on the section from Vajnor to the Triblavina junction and the construction of 19 bridges. The reconstruction is necessary to ensure connections with the D4 motorway.

Design and construction of the S17 Piaski – Hrebenne expressway, section 9. Tomaszów Lubelski (end of the bypass) – Hrebenne (beginning of the bypass)

On 28 November 2022, Generalna Dyrekcja Dróg Krajowych i Autostrad Branch in Lublin signed a contract with Budimex SA for: “Design and construction of the S17 Piaski-Hrebenne expressway, section 9. Tomaszów Lubelski (end of the bypass) – Hrebenne (beginning of the bypass)” with a length of about 17.3 km.

Contract terms and conditions:

- Contract value: PLN 486.4 million net
- Work commencement date: from the day of signing the contract
- Completion date: 36 months (the time for completion of works does not include winter periods, i.e. from 16/12 to 15/03; the design time includes winter periods, i.e. from 16/12 to 15/03).

Design and construction of the S17 Piaski-Hrebenne expressway, Section No. 6: the Zamość Wschód junction to the Zamość Południe junction (including both junctions).

On 14 October 2022, Budimex SA concluded a contract with Generalna Dyrekcja Dróg Krajowych i Autostrad Branch in Lublin for the procedure entitled “Design and construction of the S17 Piaski-Hrebenne expressway, Section No. 6: the

Zamość Wschód junction to the Zamość Południe junction (including both junctions)”, with a length of approx. 12.430 km.

Contract terms and conditions:

- Contract value: PLN 358.2 million net
- Contract commencement date: from the day of signing the contract
- Completion date: 36 months (the time for completion of works does not include winter periods, i.e. from 16/12 to 15/03; the design time includes winter periods, i.e. from 16/12 to 15/03).

Design and construction of the S1 Kosztowy – Bielsko-Biała, section I/B “Kosztowy II” junction (including the junction) – “Bieruń” junction (excluding the junction)

On 4 July 2022, Budimex SA concluded a contract with Generalna Dyrekcja Dróg Krajowych i Autostrad Branch in Katowice for: “Design and construction of the road S1 Kosztowy – Bielsko-Biała, section I/B “Kosztowy II” junction (including the junction) – “Bieruń” junction (excluding the junction)”.

Contract terms and conditions:

- Contract value: PLN 397.7 million net
- Contract commencement date: from the date of concluding the contract
- Completion date: 33 months after the commencement date

Infrastructure projects

Construction of a hospital building for the needs of an operating theatre, hospital wards, diagnostic, laboratory and rehabilitation facilities, along with the supply of equipment

On 8 November 2022, Budimex SA concluded a contract with the 5th Military Clinical Hospital with Polyclinic in Krakow for the „Construction of a hospital building for the needs of an operating theatre, hospital wards, diagnostic, laboratory and rehabilitation facilities, along with the supply of equipment.”

Contract terms and conditions:

- Contract value: PLN 367.5 million net (including – basic order: PLN 319.4 million net plus an optional order: PLN 48.1 million net)
- Date of commencement of works: the date of signing the contract is deemed to be the date of commencement of the works
- Completion date: 30 November 2026

Execution of construction and assembly works as part of the expansion of the military complex in Siedlce, including the construction of new facilities and reconstruction of the existing ones, along with the construction of accompanying infrastructure and land development

On 8 December 2022, Budimex SA concluded a contract with the State Treasury – the Minister of National Defence, on whose behalf and in whose name enacts: “Zakład Organizacji Traktatu Północnoatlantyckiego”, for: “Execution of construction and assembly works as part of the expansion of the military complex in Siedlce, including the construction of new facilities and reconstruction of the existing ones, along with the construction of accompanying infrastructure and land development.”

Contract terms and conditions:

- Contract value: PLN 294.6 million net
- Commencement date: date of contract conclusion
- Deadline for completion of works: by 18 January 2027

Construction of infrastructure to secure the functioning of specialised armament and construction of building No. 52A for training and the Brigade’s Control Station needs

On 12 September 2022, Budimex SA concluded two contracts with Stołeczny Zarząd Infrastruktury for: “Construction of infrastructure to secure the functioning of specialised armament” and for: “Construction of building No. 52A for training and the Brigade’s Control Station needs.”

Contract terms and conditions:

- Total value of contracts: PLN 226.1 million net, including – basic order: PLN 204.7 million net and an order covered by the option right: PLN 21.4 million net
- Date of commencement of works: after handing over the construction site – 14 days from the moment of signing the contract
- Completion date: 600 days from the date of signing the contract



Design and expansion of the DCT Container Terminal in Gdańsk: “T3 Project”

On 7 July 2022, a contract was concluded between Budimex SA (Consortium Leader) and DREDGING INTERNATIONAL NV (Consortium Partner), and DCT Gdańsk Sp. z o. o. for the design and extension of the DCT Container Terminal in Gdańsk – “T3 Project.”

The extension of DCT Gdańsk by another stage will increase the handling capacity of the terminal in the first phase of the development by 1.7 million TEU to a total of 4.5 million TEU (20-foot containers) per year.

Participation of consortium members in the consortium: Leader 75.00%, Partner 25.00%.

Contract terms and conditions:

- Contract value: EUR 245.0 million net
- Commencement of works: 28 days after the commencement order is issued by the Employer (unless the Parties agree otherwise)
- Work completion date: up to 1030 days

Execution of construction and assembly works as part of the expansion of the military complex in Siedlce

On 14 December 2022, Budimex SA concluded a contract with the State Treasury – the Minister of National Defence, on whose behalf and in whose name enacts: „Zakład Organizacji Traktatu Północnoatlantyckiego”, for: “Execution of construction and assembly works as part of the expansion of the military complex in Siedlce, including the construction of a sports hall building, a warehouse and social building, a sports field complex, a military kitchen and canteen building, two multi-branch warehouses, a workshop building, a car wash and a petrol station for military motor vehicles, and accompanying infrastructure along with land development.”

Contract terms and conditions:

- Contract value: PLN 215.5 million net
- Commencement date: date of contract conclusion
- Deadline for completion of works: by 17 January 2025

Construction of protection of the state border on the section of the Podlaskie Border Guard Unit – design and construction of a physical barrier on section No. 1 and section No. 2 of the Podlaskie Border Guard Unit

On 4 January 2022, Budimex SA concluded a contract with the Border Guard Headquarters for the “Construction of protection of the state border on the section of the Podlaskie Border Guard Unit” – design and construction of a physical barrier on section No. 1 (length of approx. 54.82 km) and section No. 2 (length of approx. 50.73 km) of the Podlaskie Border Guard Unit.

Contract terms and conditions:

- Contract value for section no. 1: PLN 167.7 million net
- Contract value for section no. 2: PLN 158.5 net
- Contract commencement date: after handing over the construction site to the contractor
- Deadline for completion of works: up to 150 days from the date of signing the contract.

RAILWAY PROJECTS

Construction of a fast tram route from Kasprzaka Street to Wilanów on sections: from Puławska Street to Św. Bonifacego Street and the Stegny loop and from Św. Bonifacego Street to Branickiego Street

On 29 March 2022, Budimex SA concluded a contract with the ordering party – Tramwaje Warszawskie Sp. z o. o. for the design and execution of works as part of the development entitled “Construction of a fast tram route from Kasprzaka Street to Wilanów on sections: from Puławska Street to Św. Bonifacego Street and the Stegny loop and from Św. Bonifacego Street to Branickiego Street.”

Contract terms and conditions:

- Tender value: PLN 557.3 million net (basic scope – PLN 375.0 million net, optional scope – PLN 182.2 million net)
- The ordering party may exercise the option right within 10 months from the date of concluding the contract
- Contract commencement date: the date of concluding the contract by both parties
- Works completion date: (basic scope – 22 months from the date of concluding the contract and the optional scope – 20 months from the date indicated in the ordering party’s statement on exercising the option right)



4.1.3. Contribution to the development of infrastructure – the most important contracts completed in 2022

budimex

INFRASTRUCTURE CONSTRUCTION

S61 expressway, section Wysokie – Raczki

Budimex SA, together with the investor, the General Directorate for National Roads and Motorways and the Ministry of Infrastructure, commissioned the S61 Wysokie – Raczki section in early 2022. The 20-kilometre section of the new expressway is the first completed section of the Via Baltica route in the Warmian-Masurian Voivodeship. The construction work began in October 2019. The project included the construction of 20.17 km of concrete-surfaced expressway, a WB (collision-free) Wysokie junction with 2 roundabouts, as well as 31 access roads with a total length of 32.36 km, 25 engineering structures – bridges, road flyovers, animal crossings and environmental culverts. In addition, 7 roads crossing the main route with a total length of 6.22 km have been reconstructed. The value of the completed work amounted to PLN 575 million (gross).

S14 Route – Konstancin Żółty – Łódź Lublinek

Budimex SA, in consortium with Strabag, commissioned a 12-kilometre-long section of the S14 express route constituting the southern part of the western ring road of Łódź. The investor in the project is the General Directorate for National Roads and Motorways in Łódź. The consortium has implemented the investment under the ‘design and build’ system. The value of the project, including the also constructed Teofilów Junction, amounted to PLN 512 million net. The investment included the construction of 4 road junctions and 17 engineering structures. The wearing course was made using asphalt concrete technology. At key points, as many as 220 pieces of construction equipment and nearly 500 people worked on the construction site. The construction works began in 2019. A feature of this 12-kilometre section of the S14 is the large number of road junctions and engineering structures.



Smolajny ring road

In August 2022, Budimex SA commissioned the Smolajny ring road in the course of national road no. 51. This is the first of its kind completed under the government’s Programme for the Construction of 100 Ring Roads for 2020–2030. The investment involved the extension of the road in the existing and partly in the new route. The value of the contract for a road section with a total length of 1.76 km is more than PLN 30 million. Despite the difficult ground and water conditions and an increase in the price of key construction materials, Budimex SA managed to maintain a high pace of work and completed the investment ahead of schedule. The execution of the task also included the construction of environmental protection facilities and the planting of over 1,000 trees and shrubs.

The Łagiewnicka Route in Kraków

The Łagiewnicka Route is one of the most important investments undertaken by the city of Kraków in recent years. Pursuant to a contract worth PLN 680 million, the Budimex Group commissioned the 3.5-kilometre-long route. Construction works started in July 2018 and ran until June 2022. The scope of work included the design and construction of a traffic route from Grota-Roweckiego Street to the intersection of Witosza, Halszki and Beskidzka Streets. An important part of the investment was the preparation of a tram line that connected the Kurdwanów



housing estate with Zakopiańska Street. More than 2 km, i.e. most of the 3.5 km of road built, was routed in tunnels, the longest of which is over 700 metres long. In addition, as part of the investment, new road junctions, noise barriers, bridges, footbridges or pavements were built. The course of the Wilga river bed and the route of the nearby Kraków-Skawina railway line were also changed. Cycle paths were built along the entire project, and a new tram line was constructed on its section. Above the tunnels, in the vicinity of Zbrojarzy Street, recreational areas have been created, including a skatepark, sports fields and playgrounds. The new tram infrastructure is supposed to improve the city's public transport system and improve the living conditions for residents of Krakow's southern districts.



Rumia Janowo intermodal junction

The aim of realising the Rumia Janowo interchange was to improve traffic flow and upgrade the surrounding infrastructure. The implementation of the investment made it possible to permanently integrate different modes of transport: rail, car, public transport and bicycle. The investment also included the construction of flood control reservoirs connected to the urban drainage system. These solutions are intended to protect the city from regular flooding. Near the Rumia Janowo SKM station, a tunnel connecting the two parts of the city, car parks, bicycle paths, bus shelters and bays, footbridges, as well as amenities for the disabled were created. The biggest challenge was the construction of the tunnel, passing under 4 active railway tracks and the platform of the Rumia Janowo stop. The net value of the contract amounted to PLN 66 million gross. The investor is the municipality self-government of Rumia.



Wałbrzych ring road

The six-kilometre long Wałbrzych ring road runs in the mountainous area of the so-called Wałbrzyskie Mountains and allows the city centre to be bypassed. Investors in the project were the City of Wałbrzych and the General Directorate for National Roads and Motorways, Wrocław Branch. The investment was co-financed from European Union funds. The Wałbrzych ring road is a dual carriageway with three junctions. Three trestle bridges were built along the route, with the longest structure spanning 180 metres. As part of the contract, the Budimex Group also constructed a subway along Żeromskiego Street, a footbridge and three frame culverts on the Szczawnik stream. The construction was challenging due to the uninventoried post-mining infrastructure existing under the road under construction – the Gustaw and Lisia Sztolnia shafts. These required design changes and a lot of additional work to strengthen and secure the new ring road.



S5 Ornowo – Wirwajdy route

The new section of the S5 Ornowo – Wirwajdy connects the Ostróda ring road with the existing route of national road 16 in the area of the village of Wirwajdy. Construction of the S5 in the 2+2 lane standard started in July 2020. The value of the contract with the General Directorate for National Roads and Motorways Branch in Olsztyn was PLN 165.6 million net.

During the implementation of the investment, nearly 1,000,000 m³ of soil was used, 4 new engineering structures were built along the expressway and 2 engineering structures over the expressway. Budimex SA also completed 6 culverts for ecological purposes intended for small animals.





The construction of the S5 between Ornowo and Wirwajdy is another road investment of the Budimex SA Group in Warmia and Masuria. The scope of works of the Ostróda project also included the construction of the largest extradosed bridge in Europe. This record four-span bridge with a total length of 677 metres was completed with cantilever technology.

S6 express route on the section Luzino (without the junction) – Szemud (with nodes)

As part of the contract, Budimex SA completed the construction of the S6 expressway along the Luzino (without junction) – Szemud (with junction) section and thus commissioned a 10-km-long section of the Kashubian Route in the Pomorskie Voivodeship. Moreover, in the course of the investment, 10 km of access roads, local roads and exits to serve the adjacent area were completed. Thirteen engineering structures were also built, as well as a trestle bridge 30 metres high and 200 metres long, constructed using cantilever technology. The project was complicated by the hilly terrain and waterlogged ground, which required special ground reinforcement and hydraulic engineering works. The construction of the S6 route is an important change for traffic in the entire Tricity agglomeration, which will reduce traffic jams on, for example, the existing national road and main traffic routes.

24 km of new S61 Suwałki – Budzisko route

Budimex SA has completed the construction and commissioned a 24-kilometre section of the S61 express route from Suwałki to the border with Lithuania – the Via Baltica. The company has completed 94 kilometres of this route in recent years, out of 130 kilometres in operation. Investment in the open section of the S61 under the ‘design and build’ system began in January 2020. The investor was the General Directorate for National Roads and Motorways Białystok Branch. Budimex SA has taken over this project from another general contractor. The investment value was PLN 843 million. The scope of work included the construction of the S61 dual carriageway expressway, approximately 24.2 km long, with two road junctions, car parks for travellers and a vehicle control site for road services. The expressway also included two rest and refreshment buildings for passengers with playgrounds for children. In total, thirty-three bridges were built along the entire section.

RAILWAY CONSTRUCTION

Upgrade of the E-59 railway line Rokietnica – Wronki section

Budimex Group has completed works related to the reconstruction of the track systems along with the accompanying infrastructure on the E-59 railway line on the Rokietnica – Wronki section. The 35.14 km-long section is part of the Poznań Główny – Szczecin Główny railway line. PKP Polskie Linie Kolejowe SA is the contract investor. As part of the contract, the scope of modernisation included the track surface, overhead contact line, power, reparation and modernisation of engineering structures as well as reconstruction of platforms, railway crossings and construction of new drainage. Budimex SA carried out the track work with new traction equipment, using its own machinery. The contract included the creation of a modern, technically advanced 193 m-long bridge over the Warta River in Wronki.



GENERAL CONSTRUCTION

Reconstruction of a key stage of the ITC building at the Warsaw University of Technology

The investment carried out by Budimex SA included the reconstruction of two wings of the Warsaw University of Technology, as well as the upgrade of the courtyard and the construction of a fire road. The renovation work took place under the supervision of a conservation officer. The net value of the contract amounted to PLN 69.1 million. The project was funded by the Warsaw University of Technology and the Ministry of Science and Higher Education. The eastern wing of the University of Technology was designed to accommodate the teaching and research needs of, for example, the Division of Building Refrigeration and Power Engineering, the Division of Aircraft Engines, the Division of Thermodynamics and the Division of Rational Use of Energy.

The reconstruction made it possible to introduce appropriate functional divisions and a clear communication layout. This involved the separation of new rooms, the organisation of two staircases and a new corridor. At the ground floor level, the rooms in the University of Technology hall were extended by a corridor located along the eastern side of the building. Due to the significant modifications, the project required the removal of existing load-bearing walls and installation of an extra structure to support the new separating floor elements.

Extension of the Silesian Planetarium in Chorzów

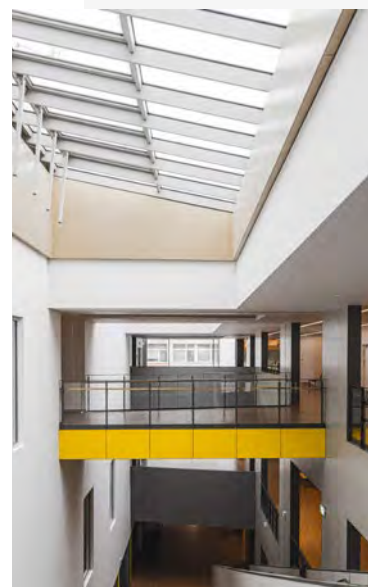
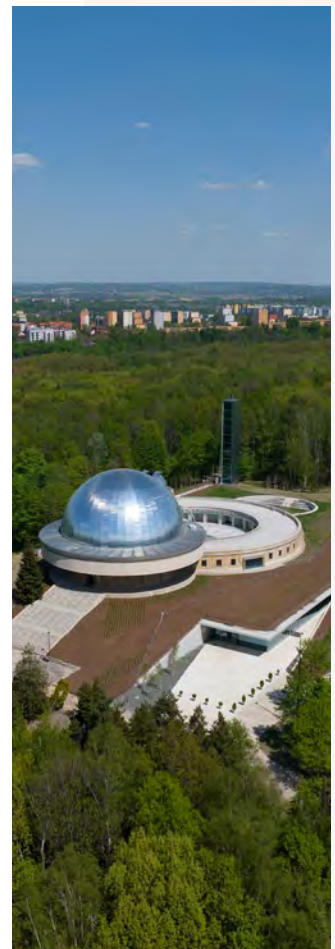
Budimex SA has completed its work on extending the Silesian Planetarium in Chorzów. As part of an investment, worth around PLN 80 million, the company modernised the existing facilities and built a new part of the building together with a viewing tower with a 'camera obscura' device used inside, from which it is possible to admire the view of Katowice, Siemianowice Śląskie and Chorzów. The construction work took 34 months. The Planetarium now enjoys more than 3,200 sq.m. of additional space. The old and new parts of the building are now connected by a panoramic passenger lift located at the western wall of the sundial court. During the construction work, Budimex SA secured the existing foundations of heritage-listed buildings and the excavations. This required complex geengineering at the interface with the existing building and inside the basement rooms. During the works, the planetarium remained under constant observation through the use of a comprehensive monitoring system.

Completion of the first stage of construction of Polfa Tarchomin's oncology drugs factory

In July, Budimex SA completed the first stage of works related to the construction of the Polfa SA Oncology Drug Development and Production Centre in Tarchomin. This is a unique project on a national and European scale and, at the same time, the largest investment of Tarchomińskie Zakłady Farmaceutyczne Polfa SA. As part of the contract, Budimex SA was responsible for completing the building shell. Construction works lasted from November 2021 to June 2022. The new Oncology Drug Development and Production Centre covers three areas: sterile formulation production and R&D and quality control laboratories. The construction work was carried out during a very difficult economic period caused by the war in Ukraine. This situation directly affected the availability and prices of materials and the availability of workers. Despite the challenges arising during the course of the investment, the actions taken together with the ordering party TZF Polfa, the partnership approach to problems and flexibility in decision-making allowed the contract to be implemented successfully.

Completion of construction of the Operating Theatre building at the F. Ceynowy Specialist Hospital in Wejherowo

As part of the contract executed by the Budimex Group, a modern operating theatre building was designed and constructed at the F. Ceynowy Specialist Hospital in Wejherowo. This is the largest investment of 'Pomeranian Hospitals'. The facility was extended by a three-storey building to house, for example, an operating theatre with 7 operating rooms, the Kashubian





Centre for Heart Diseases, the Pathomorphology Facility, a postmortem room, the Central Sterilisation Room and the Transfusion Serology Facility, as well as technical premises. The scope of the contract also included the construction of a connector – to connect the newly built part with the existing facility, together with the necessary technical infrastructure and landscaping, as well as a new transformer station. Two lift shafts were built in the existing part of the hospital, including one for the fire brigade. In addition, Budimex SA supplied most of the medical equipment and furniture. The gross value of the contract is PLN 94.9 million.

Completion of the construction of the L. Rydygier Voivodeship Complex Hospital in Toruń

Budimex Group completed an investment involving the reconstruction and expansion of the L. Rydygier Voivodeship Complex Hospital in Toruń. This is the largest investment project that has taken place in recent years in the field of healthcare in the Kujawsko-Pomorskie Voivodeship, and the facility is one of the largest hospitals in Poland. The total gross amount of the investment is PLN 425 million gross. The scope of the contract included numerous demolitions, the construction of 6 buildings, land development and the construction of technical infrastructure. The entire complex with a total area of 67,425 m² consists of a main building, housing 12 wards, an operating theatre with 14 rooms, a hospital emergency ward and a helipad, as well as 5 buildings with hospital wards, a garage, and technical rooms.



A modern hall on the premises of the Tram Service Station in Nowa Huta

The facility is designed to handle all types of trams, including the longest in Poland, the 43-metre-long ‘Krakowiak’ and the newest, the ‘Lajkonik’. The facility’s area of 3,000 m² allows up to 9 trams to be serviced at the same time and is equipped with state-of-the-art technical solutions. On the roof of the hall, 228 photovoltaic panels have been installed to provide the power required for its operation. The system has been optimised to make maximum use of sunlight, even in those months when it is least available. The cost of constructing the hall is almost PLN 39 million. The modern facility is one of the elements of the just-completed project for the comprehensive upgrade of the Nowa Huta depot. In addition, two retention reservoirs were built on its premises, which guarantee the protection of the station and the surrounding areas from flooding during heavy rainfall. As part of the investment, suitable infrastructure was also built to ensure safe and convenient access to the trams’ roofs, where most of the systems are located. The pits, in turn, give employees easy access to the trolleys and wheel sets. In addition, a large, modern waiting area for the drivers enables them to keep their distance and wait comfortably before starting work..



ENERGY AND INDUSTRIAL CONSTRUCTION

Goleniów-Ciecierzycze – gas pipeline

Budimex Group was responsible for the construction of one of the three onshore sections of the Baltic Pipe gas pipeline being built in Poland. The completed Goleniów – Ciecierzycze section is the longest section of the gas main, measuring nearly 122 kilometres, which will enable the supply of natural gas from Norwegian deposits to Poland. As part of the investment, 55 trenchless crossings have been made, including Poland’s longest Direct Pipe under the Warta River with a length of 1,400 metres. The gas pipeline runs through 2 voivodeships, 6 districts and 11 municipalities. The signed Contract had a net value of PLN 314.8 million.

Volume object – service building in Kraków

In September 2022, Mostostal Kraków SA completed the construction of a service building with office, staff and warehouse space in Kraków, made to the order of KZN Rail Sp. z o.o. As a general contractor, the company carried out the construction of the office and warehouse building, the conversion of the electricity grid to cable and the water supply connection. In addition, it was responsible for decommissioning of the existing systems, securing the tele-technical networks, construction of the sanitary, rain and gas sewage system, internal traffic system with parking spaces, internal roads, public and individual exits, and delivery and installation of an overhead crane.

Extension and reconstruction of the existing production hall in Kraków

In September 2022, Mostostal Kraków SA completed Stage I of the warehouse redevelopment. The company, as a general contractor, carried out the extension of the hall together with the internal systems (including ventilation, heating, sewage and electrical systems). The office and staff area was extended, and additionally a transformer station building with internal systems was constructed, as well as an assembly and storage yard with a track crane. The internal road and track layout of the railway sidings was also rebuilt, with the construction of a retaining wall and reconstruction of the lighting.

Delivery and installation of structures for the incineration plant in Dinslaken

In 2022, Mostostal Krakow SA delivered and installed approximately 2,200 tonnes of steel structure for the construction of an incineration plant in Dinslaken, Germany, and commissioned the incineration plant with all necessary support systems.

Delivery of the structure for the construction of a waste incineration plant in Slough

In December 2022, Mostostal Krakow SA completed the fabrication and delivery of 5,200 tonnes of steel structures for the construction of a waste incineration plant in Slough, UK. The scope of work included the purchase of the material, the fabrication of the structure and its corrosion protection, as well as its protection with fire-retardant paint.

Assembly works – construction of a storage tank

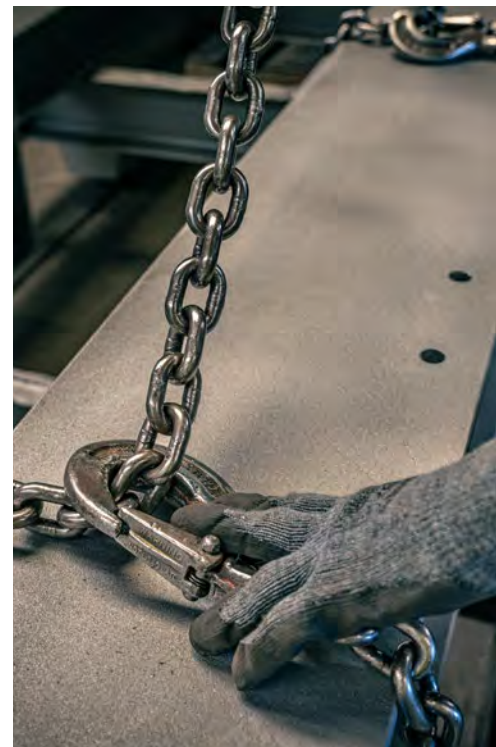
In August 2022, Mostostal Kraków SA completed assembly works for the construction of a 32,000 m³ storage tank at the Nowa Wieś Wielka Fuel Depot, PERN. The works included the installation of approx. 1,100 tonnes of structure. The scope of the task also included pressure/functional testing and participation in the commissioning of the tank.

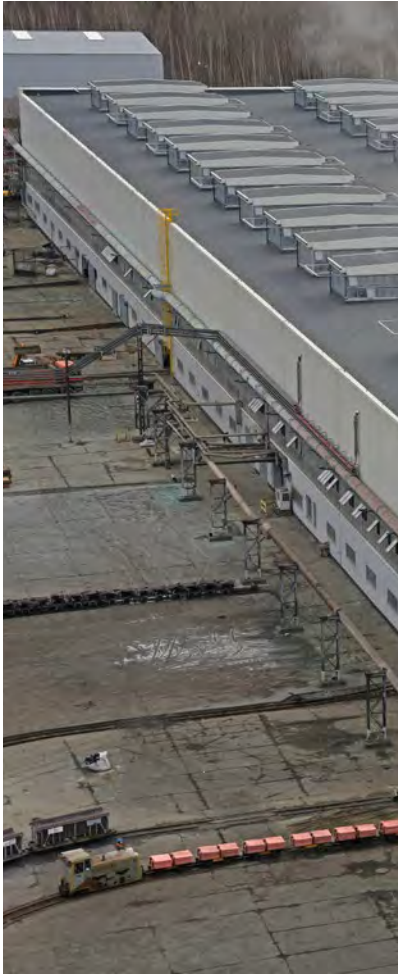
Platforms and assembly of production devices at the Electrical Battery Component Production Plant at the Umicore plant in Radzikowice.

As part of the task, the steel structure of the platforms was delivered (approx. 650 tonnes) and mechanical assembly was carried out (approx. 300 tonnes). The scope of work included platforms and the main production devices. Moreover, dehumidifiers were transported and installed. The work was completed in August 2022.

Upgrade of the KGHM Bathtub Hall

Construction and installation works for the upgrade project of the HMG Bathtub Hall I were completed in January 2022. The task involved replacing the reinforced





concrete slab roofing (there was asbestos in the roofing), together with the construction of the roof drainage and the adaptation of the steel structure (girders, purlins, braces) to accommodate the new roofing according to the developed executive designs. The work also included the reconstruction of the building shell using materials adapted to current regulations, and replacement of the systems: roof drainage, lighting, lightning protection, fire protection, and dry risers leading to the roof of the building.

Demolition of KGHM facilities

In June 2022, Mostostal Kraków SA completed works related to the partial decommissioning of redundant facilities in the area of the former Lubin Zachodni OZG area – stage I. The subject matter of the order included the creation of as-built documentation and geodetic and as-built inventories with the removal of decommissioned facilities from maps.

fbserwis

W 2022 roku In the Gdańsk region, the FBSerwis Company maintains more than 210 roads including sections of the S6 road (the Tricity ring road) and the S7 (including the southern ring road of Gdańsk). The duration of this contract spans from 2021 to 2023, although the company has been executing contracts in this area continuously since 2016.

The company performs year-round (current and winter) maintenance of over 90 km of the S5 motorway and over 45 km of the A2 motorway, from the Modła junction to the Dąbie junction in the Wielkopolskie Voivodeship. Contracts for this scope of work were signed in 2022 for a period of four years.

The FBSerwis Group has been operating in the field of municipal waste management from residential properties in the Capital City of Warsaw since 2021 and Łódź since 2016.

The FBSerwis Group has been operating a municipal waste collection and management service from the area of the Municipality and City of Rzeszów. The contract has been in place continuously since 2013.

The FBSerwis Group provides collection and management of waste from residential properties in the Municipality of Łądek-Zdrój. The contract was signed in April 2022 and will be carried out by the company until April 2024.

FBSerwis Wrocław, which is part of the FBSerwis Group, has been taking care of the cleanliness and tidiness in Wrocław's Stare Miasto and Krzyki districts in summer and winter since 2017.

The FBSerwis Group provides maintenance services for the Port of Gdańsk, one of the largest facilities of its kind located on the Baltic Sea. The port is an important element of the Trans-European Transport Corridor I, which connects South-Eastern Europe with the Scandinavian countries. The contract has been in place since 2014.

The FBSerwis Group provides maintenance services for the Koga Office Centre, located within the PCI Pomeranian Investment Centre. The first contract was signed in 2015 and has been in place intermittently. The current contract is valid from September 2021 to May 2023.

The FBSerwis Group is involved in the construction of the monitoring system and lighting system for the Poznań Palm House and Thomas Woodrow Wilson Park, together with the connection of the Palm House building to the metropolitan network of the city of Poznań. The contract was carried out in 2022.



4.1.4. R&D projects

RESEARCH AND DEVELOPMENT PROJECTS – INNOVATIONS – START-UPS

As a modern enterprise, Budimex participates in the development of technology and reaches for innovations supporting the company's activities in many areas. On the one hand, these solutions enable the construction of facilities that can function in a more sustainable way. On the other hand, they allow for cost optimisation of construction works, as well as limiting their impact on the natural environment.

The company has an institutionalised and formalised process of managing innovations and research and development projects. Within the organisational structure of Budimex, there is a separate unit – the Innovation Office, which performs tasks in this area.

In 2022, development work at Budimex was carried out by 271 employees involved in the implementation of 55 selected research and development projects. Some of them were a continuation of activities initiated in previous years.

In 2022, Budimex SA conducted further research in the areas of using building information modelling (BIM) in thermal modernisation, testing innovative materials in railway construction and creating a platform supporting safety on the TEN-T trans-European transport networks. In 2022, two international projects, BIMERR and SAFEWAY, were completed and were financed by the European Commission – from the Framework Program for Research and Innovation – Horizon 2020.

Experimental projects concerning anti-smog meadows were also carried out within two pilot projects designed and implemented by Budimex and in the field of Intelligent Transportation Systems (ITS), combining modern information and transportation technologies, as well as transport infrastructure and vehicles.

Projects implemented thanks to funds from the European Union are, for Budimex, an important element of cooperation within consortia, developed on the international arena. They combine research and development activities with a business approach, contributing to the emergence of breakthrough technologies for the construction industry.

The company has been cooperating with start-ups for several years. In 2017, it launched a platform for innovators to submit ideas. Budimex implements projects with entrepreneurs and young technology companies offering products and services in the field of energy, renewable energy sources or green solutions for the construction industry. The company puts emphasis on exchanging experiences, learning new ideas and searching for people with passion. Activity in this area contributes to the diversification of Budimex's business portfolio and optimisation of the company's operations.

In 2022, Budimex conducted several pilot projects with start-up companies, including:

- SURVEILY – using AI cameras to improve security
- ARPINO – an employee detection using RFID tags
- RESSOLUTION – a pilot solution for optimising energy consumption costs
- BORN ELECTRIC – a pilot energy storage system solution
- INSTAGRID – a portable battery for construction equipment - LIFE Project
- OPTIMO LIGHT – the introduction of intelligent lighting solutions



In May 2022, Budimex SA signed a cooperation agreement with the OSATeam (OSA – Falling Atmospheric Satellite) – a team of students from a Krakow secondary school that designed and constructed a mini-satellite. This project won the first prize from the European Space Agency. In the European CanSat 2021/2022 Competition, the young scientists defeated over 1,000 teams from all over Europe and were also invited for a short internship at Budimex.

In 2020, the Company introduced the internal platform “Innovation Zone”, promoting the involvement of employees of the Budimex Group in creating new

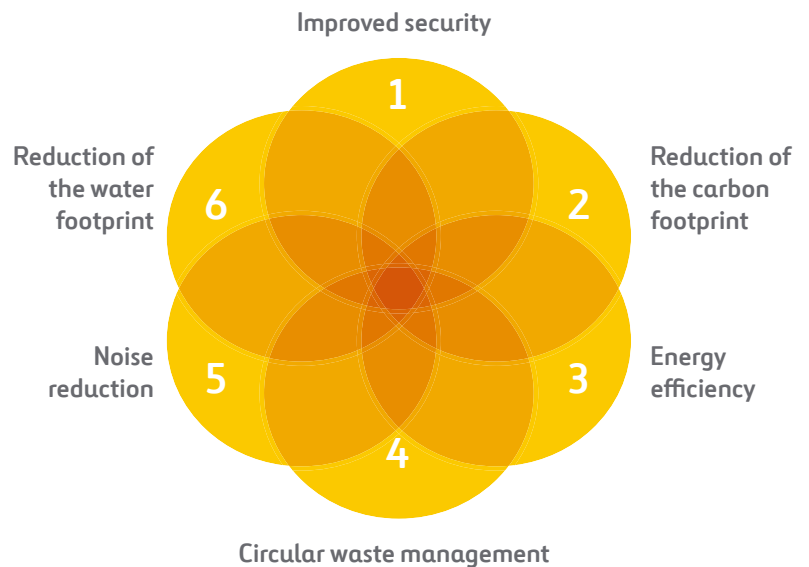
solutions. Each team member could submit an innovation or improvement in their area or the work of the entire company at any time.

In 2022, the Innovation Zone Campaign was launched, the aim of which was to encourage employees to submit ideas that improve safety, reduce the carbon footprint, reduce the water footprint, reduce noise, and improve energy efficiency and waste management in a closed cycle.

OBJECTIVES OF THE INNOVATION ZONE CAMPAIGN

Budimex effectively engages its employees in activities in the field of corporate social responsibility and raising awareness in the context of climate protection.

The company’s contribution to socio-economic development is the material effects of the contracts being implemented and also a reflection of Budimex’s value as a responsible company and the result of implemented technologies and innovations – developed within the organisation and with the support of external partners.



4.2. Financial standing of the Budimex Group in 2022

4.2.1. Scale of operations – statement on the financial standing

[GRI 201-1]

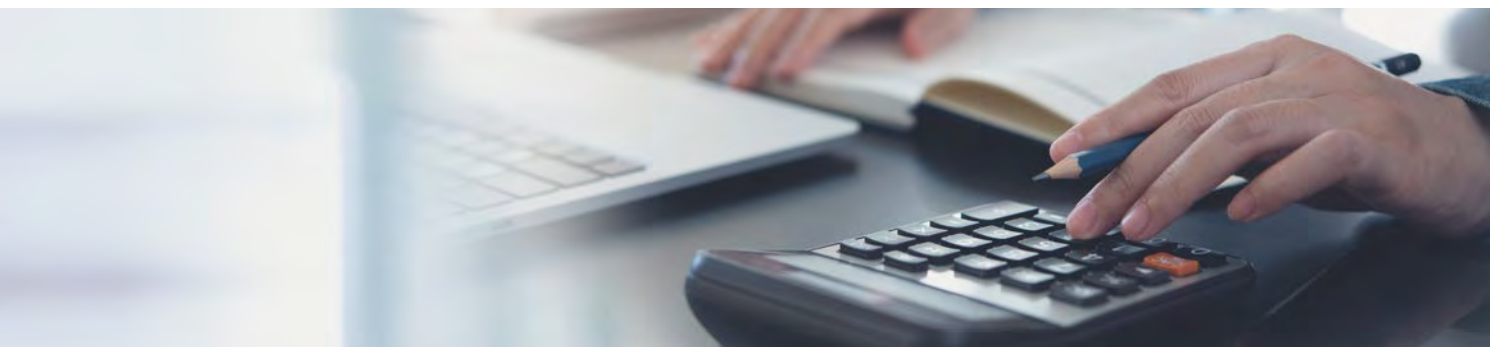
On 31 December 2022, the assets of the Budimex Group amounted to PLN 7,387,208 thousand against PLN 6,863,318 thousand at the end of 2021 (an increase of 7.6%).

Fixed assets amounted to PLN 1,818,134 thousand, which accounted for 24.6% of the group’s total assets. They were PLN 145,721 thousand (8.7%) higher than a year ago. The following factors influenced the change in their value:

In 2022, the group went beyond the traditional areas of business activity, investing in companies involved in the construction of wind and photovoltaic farms. It also used its experience and competencies to support the development of low-emission transport.

- Increases in the value of tangible fixed assets amounted to PLN 640,734 thousand, i.e. they increased by PLN 102,122 thousand (by 19.0%) compared to the end of 2021. Their value was positively affected by the purchase and leasing of tangible fixed assets in the amount of PLN 198,318 thousand and the acquisition of control over Magnolia Energy Sp. z o.o., Fotowoltaika HIG XIV Sp. z o.o. and Zakładu Przetwarzania Odpadów Zawisty Sp. z o.o. (in total, PLN 43,084 thousand). At the same time, their value was reduced by depreciation in the amount of PLN 132,817 thousand.
- An increase in the value of deferred tax assets, which at the end of 2022 amounted to PLN 685,036 thousand (i.e. 9.3% of the group's total assets). Their value was PLN 42,663 thousand (6.6%) higher than at the end of 2021 due to an increase in the balance of negative temporary differences in liabilities.

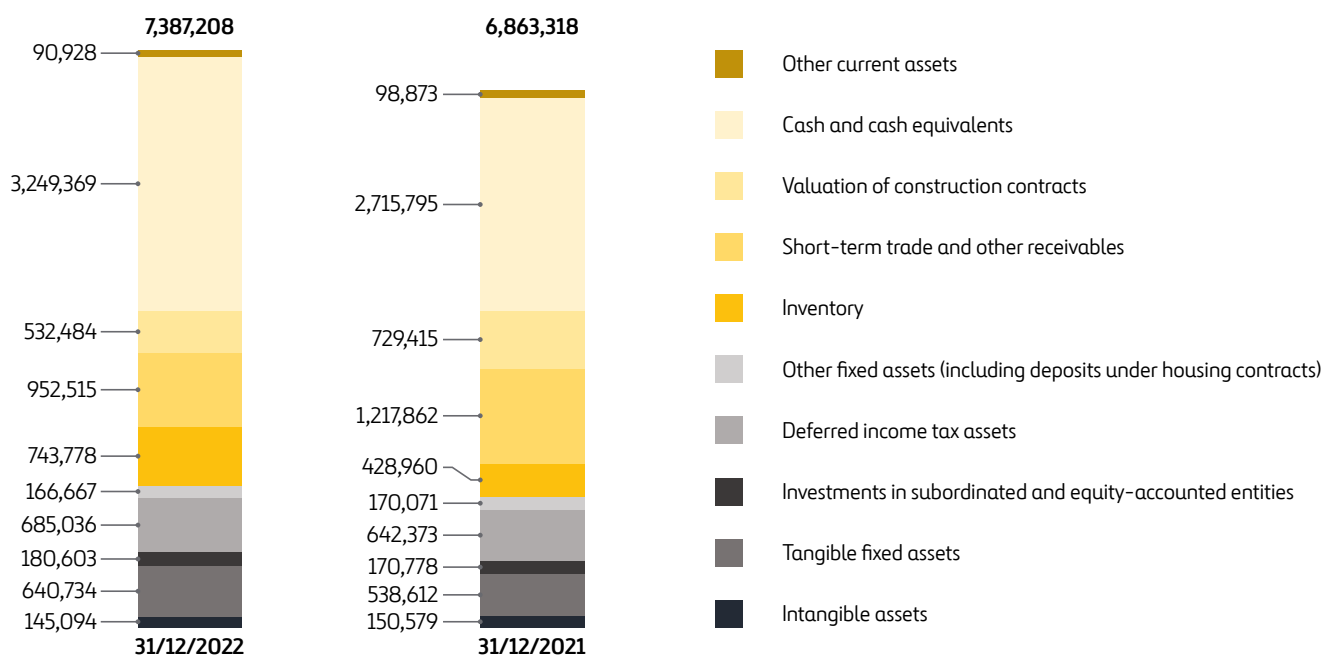
As of 31 December 2022, the current assets of the Budimex Group amounted to PLN 5,569,074 thousand, i.e. they increased by PLN 378,169 thousand (by 7.3%) compared to the end of the previous year.



Significant changes in the value of current assets as of 31 December 2022 compared to the end of the previous year include:

- An increase in the value of cash and cash equivalents – they reached the level of PLN 3,249,369 thousand, i.e. they were higher by PLN 533,574 thousand (19.6%) than the year before.
- A decrease in trade receivables and other receivables amounted to PLN 952,515 thousand. Their amount was 265 347 thousand (21.8%) lower, mainly as a result of the receipt of earlier payments for invoices issued for construction works for companies in the group.
- Lower valuation of construction contracts amounted to PLN 532,484 thousand, i.e. decreased by 196,931 thousand (by 27.0%), which was due to the completion of construction works and invoicing all the works performed on several infrastructure, energy and building contracts carried out by Budimex SA. These contracts showed an increased balance of under-invoicing due to the ongoing acceptance of works and final settlements with developers at the end of 2021.

Structure of Budimex Group assets PLN thousand



As of 31 December 2022, equity amounted to PLN 1,299,455 thousand (i.e. 17.6% of the balance sheet total). Their value was PLN 61,552 thousand (4.5%) lower than the year before. In 2022, the group generated a net profit of PLN 548,129 thousand. At the same time, Budimex SA paid the remaining part of the dividend from the profit for 2021 in the amount of PLN 599,191 thousand.

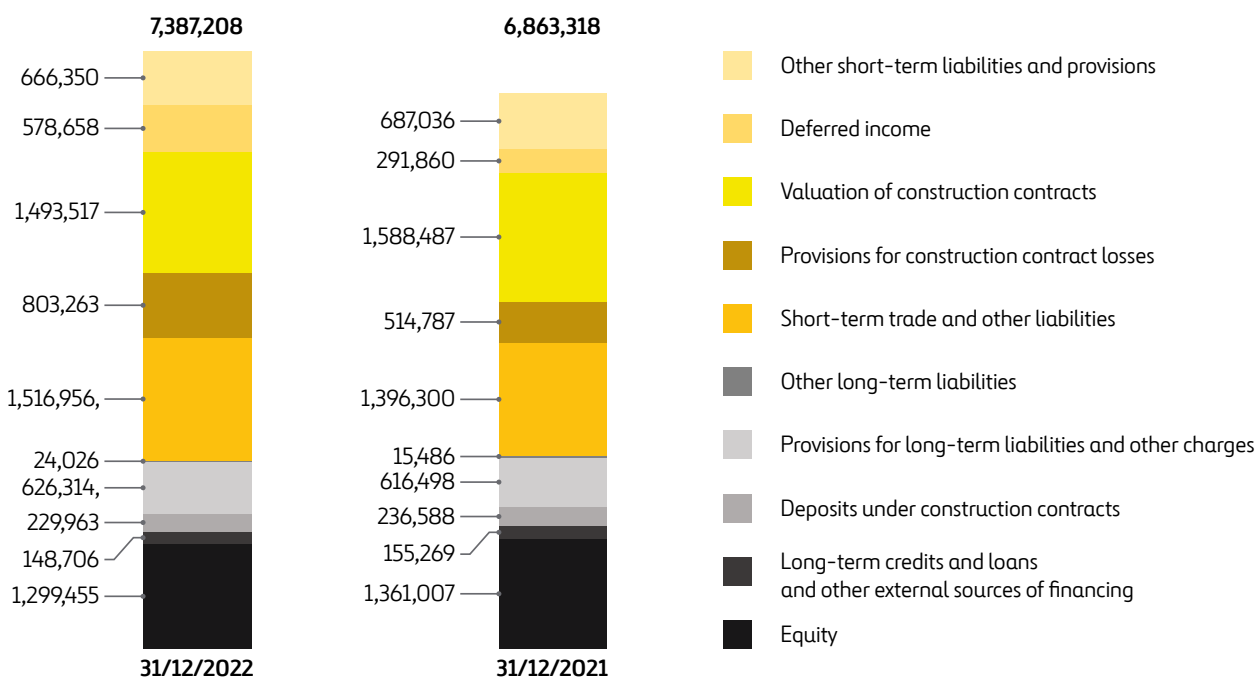
At the end of 2022, the group's long-term liabilities amounted to PLN 1,029,009 thousand (or 13.9% of liabilities), i.e. they were PLN 5,168 thousand higher than the year before. The change in their status was due to a lower level of liabilities due to credits, loans and other external sources of financing. They amounted to PLN 148,706 thousand, i.e. they were PLN 6,563 thousand (4.2%) lower than at the end of the previous year. Deposits for construction contracts were also lower than a year ago – at the level of PLN 229,963 thousand, i.e. lower by PLN 6,625 thousand (2.8%) than at the end of 2021. On the other hand, other financial liabilities increased by PLN 10,731 thousand to PLN 12,807 thousand as a result of a deferred payment liability for the purchase of shares in Magnolia Energy and Zakład Przetwarzania Odpadów Zawisty Sp. z o. o. The provision for long-term liabilities and other charges also increased by PLN 9,816 thousand, which mainly includes an additional provision for repair guarantees.

As of 31 December 2022, the group's short-term liabilities amounted to PLN 5,058,744 thousand (68.5% of liabilities), which means that they were higher by PLN 580,274 thousand (by 13.0%) than at the end of 2021. Most of them were trade liabilities and other liabilities in the amount of PLN 1,516,956 thousand, which was PLN 120,656 thousand (8.6%) higher than the year before.

Other major changes in short-term liabilities concerned:

- Increase in the value of deferred income. They amounted to PLN 578,658 thousand and, mainly as a result of the increase in advance payments received for construction and assembly works due to the execution of contracts, they were PLN 286,798 thousand (98.3%) higher compared to the end of 2021.
- A decrease in the valuation of construction contracts (representing the difference between the revenues invoiced to investors and recognised in the profit and loss account) by PLN 94,970 thousand (by 6.0%) to PLN 1,493,517 thousand at the end of 2022.
- An increase in the provision for losses on construction contracts to PLN 803,263 thousand, that is by PLN 288,476 thousand (by 56.0%), due to the newly identified risk of an increase in the costs of several infrastructure contracts for Budimex SA, showing final losses at the end of 2022, and an increase in the cost of materials and labour recorded from the moment of submitting the tender until the end of 2022.
- An increase in deferred income by PLN 286,798 thousand, i.e. by 98.3%.

Structure of Budimex Group liabilities PLN thousand



4.2.2. Factors shaping the financial result of the Budimex Group

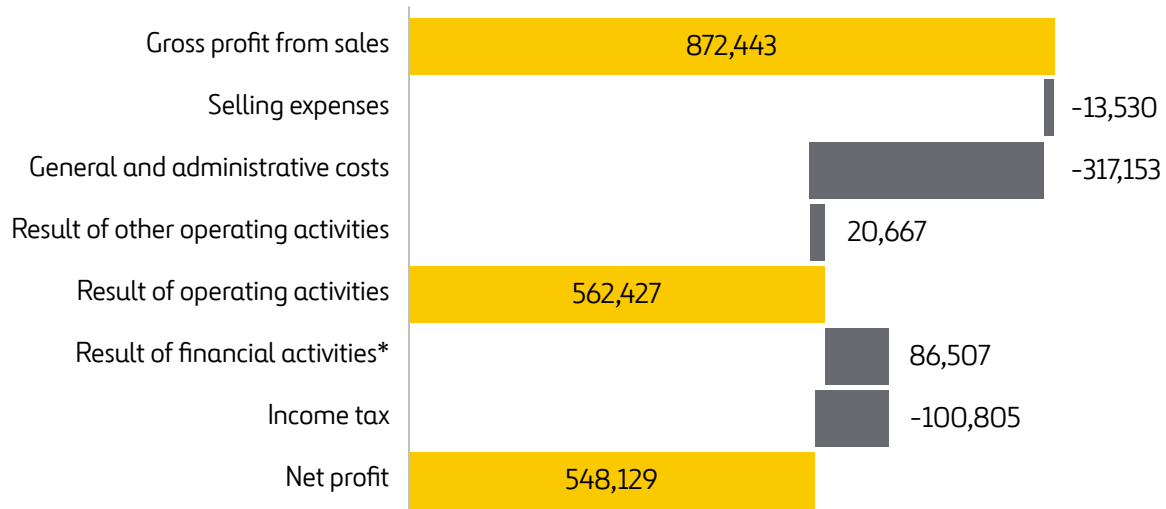
In 2022, the Budimex Group generated a net profit attributable to shareholders of the parent company at PLN 534,443 thousand against PLN 971,603 thousand in the previous year. In 2021, Budimex SA sold Budimex Nieruchomości Sp. z o. o. As a result of this operation, it showed a profit of PLN 520,508 thousand. After deducting the effects of this one-off event from the group's results, the net profit attributable to the shareholders of the parent company amounted to PLN 451,095 thousand in 2021. So in 2022, the net profit from continued operations attributable to shareholders of the parent company was 18.5% higher than in the previous year.

The group's financial result in 2022 was determined by the construction segment, including a responsible contracting policy.



Table 2. Consolidated profit and loss account PLN thousand

Ratio	2022	2021	Change	
			PLN thousand	in %
Sales revenues:	8,619,054	7,911,192	707,862	8.9
Cost of sales	-7,746,611	-7,077,395	-669,216	9.5
Selling expenses	-13,530	-11,733	-1,797	15.3
General and administrative costs	-317,153	-269,011	-48,142	17.9
Result of other operating activities	20,667	34,032	-13,365	-39.3
Operating profit/(loss)	562,427	587,085	-24,658	-4.2
Result of financial activities	86,372	-32,656	119,028	X
Share in net profits/losses of subsidiaries measured by the equity method	135	67	68	101.5
Profit (loss) before tax	648,934	554,496	94,438	17.0
Income tax	-100,805	-88,550	-12,255	13.8
Net profit (loss) on continued operations	548,129	465,946	82,183	17.6
Net profit (loss) on discontinued operations		520,508		
Net profit, including:	548,129	986,454	-438,315	-44.4
- attributable to the parent company's shareholders	534,443	971,603	-437,160	-45.0
- on continued operations	534,443	451,095	83,348	18.5

Factors shaping the financial result of the Budimex Group in 2022 PLN thousand

**In total with the share in net profits (loss) of subsidiaries measured by the equity method.*

**Sales revenues**

In 2022, sales revenues amounted to PLN 8,619,054 thousand, i.e. they were PLN 707,862 thousand (8.9%) higher than in the previous year. In addition to increasing the scale of operations, their value was influenced by the signing of annexes to contracts by Budimex SA, indexing the value of road contracts from 5% to 10%.

The main part of the sales revenues was revenues from the construction segment. Excluding consolidation eliminations, they amounted to PLN 7,820,834 thousand, i.e. they were 7.4% higher than in 2021. On the domestic market, sales in the construction segment increased by 8.0%.¹

In 2022, the service activities segment reached PLN 821,397 thousand of revenue, which is 4.9% more than in the previous year.

Gross profit from sales and gross margin from sales

In 2022, the group's gross profit from sales amounted to PLN 872,443 thousand, i.e. it was PLN 38,646 thousand (4.6%) higher than in the previous year. The gross margin from sales amounted to 10.1%, while in the previous year it, was at the level of 10.5%. The gross margin from sales in the construction segment amounted to 9.5% and was 0.7 p.p. higher compared to the previous year. In the conditions of a rapid increase in the prices of raw materials, it was possible thanks to the effective policy of hedging the prices of key assortments. On most projects, the Budimex Group maintains the originally assumed contract margin.

In accordance with the adopted accounting principles, if the budgeted costs of the construction contract exceed the total value of the expected revenues, the group companies, at the moment of identifying this fact, create provisions for losses presented in the consolidated statement on financial activities in the item "Provisions for losses on construction contracts." At the end of 2022, these provisions amounted to PLN 803,263 thousand and were PLN 288,476 thousand higher than at the end of 2021.

When providing construction services, the companies of the Budimex Group are obliged to provide a guarantee for their services. As of 31 December 2021, the group had provisions for repair guarantees in the amount of PLN 635,970 thousand, i.e. PLN 18,361 thousand higher than in the previous year.



Selling and general administrative costs

In 2022, selling costs amounted to PLN 13,530 thousand, i.e. they increased by 1,797 thousand (15.3%) compared to the previous year. On the other hand, general administrative costs amounted to PLN 317,153 thousand, i.e. they were PLN 48,142 thousand (or 17.9%) higher than in 2021. The total ratio of selling costs and general administrative costs to sales revenues in 2022 was 3.8% (3.5% in the previous year).

Result of other operating activities

In 2022, the group's result of other operating activities amounted to PLN 20,667 thousand against PLN 34,032 thousand in 2021. In 2022, the group created additional write-downs for receivables (by PLN 12,317 thousand), while in 2021, a significant part of them was reversed.

A detailed analysis of other revenues and other operating costs is presented in note 33 of the consolidated financial statements.

Result of operating activities and EBITDA

In 2022, the group's operating result amounted to PLN 562,427 thousand, while in the previous year, it amounted to PLN 587,085 thousand, i.e. it was PLN 24,658 thousand (4.2%) lower. The EBIT margin was 6.5% and decreased by 0.9 p.p. in relation to 2021.

The profitability of the construction segment measured by the operating margin was 6.0% vs 6.1% in the previous year. The profitability of the services sector was 11.2% (compared to 10.4% in the previous year).

The EBITDA result (i.e. the result of operating activities increased by depreciation) amounted to PLN 714,814 thousand, compared to PLN 733,692 thousand in the previous year (a decrease of 2.6%). Thus, the EBITDA margin reached 8.3% in 2022 (9.3% in 2021).

Result of financial activities

In 2022, the group generated a positive result on financial activities in the amount of PLN 86,372 thousand, compared to a PLN 32,656 thousand loss in the previous year. In 2022, the group obtained higher interest income on deposits and funds in bank accounts by PLN 110,554 thousand than in 2021.

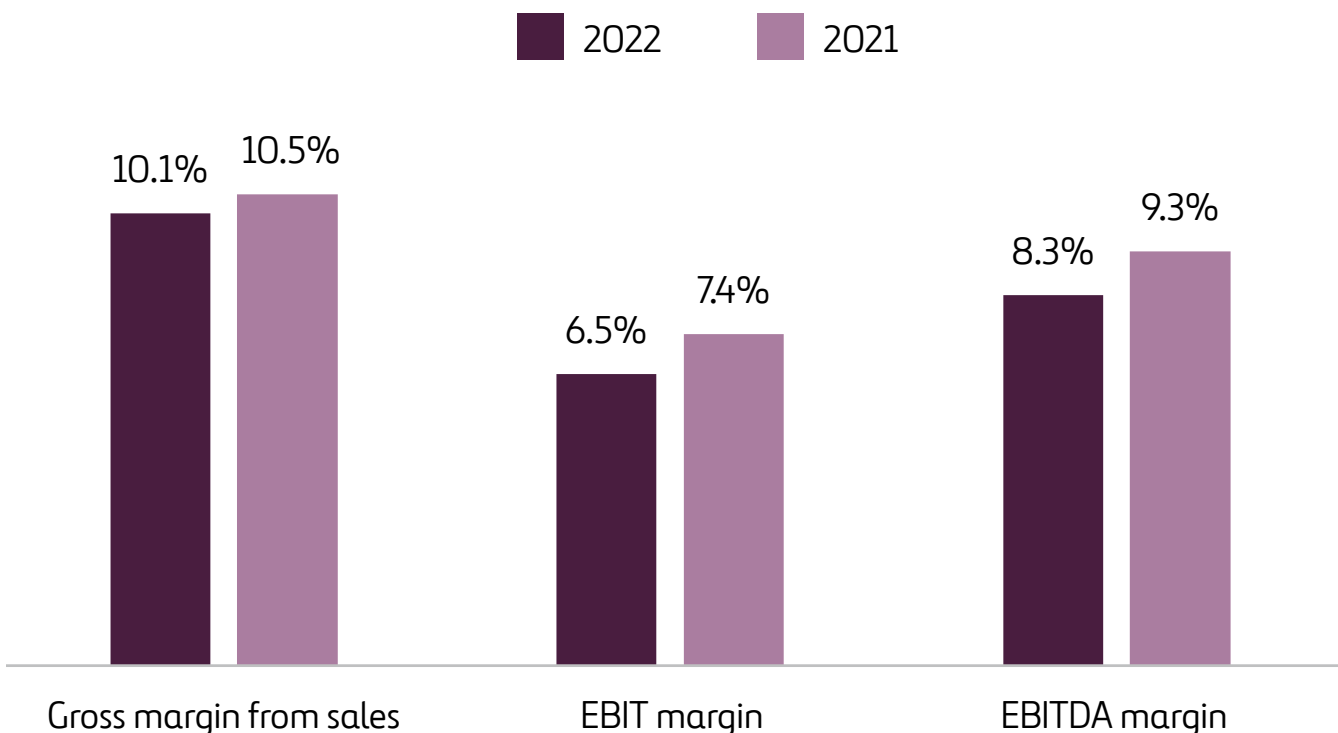
Income tax

The charge to the group's result due to income tax for 2022 amounted to PLN 100,805 thousand, including: PLN 145,506 thousand was for the current part, and PLN -44,701 thousand was for the deferred part. In 2022, the effective tax rate was 15.5% compared to 16.0% in the previous year.

As of 31 December 2022, the group recognised the deferred income tax assets in the amount of PLN 685,036 thousand and deferred income tax provisions in the amount of PLN 1,149 thousand, while on 31 December 2021, the group recognised assets on this account in the amount of PLN 642,373 thousand and a provision of PLN 830 thousand.

Components of the statement of the financial standing due to deferred income tax in the Budimex Group result mostly from the specificity of construction contract settlements in which the moments of classifying costs as incurred and classifying revenues as fulfilled are different in the tax and accounting context.

Basic measures of profitability in %



4.2.3. Cash flows

Budimex Group's restricted cash primarily includes:

- being the security for bank guarantees
- accumulated on the split payment accounts,
- funds in escrow and current accounts in part due to partners performing construction contracts together with a company in the group

On 31 December 2021, the Budimex Group had cash in bank accounts and in hand in the total amount of PLN 2,715,795 thousand, which for the purposes of preparing the statement of cash flows, were decreased by restricted funds in the amount of PLN 30,910 thousand. Throughout 2022, the group recorded positive net cash flows of PLN 537,159 thousand and, as of 31 December 2022, had cash in the amount of PLN 3,249,369 thousand, including restricted cash in the amount of PLN 27,959 thousand.

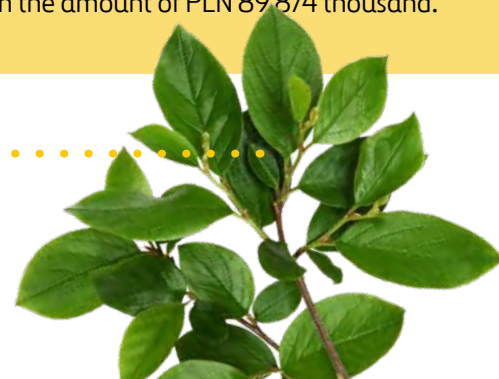
In 2022, the Budimex Group collected a record amount of PLN 3.2 billion in cash. It will be used for investments in the following areas: RES, electromobility, Public-Private Partnerships and M&A.

Cash flows of the Budimex Capital Group in 2022 (PLN thousand)



The increase in the value of cash resulted from:

- Positive cash flows from operating activities in the amount of PLN 1,427,766 thousand. In addition to the earned profit and depreciation, its level was influenced by the increase in working capital (lower financial involvement of the group's companies and increased involvement of investors in implemented projects).
- Negative cash flows from investment activities in the amount of PLN 169,691 thousand, which was primarily determined by the purchase of intangible assets and tangible fixed assets (for the total amount of PLN 125,190 thousand) and the acquisition of subsidiaries (for PLN 50,596 thousand, including deferred payments).
- Negative cash flows from financing activities in the amount of PLN 720,916 thousand, mainly due to dividend payments in the amount of PLN 613,328 thousand and lease payments in the amount of PLN 89,874 thousand.



4.2.4. Financial resources management in the Budimex Group

As of 31 December 2022, the balance of cash and liquid deposits of the Budimex Group amounted to PLN 3,249,369 thousand and was PLN 533,574 thousand higher than the balance recorded as of 31 December 2021. The most important factors affecting the increase in the financial resources of the Budimex Group in 2022 include the following events:

The strong cash position of the group allows it to participate in the largest tender procedures. In addition, in the current conditions, it generates additional interest income.

- continued high profitability of construction activities,
- favourable changes in the components of net working capital in the construction segment, including an increase in the balance of advance contract payments,
- a significant increase in financial income from interest on cash due to increased interest rates,
- an increase in the cash balance in the companies of the FB Serwis Group, mainly due to the continued high profitability in the waste collection and management segment,
- payment of a dividend by Budimex SA in the amount of PLN 599,191 thousand in June 2022.

In accordance with the adopted policy, the group's cash surpluses were placed as bank deposits at banks with high credit ratings. In addition, Budimex SA used cash surpluses to finance its suppliers of services and materials, which had a positive effect on their financial liquidity.



At the same time, the Budimex Group had external debt due to bank credits, loans and leasing, which, as of 31 December 2022, amounted to PLN 225,141 thousand (including PLN 131,482 thousand being the value of lease liabilities recognised in accordance with IFRS 16). The amount of the group's external debt due to bank credits, loans and leasing, excluding liabilities recognised in accordance with IFRS 16, amounted to PLN 93,659 thousand and thus was lower by PLN 36,890 thousand compared to the state as of 31 December 2021. The amount of the group's debt consisted mainly of:

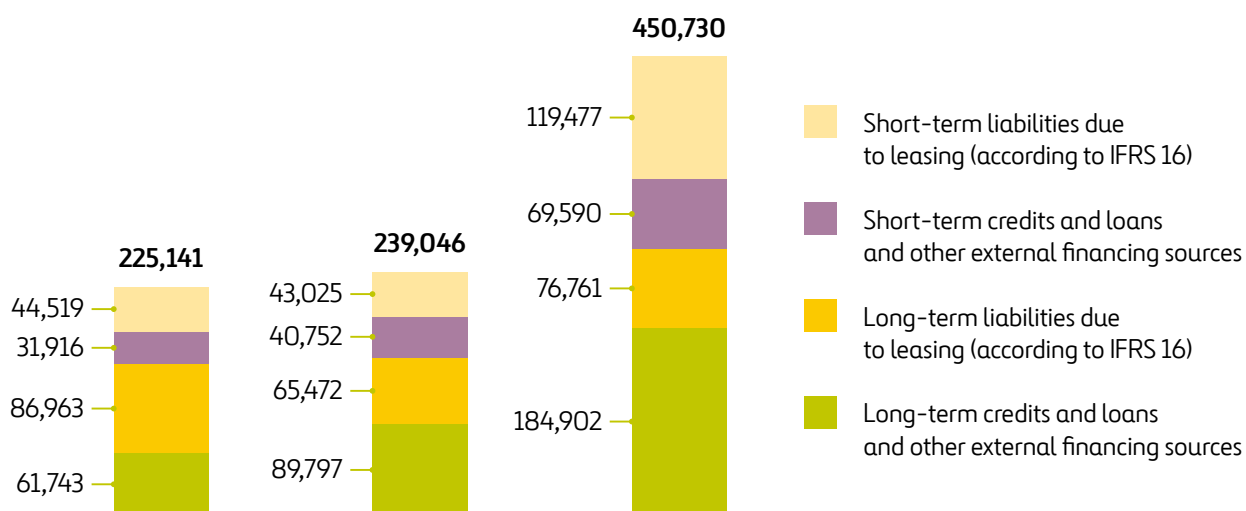
- debt of Budimex SA, Budimex Kolejnictwo SA, Mostostal Kraków SA and companies of the FB Serwis Group under finance lease agreements (concluded to finance the purchase of tangible fixed assets),
- debt of Budimex Parking Wrocław Sp. z o. o. on account of credit to finance a concession project and a subordinated loan granted by a minority shareholder,
- debt of FB Serwis Kamieński Sp. z o. o. on account of a loan granted by the National Fund for Environmental Protection and Water Management to finance a project related to waste management.

During 2022, Budimex SA did not use credit lines to which it had access.

Persistently high interest rates in Poland in 2022 did not have a significant negative impact on the financial results of the Budimex Group through increasing interest costs due to:

- reduction of the external debt of the Budimex Group in recent years to a relatively low level of PLN 93,659 thousand,
- a fixed interest rate in the aforementioned loan from the National Fund for Environmental Protection and Water Management,
- concluded transactions hedging the interest rate risk in Budimex Parking Wrocław Sp. z o. o.

Liabilities due to bank credits and loans and other external financing sources PLN thousand



At the end of 2022, the group's financing structure ratios approached the levels observed in previous reporting periods preceding the transaction of selling shares in Budimex Nieruchomości Sp. z o. o. This means that at the end of 2022, the assets to equity ratios were lower than a year ago, and the debt ratios were higher.

Capital structure durability ratios

Total debt ratio:	31/12/2022	31/12/2021	31/12/2020
(total assets – equity attributable to the shareholders of the parent company) / total assets in %	83.0%	80.8%	84.6%
Fixed assets to equity ratio: (equity attributable to the shareholders of the parent company / fixed assets) in %	62.9%	78.9%	74.8%
Debt to equity ratio:	31/12/2022	31/12/2021	31/12/2020
(total assets – equity attributable to the shareholders of the parent company) / equity attributable to the shareholders of the parent company	4.87	4.20	5.49

Liquidity ratios (current and quick) at the end of 2022 decreased compared to previous years. The decrease in the value of liquidity ratios was mainly due to: an increase in the balance of the group's short-term liabilities (negative impact on both liquidity ratios) and an increase in inventories, mainly related to construction activities (negative impact on the quick liquidity ratio).

Debt ratios

Current liquidity ratio:	31/12/2022	31/12/2021	31/12/2020
(Current assets/Short-term liabilities)	1.10	1.16	1.15
Quick liquidity ratio:			
(Current assets – Inventory) / Short-term liabilities	0.95	1.06	0.76

5. Importance of information in the report and risk management



5.1. Methods of determining the importance

[GRI 3-1]

Non-financial issues relevant to the Budimex Group's activities were identified in the process of formulating the CSR Strategy 2021–2023 and other ESG-related strategic plans. The areas of activity in which the Budimex Group has strategic objectives form the basis for determining materiality, including in the other sustainability processes within the Budimex Group.

Works on the Strategy were preceded by a stage of preliminary identification of potentially important issues, which included the consideration of the range of the Budimex Group's impact on the environment and the scope of potentially important issues resulting from good practices and regulations, including the OECD Guidelines for Multinational Enterprises and initial information about the EU Corporate Sustainability Reporting Directive (CSRD). The identification process took into account the scope of human rights issues.

5.2. Important stakeholders

[GRI 2-29] [GRI 3-2] [GRI 3-3]

The Budimex Group cares about building long-term relationships with important stakeholders, based on the values followed by the Group in every activity. The CSR Committee set up by the Group ensures that communication with key stakeholders is conducted transparently and on the basis of open dialogue. Budimex encourages stakeholders to share their insights, and uses the resulting conclusions in development processes that make the company more dynamic and sustainable. The form of communication is selected appropriately for the specific nature and needs of the stakeholder group and communication possibilities which can be limited due to e.g. restrictions related to the COVID-19 pandemic. In its communication, the Budimex Group attaches great importance to transparently informing stakeholders about its activities in the area of sustainable development.

The identified significant stakeholders of the Budimex Group are:



Dialogue with stakeholders at Budimex is the responsibility of the Communications and Public Relations Office, the CSR Committee and the Strategic Analysis Office. The frequency and form of contact are adapted to the needs and relations with the respective group.

5.3. Relevant issues

[GRI 3-2] [GRI 3-3]

Table 3.

Environmental issues	Essence of the impact	Ways of managing the issue
Level of greenhouse gas emissions	<p>The Budimex Group’s impact in this area is related to the stage of execution of a given contract at Budimex SA and the ongoing operating activities in the other companies of the Group. The level of emissions also depends on the amount of fuels burned and the volume of electricity and heat purchased.</p> <p>Greenhouse gas emissions are directly related to the issue of climate change. For more information on the risks stemming from these changes, see Climate Risks Analysis.</p>	<p>In Budimex SA, the area is managed as a result of the implementation of the CSR Strategy 2021–2023 objective. The reduction of emissions is influenced, for example, by the purchase of energy from renewable sources, investments in renewable energy sources and the introduction of emission-free mobility solutions.</p> <p>The level of emissions in the other companies of the Budimex Group is managed by optimising the consumption of fuels and energy for current works, and investments in electromobility.</p> <p>Detailed information on the management of the area can be found in the subsections Fuels and energy and Reduction of greenhouse gas emissions.</p>
Level of water consumption	<p>Water is abstracted for domestic purposes of the Company’s employees and service suppliers and is consumed as raw material in production and technological processes.</p> <p>The demand and actual consumption of water resources depend to a large extent on the nature and stage of the implementation of contracts on which construction works are carried out in the balance sheet period.</p>	<p>Reduction is achieved through rational water consumption and as a result of rainwater recovery. Monitoring of water consumption on contracts is successively being extended.</p> <p>Detailed information on water is published in the subsection water resources protection.</p>



Issues in the social field	Essence of the impact	Ways of managing the issue
Counteracting discrimination	The Budimex Group applies the policy of zero tolerance for all forms of discrimination. The impact is generated mainly by the prevention of adverse events.	The issue is managed through the implementation of the objective within the CSR Strategy for 2021–2023. The Budimex Group has policies regulating the framework of conduct in the area of ethics and human rights. Employees are informed about the Group’s ethics management system and paths for reporting concerns and violations.
Development and education	The impact in this area includes mainly unique development programmes offered by the Budimex Group addressed to current employees, to people considering work in the Budimex Group, as well as students of construction faculties.	The issue is managed by offering a wide range of educational programmes. Within the implementation of the objective of the CSR Strategy for 2021–2023.
Equality and diversity of employees	The impact in this area consists in the creation of a working environment that builds a culture of diversity and equality.	This area is managed through the implementation of diversity policies and activities aimed e.g. at correcting wage inequalities.
OHS	The OHS area is particularly important for the Budimex Group. The impact in this area is directly related to the management of security within contracts.	The issue is managed through the implementation of the objective within the CSR Strategy for 2021–2023. The Budimex Group has detailed policies defining the framework of conduct in the area of occupational health and safety. Health and safety indicators are monitored and analysed. Based on the conclusions from statistics and accidents, preventive and corrective actions are implemented.
Issues in the management field	Essence of the impact	Ways of managing the issue
Quality of the construction services provided	The impact is generated by control of the quality of the services provided.	The issue is monitored with the use of a dedicated quality indicator within the CSR Strategy for 2021–2023. The issue management includes quality control processes.
Innovations	The potential impact within this issue includes a wide range of ESG aspects that could be covered by activities within innovation projects.	This issue has been included in the CSR Strategy for 2021–2023. Activities in the area covered by the issue focus on innovative pilot projects conducted with the use of the Budimex Group’s own resources and with the participation of partners and start-ups.

5.4. Significant risks

[GRI 3-2] [GRI 3-3]

The main document regulating the area of risk identification in the Budimex Group is the Risk Control and Management Policy in the Budimex Group. It is supported by a number of instructions and procedures governing specific aspects related to the risk identification process. The risk identification system in the Budimex Group consists of the annual, semi-annual, quarterly and monthly reviews. The Budimex Group identifies risks in order to take them into account in building its development strategy. They constitute an important factor in its definition, therefore, in accordance with the currently adopted direction of the Group's development, the aim is to diversify the order portfolio as widely as possible to be able to ensure constant growth of the Budimex Group's profitability.

The following significant risks were identified in the review of risks for 2022:

Table 4. Material risks in the Budimex Group

L.P.	Risk	Risk description
1.	Downturn in the construction market in Poland	Possible postponement or reduction of funding for infrastructure and railway investments. High inflation. Increase in construction production costs. Increase in fuel and energy prices.
2.	Climate changes	Risks associated with the global climate change.
3.	Regulatory changes in the area of ESG and compliance	The organisation's need to adapt to EU directives in its areas of activity.
4.	Cyber threats	The risk stems from the global escalation and increasingly sophisticated forms of cyber attacks.
5.	Occurrence of a serious/fatal accident	Specificity of the business.
6.	loss of goodwill	Carrying out projects that have a significant impact on the environment and hinder the daily lives of local communities.







Background under the arrows: risk level taking into account the control mechanisms in place:

very serious


serious

moderate




Risk mitigation methods	Risk trends
Expansion to new foreign markets. Diversification of activities in Poland, entry into new areas of activities, including the renewable energy market.	
The analysis of climate risks has resulted in ongoing actions by Budimex directed at minimising its negative impact on the climate, including: <ul style="list-style-type: none"> • investing in our own renewable energy sources • electrification of the car fleet • the search for alternative raw materials, including recycled ones • transparent communication about Budimex's climate impact • implementation of the UN Sustainable Development Goals-Agenda 2030 selected and adapted to the Company's activities 	
Structures have been established and responsibilities have been defined in the implementation of ESG activities. Budimex monitors changes regarding ESG reporting on an ongoing basis.	
Implementation of actions based on ongoing risk assessment. Building employee awareness. Implementation of a security operations centre (SOC). Implementing security based on Microsoft cloud solutions.	
The Budimex Group has implemented an Action Plan concerning the prevention of accidents. It determines the framework for actions aimed at appropriate dissemination of knowledge of OHS issues and implementation of best practices in this area. There is ongoing monitoring of compliance with health and safety procedures on contracts. Digitisation of control. Implementing the Risk Radar tool to identify contracts potentially at risk of accidents.	
Building a communication strategy, identifying stakeholders and key communication channels. Proactive response to reputation and image threats emerging online. The Company's diligent compliance with its obligations to keep the market updated on significant events concerning the company which are relevant from an investor point of view. Developing various forms of stakeholder dialogue	

Year-on-year risk trend:

 risk increases

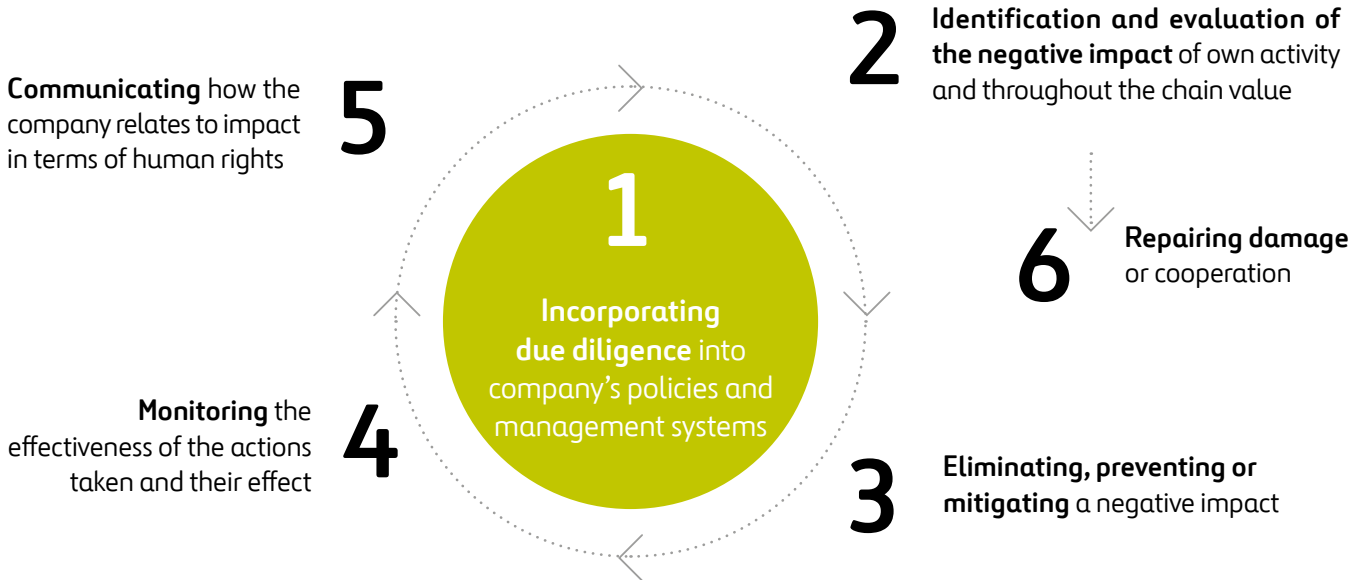
 stable risk

 risk decreases

6. Due diligence and human rights

[GRI 2-15] [GRI 2-23] [GRI 2-24] [GRI 2-25] [GRI 2-26] [GRI 2-27] [GRI 206-1] [GRI 406-1]

This section describes the due diligence procedures within the Budimex Group. This section of the report is a summary of the existing policies and procedures in this area, as well as the Group’s impact on human rights and other relevant topics highlighted in the OECD Guidelines for Multinational Enterprises.



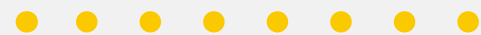
By including the above information, we aim to make it accessible to its recipients, especially stakeholders looking for ways to raise concerns or doubts within the Budimex Group.

The information published in this chapter corresponds with the assessment of the Budimex Group’s compliance with the Minimum Safeguards.

Some of the documents mentioned in this chapter, including but not limited to procedures and instructions, are internal in nature.

More information on the Budimex Group’s activities can be found in other sections of the report, as well as in the dialogue processes conducted with local communities.

In 2022, two environmental administrative fines – each of PLN 10,000 (PLN 20,000 in total) – were imposed on us by a final decision.



6.1. Policy and management commitments



In all areas of activity, the Budimex Group is committed to:



Respect and observe human rights.

Avoid significant negative impacts on human rights.

Conduct appropriate due diligence processes in relation to the entities with which it interacts.

The Budimex Group undertakes to respect the rights and provisions defined in the following internationally recognised documents:

-  Universal Declaration of Human Rights
-  International Charter of Human Rights

-  UN Guiding Principles on Business and Human Rights
-  OECD Guidelines for Multinational Enterprises

The Budimex Group creates a working environment where ethical conduct is respected and promoted and where employee diversity is an asset. Any discriminatory behaviour or in any other way violating established ethical principles is not accepted at Budimex.

The Budimex Group responds appropriately to changes on the labour market, taking them into account as factors in the risk research and adjusting its system regulating the framework of ethical conduct.

The Principles for the Protection of Human Rights is an internal document of the Ferrovial Group. The objective of the document applicable to the entire Ferrovial Group is to raise the awareness of human rights in the company and to increase its possibilities in the scope of resolving problems related to this issue.

The principles commit to non-discriminatory actions that promote equal opportunities, to recognising the value of diversity, and to respecting the prohibition of child and

forced labour and freedom of association and the right to collective bargaining.

The obligations specified in this document apply to all employees, customers, suppliers and contractors who are in relationships with the Group.

The principles described in the document stem from the provisions of the Universal Declaration of Human Rights and the ILO (International Labour Organization) conventions – **‘Declaration of Fundamental Principles and Rights at Work’**.

The ‘Code of Ethics’ and the ‘Compliance Policy’ constitute documents that ensure the protection of human rights at the operational level in everyday work.

The ‘Code of Ethics’ document is a reference point for the ethical behaviour of Budimex Group employees.

It defines the Group’s values: **Ethics, Cooperation, Responsibility, Ambition.**



The Code also indicates the conditions for acting in accordance with the organisation's values and the areas where ethics should be followed in a special way. This section describes the rules and guidelines of conduct in the specified types of relationships and in the areas of the Budimex Group's impact. The Code is an internal document to which employees of the Budimex Group have access.



Management and relationships with employees



Contact with investors, customers and suppliers



Natural environment



Taking care of the company's assets



Stock Exchange

Ethics in the supply chain

The Budimex Group takes care of due diligence in its supply chain, establishing cooperation only with entities that act ethically. In the process of selecting suppliers of materials and services, one of the qualification criteria is the observance of human rights by the company with which Budimex intends to sign an agreement. The process consists of an initial assessment and a post-completion assessment

of the supplies/services. In both cases, the issue of respect for human rights is examined. These issues are regulated by **the Instruction for the purchasing procedure**. Subcontractors sign a Set of Rules of Conduct for Budimex SA contractors including a commitment to respect human rights.

6.2. Commitment to respect the human rights of employees: International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work

- The Budimex Group applies due diligence to ensure respect for human rights in the organisation and in the case of entities with which it remains in relationships.
- The Budimex Group is committed to respecting the principles relating to fundamental rights at work contained in the eight ILO Core Conventions set out in the 'Declaration on Fundamental Principles and Rights at Work'.



- The Budimex Group has a publicly available policy containing a commitment to respect the provisions of the ILO Declaration on Fundamental Principles and Rights at Work in its business relationships.
- The document ‘Rules of conduct for contractors of Budimex SA’ is available at: <https://www.budimex.pl/en/suppliers/code-of-conduct-for-counterparties.html>
- The remaining procedures are in the nature of internal regulations that develop and shape the rules in the company’s internal relations, therefore they are not publicly available.
- The document regulating the scope of due diligence in the prevention of forced labour and detailed descriptions of respect for the areas regulated by the ILO Declaration are the Principles of Human Rights Protection addressed to employees, customers, suppliers and contractors with whom the Budimex Group works.

The policy including the prohibition of forced labour and child labour is implemented through the following actions:

- prohibition of all types of discrimination in employment and occupation,
- support and promotion of human rights,
- security guarantees and respect for human rights,
- freedom of association and collective contract.

- The Group ensures full, undisturbed freedom of the operation of trade unions: Multi-Employer Trade Union Organisation of NSZZ ‘Solidarność’ and ‘Budowlani’ Trade Union. The Group has the Company Collective Bargaining Agreement.
- The Budimex Group plans to extend the procedures of due diligence in the supply chain within the implementation of strategic objectives related to sustainable development.

6.3. Commitment to conduct corrective actions

The Budimex Group undertakes to act on its own or to cooperate on corrective actions for the benefit of entities, e.g. employees and communities, where the Group has or contributes to a negative impact in the area of human rights.

The process of dealing with corrective actions is carried out in accordance with the practices adopted by the Budimex Group as described in the documents in the area of Ethics.

6.4. Embedding respect for human rights in the company’s culture and management systems

Budimex Group:

- clearly defines the responsibility of the company bodies for human rights within the company, and organises the day-to-day responsibility in this regard in the relevant internal functions,
- uses resources and expertise to manage human rights on an ongoing basis in its operations and business relationships,
- identifies human rights risks and impacts on an ongoing basis, including when triggered by key events in the company’s operations (e.g. policy change, market entry, new projects). This includes stakeholder engagement, including in particular groups exposed to negative impacts as part of the process of identifying risks and impacts.



6.5. Responsibilities and resources involved in the daily management of human rights topics

The Budimex Group assigns responsibility at the level of the company's bodies and individuals from specific operating units for the implementation and decision-making in the area of human rights.

The provisions of the Code of Ethics are guarded by the Ethics Committee. The Committee's role is to monitor the compliance of applicable standards of professional ethics with the provisions of the Code of Ethics. The Commission investigates breaches of the Code of Ethics and provides guidance on compliance with the principles contained therein, while maintaining standards of confidentiality.

The Ethics Committee consists of persons nominated by the President of the Budimex Management Board:

- Director of the Human Resources Management Division,
- Chief Legal Officer,
- Director of the Office of Internal Control.

The Compliance function has been separated at Budimex SA, FBSerwis SA, and Mostostal Kraków SA. These companies have adopted a Compliance Policy on the basis of Management Board resolutions and create their own internal regulations in this respect.

In any necessary case related to the management of relevant human rights issues, provision is made for consultation between Budimex and the subsidiaries, e.g. in terms of exchanging experiences and sharing knowledge, e.g. in terms of adapting internal regulations to the whistleblower directive.



6.6. Identification and assessment of risks and impacts related to human rights

- The Budimex Group has a process in place to identify risks and impacts covering the topic of human rights in relation to its own operations and significant business relationships, including in key elements of the supply chain. The Group has an appropriate procedure in place in this regard to allow for their regular monitoring.
- Risk management is carried out on the basis of the internal procedure 'PO-01-06 – Risk Management Procedure'. It includes stakeholder consultations involving internal experts representing the various business areas.
- Dialogue with the relevant stakeholder at risk of negative impacts is undertaken reactively and on an individual basis – through the contract communication process, which is described in the Policy for Cooperation with Local Communities.
- In addition, there is regular communication with trade unions.
- Entities identify risks and compile a risk register – in accordance with Appendix 8-01.
- Human rights risks are identified in terms of formal and legal solutions, personal data protection, information protection, protection of employee

rights and occupational health and safety, in the area of purchasing, as well as in operational activities on executed contracts.

- The procedure for regular identification of risks and impacts on human rights is automatically triggered when new business relationships are established.

- Budimex has a due diligence process in place for entities defined as consortium partners.
- Business partners complete a syndicate partner questionnaire – constituting Appendix ‘IO-01-05-11-Z01’ to Operational Instruction No. IO-01-05-11 ‘Business partner due diligence’.

In the contract templates used, Budimex reserves the right to verify the contractor’s application of the ‘Rules of conduct for contractors of Budimex SA’.

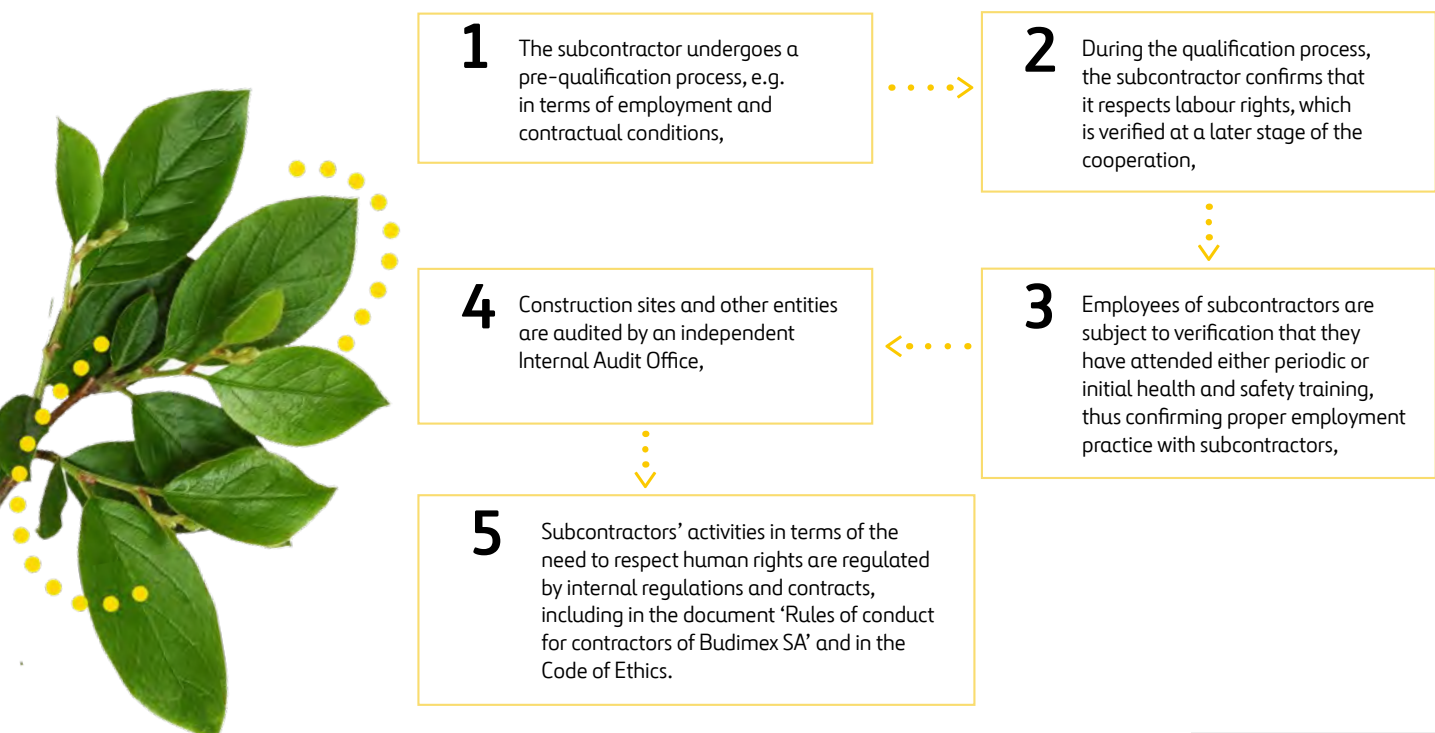


6.7. Actions and implementations in connection with the assessment of human rights risks and impacts

Responsibilities for specific risk areas are assigned at the level of experts, managers and directors. It is their responsibility to identify risks from the risk register and to assess and prioritise them – taking into account the involvement of stakeholders, including groups exposed to negative impacts.

The procedure integrates the results of the assessment of human rights risks and impacts with the procedure for prevention or remediation actions in case of identified significant negative impacts on human rights.

The Budimex Group has in place, covering its supply chain, a system to prevent and mitigate impacts and implement remediation actions for significant human rights impacts:



The Budimex Group conducts its activities and establishes business relations with respect to the principles of fair competition.

Verification of compliance with the law and the absence of human rights violations is also carried out in cooperation with external stakeholders, e.g. border guards.

No negative impacts on human rights or other violations in this area have been identified, detected or reported under the existing risk and impact assessment system.



6.8. Monitoring and communication of human rights impacts

Budimex Group monitors and evaluates the effectiveness of its response to human rights threats and impacts and uses this information to continuously improve its processes and systems. This includes involving stakeholders and vulnerable groups in assessing the effectiveness of any actions taken – based on Instruction ‘IO-01-05-09 Working with local communities on contracts’.

With regard to customers and local communities, the Budimex Group does not allow any form of discrimination and undertakes to provide information about its activities in a fast and transparent manner.

An internal quarterly report on notifications is produced based on data from the whistleblowing system. Risk reviews, including risks and impacts on human rights, are also reported as part of non-financial reporting.

6.9. Complaint mechanisms and remedies

[GRI 2-26]

The system for reporting violations is described in the following internal documents:

Compliance Policy




Instruction – Principles for dealing with suspected breaches of the Compliance Policy and for countering breaches

IO-01-05-09 Cooperation with Local Communities on contracts

Complaint mechanisms for employees

Budimex has an extensive whistleblowing system through which all employees can raise complaints or concerns, including on human rights issues.

As part of Budimex's employee training, a special session is scheduled to address compliance issues and discuss channels for reporting perceived violations and irregularities. The following Compliance communication channels are provided at Budimex:

-  compliance emergency telephone number (+48 789 404 104),
-  e-mail addresses: compliance@budimex.pl and etyka@budimex.pl,
-  an electronic platform for anonymous reporting, the possibility of a personal meeting with the Compliance Officer.

Other reports, e.g. in the form of letters sent directly to the President of the Management Board or Members of the Management Board of Budimex SA, are forwarded directly to the persons responsible for handling them.

The reporting person can remain anonymous and is assured that they are not at risk of any business consequences as a result of their report.

The platform for the anonymous receipt of whistleblower reports provides secure two-way communication about the report. Once made, the whistleblower receives an acknowledgement and a report number. After an internal investigation, the whistleblower is informed about its outcome.

Whistleblowing is not used to undermine the role of legitimate trade unions and other equivalent employee organisations in resolving labour disputes. Nor do they prevent or impede access to courts or other non-judicial mechanisms for handling complaints and reporting violations.

The Compliance Area Legal Director liaises with the Compliance Committee and/or the Office of Internal Control and reviews each report in detail with confidentiality.

Each case of violation is recorded in writing and includes recommendations or guidelines for further action by the organisational unit concerned.

FBSerwis strives to maintain the highest standards of operations, which is why it has created the possibility to report any irregularities concerning its operations via a confidential and secure channel for receiving reports or in writing to: FBSerwis SA, ul. Siedmiogrodzka 9, 01-204 Warsaw with the annotation COMPLIANCE.



At **Mostostal Kraków SA**, all breaches of ethical behaviour or incidents of mobbing or discrimination should be reported to a dedicated e-mail box: complianceMK@mostostal.com.pl. This box is operated by the Compliance Policy Coordinator at Mostostal Kraków SA, who handles the registration and processing of applications together with the Compliance Committee, which includes Members of the Management Board of the Company.

Over the course of 2022, no cases of discrimination were reported through internal channels.

During the reporting period, there were no instances of material fair competition violations.

In addition, the compliance training started in the year prior to the reporting period continued. Training issues are described in the chapter **Employee Issues in the Budimex Group**.

Complaint mechanisms for third parties

Stakeholders of the Budimex Group may contact the Budimex Group to consult on any ethics and good relations issues through existing communication channels with the Group.

The Budimex Group takes due care of any information obtained in this way, which is passed on to the persons responsible for Compliance in each case.

Negative influence management

The Budimex Group cooperates in the area of corrective actions. The scope of negative impact prevention activities takes into account changes in systems, processes (e.g. human rights due diligence processes) and internal procedures. These actions are intended to ensure that similar negative influence does not occur in the future.

Each whistleblowing report is analysed and, if confirmed, appropriate action is taken against the offenders. **Appropriate recommendations are also made** in the area where it occurred.

Procedures of conduct containing commitments to carry out corrective actions taking into account the Minimum Safeguards are described in the following Budimex Group documents and policies:

- Counteracting mobbing and discrimination,
- Compliance Policy,

Principles for dealing with suspected breaches of the Compliance Policy and for countering breaches.



6.10. Anti-corruption

[GRI 205-1] [GRI 205-3]

In implementing the OECD Guidelines for Multinational Enterprises, the Budimex Group adopted an **Anti-Corruption Policy** containing:

- a commitment to countering the phenomenon of corruption,
- regulation of internal control in the area of anti-corruption – including the establishment of a system for reporting violations,
- a commitment to anti-corruption training aimed at preventing and detecting potential corruption incidents, rules for dealing with violations and removing their consequences.

The Anti-Corruption Policy equips the employees of the Budimex Group with clearly defined rules of conduct aimed at avoiding corruption incidents. The centrepiece of the activities conducted by the Budimex Group in this area is the adopted principle of zero tolerance for corruption.

In connection with the risk analyses conducted in the Budimex Group, the following areas potentially exposed to the occurrence of corruptive phenomena have been identified:

- obtaining and concluding subcontracts,
- relations with Investors,
- relations with construction authorities.

The identification of corruption risks is performed as part of the ongoing risk identification process described in the subsection on identifying risks as part of due diligence processes. In the year for which this non-financial report is submitted (started 1 January 2022, ended 31 December 2022), no incidents of corruption were reported via Compliance's internal communication channels.

Significant events between the end of the reporting period and the date of publication of this Report

1. In accordance with the information published in Current Report No. 6/2023 on 2 February 2023. The Management Board of Budimex SA informed that – according to the information obtained from FBSerwis SA – the President of the Management Board of FBSerwis SA has been charged in the proceedings conducted by the Regional Prosecutor's Office in Katowice. At the current stage of these proceedings, according to the information obtained, the above-mentioned person remains in custody, the process is underway and there is no decision on possible temporary arrest. The above-mentioned Member of the Management Board of FBSerwis SA performs at the same time the function of a Member of the Management Board of Budimex SA. Information provided to Budimex indicates that the case in connection with which the proceedings are pending is not related to and does not concern the operating activity of Budimex SA.
2. In accordance with the information published in Current Report No. 8/2023 on 3 February 2023. The Management Board of Budimex SA, with reference to Report No. 6/2023 of 02 February 2023, informed that – according to the information obtained from FBSerwis SA – a decision on the application of a preventive measure in the form of temporary arrest for a period of 2 months was issued with regard to the President of the Management Board of FBSerwis SA.
3. In accordance with the information published in Current Report No. 9/2023 on 6 February 2023. The Management Board of Budimex SA, with reference to Report No. 06/2023 of 02 February 2023 and No. 08/2023 of 03 February 2023, informed that the Management Board of FBSerwis SA decided to suspend the President of the Management Board of FBSerwis SA for a period of 2 months. The same decision was taken by the Supervisory Board of Budimex SA.
4. In accordance with the information published in Current Report No. 15/2023 on 20 March 2023. The Management Board of Budimex SA informed that, according to the information obtained, the preventive measure mentioned in Current Report No. 8/2023 dated February 3, 2023 against the President of the Management Board of FBSerwis SA has been repealed.

The topic of corruption is discussed during 'Welcome to the Group' training sessions organised for newly hired employees. During the training, issues related to corruption and internal regulations aimed at counteracting it and implementing the 'zero tolerance' principle adopted in the Company are discussed.

In November 2022, a training course was organised for Management Board Members entitled '**Selected Elements of Security Management at Budimex SA**', which covered such issues as:

- employee abuse in the investment process
- unfair competition in the construction industry
- corruption
- giving and accepting gifts as well as sponsoring issues
- good anti-corruption practices, especially during the procurement process
- risk of liability of a collective entity

This training kicked off a series of classes that are to continue in 2023 for individual employee groups.

6.11. Management of conflicts of interests

One of the important areas in the Budimex Group is the management of conflicts of interests, which takes place through the application of appropriate policies. **Conflict of interest management is also an important issue in Area S (Social) of the Budimex Group CSR Strategy 2021–2023.**

Issues related to the management of conflicts of interests are regulated in the Code of Ethics of the Budimex Group. Moreover, there are also Operational Instructions regulating:

- Rules for participation in sponsored events and other activities that may involve a conflict of interest.
- giving and receiving gifts,
- Rules for informing about the employment of persons related to the employee.

Conflict of interest issues are discussed as part of compliance training conducted at Budimex SA. In order to effectively manage the risk related to conflicts of interests, the Group plans further works on policies and guidelines for employees whose objective is to minimise the risk of occurrence of negative effects of conflicts of interests.





7. Compliance with the European Union Taxonomy

7.1. What is the EU Taxonomy?

The EU Taxonomy is a classification system that establishes criteria that an economic activity must meet in order to be considered environmentally sustainable. The task of the Taxonomy is to guide investments by companies within the European Union towards more sustainable investments in order to support the Union's climate and broader environmental policy objectives in the 2030 horizon and beyond. The taxonomy provides companies, investors and policymakers with appropriate definitions of environmentally sustainable activities. In this way, it helps to protect companies and investors, for example, from greenwashing.

In accordance with the Taxonomy¹⁾ (systematics) Regulation, the Group discloses in its annual report:

- Percentage share of turnover derived from products or services related to environmentally sustainable activities
- Percentage share of capital expenditure (CapEx) corresponding to assets or processes related to environmentally sustainable activities
- Percentage share of operating expenses (OpEx) corresponding to assets or processes related to environmentally sustainable activities

In determining whether an activity is environmentally sustainable, it is necessary to examine whether it meets all four prerequisites:

- The activity makes a significant contribution to one or more environmental objectives
- The activity does not cause serious harm to any environmental objective
- The activity is conducted in accordance with Minimum Safeguards
- The technical eligibility criteria are met

The environmental objectives mentioned are:



Climate change mitigation



Adaptation to climate change



Sustainable use and protection of water and marine resources



Transition to a circular economy



Pollution prevention and control



Protection and restoration of biodiversity and ecosystems

The detailed requirements for the calculation and disclosure of the above indicators are set out in the Commission Delegated Regulation (EU) 2021/2178, the so-called Article 8 Delegated Act.

7.2. Process for testing compliance with the Taxonomy

A four-step process was followed to investigate compliance with the taxonomy:

1. Identification

The stage consisted of reviewing all activities carried out by the Budimex Group and the group's subsidiaries and determining whether, and if so, which activities qualify for the taxonomy. The revenue generated by the companies, capital expenditure and operating expenses were reviewed. Their descriptions in the appendices of Commission Delegated Regulation (EU) 2021/2139 were used to identify the various activities, which were compared to the activities actually carried out. If the description of the activities was not sufficiently clear, the NACE taxonomy was used.

¹⁾ Regulation (EU) 2020/852 of the Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investments.



2. Allocation

The stage consisted of allocating the values of turnover, capital expenditure and operating expenses to the individual activities identified in the first stage. Details of the allocation methods used are described in the *Accounting Policies* chapter.

3. Verification

The stage consisted of two types of research:

- For all identified activities, an examination of the material contribution and non-major damage criteria using the Technical Eligibility Criteria as set out in the appendices of Commission Delegated Regulation (EU) 2021/2139 was carried out. Details of the assessment are presented in the Verification of compliance with the Technical Eligibility Criteria section.
- An assessment of whether the Minimum Safeguards are met has been carried out. Details of the assessment are set out in the Minimum Safeguards section.

4. Calculation

This stage consisted of using the resulting information from stages two and three to produce tables containing the required information and compiling this supporting information, as required in Appendices I and II of Commission Delegated Regulation (EU) 2021/2178²⁾.

The process was carried out with the participation of the Purchasing, Quality and Environmental Protection Office, the Controlling Office, the Contract Managers and, where appropriate, with the participation of representatives of Group companies.

Verification of compliance with the Technical Eligibility Criteria

Verification of compliance with the Technical Eligibility Criteria was carried out for selected activities eligible for the systematisation and consisted in analysing the individual criteria of significant contribution and no significant damage and verifying the extent to which the activity complies with the Technical Eligibility Criteria set out in Annexes I and II to

²⁾ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by clarifying the content and presentation of the information on environmentally sustainable business activities to be disclosed by companies subject to Article 19a or 29a of Directive 2013/34/EU and specifying the method to comply with this disclosure obligation.



Commission Delegated Regulation (EU) 2021/2139³⁾, as extended by Commission Delegated Regulation (EU) 2022/1214⁴⁾. The Group carried out the taxonomy study on the basis of a representative group of projects, i.e. for activities for which turnover represented a significant value to the Group's total turnover, the Technical Eligibility Criteria were audited, and for activities for which turnover did not exceed a significant value, the Technical Eligibility Criteria were not audited and the activity was considered eligible for the taxonomy but not in compliance with it. In addition, for activities for which an examination of compliance with the Technical Eligibility Criteria was carried out and it was found that the criterion of no significant contribution was not met, no examination of the criteria of no serious damage was carried out.

The main types of activities carried out in the Group are those included in the systematisation as 6.14 Infrastructure for rail transport and 7.1 Construction of new buildings

The Technical Eligibility Criteria compliance survey was carried out in the period from October 2022 to December 2022 by the Budimex SA Purchasing and Quality and Environmental Office with the cooperation of people on individual contracts. The survey used tools in the form of compliance checklists obtained from the Ferrovial Group which is the majority investor in the Budimex Group. The analysis was carried out on a representative group of contracts within each activity. In this way, for each activity, the percentage of turnover, CapEx and OpEx compliant with the Technical Eligibility Criteria was established, which are reported in the tables in this section of the non-financial report.

³⁾ *Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical eligibility criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation and whether that economic activity does not cause serious harm to any other environmental objective.*

⁴⁾ *Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards the public disclosure of specific information in relation to those economic activities.*

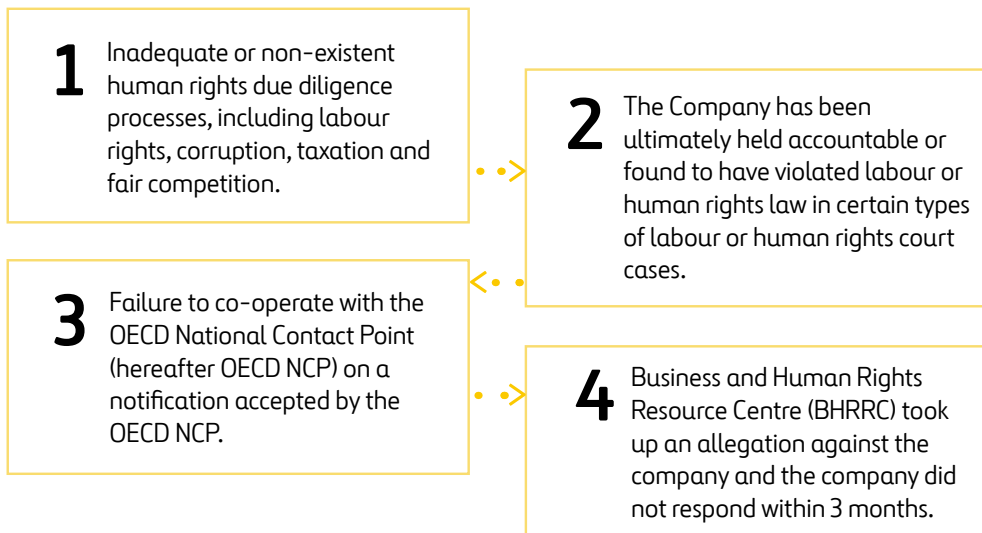
Verification of compliance with the Minimum Safeguards

Pursuant to Article 18 of Regulation 2020/852:

*‘The Minimum Safeguards referred to in Article 3(c) are the procedures to be followed by the business enterprise to ensure compliance with **the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights**, including the principles and rights set out in the **eight fundamental conventions identified in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the principles and rights set out in the International Bill of Human Rights**’.*

The examination of compliance with the Minimum Guarantees was carried out in accordance with the recommendations in *the Final Report on Minimum Safeguards* by Platform On Sustainable Finance.

According to the recommendations, non-compliance with the Minimum Safeguards is one of four considerations:



In the verification process at Budimex Group, non-compliance with the above premises was examined as follows:

- Premise 1:** The completeness of the due diligence processes was verified on the basis of an internal verification of the existence and operation of the elements of the due diligence process resulting from the framework of these processes contained in the documents mentioned in the definition of the Minimum Safeguards. The design of the due diligence processes in the definition proposed in Article 3(c) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 is mainly influenced by the provisions of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Compliance was verified using a compliance assessment tool using the assessment methodology proposed by the Platform on Sustainable Finance: World Benchmark Alliance Core UNGP indicators. As a result of the analysis, it was determined that the organisation has a complete due diligence process in place and in operation that fulfils the guideline.
- Premise 2:** Premise 2 was verified in the process of completing the responses to premise 1 by verifying that there were no final convictions against the individuals listed in the premise during the period under review. As a result of the verification, it was found that there was no information qualifying the Group for premise 2.
- Premise 3:** A verification of the OECD NCP notification database was carried out, which showed that no notifications occurred in relation to the Group during the period under review. [<http://mneguidelines.oecd.org/database/>].
- Premise 4:** A verification of the Business and Human Rights Resource Centre (BHRRC) reporting database was carried out and showed that there were no reports against the **Company/Group** during the period under review. [<https://www.business-humanrights.org/en/companies>].

As a result of the verification process, it was determined that the Group’s operations are conducted in accordance with the Minimum Safeguards.

7.3. Accounting policies

The following rules were applied to calculate the percentage of turnover, capital expenditures (CapEx) and operating expenses (OpEx) eligible for the Taxonomy:

Turnover

With regard to turnover, the basis was the Group's total consolidated revenues in 2022, as disclosed in the consolidated financial statements in the consolidated profit and loss account under 'Revenue from contracts with

customers'. Net revenue from sale of products, goods and materials as described in note 30. Revenues from activities eligible for and compliant with the Taxonomy were assigned to the counter.

Capital expenditures (CapEx)

With regard to capital expenditure (CapEx), the basis was the capital expenditure incurred in all Group companies, which was reported in the consolidated statement of cash flows within investing activities under 'Acquisition of intangible assets and property, plant and equipment'. The part of CapEx that relates to activities eligible for and compliant with the taxonomy was allocated to the counter. For capital expenditures on construction vehicles, equipment and machinery, the proportional allocation method was applied. The Group uses vehicles, equipment

and construction machinery for performing various contracts related to activities both eligible and not eligible for the Taxonomy; in addition, the same machinery may be used at different times of the year for different contracts. The total capital expenditures on construction vehicles, equipment and machinery were therefore allocated to the various activities in the proportion corresponding to the proportion of revenue from the contracts concerned. The above does not apply to capital expenditures in FBSerwis, where the CapEx was assigned directly.

Operating expenses (OpEx)

With regard to operating expenses (OpEx), the basis was all costs used to operate the Group's assets on an ongoing basis and to keep them in proper working order. The part of OpEx that relates to activities eligible for and compliant with the taxonomy was allocated to the counter.

For operating expenses on construction equipment and machinery, the proportional allocation method was applied in the same way as for CapEx, as described above. For operating expenses related to vehicles and machinery used in the FBSerwis segment, the CapEx was assigned directly.



For operating expenses, which are defined in the Commission Delegated Regulation (EU) 2021/2178 in a way that does not refer to International Financial Reporting Standards, all accounts in the Group's accounting system were reviewed and then the identified items meeting the definition of OpEx related to the maintenance of vehicles, equipment and construction machinery were allocated on a pro-rata basis and items related to vehicles and machinery used for waste management were allocated directly to the relevant activity. Operating expenses is an expense item in the profit and loss account, as opposed to capital expenditure, which is an increase in the balance of tangible and intangible assets, and therefore the values included in the CapEx and OpEx calculations are separate.

Additional Information

The data used for the calculations came from the financial and accounting system of the Budimex SA Group and from the financial and accounting systems of the individual subsidiaries comprising the Group.

The Group avoided double counting when allocating turnover and capital expenditure by making appropriate consolidation exclusions in accordance with the applicable accounting regulations. In the case of operating expenses, which are defined in the Commission Delegated Regulation (EU) 2021/2178 in a manner that does not refer to international financial reporting standards, all accounts in the Group's accounting system were reviewed and the identified items meeting the definition of OpEx were then assigned to the qualifying activity in each case.

No activities contributing to more than one environmental objective were identified during the analysis. Therefore, there was no need for special procedures to avoid double counting.

The Group discloses in this report for the first time the share of activities that comply with the taxonomy and for the second time the share of activities that qualify for the taxonomy. The disclosure in this report relates to the most recent financial year, i.e. the period 1 January 2022 – 31 December 2022.

The analysis has shown that there is no need for a detailed disaggregation of the key performance indicators between the Group's individual operating entities in accordance with point 1.2.2.3. of Appendix I of Commission Delegated Regulation (EU) 2021/2178. For more information, please refer to the comments on the individual key performance indicators.

The Group does not carry out, finance or have exposure to the activities referred to in sections 4.26 – 4.31 of Appendix I and II of the Commission Delegated Regulation (EU) 2021/2139 (activities related to the generation of energy through nuclear processes and energy production from gaseous fossil fuels).



7.4. Turnover

Table 5. Percentage of turnover in line with the taxonomy.

Business activity	Code or codes	Turnover (absolute value)	Share of turnover	Criteria for significant contribution				
				Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Contamination
				million	%	%	%	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY								
A.1. Environmentally sustainable activities (according to the taxonomy)								
Construction, expansion and operation of wastewater disposal and treatment systems	5.3.	221.2	2.57%	0.00%	100.00%	0.00%	0.00%	0.00%
Collection and transport of non-hazardous waste in source-separated fractions	5.5.	542.1	6.29%	0.00%	100.00%	0.00%	0.00%	0.00%
Infrastructure for rail transport	6.14.	1,815.2	21.06%	0.00%	100.00%	0.00%	0.00%	0.00%
Infrastructure for water transport	6.16.	318.8	3.70%	0.00%	100.00%	0.00%	0.00%	0.00%
Construction of new buildings	7.1.	126.9	1.47%	0.00%	100.00%	0.00%	0.00%	0.00%
Turnover from environmentally sustainable activities (according to the taxonomy) (A.1)		3,024.1	35.09%	0.00%	35.09%	0.00%	0.00%	0.00%
A.2. Activities that qualify for the taxonomy but are environmentally unsustainable (activities not in line with the taxonomy)								
Electricity production from wind energy	4.3.	15.1	0.17%					
Infrastructure for water transport	6.16.	57.6	0.67%					
Construction of new buildings	7.1.	1,542.0	17.89%					
Turnover from activities eligible for the taxonomy but environmentally unsustainable (not in line with the taxonomy) (A.2)		1,614.7	18.73%					
Total (A.1.+A.2.)		4,638.8	53.82%					
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY								
Turnover from activities that are not eligible for the Taxonomy (B)		3,980.2	46.18%					
Total (A + B)		8,619.1						

The Group generates revenue from several business segments, most of which are included in the Taxonomy in the scope of Appendices I and II of the Delegated Climate Act (Commission Delegated Regulation (EU) 2021/2139).

The main revenue items of the 2022 systematically compliant activities were:

- Revenue from the execution of transport-related infrastructure construction contracts amounting to PLN 2,134.0 million, relating to the construction of infrastructure for rail transport (PLN 1,815.2 million) and infrastructure supporting low-emission water transport (PLN 318.8 million).
- Revenues from contracts for the construction of new buildings in the amount of PLN 126.9 million.
- Revenues related to the construction of water collection, treatment and purification systems amounting to PLN 221.2 million.
- Revenues of the Group's segment responsible for waste management in the amount of PLN 542.1 million.
- In addition, the Group received revenue from wind power generation (PLN 15.1 million) in 2022.

Biodiversity and ecosystems	Criteria for the 'does not cause serious injury' principle						Minimum Safeguards	Percentage share of turnover compliant with the taxonomy, 2022	Percentage share of turnover compliant with the taxonomy, 2021	Category (supporting activities)	Category (activities in support of the transition)
	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems					
%	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	%	E	T
0.00%	T		T	T	T	T	T	2.57%	N/A		
0.00%	T		T	T	T	T	T	6.29%	N/A		
0.00%	T		T	T	T	T	T	21.06%	N/A	E	
0.00%	T		T	T	T	T	T	3.70%	N/A	E	
0.00%	T		T	T	T	T	T	1.47%	N/A		T
0.00%								35.09%	N/A		
							T				
							T				
							T				
								18.73%	N/A		
								53.82%	N/A		

Some of the revenues received relating to the above-mentioned activities did not meet the Technical Eligibility Criteria and were therefore eligible for, but not in line with the taxonomy. In particular, this concerned revenue from the construction of new buildings (PLN 1,542.0 million).

The remaining PLN 3,980.2 million of revenue came from activities that are not eligible for the taxonomy.

The share of turnover eligible for the taxonomy in the total turnover was 53.82% in 2022, of which the share of turnover in line with the taxonomy was 35.09% and the share of turnover eligible but not in line with the taxonomy was 18.73%.



7.5. Capital expenditures (CapEx)

Table 6. Percentage of capital expenditure (CapEx) in line with the taxonomy.

Business activity	Code or codes	Capital expenditure in absolute terms	Percentage share of capital expenditure	Criteria for significant contribution				
				Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Contamination
				million	%	%	%	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY								
A.1. Environmentally sustainable activities (according to the taxonomy)								
Electricity production from wind energy	4.3.	32.3	25.82%	0.00%	100.00%	0.00%	0.00%	0.00%
Construction, expansion and operation of wastewater disposal and treatment systems	5.3.	0.7	0.55%	0.00%	100.00%	0.00%	0.00%	0.00%
Collection and transport of non-hazardous waste in source-separated fractions	5.5.	30.8	24.63%	0.00%	100.00%	0.00%	0.00%	0.00%
Infrastructure for rail transport	6.14.	32.4	25.84%	0.00%	100.00%	0.00%	0.00%	0.00%
Infrastructure for water transport	6.16.	1.0	0.80%	0.00%	100.00%	0.00%	0.00%	0.00%
Construction of new buildings	7.1.	0.4	0.32%	0.00%	100.00%	0.00%	0.00%	0.00%
Capital expenditure on environmentally sustainable activities (in line with the taxonomy) (A.1)		97.6	77.96%	0.00%	77.96%	0.00%	0.00%	0.00%
A.2. Activities that qualify for the taxonomy but are environmentally unsustainable (activities not in line with the taxonomy)								
Infrastructure for water transport	6.16.	0.2	0.16%					
Construction of new buildings	7.1.	7.9	6.30%					
Investment expenditure on activities eligible for the taxonomy but environmentally unsustainable (not in line with the taxonomy) (A.2)		8.1	6.46%					
Total (A.1.+A.2.)		105.7	84.42%					
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY								
Capital expenditure for activities not eligible for the taxonomy (B)		19.5	15.58%					
Total (A + B)		125.2						

Capital expenditure (CapEx) is related to the implementation of the investment plans adopted by the Management Board.

Capital expenditure in line with the taxonomy in 2022 was primarily incurred on:

→ Construction of a system for the production of energy from wind power (PLN 32.3 million).

→ Investments related to waste management (PLN 30.8 million).

→ Other capital expenditures related to activities from which revenues from construction activities were generated in accordance with the taxonomy (PLN 34.5 million).

Criteria for the 'does not cause serious injury' principle							Minimum Safeguards	Percentage share of capital expenditure in line with the taxonomy, 2022	Percentage share of capital expenditure in line with the taxonomy, 2021	Category (supporting activities)	Category (activities in support of the transition)
Biodiversity and ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems					
%	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	%	E	T
0.00%	T		T	T	T	T	T	25.82%	N/A		
0.00%	T		T	T	T	T	T	0.55%	N/A		
0.00%	T		T	T	T	T	T	24.63%	N/A		
0.00%	T		T	T	T	T	T	25.84%	N/A	E	
0.00%	T		T	T	T	T	T	0.80%	N/A	E	
0.00%	T		T	T	T	T	T	0.32%	N/A		T
0.00%								77.96%	N/A		
							T				
							T				
								6.46%	N/A		
								84.42%	N/A		

Part of the capital expenditure (PLN 8.1 million) was incurred in connection with construction activities eligible for, but not in line with the taxonomy.

In addition, the Group incurred capital expenditure of PLN 19.5 million in 2022 related to activities not in line with the taxonomy.

In 2022, the share of investment expenditure eligible for the taxonomy amounted to 84.42%, including the 77.96% share of capital expenditures in line with the taxonomy, and the 6.46% share of investment expenditure eligible for, but not in line with the taxonomy.

7.6. Operating expenses (OpEx)

Table 7. Percentage of operational expenditure (OpEx) in line with the taxonomy.

Business activity	Code or codes	Operating expenses in absolute terms	Percentage share of operating expenses	Criteria for significant contribution				
				Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Contamination
				million	%	%	%	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY								
A.1. Environmentally sustainable activities (according to the taxonomy)								
Construction, expansion and operation of wastewater disposal and treatment systems	5.3.	1.00	1.05%	0.00%	100.00%	0.00%	0.00%	0.00%
Collection and transport of non-hazardous waste in source-separated fractions	5.5.	37.10	38.85%	0.00%	100.00%	0.00%	0.00%	0.00%
Infrastructure for rail transport	6.14.	11.70	12.25%	0.00%	100.00%	0.00%	0.00%	0.00%
Infrastructure for water transport	6.16.	1.40	1.47%	0.00%	100.00%	0.00%	0.00%	0.00%
Construction of new buildings	7.1.	0.50	0.52%	0.00%	100.00%	0.00%	0.00%	0.00%
Operating expenses on environmentally sustainable activities (in line with the taxonomy) (A.1)		51.70	54.14%	0.00%	54.14%	0.00%	0.00%	0.00%
A.2. Activities that qualify for the taxonomy but are environmentally unsustainable (activities not in line with the taxonomy)								
Electricity production from wind energy	4.3.	0.1	0.10%					
Infrastructure for water transport	6.16.	0.2	0.21%					
Construction of new buildings	7.1.	6.8	7.12%					
Operating expenses for activities eligible for the taxonomy but environmentally unsustainable (not in line with the taxonomy) (A.2)		7.1	7.43%					
Total (A.1.+A.2.)		58.8	61.57%					
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY								
Operating expenses for activities not eligible for the taxonomy (B)		36.7	38.43%					
Total (A + B)		95.5						

Operating expenses in line with the taxonomy in 2022 amounted to PLN 51.7 million and were incurred in order to maintain the machines, equipment, vehicles and other assets necessary to operate the business in line with the taxonomy. The largest item related to the maintenance of assets necessary for waste management (PLN 37.1 million).

In addition, the Group incurred operating expenses of PLN 36.7 million in 2022 related to activities not eligible for the taxonomy.

In 2022, the share of operating expenses eligible for the taxonomy amounted to 61.57%, including the 54.14% share of operating expenses in line with the taxonomy, and the 7.43% share of operating expenses eligible for, but not in line with the taxonomy.

Criteria for the 'does not cause serious injury' principle											
Biodiversity and ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Minimum Safeguards	Percentage share of operating expenses in line with the taxonomy, 2022	Percentage share of operating expenses in line with the taxonomy, 2021	Category (supporting activities)	Category (activities in support of the transition)
%	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	%	E	T
0.00%	T		T	T	T	T	T	1.05%	N/A		
0.00%	T		T	T	T	T	T	38.85%	N/A		
0.00%	T		T	T	T	T	T	12.25%	N/A	E	
0.00%	T		T	T	T	T	T	1.47%	N/A	E	
0.00%	T		T	T	T	T	T	0.52%	N/A		T
0.00%								54.14%	N/A		
							T				
							T				
								7.43%	N/A		
								61.57%	N/A		



8. Climate changes and the environment

8.1. Management of the environmental area

8.1.1. Policies and responsibilities

budimex

The main document at Budimex SA governing the management of climate and environmental impacts is the 'Integrated Management System Policy'. The document contains commitments and principles supporting the reduction of environmental interference including the efficient use of natural resources and the promotion of environmental responsibility.

The Company is aware of the potential impact of its activities on the environment and the climate at the following levels:



local – through interference with the functioning of ecosystems as a result of its construction works,



global – through its contribution – positive or negative – to climate change.

In order to improve its environmental performance, Budimex has implemented an environmental management system based on the requirements of the PN-EN – ISO 14001:2015 standard. The Company has undergone certification by an external, independent and accredited certification unit. As part of the management system, objectives and environmental indicators have been developed through which the Company's environmental activity process is monitored. Responsibility for the management of the environmental area results from the internal procedures adopted by the Company.





mostostal

kraków

As far as environmental impact management is concerned, Mostostal Kraków SA has an 'Integrated Management System Policy' containing obligations and principles concerning Mostostal's impact on the environment.

Mostostal Kraków SA has implemented an environmental management system based on the requirements of the PN-EN – ISO 14001:2015 standard. The Company has undergone certification by an external, independent and accredited certification unit.

Responsibility for the management of the environmental area results from the internal procedures adopted by the Company.

fbserwis

The FB Serwis Group's environmental management policy is based on the requirements of Commission Implementing Decision (EU) 2018/1147 of 10 August 2018, establishing conclusions on the best available techniques (BAT) for waste treatment, which were implemented at the Company's MBP systems in 2022 and concerns the Company's impact in terms of emissions: dust, gases, odours, wastewater, waste; noise and also in terms of energy consumption and emergency management. In the event of such emissions, appropriate procedures have been developed and implemented, and where this is not possible, procedures to mitigate risks and emissions, to reduce and minimise their impact, and to monitor all these activities. Responsibility for the management of the environmental area results from the internal procedures adopted by the Company.

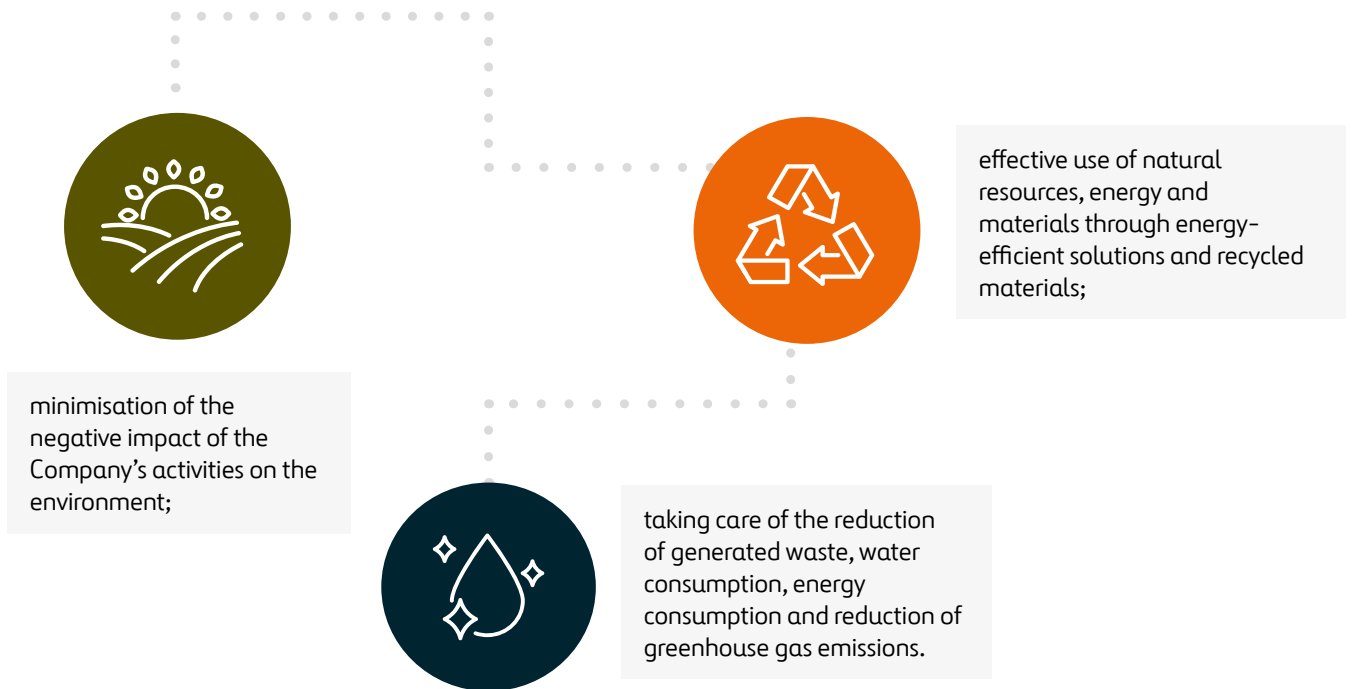
The Company is preparing for the implementation and certification of PN-EN – ISO 14001:2015.

8.1.2. Principles of the Integrated Management System Policy in the environmental area:

An individualised approach to the management of the area of environment and climate change has been introduced in the companies of the Budimex Capital Group, adapted to the characteristics of the business model of these entities.

budimex

In the system in force at Budimex SA, the axis of which is the Principles of the Integrated Management System Policy, the basic assumptions are:










Budimex SA carries out its activities based on adopted environmental procedures, instructions and standards. Environmental management principles and requirements have been defined in relation to operating activities – the execution of construction contracts.

'Budimex Environmental Protection Standards' regulate the principles of proper protection of water, soil, air and biodiversity during construction works and auxiliary processes.


Environmental standards at Budimex SA concern:










- storing hazardous waste in an environmentally safe manner;
- equipping construction sites with an environmental kit to deal efficiently with minor spills and leaks in order to prevent environmental pollution;
- safe handling of liquid fuels during transport, storage and refuelling of equipment and vehicles;
- organisation of works causing emission of dust into the air in order to reduce dust nuisance;
- safe handling of hazardous substances during the transport, storage and use of these substances;
- organisation of work generating noise emissions to reduce noise nuisance;



-  organisation of works causing vibration to reduce vibration nuisance;
-  organisation of works in proximity to still and flowing waters in order to make works in a river bed or in the basin of a lake, pond or sea as well as on the shoreline of watercourses and reservoirs safe for the aquatic environment;
-  organisation of drainage works from temporary drains to protect standing and flowing waters from pollution discharged with groundwater and surface water (e.g. emission of suspended solids);
-  cleaning vehicle wheels of mud and devices contaminated with concrete, cement-lime mixtures or gypsum in a manner that is safe for the aquatic and groundwater environment;
-  ensuring that trees and shrubs are effectively protected from damage or destruction during construction works;
-  ensuring effective protection and minimising losses to amphibian populations during construction work;
-  clearly and comprehensibly marking waste collection sites, environmental protection infrastructure and environmental monitoring sites.

Prior to the commencement of construction work, the environmental aspects to be monitored are identified. On the basis of the identified potential environmental hazards and the environmental impact of the planned construction work, an ‘Environmental Task Plan’ is agreed internally as part of the Safety and Health Plan. The Environmental Tasks Plan defines the type of emissions and indicates the risks and protective and minimising measures for the environmental impact during the construction works, in the following areas:

-  the interaction of the construction site with the surroundings and the method of limiting the nuisance caused by the execution of the construction works, and an analysis of the environment of the construction site and back office in terms of its proximity to an industrial plant with increased or high risk, the occurrence of an industrial accident or a plant with an increased sanitary regime, and an indication of the method of action in such cases;

- 
 the use of land and soil, with an indication of how to organise the construction sites in such a way as to ensure the economical use of the land and the restoration of the site to its original state on completion of the construction work. The procedure to use to handle contaminated soil is indicated;
- 
 the use of water and the disposal of wastewater, taking into account the safest water supply and sewage disposal for the construction site under the given conditions, and how to safeguard the groundwater environment during the construction work;
- 
 the emission of waste with an indication of the methods of reducing these emissions and the means of protecting the environment against the effects of the waste produced and stored;
- 
 emissions of pollutants to air and noise and vibration, with an indication of the safeguards;
- 
 consumption of raw materials and materials, taking into account the cost-effective management and use of recycled materials;
- 
 handling of hazardous substances with an indication of precautions;
- 
 impact on biodiversity with an indication of measures to reduce and minimise such impacts;
- 
 impact on cultural heritage with an indication of measures to limit and minimise these impacts;
- 
 the occurrence of potential emergency situations with an indication of the emergency equipment to be used in such a situation.

Each Budimex SA organisational unit for which factors with environmental and climate impact have been identified is responsible for implementing the operational activities set out in the Safety and Health Plan. The Company regularly assesses the environmental impact of its own activities and takes appropriate countermeasures to minimise threats, if any.

A large part of the Company's environmental impact is generated by suppliers of services and products, therefore it is important for Budimex SA to agree and cooperate with its business partners also in terms of environmental protection. Business partners are pre-qualified, i.e. assessed to verify their activities with environmental regulations. Suppliers, when deciding to cooperate, undertake to act in accordance with the Budimex standard, i.e. the rules applicable in the Company (procedures, instructions, other internal regulations). All suppliers who operate in the area of the Company's investments undergo training on waste management and treatment in the event of an accident in the environment. The supplier's experience and responsibility, e.g. in the area of the environment, are assessed.










mostostal

kraków

The basic aspects of the Integrated Management System Policy in the area of environment at Mostostal Kraków SA are:

-  continuous reduction of the impact of the company's activities on the environment;
-  compliance with the requirements and obligations arising from the applicable legislation and standards;
-  minimising waste and emissions of hazardous substances;
-  regularly raising the environmental awareness of employees and suppliers;
-  protection of natural resources by reducing waste and the consumption of water, electricity and fuels.




The Company's response to the above challenges is the procedures developed and implemented:

-  organisation and management of the environment on the contract;
-  identification and qualification of environmental aspects;
-  emission reporting and monitoring of the environmental effect;
-  instructions for the qualification and management of materials sourced as part of the works;
-  detailed rules for recording fixed assets and low-value items containing controlled substances;
-  environmental monitoring and measurement;
-  environmental accidents and incidents.

A large part of Mostostal Kraków SA's environmental impact is related to the operation of Steel Structures Plant in Kraków and Kleszczów. In this area, work is carried out by both Mostostal Kraków SA's own strength and business partners. Suppliers are trained in the Company's environmental protection procedures, including the principles of dealing with environmental accidents.

fbserwis

The basic aspects of the Environmental Protection Policy are:

-  commitment to environmental protection, including the prevention of accidents, pollution and fulfilment of compliance obligations.
-  continuous improvement of the quality and environmental management system to improve environmental performance both at the management level and in all employee activities;
-  continuous improvement of the environmental performance of the system.



The principles of the environmental management system policy, based on the requirements of Commission Implementing Decision (EU) 2018/1147 of 10 August 2018, establishing conclusions on best available techniques (BAT) for waste treatment, concern:



The Company's response to the above challenges is the procedures developed and implemented:

- | | |
|---|--|
| <p>→ procedure for the control and means of limiting pollutants discharged into the environment in the form of emissions of gases, dust and wastewater;</p> | <p>→ management plan in the event of failure;</p> <p>→ odour management plan;</p> <p>→ noise management plan;</p> <p>→ energy efficiency plan.</p> |
| <p>→ procedure for handling waste;</p> | |

8.1.3. Changes in environmental area management

budimex

In the interests of effective environmental management, the company has decided to implement another European eco-management standard, EMAS. The legal basis for EMAS is laid down in Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009. It is a legally sanctioned European Union scheme that promotes the idea of voluntary environmental action. The primary objective of the programme is to put in place processes that contribute to the continuous reduction of negative environmental impacts, the implementation of clean technologies, a closed-loop economy, as well as informing local communities about possible impacts on ecosystems. The implementation of EMAS shall widen the range of tools, in terms of due diligence, towards the environment in the entire value chain available to Budimex SA.

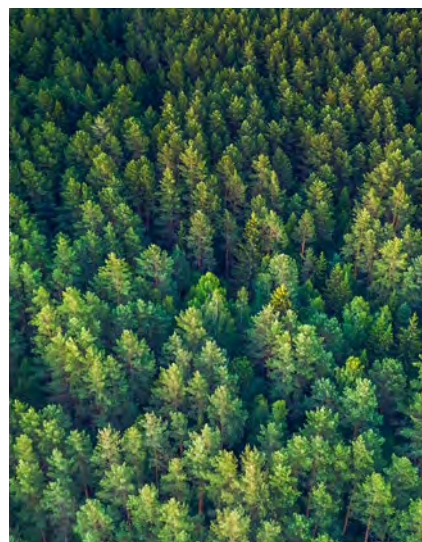
mostostal kraków

There were no changes in environmental management in 2022.

fbserwis

There were no changes in environmental management in 2022.

budimex



8.2. Climate change and the Group's long-term business prospects

Advancing climate change and the need to stop it are among the most important challenges of the modern world. These changes affect every area of life, including the operation of business.

8.2.1. Future perspectives

budimex

Climate change poses new challenges for the construction sector.

Increasing demand for utility and residential infrastructure, rising living standards and related needs are resulting in increased energy consumption, including in the construction sector. The energy intensity of the building sector makes it necessary to manage the impact of buildings and infrastructure on greenhouse gas emissions, but also on biodiversity, water management and space use. Another dimension is the potential impact of sudden weather events and their exacerbation by climate change. All this necessitates the search for new design solutions that are resistant to extreme weather events and that reduce the consumption of natural resources to a minimum (zero-emission buildings).

With the above in mind, Budimex SA updated the assessment of its activities in 2022 in terms of climate change, resulting in the development of a matrix of climate risks, threats and opportunities (Table 8).

mostostal kraków

The company declares to act consistently with the Budimex Group's activities in the area of climate change.

fbserwis

The company declares to act consistently with the Budimex Group's activities in the area of climate change.



8.2.2. Analysis of climate risks in the Budimex Group

In 2021, the Budimex Group conducted an identification and analysis of climate change risks. As part of the process, opportunities and threats arising from these phenomena were assessed.

The study was performed in accordance with the AXIS© methodology by an external advisory company. The objective of the study was to identify short-, medium- and long-term physical and transformational risks related to climate changes and sustainable development issues. Their categorisation was done in accordance with the TCFD (Task Force on Climate-Related Disclosure) guidelines and based on the definitions included in ISO 3100.

The study was carried out in three stages:

1

analysis of significant climatic risks in the comparative group,

2

questionnaire survey of the expert group selected in the company,

3

calculation of results and categorisation of identified risks, threats and opportunities.



The study took into account 30 risks divided into 8 groups. 26 potential opportunities and 37 potential threats were identified. Following the AXIS© methodology, risks were assessed in three dimensions: probability of occurrence, magnitude of impact and time horizon. Probability means that a given threat/opportunity may occur with a specific impact. The impact represents the significance of the effects of a given threat/opportunity if it occurs. The time horizon is predetermined by the validity date of the significance assessment. For the purposes of the study, a point scale with five time horizons (2021–2022, 2023–2025, 2025–2030, 2030–2040, 2040–2050) was adopted.

The ranges within each time horizon of risks and opportunities were defined as follows:



On the basis of the assessment assigned to the opportunities and threats, a qualification into individual groups was made. Threats and opportunities considered as significant are in Group S (Seizure). Opportunities and threats assigned to Group I (Intensification) and Group A (Application) were selected for monitoring – and only in selected cases for management. Opportunities and threats have been classified to Group X (eXclusion) which should be monitored in specific situations.

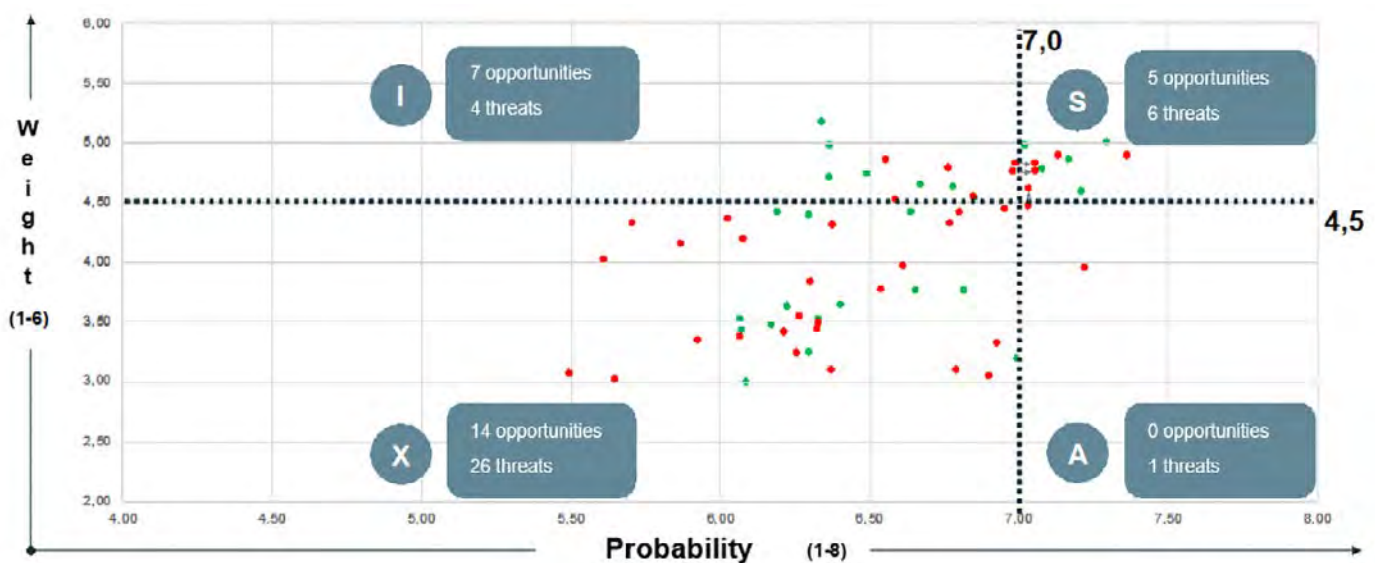
The following groups were classified in the described study:

Group A (Amplification) –
high probability and low weight:
no opportunities
1 threat

Group I (Intensification) –
low probability and high weight:
7 opportunities
4 threats

Group X (eXclusion) –
low probability and low weight:
14 opportunities
26 threats

Group S (Seizure) –
high probability and high weight:
5 opportunities
6 threats



The following table presents the risks classified as significant in the analysis process:

Table 8. ‘Significant risks, threats and opportunities’.

Risk	Threat/Opportunity	Time horizon	Management
Long-term physical risks			
Risk of increasing average temperatures	Threat of the impact of increase in average temperatures on working conditions in contracts	Medium – long	Budimex Group ensures that health and safety conditions are met in contracts, including the appropriate adjustment of planned works to the prevailing weather conditions so as not to endanger its own and its suppliers’ employees.
Risks related to the policy and regulations/provisions of law			
Risk of the introduction of taxes, customs duties or other carbon charges	Threat of the increase in costs caused by the introduction of tax, customs duties or other carbon charges	Medium	Budimex Group is actively increasing the mix of low- and zero-carbon energy and works on green mobility.
Risk of changes in energy efficiency regulations and standards	Threat of the strengthening of provisions concerning energy efficiency of buildings	Short	The risk is managed primarily by planning to increase the share of certified raw materials and products at Budimex Group projects and preparing for design to CSRD standards.
Risk of changes in energy efficiency regulations and standards	Opportunity to reduce emissions and energy used by the increase in the energy efficiency of buildings constructed	Medium	Threat management is implemented primarily by planning to increase the proportion of certified raw materials and products at Budimex Group projects and preparing for design to CSRD standards.
Risk of the extension of obligations concerning the calculation of greenhouse gas emissions	Opportunities for more efficient preparation for the fulfilment of obligations concerning the carbon footprint reporting than competitors	Short – medium	The Budimex Group plans to extend the calculation of GHG emissions by elements of Scope 3.
Risk related to the circular economy	Opportunity to offer services of waste management in a manner compliant with the circular economy principles	Medium – long	Opportunity to apply components and technologies in line with the principles of a circular economy in the future, based on own research and in cooperation with a strategic investor.
Technological risks			
Risk of the emission intensity of energy sources	Threat of the increase in energy prices as a result of high-emission energy mix in Poland or in other countries	Short – medium	The risk is managed by increasing the share of energy obtained from zero-emission sources in the mix of energy purchased by Budimex Group entities and/or by generating RES energy for the own needs of the Group companies

Risk	Threat/Opportunity	Time horizon	Management
Market risks			
Risk of the increase in prices of raw materials, materials and services	Threat of the increase in costs of raw materials, materials and services caused by other climate risks	Medium	The answer to the threat is to increase the share of secondary materials in the construction process
Risk of making access to financing dependent on countering climate crisis	Opportunity for easier access or cheaper financing granted in connection with the fulfilment of the criteria of counteracting climate crisis	Long	Budimex Group plans to operate in compliance with CSRD requirements, which shall form an integral part of the company's strategy
Risk of cooperation with suppliers	Opportunity for the transfer of knowledge and competences with the support of a strategic investor	Short – medium	The Budimex Group actively applies the good practices and strategic approach of the Ferrovial Group. Budimex Group actively interacts with its suppliers, sharing best practices in the ESG area with them



8.3. Fuels and energy

[GRI 302-1] [GRI 302-3] [GRI 302-4] [302-5]

budimex

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

- the production of mineral and asphalt mixtures.
- operation of construction equipment. transport of materials. raw materials.
- use of company cars.
- the supply of electricity and heat to the rest and refreshment facilities of ongoing construction sites.

The energy intensity of construction work, and thus also the carbon footprint, is closely linked to the stage of construction of a particular project and in a given year is dependent on changes in, for example, the volume of asphalt mix production, transport requirements and the commitment of construction equipment. The diversity of the order portfolio as well as the construction process, which lasts an average of two years, make it unreliable to compare energy demand and energy intensity on an annual basis. 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. However, these are taking place because the Capital Group, including Budimex SA, is taking a number of measures aimed at permanently reducing the energy intensity and emissions, e.g. through successive replacement of construction equipment, investments in renewable energy sources, educational measures aimed at employees (training, energy-saving campaign) and rationalisation of energy consumption. These measures translate into lower total energy consumption compared to the previous year (Table No. – fuel and energy consumption [MWh]).

Budimex SA has implemented an energy management system aimed at identifying energy-sensitive areas and improving process efficiency, based on the Deming cycle. The company has implemented an energy efficiency improvement policy: 'Energy Policy'. Activities in this area are constantly monitored. An Energy Management Team has been established and is responsible for supervising the implementation of the Company's energy policy.

mostostal

kraków

The demand for energy and fuels at Mostostal Kraków SA is related to:

- carrying out work in steel structure manufacturing plants;
- transporting manufactured structures to the site for assembly.
- use of company vehicles.
- supplying electricity and heat to the rest and refreshment facilities.

The energy intensity of work in steel structure factories, and thus also the emissions, is linked to the stage of work carried out and depends on the volume of production in a given year and the transport distance to the place where the structure is built. This variability means that comparisons of energy demand and energy intensity on an annual basis may not be meaningful.



Fuel and energy consumption in the FB Serwis Group is generated by:

- fvehicle fleet (cars and specialised vehicles);
- operation of the system and associated infrastructure (waste processing devices, equipment related to operations, rest and refreshment facilities).

FB Serwis Group has energy efficiency plans in place, which include measures such as: switching off individual machines and devices during process downtime, carrying out process line inspections and servicing to eliminate points of excessive energy consumption, using high-quality devices with low electricity consumption, and automatically controlling the parameters of the biological waste treatment process.

The FB Serwis Group's plants maintain energy balances that include information on energy consumption and flow.

Data on fuel and energy consumption at Budimex SA and the entire Budimex Group are presented below.

Table 9. Fuel and energy consumption [MWh].

[GRI 302-1]

Fuels	Unit	Budimex, SA			Budimex Group		
		2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Fuels used in buildings and systems							
Light fuel oil	MWh	5,779.2	7,858.8	36.0	6,759.9	8,002.6	18.4
Heavy fuel oil (LSC)	MWh	0.0	0.0	-	0.0	0.0	-
Coal dust	MWh	71,500.0	62,897.8	-12.0	71,500.0	62,897.8	-12.0
Network natural gas	MWh	827.3	414.7	-49.9	1,774.5	1,460.6	-17.7
LPG	MWh	0.0	0.0	-	5,893.7	0.0	-100.0
Propane-butane	MWh	0.0	0.0	-	0.0	0.0	-
Propane gas	MWh	0.0	0.0	-	1,353.6	876.7	-35.2
Total fuels used in buildings and systems	MWh	78,106.5	71,171.3	-8.9	87,281.7	73,237.7	-16.1
Fuels used in transport performed with own vehicles							
Petrol	MWh	11,819.5	15,219.8	28.8	13,999.5	33,030.2	135.9
Diesel oil	MWh	21,670.6	20,021.4	-7.6	47,676.3	40,425.0	-15.2
LPG	MWh	0.0	0.0	-	2,233.3	149.9	-93.3
LNG	MWh	0.0	0.0	-	0.0	0.0	-
CNG	MWh	0.0	0.0	-	1,144.4	1,393.1	21.7
Total fuels used in transport performed with own vehicles	MWh	33,490.0	35,241.2	5.2	65,053.6	74,998.1	15.3
Fuels used for propulsion of the machine fleet							
Petrol	MWh	1,919.2	1,643.2	-14.4	2,633.4	1,679.6	-36.2
Diesel oil	MWh	63,301.9	50,498.4	-20.2	63,301.9	64,074.7	1.2
LPG	MWh	29.7	40.4	35.9	29.7	72.2	142.9
Propane gas	MWh	0.0	0.0	-	2.9	9.8	242.3
Propane-butane	MWh	111.7	38.3	-65.7	122.3	131.0	7.1
Total fuel used in the machinery fleet	MWh	65,362.6	52,220.31	-20.1	66,090.2	65,967.2	-0.2

Fuels	Unit	Budimex,SA			Budimex Group		
		2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Energy generated							
Electricity generated from RES	MWh	62,1	80,4	29,5	62,1	195,5	215,1
Energy purchased*							
Electrical energy	MWh	14 349,0	19 320,3	34,6	23 814,1	28 075,3	17,9
Heat energy	MWh	10 726,1	8 695,7	-18,9	10 789,3	8 799,3	-18,4
Fuel and energy sources							
Energy from all renewable sources (from fuel and purchased energy)	MWh	5 016,3	17 987,3**	258,6%	7 069,6	18 102,4**	156,1%
Percentage of energy from renewable resources	%	2,5%	9,6%	287,8%	2,8%	7,2%	157,8%
Energy from all non-renewable sources (derived from fuels and purchased energy)	MWh	196 988,3	168 742,0	-14,3%	245 929,6	233 170,7	-5,2%
Percentage of energy from non-renewable sources	%	97,5%	90,0%	-7,7%	97,2%	91,9%	-5,4%
Total energy from all sources	MWh	202 096,3	186 729,3	-7,6%	253 091,0	251 273,1	-0,7%
Total energy consumption (total consumption of fuels, consumption of purchased heat and electricity, and energy generated and consumed from renewable sources within own installations)	MWh	5 016,3	17 987,3	258,6%	7 069,6	18 102,4	156,1%
Energy from all renewable sources (derived from fuels and purchased energy)	MWh	202 096,3	186 729,26	-7,6	253 091,0	251 273,1	-0,7

(*) In 2022. Budimex SA concluded contracts for the supply of electricity with guarantees of origin and/or certificates confirming the origin of energy from renewable energy sources and purchased 15.000 MWh (Respect Energy) in the form of guarantees of origin. Contracts with energy suppliers included the following volumes of green energy:

- PGE up to 3.588 MWh of used energy;
- TAURON Sales to the value of 1.714 MWh of energy consumed.

The Scope 2 data sheet and calculations are based on real energy consumption.

In total. guarantees of origin and certificates represent a maximum of 20.302 MWh of green energy in 2022.

(**) In the renewable energy section of the list of energy sources for 2022 presented data contains only number of energy supplied with a Guarantee of Origin.

The summary presented in Table No. 9 uses conversion factors from the DEFRA 2022 database, summaries published by KOBiZE in Calorific values (WO) and CO2 emission factors (EC) in 2019 for reporting under the Emission Trading Scheme for 2022, and in individual cases from fuel data sheets.



Table 10. Consumption of fuels and energy [GJ]

GRI 302-1]

	Unit	Budimex, SA			Budimex Group		
		2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Fuels used in buildings and systems							
Light fuel oil	GJ	20,805.3	28,291.5	36.0	24,335.7	28,809.3	18.4
Heavy fuel oil (LSC)	GJ	0.0	0.0	-	0.0	0.0	-
Coal dust	GJ	257,399.9	226,432.2	-12.0	257,399.9	226,432.2	-12.0
Network natural gas	GJ	2,978.3	1,492.9	-49.9	6,388.3	5,258.0	-17.7
LPG	GJ	0.0	0.0	-	21,217.1	0.0	-100.0
Propane-butane	GJ	0.0	0.0	-	0.0	0.0	-
Propane gas	GJ	0.0	0.0	-	4,872.8	3,156.0	-35.2
Total fuels used in buildings and systems	GJ	281,183.5	256,216.6	-8.9	314,213.9	263,655.6	-16.1
Fuels used in transport performed with own vehicles							
Petrol	GJ	42,550.1	54,791.2	28.8	50,398.3	118,908.6	135.9
Diesel oil	GJ	78,014.0	72,077.2	-7.6	171,634.8	145,530.0	-15.2
LPG	GJ	0.0	0.0	-	8,039.9	539.6	-93.3
LNG	GJ	0.0	0.0	-	0.0	0.0	-
CNG	GJ	0.0	0.0	-	4,120.0	5,015.0	21.7
Total fuels used in transport performed with own vehicles	GJ	120,564.1	126,868.4	5.2	234,193.0	269,993.2	15.3
Fuels used for propulsion of the machine fleet							
Petrol	GJ	6,909.2	5,915.6	-14.4	9,480.4	6,046.5	-36.2
Diesel oil	GJ	227,886.9	181,794.3	-20.2	227,886.9	230,668.8	1.2
LPG	GJ	107.0	145.5	35.9	107.0	259.9	142.9
Propane gas	GJ	0.0	0.0	-	10.3	35.3	242.3
Propane-butane	GJ	402.2	138.0	-65.7	440.2	471.5	7.1
Total fuels used to power the machinery fleet	GJ	235,305.3	187,993.4	-20.1	237,924.8	237,482.0	-0.2
Energy generated							
Electricity generated from RES	GJ	223,4	289,3	29,5	223,4	703,8	215,1
Energy purchased							
Electrical energy	GJ	51 656,5	69 553,2	34,6	85 730,9	101 071,1	17,9
Heat energy	GJ	38 614,0	31 304,5	-18,9	38 841,5	31 677,4	-18,4
Fuel and energy sources							
Energy from all renewable sources (from fuel and purchased energy)	GJ	18 058,6	64 754,1	258,6%	25 450,5	65 168,7	156,1%
Percentage of energy from renewable resources	%	2,5%	9,6%	287,9%	2,8%	7,2%	157,8%
Energy from all non-renewable sources (derived from fuels and purchased energy)	GJ	709 157,7	607 471,2	-14,3%	885 346,6	839 414,4	-5,2%

	Unit	Budimex,SA			Budimex Group		
		2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Percentage of energy from non-renewable sources	%	97,5%	90,4%	-7,3%	97,2%	92,8%	-4,5%
Total energy from all sources	GJ	727 546,8	672 225,3	-7,6%	911 127,6	904 583,1	-0,7%
Total energy consumption (total consumption of fuels, consumption of purchased heat and electricity, and energy generated and consumed from renewable sources within own installations)	GJ	727 546,8	672 225,3	-7,6	911 127,6	904 583,1	-0,7

The above table converts fuel and energy data from MWh to GJ using a conversion factor of 3.6. The Scope 2 data sheet and calculations are based on real energy consumption.

In 2022. the Budimex Group saw a decrease in fuel consumption in buildings and systems y/y by a value of 16.1%. which was significantly influenced by the energy efficiency policy pursued.

At the same time. along with changes in the structure of fuels. there was a decrease in the amount of total fuel consumption in the machinery fleet of 0.2% y/y.

In vehicle transport. there was a increase in fuel consumption of 15.3% year-on-year.

Fuel consumption in vehicle transport was mainly influenced by the mobility needs of employees as a result of real operational activities. In 2020 and 2021. these needs

were reduced due to the restrictions put in place as a result of the pandemic.

In 2022. there was an increase in the amount of energy generated in the Budimex Group from RES of 215.1% compared to the previous year. The amount of energy from RES shall gradually increase in the following years with investments in new green energy generation projects.

In 2022. there was a significant decrease in the demand for thermal energy. but at the same time there was an increase in the demand for electricity. as its consumption at Group level increased by 17.9%. Budimex Group's total energy consumption decreased by 0.7% compared to the same period in 2021.

Table 11. Energy intensity indicators for fuel and energy consumption [MWh/PLN].

GRI 302-3

Energy,	Budimex,SA			Budimex Group		
	2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Energy from renewable sources per total revenue	0.7	2.5	249.5	0.9	2.4	163.6
Energy from non-renewable sources per revenue total	28.0	22.4	-20.0	31.1	26.8	-13.8
Energy from all sources per total revenue	28.7	24.9	-13.3	32.0	29.2	-8.8

8.4. Reduction of greenhouse gas emissions

[GRI 305-1] [GRI 305-2] [GRI 305-4] [GRI 305-5] [GRI 305-7] [TCFD]

All companies belonging to the Budimex Group manage activities affecting the level of emissions. Activities in this scope at Budimex S.A are focused on key areas listed in the CSR Strategy for 2021–2023. In order to continuously reduce the carbon footprint, measures such as solutions optimising fuel and energy consumption in operational processes and replacement of the fleet with vehicles with reduced or zero emissions are implemented.

8.4.1. Limits of reported emissions

- The calculation for the parent company, Budimex S.A. includes fuel and energy consumption excluding fuel consumption in passenger transport on the German and Slovak markets;
- The calculation for the Group includes all subsidiaries and the parent company according to operational and financial control. The calculation excludes companies that have no significant operational activities over the course of 2022 that contribute to significant fuel and energy consumption. The entities Budimex SA, FB Serwis Capital Group and Mostostal Kraków SA are the largest emitters of greenhouse gases in the Budimex Capital Group. Scope 1 and Scope 2 emissions arising from the activities of the other companies in the Group do not exceed the threshold of a 10% share in the total Scope 1 + Scope 2 (market-based) emissions.

8.4.2. Scope of reported emissions

Budimex Group reports Scope 1 and Scope 2 emissions in terms of the definition of the GHG Protocol methodology. The implementation of a comprehensive Scope 3 calculation as of the end of 2022 is in the planning phase.

- **Direct emissions (Scope 1)** arise from the combustion of fuels in stationary or mobile sources owned or supervised by the company as well as emissions resulting from technological processes or refrigerants released into the atmosphere;
- **Indirect emissions (Scope 2)** arise from the consumption of purchased electricity and heat. Scope 2 emissions are calculated using two methods. The location-based calculation method takes into account the average energy intensity of the network to which the energy consumer is connected. The market-based calculation method aims to show the informed choice of the energy supplier – it presents emissions calculated according to supplier-specific intensity.

8.4.3. Calculation methodology and assumptions made

- Emissions were calculated using tools provided by the GHG Protocol (<https://ghgprotocol.org/calculation-tools>). calculations were based on the six GHGs (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) included in the GHG Protocol. Emission values are given in tonnes (Mg) of the standard carbon dioxide equivalent (CO₂e) unit;
- For the calculation of Scope 2 location-based emissions, average emission intensity factors for electricity and heat generation made available by the National Balancing and Emissions Management Centre were used. 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 kg CO₂e/kWh was assumed for energy from RES confirmed by the Guarantees of Origin;
- For heat energy, heat generation intensity factors were adopted according to data reported for Poland by the Energy Regulatory Office;
- The Global Warming Potential (GWP) creation factors used in the calculations are in accordance with the Fifth Assessment Report of the IPCC (AR5).

8.4.4. Significant changes in reported emissions

Over the course of 2022, there has been a decrease in emissions in both scopes in which the Budimex Group monitors GHG emissions. Scope 1 saw a significant decrease in fuel use in the Group's fleet category of 24% from the previous year. The results achieved in Scope 1 are influenced by the current energy intensity and characteristics of the construction work in progress, as well as changes in the mix of fuels used.

Within Scope 2 (market-based), a significant reduction in GHG emissions was achieved through Budimex SA's purchase of renewable energy with a guarantee of origin. This accounts for a reduction in emissions resulting from the purchase of electricity of close to 100% for Budimex SA and by close to 60% for the Group.

Table 12. Emissions from Scope 1 and Scope 2.

[GRI 305-1] [GRI 305-2] [GRI 305-4] [GRI 305-5]

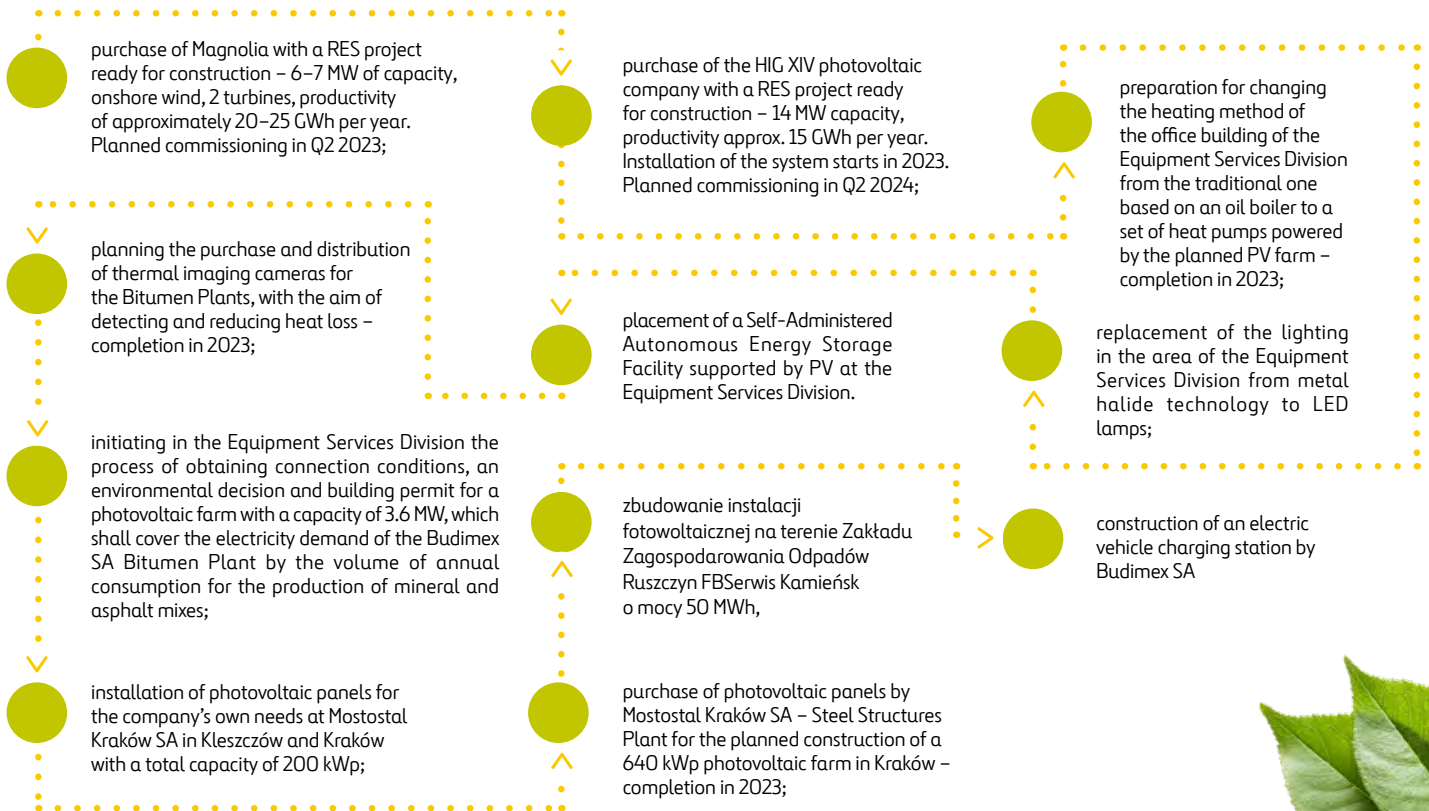
	Unit	Budimex SA			Budimex Group		
		2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Scope 1							
Emissions resulting from fuel consumption in buildings and systems	Mg CO ₂ e	26,216.6	23,606.1	-10.0	28,342.7	24,060.6	-15.1
Emissions resulting from fuel consumption in transport	Mg CO ₂ e	8,361.9	9,267.2	10.8	16,672.8	19,613.4	17.6
Emissions resulting from fuel consumption in the machinery fleet	Mg CO ₂ e	20,882.9	14,047.1	-32.7	23,345.5	17,748.4	-24.0
Total GHG emissions Scope 1	Mg CO ₂ e	55,461.4	46,920.3	-15.4	68,361.0	61,422.4	-10.1
Scope 1 emissions per revenue total	Mg CO ₂ e/ PLN	7.9	6.2	-20.7	8.6	7.1	-17.5
Scope 2 location-based							
Emissions resulting from the purchase of electricity	Mg CO ₂ e	15,041.6	13,678.8	-9.1	21,648.2	19,877.3	-8.2
Emissions resulting from the purchase of thermal energy	Mg CO ₂ e	3,861.4	3,191.3	-17.4	3,883.8	3,229.3	-16.9
Total GHG emissions Scope 2 location-based	Mg CO ₂ e	18,903.0	16,870.1	-10.8	25,532.1	23,106.7	-9.5
Emissions Scope 2 location-based on total revenue	Mg CO ₂ e/ PLN	2.7	2.2	-16.3	3.2	2.7	-16.9
Scope 2 market-based							
Total GHG emissions Scope 2 market-based	Mg CO ₂ e	12 998,3	4 118,2	-68,3	19 913,9	9 958,1	-50
Emissions Scope 2 market-based for total revenue	Mg CO ₂ e/ zł	1,8	0,5	-70,3	2,5	1,2	-54,1
Scope 1+2 location-based							
Total GHG emissions Scope 1+2 location-based	Mg CO ₂ e	74 364,4	63 790,4	-14,2	93 893,0	84 529,0	-10,0
Emissions Scope 1+2 location-based for total revenue	Mg CO ₂ e/ PLN	10,6	8,5	-19,5	11,9	9,8	-17,4
Scope 1+2 market-based							
Total GHG emissions Scope 1+2 market-based	Mg CO ₂ e	68 459,8	51 039,6	-25,4	88 274,9	71 380,5	-19,1
Emissions Scope 1+2 market-based for total revenue	Mg CO ₂ e/ PLN	9,7	6,8	-30,1	11,2	8,3	-25,8

The Scope 2 location-based calculation uses the EFC (Emissions factor at consumption) due to the prudential treatment adopted. Due to the lack of an implemented Scope 3 calculation, the use of the mentioned indicator ensures that GHG emissions resulting from transmission losses are included in the calculation.

The Scope 2 data sheet and calculations are based on real energy consumption.

8.4.5. Examples of actions reducing the Budimex Group’s carbon footprint

The Budimex Group is actively working towards business development in the area of renewable energy sources. These activities focus on investing in photovoltaic farms and wind farms, and also include activities on the site of the investments under construction through the installation of photovoltaic panels that produce energy for the needs of a specific location. In this respect, the most significant developments in 2022 were:



8.4.6. Emissions of dust and other substances



At Budimex SA, emissions of substances other than greenhouse gases occur as a result of bituminous mass production processes. Information on emissions of these substances in 2022 is presented below:

Table 13. Emission of dust and other substances at Budimex SA [kg].

GRI 305-7]

Significant emissions to air	[kg]
NOX	29,434.63
SOX	25,053.49
Persistent Organic Pollutants (POP)	0.2
Volatile organic compounds (VOC)	7,493.20
Hazardous air pollutants (HAP)	not applicable
Particulate matter (PM)	17,925.92
Other standard air emission categories as defined by the relevant legislation	not applicable
Source of emission factors used	based on KOBIZE report
Applied standards, methodologies, assumptions and/or calculation tools	own calculations



In the FB Serwis Group, emissions of substances other than greenhouse gases occur as a result of building heating processes at waste treatment facilities, fuel handling (diesel tanks at waste treatment facilities) and infrastructure maintenance contracts. Information on emissions of these substances in 2022 is presented below:

Table 14. Emission of dust and other substances in the FB Serwis Group [kg].

GRI 305-7]

Significant emissions to air	[kg]
Significant air emissions. in kg or multiples. for each of the following:	
NOX	153.67
SOX	204.49
Persistent Organic Pollutants (POP)	0.00
Volatile organic compounds (VOC)	3202.21
Hazardous air pollutants (HAP)	not applicable
Particulate matter (PM)	585.19
Source of emission factors used	based on KOBIZE report
Applied standards. methodologies. assumptions and/or calculation tools	own calculation

* Data on the level of emissions of substances other than greenhouse gases do not include the level of emissions generated by Mostostal Kraków SA .



8.5. Raw materials and waste

[GRI 301-1] [GRI 306-1] [GRI 306-3] [GRI 306-4] [GRI 306-5]

8.5.1. Raw Materials

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In 2022, a change was made in the reporting approach to the list of raw materials purchased, resulting from the standardisation of a communication standard, focused on the closed loop economy and preparation for future reporting in line with the ESRS (European Sustainability Reporting Standard). The raw materials and construction products most commonly used in the construction process are cement, steel, asphalts, aggregates and concrete. The Company aims to maximise the use of secondary raw materials from waste processing (e.g. rubble, ballast, soil and earth, asphalt waste). These activities are part of the European trend towards a closed loop economy.

Table 15. Raw materials and materials used by Budimex SA.

[GRI 301-1]

	Unit	2021	2022	year-on-year change [%]
Concrete	m ³	841,198.9	593,840.3	-29.4
Cement	Mg	126,350.4	67,191.7	-46.8
Steel	Mg	44,166.0	52,811.0	19.6
Asphalt	Mg	44,262.7	39,046.1	-11.8
Natural aggregate	Mg	1,502,276.24	4,336,095.2	-
Artificial aggregate	Mg		239,823.3	-
Recovered (R12) and recycled (R5) materials		-	1,102,260.14	-

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kraków

The main raw material for the structures manufactured by the Company is steel. Steel consumption is monitored and increases in line with Mostostal Kraków SA's order book. The consumption of this raw material is shown in Table No. 16.

Table 16. Raw materials and materials used by Mostostal Kraków.

[GRI 301-1]

	Unit	2021	2022	year-on-year change [%]
Steel	Mg	10,813.7	13,734.0	27.0

Over the course of 2022, consumption of the Company's key raw material, steel, increased by 27%, relative to 2021, due to a larger order portfolio and the stage of work in progress.

fbserwis

Due to the business model in the FB Serwis Group, which involves the processing of waste in installations, raw materials and construction products specific to the Budimex Group were not used in 2022.

8.5.2. Waste

This section presents waste in a breakdown in line with GRI 306. The data is summarised in Table No. 20.

Table 17. Waste generated year-on-year.

Waste [Mg]	Budimex,SA			Budimex Group		
	2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Non-hazardous waste	2,471,346.64	2,431,166.66	-1.6	2,903,144.41	2,878,331.90	-0.9
Hazardous waste	2,811.80	3,344.14	18.9	2,841.12	3,373.63	18.7
Total waste	2,474,158.44	2,434,510.80	-1.6	2,905,985.53	2,881,705.53	-0.8

In 2022, there is an increase in hazardous waste of 18.7% at a consolidated level. The resulting differences in the amount of waste generated in 2021 and 2022 are due to the type of works carried out in these years and the waste generated by these works (especially railway sleepers).



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Construction waste mainly 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 regulated by the 'Waste Management Plan' contained in the Safety and Health Plan. The breakdown of waste generated by Budimex SA is presented in Table No. 18 Budimex SA waste information breakdown.

If hazardous waste is generated in the course of works, the contractor is obliged to store and manage such waste safely for health and the environment, and to respond to emergency situations. Proper waste management on construction sites is supervised by Site Managers with the support of the Budimex SA Environmental Department.

At each stage of construction, waste specific to the type of work carried out is generated. Brick and concrete rubble is mainly generated at the stage of demolition of facilities at the location where the new development will be built, while asphalt pulveriser and track ballast waste are generated after road and track demolition. The most commonly generated wastes are soil and earth waste and rubble, stones, as well as waste from the repair and dismantling of buildings and road infrastructure. Many of them can be re-used at subsequent stages of works. The soil removed is a valuable raw material that may be applied in finishing works. Shrubs and branches from felling (if unavoidable), on the other hand, can be used as gardening material.

Waste generated on construction sites is increasingly being used commercially (e.g. concrete from demolition, which can be used as aggregate, asphalt pulp removed – asphalt waste used in construction processes, as part of road reconstruction or rehabilitation, including hardening of yards and roadsides or airport infrastructure). During construction and demolition work, metals, wood, glass, rubble, soil and earth and ballast, among others, are segregated.

Table 18. Breakdown of Budimex SA waste information.

[GRI 306-4]

	Unit	Processed by Budimex SA	Processed outside the premises of Budimex SA	Total
Waste to be recovered				
Hazardous waste	Mg	0.00	846.63	846.63
Preparation for re-use	Mg	0.00	0.00	0.00
Recycling	Mg	0.00	13.39	13.39
Other forms of recovery	Mg	0.00	833.24	833.24
Non-hazardous waste	Mg	1,102,260.14	687,124.45	1,789,384.59
Preparation for re-use	Mg	0.00	0.00	0.00
Recycling	Mg	141,682.94	568,718.90	710,401.84
Other forms of recovery	Mg	960,577.20	118,405.55	1,078,982.75
Total waste to be recovered	Mg	1,102,260.14	687,971.08	1,790,231.22
Waste to be disposed of				
Hazardous waste	Mg	0.00	2,497.52	2,497.52
Incineration (with energy recovery)	Mg	0.00	914.50	914.50
Incineration (without energy recovery)	Mg	0.00	6.92	6.92
Storage at waste landfills	Mg	0.00	0.00	0.00
Other methods of waste management	Mg	0.00	1,576.10	1,576.10
Non-hazardous waste	Mg	0.00	641,782.07	641,782.07
Incineration (with energy recovery)	Mg	0.00	0.00	0.00
Incineration (without energy recovery)	Mg	0.00	0.00	0.00
Storage at waste landfills	Mg	0.00	1,194.11	1,194.11
Other methods of waste management	Mg	0.00	640,587.96	640,587.96
Total waste to be disposed of	Mg	0.00	644,279.59	644,279.59
Total hazardous waste	Mg	0.00	3,344.15	3,344.15
Total non-hazardous waste	Mg	1,102,206.14	1,328,906.52	2,431,166.66
Total waste	Mg	1,102,206.14	1,332,250.67	2,434,510.81

Budimex SA attaches great importance to the reprocessing and use of materials and waste. The non-hazardous waste processed by the Company loses its waste status and, as a post-recovery material, including recycling, is returned to the closed-loop process by being re-built during the course of construction works, after its suitability has been tested beforehand. In 2022, 45.3% of the non-hazardous waste generated was returned to the closed-loop process on the Company's projects. In addition, 28.3% of the non-hazardous waste generated was sent for recovery outside Budimex SA.

Waste generated by Mostostal Kraków SA is included in Table No. 20 Waste information breakdown – Budimex Capital Group.

ProWaste treatment processes are carried out at the mechanical-biological processing (MBP) systems and at landfills.

Waste processing at MBP systems is carried out through mechanical and biological processes. In the mechanical part of the system, it is carried out on a sorting line that makes it possible to separate recyclable and recoverable waste, as well as the major fraction (which is then sent to authorised recipients) and the minor fraction processed in the biological part of the system in an aerobic stabilisation process conducted in bioreactors and a maturation yard. The waste generated by these processes, depending on its type and properties, is sent for recovery or neutralisation.

The FBSerwis Group operates two landfills for non-hazardous and inert waste and one landfill for hazardous waste containing asbestos. Once accepted at the landfill, the waste is disposed of by being placed in the quarters of the landfill. Some waste is used in landfills to create containment and reclamation layers, to create landfill slopes or to pave access roads. A summary of the waste processed is presented in Table No. 19 Waste information breakdown processed in the FB Service Group.



Table 19. Waste information breakdown processed in the FB Serwis Group.

[GRI 306-4]

Wyszczególnienie	Odpady w,2022 roku [Mg]		
	processed within the plant	processed outside the plant	total
Waste collected and directed for recovery			
Hazardous waste	10.27	0.00	10.27
Preparation for re-use	0.00	0.00	0.00
Recycling	0.00	0.00	0.00
Other forms of recovery	10.27	0.00	10.27
Non-hazardous waste	180,230.98	0.00	180,230.98
Preparation for re-use	0.00	0.00	0.00
Recycling	18,594.01	0.00	18,594.01
Other forms of recovery	161,636.97	0.00	161,636.97
Total waste collected and directed for recovery	180,241.25	0.00	180,241.25
Waste collected and directed for disposal			
Hazardous waste	0.50	0.00	0.50
Incineration (with energy recovery)	0.00	0.00	0.00
Incineration (without energy recovery)	0.00	0.00	0.00
Storage at waste landfills	0.50	0.00	0.50
Other methods of waste management	0.00	0.00	0.00
Non-hazardous waste	234,651.52	0.00	234,651.52
Incineration (with energy recovery)	43,167.56	0.00	43,167.56
Incineration (without energy recovery)	57,503.92	0.00	57,503.92
Storage at waste landfills	126,354.92	0.00	126,354.92
Other methods of waste management	7,625.12	0.00	7,625.12
Total waste collected and directed for disposal	234,652.02	0.00	234,652.020
Total hazardous waste	10.77	0.00	10.77
Total non-hazardous waste	414,882.50	0.00	414,882.50
Total waste	414,893.27	0.00	414,893.27

Waste information breakdown for the Budimex Group can be found in Table No. 20 Waste information breakdown – Budimex Group.

Table 20. Waste information breakdown – Budimex Capital Group.

[GRI 306-4]

	Unit	processed by the Companies of the Budimex Group	processed outside the premises of Budimex Group Companies	total
Waste collected and directed for recovery				
Hazardous waste		10.27	846.79	857.06
Preparation for re-use	Mg	0.00	0.00	0.00
Recycling	Mg	0.00	13.39	13.39
Other forms of recovery	Mg	10.27	833.40	843.67
Non-hazardous waste	Mg	1,282,491.12	702,517.58	1,985,008.70
Preparation for re-use	Mg	0.00	0.00	0.00
Recycling	Mg	160,276.95	568,773.85	729,050.80
Other forms of recovery	Mg	1,122,214.17	133,743.73	1,255,957.90
Total waste collected and directed for recovery	Mg	1,282,501.39	703,364.37	1,985,865.76
Waste collected and directed for disposal				
Hazardous waste		0.50	2,516.07	2,516.57
Incineration (with energy recovery)	Mg	0.00	914.50	914.50
Incineration (without energy recovery)	Mg	0.00	6.92	6.92
Storage at waste landfills	Mg	0.50	0.00	0.50
Other methods of waste management	Mg	0.00	1,594.65	1,594.65
Non-hazardous waste	Mg	234,651.52	658,671.68	893,323.20
Incineration (with energy recovery)	Mg	43,167.56	0.00	43,167.56
Incineration (without energy recovery)	Mg	57,503.92	0.00	57,503.92
Storage at waste landfills	Mg	126,354.92	1,271.95	127,626.87
Other methods of waste management	Mg	7,625.12	657,399.73	665,024.85
Total waste collected and directed for disposal	Mg	234,652.02	661,187.75	895,839.77
Total hazardous waste	Mg	10.77	3,362.86	3,373.63
Total non-hazardous waste	Mg	1,517,142.64	1,361,189.26	2,878,331.90
Total waste	Mg	1,517,153.41	1,364,552.12	2,881,705.53



8.6. Protection of water resources

[GRI 303-1] [GRI 303-2] [GRI 303-3] [GRI 303-4] [GRI 303-5]

8.6.1. Water

The management of water resources at Budimex SA constitutes one of the important issues managed under the CSR Strategy for 2021–2023. The demand and actual consumption of water resources depend to a large extent on the nature and stage of the implementation of contracts on which construction works are carried out in the balance sheet period. Water consumption is shown in Table No. 22 Water and wastewater.

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Water is abstracted for domestic purposes of the Company's employees and service suppliers and is consumed as raw material in production and technological processes.

The main source of water intake is the existing local water supply networks. There are also situations where water is abstracted from the company's own intakes on the basis of held permits under the Water Law. Collected rainwater is also used, as well as sporadic surface water.

The protection of water resources is carried out on the basis of:

- activities in line with the requirements of the environmental management system,
- internal documentation, e.g. Environmental Task Plan for each implemented investment, which is an integral part of the Safety and Health Plan,
- obtaining the legally required permits under the Water Law,
- verification of the implemented policy by collecting data necessary for the preparation of statistics, reports, internal and legally required reports.

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Water consumption results from the day-to-day operation of the Company's headquarters, the Steel Structures Plant and the back offices of construction sites.

Protection of water resources is implemented through:

- activities that are in compliance with the Company's 'Integrated Management System Policy';
- internal documentation, i.e. Safety and Health plans, in which water abstraction is taken into account;
- when planning and carrying out work in the vicinity of watercourses, precautions are taken in accordance with the internal standard – 'Securing watercourses'.

fbserwis

Water abstraction for the operation of the facilities and the accompanying infrastructure is exclusively from the existing water supply network.



8.6.2. Changes in water and wastewater policies

budimex

The Company is working on a water footprint reporting manual. As part of its commitment to environmental due diligence, solutions are being developed to reduce water intake. The elements of the water footprint reporting manual being developed shall be:

- the amount of water consumed, taking into account the source of intake (water supply, deep well, surface water, rainwater, recycled water, wastewater) – the reading is to be carried out on the basis of measuring devices,
- the volume of wastewater discharged, taking into account the source of the wastewater (domestic wastewater, mixture of domestic and industrial wastewater, industrial wastewater) and the receiver of the wastewater (sewerage network, another recipient of wastewater) – the reading is done on the basis of metering devices or it is an estimation based on water consumption,
- obligation to meter water intakes,
- supervision of water abstraction and data transfer.

8.6.3. Wastewater

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Domestic wastewater from offices and construction site rest and refreshment facilities is discharged into the sewerage network (if connectable) or collected in sealed, non-retention tanks and transferred to an authorised recipient on the list of regulated activities in the municipality (if it is not possible to connect the office/construction site to the sewerage network). Domestic wastewater is discharged based on the requirements of the operator of the sewerage network or wastewater treatment plant, in accordance with generally applicable regulations.

The industrial wastewater generated is subject to regular, periodic control for concentrations of constituents that may have a negative impact on the environment. The pollutant indicators to be determined and their permissible values are detailed in permits under the Water Law issued for the facilities. Wastewater samples are taken and tested by accredited laboratories at the required frequency.





Where wastewater is generated during construction work carried out, the following treatment standards have been established:

Standard: 'Drainage and removal of water from excavations'

Standard: 'Washing pumps and concrete mixers'

Standard: 'Washing vehicle wheels'

Standard: 'Works in the vicinity of standing and flowing waters'

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Domestic wastewater from offices and construction site rest and refreshment facilities is discharged to sewerage networks where there is the possibility of connection. If it is not possible to connect to the sewerage system, the wastewater is collected in sealed, non-drainage tanks and is transferred to an authorised recipient.

In the case of wastewater generated in connection with construction site work, a standard has been developed – 'Safe refuelling and washing of equipment and machinery'.

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Domestic wastewater from offices and rest and refreshment facilities is discharged to sewerage networks where there is the possibility of connection. If it is not possible to connect to the sewerage system, wastewater is collected in sealed, non-returnable tanks and transferred to an authorised recipient.

Industrial wastewater is discharged to the sewerage devices of other entities (sewage collection station). The discharge of generated industrial wastewater is carried out on the basis of permits under the Water Law.

The permissible composition and quality of wastewater discharged from the facilities are regulated by the relevant ordinances, permits under the Water Law and the requirements of recipients of wastewater. An analysis of water intake and generated wastewater is presented in Table No. 21 Water and wastewater

Table 21. Water and wastewater.

	Unit	Budimex, SA			Budimex Group		
		2021	2022	year-on-year change [%]	2021	2022	year-on-year change [%]
Water consumption							
Water purchased	m ³	107,768.9	111,861.1	3.8	143,753.0	143,303.1	-0.3
Water from own intakes	m ³	917.6	58,956.1	-	1,835.1	65,252.1	-
Rainwater	m ³	bd.	6,530.0	-	bd.	6,530.0	-
Total water consumption	m³	108,686.4	177,347.2	-	145,588.2	215,085.1	-
In 2022, Budimex Group did not draw water from water-stressed areas.							
Water consumption per total revenue	m ³ /zł	15.4	23.6	53.0	18.4	25.0	35.6
Wastewater							
Wastewater discharged to the municipal network	m ³	27,807.1	37,413.1	34.5	62,886.2	44,460.1	-29.3
Wastewater discharged to another network	m ³	0.0	238,640.1	-	0.0	288,281.4	-
Total wastewater discharged	m³	27,807.1	276,053.2	-	62,886.2	332,741.4	-
Wastewater discharged per total revenue	m ³ /zł	3.9	36.8	831.1	7.9	38.6	385.7

In 2022, the range of monitored indicators for water consumption was extended – this situation results in partial incomparability of the reported data year-on-year, nevertheless the volume of purchased water remained in 2022 at a similar level to 2021 with a decrease of 0.3% recorded at Group level with an increase in construction and assembly production.





8.7. Impact on the local environment and biodiversity

[GRI 304-1] [GRI 304-2] [GRI 304-3] [GRI 304-4]

Budimex SA seeks to minimise its impact on the local environment and biodiversity by carrying out a number of activities related to the protection of plant and animal species and noise reduction. Work is carried out in accordance with the standards applicable to each company.

Below are examples of the standards of Budimex SA:

- | | | |
|---|--|--|
| <p>1 storing hazardous waste in an environmentally safe manner;</p> | <p>6 organisation of work generating noise emissions to reduce noise nuisance;</p> | <p>10 cleaning vehicle wheels of mud and devices contaminated with concrete, cement-lime mixtures or gypsum in a manner that is safe for the aquatic and groundwater environment;</p> |
| <p>2 safe handling of liquid fuels during transport, storage and refuelling of equipment and vehicles;</p> | <p>7 organisation of works causing vibration to reduce vibration nuisance;</p> | <p>11 ensuring that trees and shrubs are effectively protected from damage or destruction during construction works;</p> |
| <p>3 safe handling of hazardous substances during the transport, storage and use of these substances;</p> | <p>8 organisation of works in proximity to still and flowing waters in order to make works in a river bed or in the basin of a lake, pond or sea as well as on the shoreline of watercourses and reservoirs safe for the aquatic environment;</p> | <p>12 ensuring effective protection and minimising losses to amphibian populations during construction work;</p> |
| <p>4 equipping construction sites with an environmental kit to deal efficiently with minor spills and leaks in order to prevent environmental pollution;</p> | <p>9 organisation of drainage works from temporary drains to protect standing and flowing waters from pollution discharged with groundwater and surface water (e.g. emission of suspended solids);</p> | <p>13 clearly and comprehensibly marking waste collection sites, environmental protection infrastructure and environmental monitoring sites.</p> |
| <p>5 organisation of works causing emission of dust into the air in order to reduce dust nuisance;</p> | | |

Permanent environmental monitoring is carried out on selected sites.

8.7.1. Due diligence in the Budimex Group's investments

The Budimex Group performs service works on the basis of project documentation, the framework of which is determined by the Investor. For the majority of the ongoing investments, the investor is responsible for preparing the project, including public consultation and environmental impact level. Companies from the Budimex Group, acting as a general contractor, have no direct impact on the above-mentioned issues, except for situations where, being a designer within a given contract, they participate in the preparation of the investment in environmental and social terms. Nevertheless, the Budimex Group aims to reduce its environmental impact through measures such as:

- protecting trees and shrubs from mechanical damage associated with the use of heavy equipment,
- fencing/protecting animal and plant habitats,
- creating crossings for animals that are compatible with their migration routes,
- maintaining protection zones (ecotones) in forests,
- relocating plants from construction sites to new sites with the same or similar habitat and soil conditions (so-called metaplantation),
- protecting water bodies from potential pollution by chemicals,
- erecting noise barriers during construction work,
- placing signs on construction sites to provide information on sites for storing construction waste, washing pumps after concreting and areas requiring special care due to the presence of protected species or tree protection zones. The presence of appropriate signs is verified during Site Assessment System audits,
- having a so-called 'environmental kit', i.e. a kit for the rapid containment and neutralisation of spills of substances hazardous to the environment, such as oils and petroleum substances,
- Monitoring of impact areas and habitats on the site, introducing nature surveillance and nature observation, if required,
- restoring the site of the works to as close to its pre-construction condition as possible. For example, new trees are planted in place of trees that could not avoid being felled, and site restoration.

The Environmental Department specialists support the Group's pro-environmental activities by continuously monitoring the implementation of investments, analysing applications and issuing recommendations.

Clash analysis

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Some of the contracts implemented in 2022 were carried out in protected areas, including one under a protected site – as defined by the Nature Protection Act, an area covered by one of the forms of nature protection (national park, nature reserve, landscape park, protected landscape area, NATURA 2000 area, nature monument, documentary station, ecological utility, nature and landscape complex, plant species protection, animal species protection, fungi species protection).

Most of them are linear investments, related to the construction of road and rail infrastructure, where it is not possible to avoid clashes with the protected area. A small proportion of investments are point investments related to urban or military infrastructure. Where clashes do occur, they most often involve NATURA 2000 areas, protected landscape areas and areas under animal species protection (due to the size of these areas). Clashes are also associated with areas under plant species protection and landscape parks. Individual clashes occur in the areas of national parks, nature reserves, nature and landscape complexes, nature monuments and ecological utilities, as well as areas under species protection for fungi (they are mainly associated with the implementation of investments of strategic importance).

The interference mainly concerns terrestrial ecosystems, to a lesser extent freshwater ecosystems and in one case the marine ecosystem.

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There was no activity in 2022 in areas of species protection of animals, plants and fungi.

fbserwis

There was no activity in 2022 in areas of species protection of animals, plants and fungi.

8.8. Nature conservation in the supply chain

[GRI 308-1] [GRI 308-2]

budimex

The Company sets standards of conduct with regard to due diligence, also with regard to the environment, including in particular biodiversity, at every stage of its investments in cooperation with entities along the entire value chain.

The supplier selected to carry out a specific task, in accordance with the operating procedure, is obliged to conclude an Agreement/Order, of which the Appendix – ‘Environmental Requirements’ – is an integral part. The supplier thereby expresses full readiness to cooperate with Budimex SA with regard to environmental protection in the process of preparation and implementation of construction. In particular, it is obliged to familiarise its employees with the Construction Health, Safety and Environmental Coordinator, the Waste Management Plan and the Environmental Tasks Plan included in the Safety and Health Plan.

Each supplier, on the basis of the Agreement concluded, is obliged to cooperate with Budimex SA with regard to: waste management, protection of the soil and water environment, protection of the atmosphere and acoustic environment, protection of flora and fauna and organisation of environmental protection. Prior to the commencement of deliveries or construction works, training on environmental requirements is carried out. Compliance with environmental requirements is verified during audits carried out on contracts by the Budimex S. A. Internal Audit Office and external verifiers. Suppliers are also assessed according to Budimex SA’s environmental criteria. In 2022, 2507 contractors were assessed, including 1,843 in the environmental area.



9. Employee issues in the Budimex Group

9.1. We care for safety

9.1.1. OHS management in the Budimex Group

[GRI 403-1][GRI 403-2][GRI 403-3][GRI 403-7][GRI 403-8]

As a company from the construction sector, the Budimex Group considers the OHS area as particularly important. Appropriate regulations and care for compliance with the OHS rules constitute a key element of our responsibility towards the employees and important stakeholders, who expect that we will adhere to the highest standards during the performance of contracts.



Providing employees with safe working conditions is included in the basic values of the Budimex Group, and the OHS issues constitute one of the main areas of the CSR Strategy for 2021–2023.

Since 2019, Budimex has had the ISO 45001 certificate – Occupational Health and Safety Management Systems. Mostostal Kraków also obtained this certificate. ISO 45001 assumes the engagement of all entities participating in the investment process in the creation of a safe workplace.



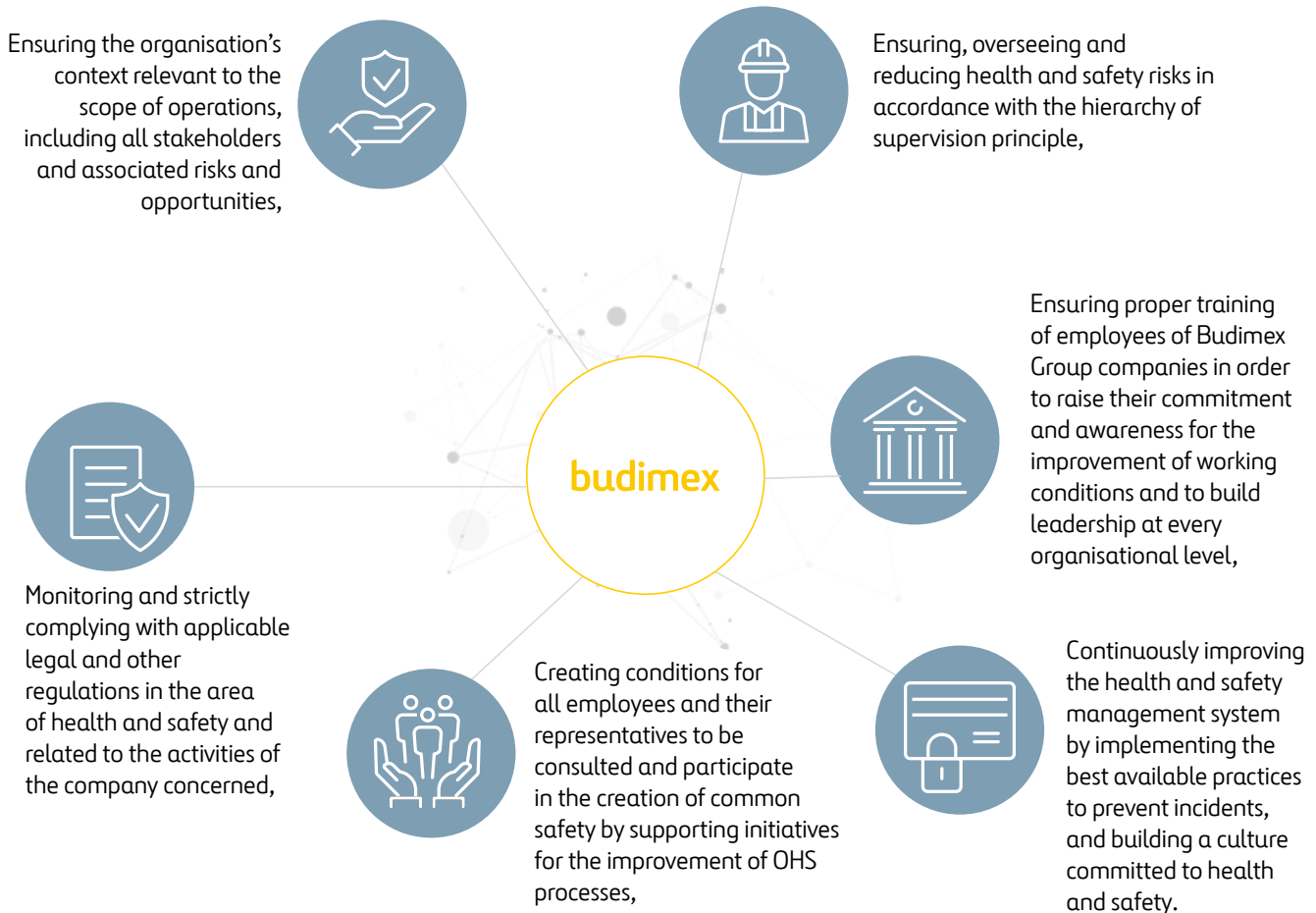
In the Budimex Group, in addition to the management systems, the ‘Ferrovia Minimum Health and Safety Standards’ are in force. Their main objective is to organise the construction process taking into account the principle that everyone – both employees of the Group and business partners of the constituent companies – should return to their families and loved ones after finishing work. The document further emphasises: ‘nothing should stop us from respecting the safety rules for which we must always find time’.

In addition to the Ferrovia standards themselves, the Group is implementing the ‘Safety Standards of the Agreement for Safety in Construction’, of which Budimex SA is a signatory and a founding member. They presuppose the unification of the approach to cooperation with business partners by the signatories of the Agreement, and impose rules for the safe execution of works aimed at improving safety on the signatories’ construction sites.

‘OHS Policy’ of the Budimex Group

The Health and Safety Policy of the Budimex Group is a commitment of the company’s top management indicating that the Budimex Group uses experience, technical solutions and effective management systems to ensure safe and hygienic working conditions on the contracts it executes, which effectively prevent accidents, near-misses and occupational diseases of employees of companies and subcontractors and make it possible to maintain a high level of occupational safety.

The specific objectives of the aforementioned Policy are:



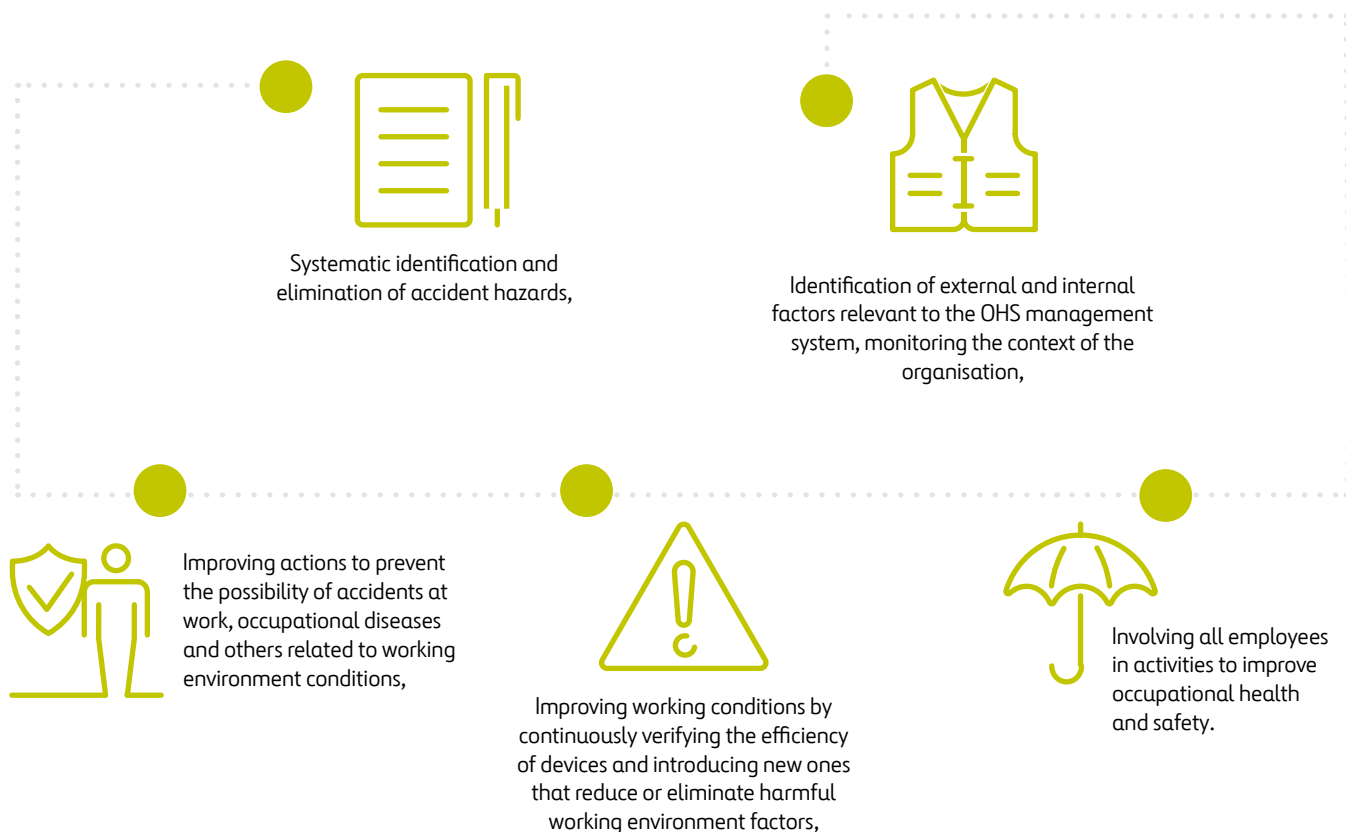
The **FBSerwis Group** is part of the Budimex Group and, like its owner, considers the area of health and safety to be of key importance both in the context of contractual tasks and in every other area of its business. Adequate regulation and attention to the observance of health and safety rules are an important element of FBSerwis' responsibility towards its employees, as well as other important stakeholders who expect the highest standards from the company in its operations. Providing employees with safe working conditions is included in the basic values of the FBSerwis Group, and the OHS issues constitute one of the main areas of the CSR Strategy for 2021–2023.

The FBSerwis Group respects the 'Health and Safety Policy' of its owner.

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kraków

Mostostal Kraków SA also applies the 'Health and Safety Policy' of its parent company and respects the health and safety rules established therein. In addition, the company has a separate Integrated Management System policy under which, in the area of occupational health and safety, it declares:



Occupational medicine

Budimex fulfils its obligations in the field of occupational medicine by referring its employees for preliminary and periodic examinations.

The companies of the Budimex Group have concluded contracts for the provision of occupational medicine with Medicovert Polska Sp. z o.o., which is active in the provision of comprehensive medical services and, as a medical entity, manages, for example, the 'Outpatient Care Centre' enterprise, whose facilities are the basic units of the occupational medicine service. Medicovert is entitled to provide healthcare within the meaning of the Act of 27.06.1997 on Occupational Medicine Services and to conduct medical examinations of employees and issue medical certificates pursuant to the Regulation of the Minister of Health and Social Welfare of 30.05.1996 on conducting medical examinations of employees, the scope

of preventive healthcare for employees and medical certificates issued for the purposes provided for in the Labour Code and other provisions of universally applicable laws, in particular the Labour Code.

Budimex SA commissions, and Medcover accepts, the provision of occupational medicine services for employee candidates and employees, in the scope of:

- 1 : carrying out preliminary examinations
↓ of candidates for employees;
- 2 : carrying out periodic and check-up
↓ examinations;
- 3 : medical certification for the purposes provided
↓ for in the Labour Code and regulations issued
↓ on its basis;
- 4 : monitoring the state of health of employees
↓ belonging to groups at particular risk, as well
↓ as adolescents, the disabled and women;
- 5 : conducting analyses of the state of health of
↓ employees, in particular the occurrence and
↓ causes of occupational diseases and accidents
↓ at work;
- 6 : participation in meetings of the occupational
↓ safety and health committees and issuing
↓ opinions to the post-accident committees;
- 7 : collecting, storing and processing information
↓ on occupational risks and the state of health of
↓ employees covered by preventive medical care;
- 8 : preventive vaccinations necessary due to the
↓ work performed – depending on the working
↓ conditions and types of risks – in accordance
↓ with the law, without the cost of vaccines.

In addition, an extensive package of medical benefits is available for employees, including: a psychologist, psychiatrist and other specialists, such as a dentist.

For candidates for employees and for Budimex Group employees covered by the contract with the company, Medcover also performs examinations for sanitary and epidemiological purposes, if they are necessary for the employee/candidate to perform the duties at a specific work station.



1. A referral to a Medcover doctor for an employee or candidate for employee is issued by the employer. The referral provides information such as:

🩺 the type of examination to which the employee/candidate employee is referred (initial, periodic, check-up or sanitary-epidemiological),

🩺 identification of the work station(s) at which the employee/candidate is to work,

🩺 hygienic conditions of the work stations, in particular the results of measurements of noxious and strenuous factors carried out by laboratories (in accordance with the legislation in force),

🩺 data on the way the work is performed, in particular forced body positions, monotonous movements.

2. On the basis of the referral, the employee/candidate is referred to the consultations and examinations necessary for the issue of the certificate.

3. Subsequently, on the basis of the results of the commissioned examinations and consultations, the doctor authorised to carry out occupational medicine examinations issues a certificate on the absence or existence of contraindications to perform work at a given work station.

As part of the process described above, the Budimex Group is obliged to:

1. provide information on the existence of factors or onerous conditions that are harmful to health together with up-to-date results of tests and measurements of such factors;
2. ensure the participation of Medcover representatives in Health and Safety Committee meetings;
3. make available documentation containing the results of the control of working conditions, in the part concerning health protection.

Health care services are provided at Medcover Centres, Damian Centre and facilities cooperating with Medcover. The employer assists employees in making appointments for occupational health examinations by contacting the Medcover Helpline. In the case of commencement of work on a new construction contract, which is located far away from large cities where Medcover branches are located, Budimex, in cooperation with the company, requests Medcover to conclude a contract with medical facilities located near the construction site in order to facilitate access to medical services for Budimex SA employees.

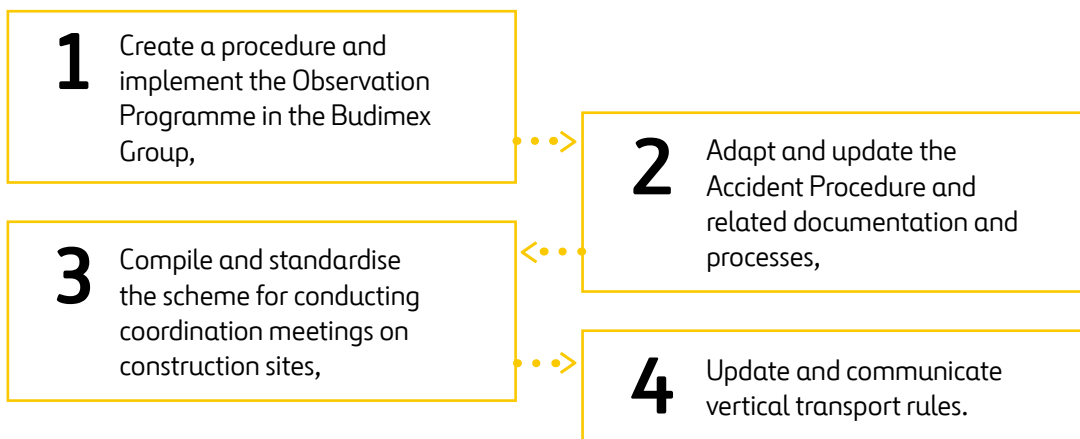


OHS Committee and OHS Executive Committee

In the companies of the Budimex Group, OHS Committees operate with the participation of representatives of the employees and the employer, who represents all employees. Their task is to carry out weekly OHS checks on all contracts. Inspection information and recommendations are collected in one site for easy monitoring.

In late 2019/early 2020, in addition to the Health and Safety Committee, a Health and Safety Executive Committee was established at Budimex SA on the initiative of the Company’s President, consisting of Company Presidents, Construction Directors, Branch Directors and the Director of the Occupational Safety Office. This group takes strategic action on the Group’s health and safety directions.

In line with the 2022 plan, four Committee meetings were convened during the period. Their regular focus was on discussing the company’s current health and safety statistics and deciding on courses of action to ensure safe working conditions. In the period covered by the report, the Committee appointed several working groups, whose aim was to:



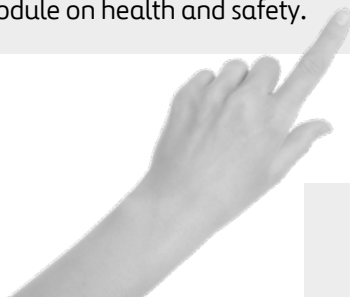
Employees at various levels of the organisation are involved in monitoring safety. The OHS services carry out OHS inspections on contracts. The team of internal auditors monitors the proper functioning of the security system by means of system audits. Compliance of the organisation of work on projects is verified by Site Assessment System audits. Since 2019, a group of management staff of Budimex SA has been conducting Senior Management Visits to build the culture of safety at all levels of the organisation. The Group’s employees also have access to an IT system that allows them to report all observations, incidents and accidents, which are then subject to analysis by the Occupational Safety Office.

9.1.2. Accident prevention and OHS training

[GRI 403-3] [GRI 403-4] [GRI 403-5]

Budimex Group strives to ensure that the Group’s employees observe the best OHS practices in their daily work. Training in this area is organised more often than is required by the provisions of law. The training programme is created together with employees, who have the opportunity to consult and evaluate workshops.

Within periodic training conducted by their immediate supervisors, employees can update their knowledge of the most important OHS threats and regulations related to the tasks they perform. In the Group, numerous campaigns were carried out, including on the health and safety standards in force at Budimex – both on the intranet (articles) and using standard communication tools (posters and leaflets distributed in offices and on construction sites). Numerous health and safety training courses were held for the company’s employees in 2022. More than 450 initial training sessions and almost 400 periodic training sessions were conducted. Training is also provided throughout the year as part of the Contract Manager’s Academy and the Young Engineer’s Academy, which include a separate module on health and safety.



Safety Week

In 2022, Budimex once again held its annual 'Safety Week'. As part of this company-wide initiative, a number of activities were prepared to promote working with safety principles. First aid training sessions were held, as well as the 'Extinguish Academy', that is, fire training. The slogan for 'Safety Week 2022' was: 'Don't let your life end at work'. During the project, the following webinars took place: 'Breast cancer prevention', 'Smartbreaks', 'oGrom safety information – meeting a former soldier from a military entity', 'Health and Safety Leadership' and 'Safe Driving'.



Safety in construction

is a project promoting the safety culture among the employees of Budimex SA. The basic assumption is to change the paradigm of thinking about safety and to redirect attention from formal issues (legal acts, instructions, etc.) to people and their decisions and actions. The second important element is the perception of safety as a process that requires the everyday involvement and work of every employee, at every stage of work. The main objective of the project is to generate the attitude of co-responsibility for security issues among Budimex employees by referring to values, sense of personal agency, co-responsibility for one another and formation of good habits in the scope of thinking and acting. The project included: educational and promotional videos, webinars and one-page summaries containing key information.



Invited guests included people from the world of business and science, who, because of their professional experience, were able to share valuable knowledge with Budimex employees and inspire a new outlook on safety.

Experts – Katarzyna Wojtaszyn and attorney Andrzej Janicki, sharing their experience in the field of legal liability for accidents on construction sites, showed how certain decisions, actions or omissions may be interpreted from the perspective of collecting evidence or litigation in health and safety cases.

Other health and safety activities

Information from the area of occupational safety has also been included in cyclical educational and development programmes carried out in the Budimex Group. As part of the **‘Young Engineer Academy’**, online training courses dedicated to young construction engineers were held, presenting the most important aspects of safety management at the construction contract level, cooperation with subcontractors and practical application of this knowledge on the example of work at height (which occur in many projects implemented by the Group).

In the case of the **‘Contract Manager Academy’** – a development programme that prepares employees for the role of contract managers – dedicated webinars were organised on building a safety culture and leadership in this area, as well as new responsibilities for implementing safety strategies at the level of future teams.

In the first quarter of 2022, a **‘Step Up’** campaign was carried out on all contracts and investments implemented by the Budimex Group, with the aim of raising the health and safety awareness of supervisory staff and production employees, including through the implementation of Senior Management Visits, combined with meetings with local implementation teams and discussions on practical ways to deal with occupational safety challenges. The activity was aimed at triggering two-way communication and promoting partnerships on the subject between company management and the workers on whom safety depends directly.

In this way, Budimex provides employees and their supervisors with the opportunity to act independently and make their own choices, in line with the latest global practices. As part of the programme, health and safety training was held for all operators and drivers working on Infrastructure Construction Division sites.

In June 2022, Budimex held a **‘Vertical Transport’** campaign to reinforce safe behaviour during the work carried out in this area. An instructional video, posters,



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material packs and banners with the most important rules regarding vertical transport were prepared for the campaign. In addition, crane operators were given life bands as part of the project.

'Health and Safety Leadership' is an internal training course designed for Senior Management and aimed at spreading a culture of health and safety in the organisation.

Throughout the year, Budimex actively participates in 'Agreement for Safety in Construction'. As part of the work of the Covenant, Budimex cooperates in a working group for the preparation of Safety Week.

In the Budimex Group, every health and safety incident is described both in accordance with the requirements of Polish law, but also in accordance with the procedures and classification adopted by the strategic investor, the Ferrovial Group. The Group's internal self-regulations are more detailed than the provisions of local law. The Company also conducts in-depth analyses of health and safety incidents defined internally as HiPo (High Potential – Fatal Potential). As defined, this is any near-miss and accident that could otherwise result in real, serious injury/sickness, death or serious damage to property.

Conclusions from such incidents are discussed at weekly meetings held by the Group's top management among several hundred executives across the company (so-called EIR, i.e. 'Executive Incident Review') and then cascaded down to the entire organisation as a so-called 'lesson learnt' and, in agreed cases, other actions are taken at the company and contract level.

The organisation has decided that not every accident in the same category is accompanied by the same potential outcome, so Budimex Group has focused on a detailed analysis of the most serious ones, which has made it possible to significantly reduce absenteeism and serious bodily injuries.

This approach not only allowed for a more thorough analysis and a better adaptation of the solutions to the company-wide structure, but, thanks to the involvement of senior management, gave the right weight to the decisions taken and provided the required resources for their implementation.



Porozumienie dla Bezpieczeństwa w Budownictwie





Examples of implemented decisions after meetings for the entire organisation included:

- Mandatory use of TMA barriers for work under traffic, at the site of employee exposure
- Expansion of leadership training referrals to include employees of other Budimex Group companies..

In addition to the above steps, based on the incident analysis and in order to improve the company’s operations, working groups consisting of representatives of H&S and specific business areas were formed to introduce solutions for the entire Budimex Group. This resulted in the development of, for example:



Observation Programme,



Policy for cooperation with Subcontractors,



Standardisation of training and briefings,



Update of vertical transport rules.

COVID-19 prevention

As part of the Covid-19 prevention activities, Budimex Group employees were informed about the need to contact a doctor after the onset of cold or flu symptoms. In addition, during the year, at times of increased incidence, employees were reminded of the need to: wear masks in communal spaces, disinfect their hands frequently, limit group meetings where possible, organise meetings using remote communications and keep a social distance in face-to-face interactions.

Budimex employees were obliged to provide their superiors with information on the identified incidence of COVID-19, in order to keep statistics to assess the risk and take preventive action.

On an ongoing basis, Budimex Group employees were able to use purchased and available tests, masks and disinfectant fluids.

Occupational Health and Safety Risk

The exposure of Budimex Group employees to risks depends on the nature of the work performed. In the case of construction contracts, they are mainly related to the risk of falling from a height or injury in contact with construction machinery. With regard to Mostostal Kraków SA, risks arise from the use of

band saws and machinery with moving parts needed to process steel structures, transporting structures by overhead crane and loading and unloading them.

In turn, the employees of FB Serwis SA responsible for road and motorway maintenance are exposed, for example, to collisions with vehicles in road traffic. Another area of the company's activity – waste management – involves risks related to biological agents (e.g. pricks, cuts with contaminated waste elements) and the risk of collision with machinery and vehicles on and outside the premises of the disposal facility.

All accidents, regardless of their effect, are treated in the Budimex Group very seriously. Every incident is communicated throughout the organisation with alerts.

In the Budimex Group, the nature of the work is very extensive, which means that many methods are used to assess and minimise work-related risks. Some of the basic elements are:

- Safety and Health Plan – which sets out the procedures and rules as well as the risks and their prevention prevailing on site;
- The Safe Work Instruction – which is the basis for determining how to carry out the work safely for the identified task and assessing the risks involved;
- On-the-job training with risk assessment – familiarising employees with the principles of how to perform their work safely on a given station, along with familiarising them with the occupational risks associated with its performance.

The organisation maintains a register of operational and strategic risks identifying hazards, their impact and ways of minimising them for the entire Budimex Group



[GRI 403-9] [GRI 403-10]

Table 22. Indicators concerning OHS issues.

	Budimex SA			Budimex Group		
	2021	2022	change y/y [%]	2021	2022	change y/y [%]
Accidents among employees						
Number of accidents, including:	64	62	-3.13	110	86	-21.82
Minor accidents	64	60	-6.25	110	84	-23.63
Serious accidents	0	1	-	0	1	-
Fatal accidents	0	1	-	0	1	-
Collective accidents	0	0	-	0	0	-
Accidents among subcontractors' employees						
Number of accidents, including:	38	48	26.32	43	55	27.91
Minor accidents	34	48	41.18	39	55	41.03
Serious accidents	0	0	-	0	0	-
Fatal accidents	4	0	-100.00	4	0	-100.00
Collective accidents	0	1	-	0	1	-
Accident rate for all accident types						
Accident frequency indicator (accidents at work per 1,000 employees)	12.38	12.21	-1.33	15.94	12.25	-23.15

Table 23. Accident rates for all types of accidents (accidents at work per 1,000 employees).

Accident type	Budimex SA			Budimex Group		
	2021	2022	change y/y [%]	2021	2022	change y/y [%]
Minor accidents	12.33	11.82	-4.16	15.85	11.96	-24.54
Serious accidents	0.00	0.20	-	0.00	0.14	-
Fatal accidents	0.00	0.20	-	0.00	0.14	-
Collective accidents	0.00	0.00	-	0.00	0.00	-



Table 24. Other health and safety indicators.

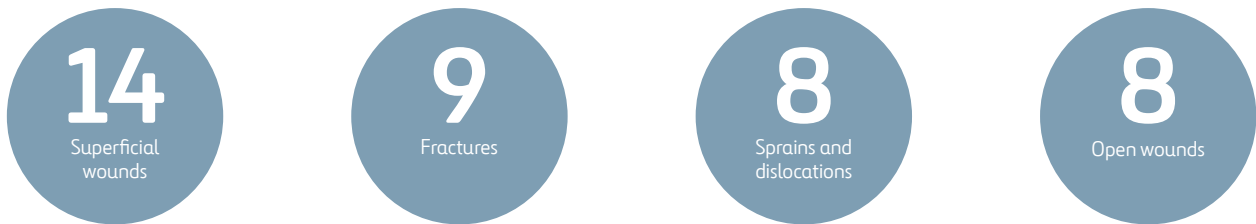
	Other OHS indicators			
	Budimex SA	Budimex Group	Budimex SA	Budimex Group
	2021	2021	2022	2022
Number of employees working in a given year in conditions where the maximum permissible concentrations or maximum permissible intensities are exceeded	739	1,025	12	164
Number of days of incapacity for work caused by accidents	1,379	3,642	1,330	2,337
Accident severity indicator (number of days of incapacity for work per accident)	21.5	33.1	21.5	27.2
Accident frequency rate				
Number of hours worked own workers	-	-	10,699,504.00	13,945,976.44
Number of hours worked subcontractors' employees	-	-	14,089,712.00	14,641,397.00
Accident frequency rate (accidents at work per 1,000,000 hours worked) – own workers	-	-	5.8	6.2
Accident frequency rate (accidents at work per 1,000,000 hours worked) – subcontractors' employees	-	-	3.4	3.8
Accident frequency rate (accidents at work per 1000000 hours worked) – own workers minor accidents	-	-	5.61	6.02
Accident frequency rate (accidents at work per 1000000 hours worked) – own workers serious accidents	-	-	0.09	0.07
Accident frequency rate (accidents at work per 1000000 hours worked) – own workers fatal accidents	-	-	0.09	0.07
Accident frequency rate (accidents at work per 1000000 hours worked) – subcontractors' employees minor accidents	-	-	3.41	3.76
Accident frequency rate (accidents at work per 1000000 hours worked) – subcontractors' employees serious accidents	-	-	0	0
Accident frequency rate (accidents at work per 1000000 hours worked) – subcontractors' employees fatal accidents	-	-	0	0
Indicators of occupational diseases				
Number of occupational diseases observed in a given year	0	0	0	0

Main types of accidents (types of injury)

For own-force employees, the TOP4 are:



For Subcontractor employees, the TOP4 are:



In the Budimex Group, all incidents and accidents are analysed and then selected ones are assigned a High Potential (HIPO) of fatality, which is defined as any near miss and accident that could otherwise result in real, serious injury/sickness, death or serious damage to property.

The main incidents and accidents with the potential to be fatal in 2021 were overturns of mobile equipment and failures of lifting operations. In 2022, the balance of such incidents was successfully reduced.

- Overturning of equipment:



- Failure of lifting operations



Failure of lifting operations:

- Introduction of updated rules for crane operators, in conjunction with other General Contractors who are members of the Agreement for Safety in Construction,
- Updated rules for ordering formwork and reinforcing steel,
- Vertical transport campaign implemented from 27 June to 1 July.

At the same time, new types of incidents with fatal potential have occurred in 2022. These are.

- Unintentional contact with utilities and systems:



- Work-related road accident:



Budimex Group complies with its legal obligation to monitor employees' exposure to risks of factors harmful to health.

The Budimex Group identifies the factors harmful to health in the working environment for which tests and measurements are regularly carried out, having identified the sources of their emissions and the working conditions that affect the level of concentrations or intensities of these factors or the level of exposure to these factors. As a result of such studies, the NDN of vibrations with local effects was found to be exceeded at the station of a track worker in 2022, without taking into account personal protective equipment (anti-vibration gloves)..

The results of the measurements appeared in the studies carried out at the end of 2022, measures to level this risk will be taken in 2023.

In the period covered by the report, no cases of occupational diseases were identified in the Budimex Group.



9.2. Management of the employee area

The companies of the Budimex Group have a set of Instructions creating the employee area management system. These documents set out the rules for the management of human resources, regulating the following areas:



This allows us to limit the risk to which the Budimex Group is exposed, which results from a lack of appropriately qualified employees. The risk is understood both as limited possibilities of recruiting properly qualified people as well as departures of employees and the related loss of competences by the Group.

In 2022, a consistent HR policy resulting from the adopted Human Resources Management strategy was continued.

The structure for ensuring business continuity in the HR area is based on a model of competence centres (development, C&B, recruitment, employer branding, HR process optimisation systems), an operations centre (HR and payroll) and HR Managers assigned to the businesses and accountable to the HR Director at Budimex.

In the company, the Office of Communication and Public Relations, positioned within the structures of ZZL, is responsible for internal communication, as well as external communication and public relations.

Collective agreements

[GRI 2-30]

The Budimex Group has the Company Collective Bargaining Agreement. The company's 4261 full-time employees are subject to collective agreements.

Working conditions of employees – Management Board members, are defined in the Remuneration Policy for Members of Budimex SA Bodies.

Working conditions for employees employed abroad are determined by the provisions of the Remuneration Regulations for the relevant market or, in the absence of the need for such regulations, by the provisions set out in employment contracts. The terms and conditions of employment in foreign markets are also governed by the established Policy on secondments to foreign markets and the Benefits Policy.



9.3. Employment structure

Employees of the Budimex Group

[GRI 2-7] [GRI 401-1] [GRI 402-1]

The number of employees in the Budimex Group as at 31 December 2022 amounted to 7,022 persons employed on employment contracts, with specified and indefinite terms. Thus, it was higher by 1.2% compared to the previous year.

The employment structure in 2022 and changes in relation to previous years are presented in the table below. Expanded data on the employment structure as at 31 December 2022 can be found in the **Appendix**.

Table 25. Employees on permanent and fixed-term contracts year-on-year in the Budimex Group.

per person	2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Polish market	1,444	4,580	6,024	1,540	4,576	6,116	6.6	-0.1	1.5
employed for a definite period of time	314	1,175	1,489	326	1,042	1,368	3.8	-11.3	-8.1
employed for an indefinite period of time	1,130	3,405	4,535	1,214	3,534	4,748	7.4	3.8	4.7
employed on a full-time basis	1,414	4,545	5,959	1,511	4,551	6,062	6.9	0.1	1.7
employed on a part-time basis	30	35	65	29	25	54	-3.3	-28.6	-16.9
aged from 51	92	982	1,074	99	1,026	1,125	7.6	4.5	4.7
aged from 31 to 50	852	2,757	3,609	939	2,776	3,715	10.2	0.7	2.9
up to 30 years of age	500	841	1,341	502	774	1,276	0.4	-8.0	-4.8
German market	4	911	915	11	895	906	175.0	-1.8	-1.0
employed for a definite period of time	1	885	886	4	867	871	300.0	-2.0	-1.7
employed for an indefinite period of time	3	26	29	7	28	35	133.3	7.7	20.7
employed on a full-time basis	4	911	915	10	895	905	150.0	-1.8	-1.1
employed on a part-time basis	0	0	0	1	0	1	-	-	-
aged from 51	3	294	297	3	297	300	0.0	1.0	1.0
aged from 31 to 50	1	487	488	8	475	483	700.0	-2.5	-1.0
up to 30 years of age	0	130	130	0	123	123	-	-5.4	-5.4
Total	1,448	5,491	6,939	1,551	5,471	7,022	7.1	-0.4	1.2

Due to changes in the assignment of stations to categories, middle management and other employees, the data in the tables broken down by grade may not be partially comparable year-on-year (during the reporting period, the Company implemented a new position tariff). For this reason, year-on-year comparable data is published in the table above. Employment details by grade are published only for the status as at 31 December 2022.

Table 26. Employment structure in the Budimex Group in 2022.

per person	W	M	W+M
Senior staff, including:	32	171	203
aged from 51	9	33	42
aged from 31 to 50	23	138	161
up to 30 years of age	0	0	0
Middle-level staff, including:	283	1,196	1,479
aged from 51	16	132	148
aged from 31 to 50	234	962	1,196
up to 30 years of age	33	102	135
Other employees, including:	1,236	4,104	5,340
aged from 51	77	1,158	1,235
aged from 31 to 50	689	2,151	2,840
up to 30 years of age	470	795	1,265
Employees at all levels of the structure	1,551	5,471	7,022
aged from 51	102	1,323	1,425
aged from 31 to 50	946	3,251	4,197
up to 30 years of age	503	897	1,400
Total for all levels of structure	1,551	5,471	7,022

Table 27. Admission of new employees in the Budimex Group.

per person	2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Polish market	346	1,109	1,455	290	792	1,082	-16.2	-28.6	-25.6
aged from 51	29	140	169	8	120	128	-72.4	-14.3	-24.3
aged from 31 to 50	97	547	644	129	425	554	33.0	-22.3	-14.0
up to 30 years of age	220	422	642	153	247	400	-30.5	-41.5	-37.7
German market	1	736	737	4	721	725	300.0	-2.0	-1.6
aged from 51	1	195	196	0	207	207	-100.0	6.2	5.6
aged from 31 to 50	0	414	414	4	377	381	-	-8.9	-8.0
up to 30 years of age	0	127	127	0	137	137	-	7.9	7.9
Total	347	1,845	2,192	294	1,513	1,807	-15.3%	-18.0	-17.6

Table 28. Employee departures in the Budimex Group.

W przeliczeniu na osoby	2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Polish market	302	1,509	1,811	191	767	958	-36.8	-49.2	-47.1
aged from 51	28	340	368	9	172	181	-67.9	-49.4	-50.8
aged from 31 to 50	166	827	993	118	431	549	-28.9	-47.9	-44.7
up to 30 years of age	108	342	450	64	164	228	-40.7	-52	-49.3
German market	0	703	703	1	765	766	-	8.8	9
aged from 51	0	210	210	0	237	237	-	12.9	12.9
aged from 31 to 50	0	372	372	0	395	395	-	6.2	6.2
up to 30 years of age	0	121	121	1	133	134	-	9.9	10.7
Total	302	2,212	2,514	192	1,532	1,724	-36.4	-30.7	-31.4

The Capital Group does not have a defined number of days required to notify changes in employment conditions. The number depends on the nature of the individual processes. Changes to individual working conditions are made before they come into force. Internal regulations are modified within the regulatory deadlines (e.g. mandatory 2 weeks for entry into force). Good practices adopted by the Capital Group, however, assume that any change is preceded by a communication action, including, as a rule, the organisation of additional briefing meetings, the preparation of information materials and question-and-answer documents, for the sake of clarity and transparency. For example, in July and August 2022, Budimex was in the process of amending bonus regulations for a group of approximately 1,000 employees. Ten briefing meetings were organised before these changes came into force.

The notice period of the Collective Bargaining Agreement to which Budimex SA is subject is indicated in the Collective Bargaining Agreement (3 months). In 2022, Budimex SA agreed with the Trade Union on changes to the position table, which were implemented by Additional Protocol No. 1

Employment ratios for the parent company Budimex SA are available in the appendices to this report.

Table 29. Net turnover indicator for employees under employment agreements for a definite and indefinite period of time in the Budimex Group.

2021			2022			year-on-year change		
W	M	W+M	W	M	W+M	W	M	W+M
-3,1%	6,7%	4,7%	-6,8%	0,3%	-1,3%	-3,7%	-6,5%	-6,0%

9.4. Remuneration in the Budimex Group

[GRI 2-21] [GRI 202-1] [GRI 405-2] [SDG 8]

The remuneration policy is an element of the instruction creating the system of the HR area management.

According to the data published by Statistics Poland, the average monthly gross remuneration in Poland in 2022 amounted to PLN 6,733.49. The average gross monthly remuneration for all employees of the Budimex Group was PLN 12,980 while the average monthly remuneration for other employees (this category includes mainly employees in specialist positions and blue-collar employees) was PLN 9,549.

Table 30. Average gross monthly remuneration.

PLN	2021						2022					
	Budimex SA			Budimex Group			Budimex SA			Budimex Group		
	W	M	medium	W	M	medium	W	M	medium	W	M	medium
Senior management staff	31,144	58,344	53,325	30,255	55,106	50,795	34,387	61,700	57,253	33,817	58,241	54,391
Managers	12,162	16,478	15,154	11,748	15,591	14,445	17,042	21,514	20,666	16,342	20,475	19,684
Other employees	6,699	9,064	8,667	6,647	8,009	7,809	10,319	11,579	11,233	9,408	9,591	9,549
All employees	10,794	14,076	13,300	10,155	12,136	11,722	12,143	16,181	15,175	11,177	13,491	12,980

9.5. Work atmosphere and development of employees

9.5.1. Development, promotions and training

[GRI 404-2][GRI 404-3]

The rules for the implementation of training in the Budimex Group are regulated internally. The staff development planning process is part of the appraisal and goal-setting process for a given year. The individual training and development needs of employees are identified during the employee's discussion with the supervisor as part of their development planning. On the basis of the established development goals, the HR Development and Systems Office develops the necessary training and development activities.

The Budimex Group has Operational Instructions, whose scope regulates: training topics, professional authorisations, co-financing for learning foreign languages and post-graduate studies.

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

While speaking about training activities, it must be noted that some trainers are the company's employees (internal trainers). They are experts who deal with the issues that are the subject of the training on a daily basis. Due to this, the educational offer is effectively adjusted to the specific nature of the company's activities and directly meets the employees' development needs. Additionally, it builds and promotes a culture of sharing knowledge within the Budimex Group.

Development programmes in the Budimex Group

Coaching processes

Coaching processes in the Budimex Group are offered not only to top managers, but also to middle managers. These processes are implemented, both in central and production entities. Coaching is aimed at developing in the participant the competences indicated to be strengthened by the employee or his/her superior. Such a system makes it possible to achieve lasting changes in the employee's behaviour and attitude, leading to the maximisation of professional and personal potential. Coaching in the Budimex Group is carried out on the basis of a defined process and is confidential in nature. In this respect, the company cooperates with more than a dozen external coaches. Each time, a Budimex employee has the opportunity to choose a coach from among several experts and then hold familiarisation/testing meetings. On this basis, a decision is made on the selection of the Coach, and then





the actual part of the coaching process is implemented, which consists of 7 +/- 2 sessions. At each stage of the process, the employee has access to the compilation of information materials, as well as the possibility to contact the Development and Training Specialist. This is a highly valued form of development among our employees.

Mentoring processes

A new development project at Budimex was launched in 2022. The Mentoring process in the Budimex Group is formal and standardised. It has been developed in cooperation with external experts. It aims to support the development of employees in the organisation, during which each party builds a purposeful and partnership relationship. The implementation of the mentoring process is intended to translate into the achievement of business objectives, but also to build new competences and develop the potential of the Mentor and the Mentee.

As part of the implemented initiative, the role of Mentors has been taken on by more than a dozen employees. For both Mentors and Mentee, we have prepared a process for strengthening competencies and skills: a series of training sessions, webinars, as well as information (Mentor Guide, Mentee Guide) and educational materials regarding the project and their role.

At Budimex, we see a lot of potential benefits related to the implementation of this process in the organisation, and therefore we assume to continue the project in the near future, with further employees.

Contractor Academy

A programme designed for specialists and experts newly employed in the Budimex Group and those with many years of experience in the organisation. The academy aims to build and systematise knowledge in the field of Contractual Conditions and to build a strong team of Experts who are a strong partner for the business and who exchange experience. The programme not only supports the development of knowledge and skills in the Contractual Conditions Office but also supports internal recruitment within the organisation allowing those who want to progress in this direction to change their career path.

The Academy's development programme is delivered in four blocks, i.e. contractual conditions, legal aspects, professional effectiveness and personal effectiveness. Workshops are conducted by both internal trainers and external experts. Twenty-five participants took part in the training sessions implemented in the first edition in 2022/2023.

Young Engineer's Academy

A programme aimed at newly recruited employees in the positions of Trainee Engineer and Construction Engineer. Its



aim is to smoothly introduce these people to work in the organisation. The Young Engineer's Academy also standardises the key competencies required of engineers and allows them to work more effectively in accordance with the Budimex Group's rules. The programme is carried out in three thematic blocks: personal effectiveness, professional effectiveness and construction site safety. Ninety people took part in last year's edition.

Engineer Academy is a series of training courses conducted by internal and external experts in a given field, implemented in the organisation for the staff employed under contract. Their participants can broaden and update their technical knowledge and exchange good practices with the other people taking part in the project. Given the organisation's key strategic direction of safety, we have strengthened the 2022 Engineer Academy with a module dedicated to Coordination Meetings. A series of training courses – 'Me as a Construction Manager' – was developed in collaboration with the business, as well as with Health and Safety. 433 individuals participated in the Academy last year.

The **Contract Manager Academy** The Contract Manager Academy supports newly appointed contract managers and those preparing to be promoted to this station, in acquiring knowledge, substantive competencies, as well as managerial skills related to running a contract and managing a team.

The Academy's programme is divided into several stages, including: internal workshops, which are meetings with employees in a given area. This gives the programme participants the opportunity to learn about the entire construction contract management process, and to exchange experiences and obtain information from the best experts in the company. In addition to the substantive knowledge of Budimex standards, workshops on business security, negotiations, and team management have been prepared for those taking part in the Academy. Additionally, they can participate in a cafeteria of training courses that support them in developing their individual needs. It is worth mentioning that a development and training specialist, as the academy supervisor, ensures that all participants receive appropriate support. 39 people participated in the programme in 2022.

Development Programmes:

'**Super Leader**' is a programme that aims to build leadership competencies among senior managers and executives by strengthening their ability to communicate strategy, develop subordinate teams and engage employees to achieve common goals. It consists of three modules, each of which presents a different leadership



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style. Participants in the ‘Super Leader’ undergo a diagnosis of the organisational climate and the leadership styles used, prior to the group sessions, in order to receive feedback and developmental guidance on the basis of this diagnosis. In the next steps, programme participants hone their skills in workshops, interspersed with coaching and master class sessions and implementation tasks. Each participant also receives a set of materials to work on the development of the particular leadership style. In total, more than 200 managers have been invited to the three editions of the ‘Super Leader’ programme. More than 1,000 employees have provided feedback at the diagnosis stage. The programme is carried out in cooperation with business partners – leaders in the market for consulting and training services.

‘Managerial Stairs’, i.e. the path of developing managerial skills from the beginner manager to the top management, taking into account the level of the position held, previous experience and competences necessary for effective management at particular career levels. The programme consists of four stages which gradually expand the participant’s knowledge. The programme catalogue includes a wide range of training courses, delivered on-site and online by external trainers. Workshops are held periodically for closed and open training groups.

Webinars for managers on leadership. These are 60/90-minute meetings with external experts. Their aim is to inspire managers to develop their emotional intelligence, take care of their mental wellbeing, build relationships in teams, increase their vital energy and also show subordinates recognition effectively.

Cast-Iron Success – a significant part of the training activities includes special programmes supporting given groups of employees. One of them is ‘Cast-Iron Success’, a project supporting the professional development of women in the Budimex Group, as well as creating opportunities to increase their number in managerial positions.



The programme is designed for women working on construction contracts and in support functions. ‘Cast-Iron Success’ provides an opportunity to gain knowledge and skills, and to develop competencies. In 2022, a record number of 47 female participants – from specialists to managers – were invited to the 3rd Edition of the programme. The programme consists of four workshops, in between which participants complete implementation tasks to support the development of skills acquired during the training. There are 4 modules: ‘My skills, my talents, my new self’, ‘My personal effectiveness’, ‘My self as a Manager’, ‘My brand, my authority’. The classes shall be carried out by external experts. Appropriately long breaks are planned between meetings so that each project participant can implement the knowledge gained during the training in their daily work.

Continuous Growth

The 'Continuous Growth' development programme is a project dedicated to persons with high development potential, working in specialist and managerial positions. The main objective of the programme is to enhance skills, and strengthen the key competences of the future in the field of emotional intelligence, decision-making and strategic aspects of management. Participants in the programme were able to deepen the knowledge they gained during 'So WHOT' implementation sessions, where they shared their successes, discussed case studies and jointly searched for the right solutions. During the programme, participants received newsletters deepening the topics covered during the workshops, as well as access to podcasts, webinars and inspirational multimedia messages.



ESG

Following the publication of the European Union's Taxonomy Act, Budimex and Ferrovial are required to carry out an activity analysis to determine their contribution to the environmental objectives of the Taxonomy, such as climate protection and climate change adaptation. The aim of the Taxonomy is to increase the level of environmental protection through, for example, the introduction of criteria and requirements for qualifying a company as a sustainable business, and the introduction of mandatory reporting, which is expected to translate directly into even more informed investment decisions in terms of environmentally friendly business activities. In this regard, the HR Development and Systems Office actively supported the organisation and employees in acquiring knowledge in ESG, Taxonomy and Environment (Waste Management, which, due to the relevance of the topic, were included in the Engineer Academy). In 2022, a series of closed and open training courses on taxonomy and ESG were held in the company. Nearly 130 employees participated in these training courses.

Feedback Culture | 360 assessment

'Feedback Culture' is a long-standing project in the Budimex Group, which is indispensable in building the company's culture. In addition to the activities that have become a permanent part of Budimex's development offer (webinars, knowledge pills, leaflets), this initiative also includes animations showing how powerful feedback is and how it affects not only the increase of work quality and efficiency, but also relations and cooperation in the team.

At Budimex, there is a belief that the good functioning of the company depends on the people who work in it – a committed and motivated team is much more effective. This is why at Budimex so much emphasis is placed on building a feedback culture to support the process of examining the competences of managers. As part of the project, a '360 Assessment' process was introduced. The main objective of this activity was to select a tool that would enable colleagues, subordinates and superiors to provide feedback on the work of managers, as well as provide those being assessed with valuable and objective information on their strengths and areas for improvement. The '360 Assessment' project was developed with due care, taking into account the key areas of the survey and with the participation of representatives from the business and HR entities. This initiative was overseen by a project group set up after the 'Learning and Development' engagement survey.





Webinars

Webinars are a permanent part of the Budimex Group's training and development offer. They are meetings with inspiring guests – both representatives of the world of sport, science and psychology, as well as experts in particular fields. When planning the topics of the webinars, the organisation listens to the needs of employees and reacts to current events in the country and the world. Suggestions include meetings on mental health care and preventive health care for women and men. The aim of the project is also to support our employees in working in international markets, and to equip them with knowledge about the differences involved in running a contract abroad. As an employer, Budimex supported its employees due to the outbreak of war in Ukraine. The Budimex Group hosted a series of webinars on taking care of mental health in this situation, for parents on how to talk to their children about the war, and for volunteers on how to help wisely.

The Podcast Series is a project aimed at people who prefer to gain knowledge in audio form. Podcasts are becoming an increasingly popular form of media. Conscious of this, a modern development tool has been made available to employees in the Budimex Group via the YouTube platform. Education and development activities dedicated to the employees and managers were divided into two main cycles: Anatomy of Change, Self-Discipline and Personal Effectiveness – Planning and Organising Time. Leading experts in the respective fields have been invited to prepare podcasts.

The Budimex Group also runs training programmes related to the development of interpersonal (communication), negotiation and personal effectiveness skills for professionals and managers.

To this end, development paths have been created in the company in each of the aforementioned areas, which are divided into several main stages, taking into account successive levels of advancement of acquired competences and knowledge. Each of them contains several proposals for training topics, thus providing comprehensive development tailored to individual needs.

Workshops are available in an open offer as well as in the form of dedicated training, based on the needs of specific teams. The workshops provide employees with access to practical solutions and tools. As part of the catalogue training, technical, specialist, negotiation, communication, computer, managerial, language, and eLearning training in MS Excel (basic, intermediate and advanced levels) and Power BI is also offered. The offer includes 60 training courses in the form of open enrollment for employees.



Another important element at Budimex strengthening effective communication and cooperation is the possibility to perform an Individual Extended DISC Analysis. It is a study that allows the employee's natural potential, predispositions and talents to be recognised. It is based on self-reflection – the participant carries out a self-assessment of how they behave in a particular situation. The main areas analysed are behaviour and communication styles, manifested in the professional area. Usually, after the examination, the employee participates in a webinar, the purpose of which is to learn about the Extended DISC model, to provide the characteristics of the four leading styles and to prepare for independent work with the individual report. The Budimex team includes certified employees authorised to give feedback.

2022 marks an intensive development of language skills at Budimex. In addition to the self-learning platform for English and German, employees were offered individual and group language learning courses. Last year, several hundred people participated in the classes. English, German, Czech and Slovak language skills were developed. Budimex employees also took part in Total Immersion intensive courses (English and Czech) outside of Poland.

Engagement Survey

In the Budimex Group, an engagement survey is conducted once every two years. The next one is scheduled for 2023.

Indicators from the training area concerning the parent company Budimex SA are included in the appendices to this report. Due to the change in the classification categories, the breakdowns taking into account the classification categories are not comparable year-on-year.



For training courses that require attendance at all meetings in order to pass, training courses not completed in full were not included in the total number. For non-compulsory training, each training session started is counted as one full session, with only those hours actually completed by the employee being shown in the number of training hours.

Table 31. Number of employees improving professional qualifications in the Budimex Group in 2022.

Number of persons	2022		
	W	M	W+M
Senior management staff	29	158	187
Managers	193	783	976
Other employees	759	694	1,453
All employees	981	1,635	2,616

Data on the number of employees upgrading their professional skills is published for 2022 only due to incomparability resulting from a change in the data collection methodology.



Table 32. Number of employees trained in selected topics in 2022 in the Budimex Group.

Number of persons	2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Initial OHS training	699	8,594	9,293	813	2,150	2,964	16.3	-75.0	-68.1
Periodic OHS training	6,456	35,927	42,383	7,090	21,834	28,924	9.8	-39.2	-31.8
Specialist training in occupational health and safety, including first aid training	840	7,896	8,736	1,936	10,996	12,932	130.5	39.3	48.0
Fire protection training	272	1,013	1,285	245	1,495	1,740	-9.9	47.6	35.4
Computer training	2,552	1,621	4,173	3,363	2,998	6,361	31.8	84.9	52.4
Technical training	448	2,117	2,565	628	4,033	4,661	40.1	90.5	81.7
Management training	1,601	6,840	8,441	1,739	6,023	7,762	8.7	-12.0	-8.0
Specialised training other than OHS training	3,588	7,390	10,978	10,933	15,533	26,465	204.7	110.2	141.1
Soft skills training	3,705	4,335	8,040	5,577	6,510	12,087	50.5	50.2	50.3
Onboarding training	350	459	809	653	745	1,398	86.4	62.3	72.7
Language Training	2,949	5,733	8,682	4,906	9,314	14,220	66.4	62.5	63.8
Webinars	1,051	663	1,714	2,208	2,805	5,012	110.2	323.0	192.5

Due to the changes introduced in the grading categories at Budimex over 2022, data on annual assessments by employee grade are published for 2022 only due to the incomparability of year-on-year data.

Table 33. Employees who have been subject to regular employee assessments in the Budimex Group in 2022.

Number of persons	2022		
	W	M	W+M
Senior management staff	31	154	185
Managers	229	1,031	1,260
Other employees	817	958	1,775
All employees	1,077	2,143	3,220

Table 34. Employees who have been subject to regular employee assessments.

Number of persons	2021		
	W	M	W+M
Senior management staff	36	255	291
Managers	403	2,134	2,537
Other employees	1,798	2,042	3,840
All employees	2,237	4,431	6,668

9.5.2. Employee benefits

[GRI 401-2] [GRI 403-6]

Benefits offered to Budimex employees include:

Extra payments to the Employee Capital Plans (PPK)

The Budimex Group companies have agreed to additional voluntary contributions to monthly premiums, which mean higher pensions for employees in the future.

Large package of medical services regardless of the position held by the employee.

Wide selection of services in the 'MyBenefit' programme

Thanks to which every employee may decide on their own on the allocation of the funds from the Company Social Benefit Fund.

Co-financing 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 as well as the option of extending it 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 interest on loans and allowances for people in a difficult life situation.

Housing allowances for white-collar workers.

Gifts for mothers on the birth of their children.

Co-financing for obtaining professional qualifications.

Budimex employees are able to benefit from co-financing for participation in sports events in which they represent the company, e.g. 'Poland Business Run' and 'Santa Claus Run'. The company supports and promotes the passions of team members, including through a series of talks and articles – 'One company, many passions' published on the Intranet. The employees share their interests and inspire and motivate each other to pursue an active lifestyle.



Budimex Group employees also have the opportunity to participate in individual English, German and Czech courses subsidised by the company. This is an offer aimed at people who actively use their knowledge of these languages in their daily work. Employees also have access to the eTutor English learning platform, which offers English lessons at levels from A1 to C2. The platform uses unique solutions and functionalities such as: multimedia exercises, innovative system of revisions, artificial intelligence for checking pronunciation, an algorithm for verifying the correctness of written tasks, language games and an integrated DIKI dictionary. What is more, each participant using the platform may invite one relative to learn free of charge.



If blue-collar employees work away from their place of residence due to the requirements of a given contract, they can count on free accommodation. All employees, regardless of whether they are seconded or they work in their place of residence, receive a free lunch every day.

Budimex SA is the first company in the Ferrovial Group and one of the first companies in Poland that has been implementing the ‘Human Resources Information System’ (HRIS) created by Oracle. In 2020, leading processes from the so-called ‘soft’ HR area, such as periodic evaluation, goal-setting, training and development, were covered by this solution. Subsequently, issues related to recruitment, development, succession planning, as well as support for the area of remuneration and benefits will also be included in the system. In this way, Budimex ensures that employees and their superiors can act independently and make their own choices according to the latest global practices. The HRIS covers nearly 6,000 employees in 5 companies of the 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 largest implementations of cloud-based solutions in Poland. The HRIS will support carrying out HR activities by allowing the employees to access the system via computers, tablets or telephones.

In 2022, psychological support for employees was also launched at Budimex Group (two on-call hours per week). Medical care was also reviewed. We added dentistry, additional rehabilitation procedures, and medical procedures performed as part of one-day surgery. Access to medical services for blue-collar employees working outside large cities with Medicover medical facilities and cooperating facilities was also increased, with the introduction of favourable conditions for reimbursement of medical expenses incurred at any facility in the country (freedom of treatment).

An additional cafeteria platform (Medicover) was also opened last year.



The Group of Companies introduced an adjustment to the rules for enrollment in Employee Capital Plans in 2022 (reducing the waiting period for enrollment in Employee Capital Plans to 1 month).

In 2022, a benefits audit was carried out at Budimex together with an employee satisfaction survey. The audit indicated that 68% of employees believe that the fringe benefits offered by the company are tailored to their needs, and 93% are aware of their full catalogue. In order to strengthen awareness among employees, we also conducted a series of 7 webinars on individual benefits between May and September 2022.

Some employees are covered by Ferrovial’s share scheme.

The Company has also made changes to the rules for financing benefits (medical care and life insurance) to reduce the public and legal burden and encourage the largest possible group of employees to take advantage of additional benefits.



9.5.3. Diversity management

[GRI 405-2]

Issues related to diversity have been unequivocally regulated in corporate documents, which refer to all companies comprising the Budimex Group. These include: 'The Principles of the Company's Responsibility Policy' of the Ferrovial Group, owner of Budimex. They oblige all employees of the Group to respect fundamental human rights, to promote equality and diversity and to take care of their work-life balance. The second Group-wide document is the 'Principles for the Protection of Human Rights', concerning the avoidance of discrimination, the promotion of equal opportunities, and the recognition of the value of diversity in the workplace. The third is the 'Code of Ethics', which implements the assumptions of the indicated policies and prevents discrimination in the field of employment.

Budimex implemented the 'Diversity Policy', which refers to equal treatment due to gender, age, disability, health, nationality, political beliefs, form, scope and basis of employment, as well as committed to creating an atmosphere and organisational culture that ensures respect for all forms of diversity. The provisions of the document also cover the areas of recruitment, access to training and promotion, remuneration, reconciliation of work and private life, as well as protection against bullying and unjustified dismissal. Budimex SA also breaks barriers connected with the health state of its employees by hiring disabled people. In order to manage the Policy efficiently, anti-discrimination and anti-mobbing monitoring was introduced, as well as a system of educational tools, training and

workshops. The annual results of its implementation are reported to the Management Board.

The Budimex Group is also a signatory to the 'Diversity Charter' – an international initiative which constitutes a voluntary commitment of a given organisation to equal treatment of all employees, counteracting any discrimination in the workplace and taking measures to create conditions conducive to diversity. The document expresses the organisation's readiness to engage all groups of its stakeholders in actions aimed at the protection and promotion of diversity.

An important indicator in the scope of taking care of non-discrimination due to gender is the Gender Pay Gap Ratio: -1.9%.

The Budimex Group of Companies regularly analyses the GPCR – Gender Pay Gap Ratio. The ratio is calculated based on total remuneration, including bonuses and awards, and represents the ratio of women's to men's salaries in individual job groups weighted by location and seniority in the company.

Measures taken at Budimex to reduce the pay gap:

The company implements salary increases as part of a gender-equal increase process. From 2022 onwards, Budimex directly allocates a portion of the increase budget to pay equity-related increases.

Development and maternity support activities are directed at equalising career opportunities for women (e.g. the development programme for women ‘Cast-Iron Success’ and ‘Mom on Maternity Leave’).

In its diversity policy, the Company declares that it will achieve pay equality across groups in the coming years. Information in this regard will be supplemented once further solutions have been identified.

Gender Pay Gap Ratio

In accordance with the Ferrovial Group’s established methodology for analysing the pay gap, the Company establishes the gap and reports the values of the gap within the Ferrovial Group. For 2022, the data is as follows:

Table 35. Results of the adjusted pay gap calculation for the Budimex Group for 2022.

Professional group (total data for BUDIMEX GROUP)		Gender	% of the crew	GPG* 2022 [%]	GPG* 2021 [%]
Senior management staff		Woman	19	-15.9	-15.3
		Man	81		
Managers		Woman	43	-10.2	-13.0
		Man	57		
Other	Experts and specialists	Woman	49	-8.2	-6.1
		Man	51		
	Administration and support	Woman	73	-13.2	-11.6
		Man	27		
	Blue-collar workers	Woman	2	-10.6	-15.2
		Man	98		
Average for the Budimex Group 2022		Woman	25	-1.9	-1.2
		Man	75		

* Comparative analysis on the basis of fixed remuneration components (i.e. excluding, inter alia, above-standard bonuses, awards, housing allowances, variable allowances, overtime, per FTE and in relation to persons employed throughout the reporting period).



10. Social issues in the Budimex Group

10.1. Social impact of the Budimex Group

10.1.1. Impact on local communities

[GRI 413-1]

Budimex attaches great importance to cooperation with local communities, supporting them, and limiting the negative impact on the inhabitants of areas where the company operates.

The management of the Budimex Group's social area is defined in the **'Principles of the Company's Responsibility Policy'**. This document includes, but is not limited to, provisions directly or indirectly related to social impact, imposing ethical and responsible conduct on all activities, transparency and application of best corporate governance practices, as well as contributing to socio-economic development.

The second document functioning in this area is the **'Policy of Cooperation with Local Communities'**. It indicates specific activities to be taken both before the commencement of construction works (conducting a dialogue with the local community on a given project in order to respond to concerns related to the performance of the investment) and during the term of the contract (building relations with the social environment of the project).



In the long term, the construction of road and rail infrastructure is one of the conditions for the country's socio-economic development. It also has an impact on improving the quality of life of the surrounding communities. However, it should be borne in mind that at the stage of construction works, these investments are associated with specific difficulties, especially for the residents of the areas directly adjacent to the project (e.g. increased traffic and noise resulting from the transport of construction materials and operation of the machinery). Each potential aspect of the environmental impact of the works is analysed as early as at the stage of issuing administrative decisions, and inhabitants' representatives take part in public consultation. The Budimex Group also conducts non-obligatory, additional public consultation in the course of delineation of, for example, bypass routes and road closures. To this end, the company's representatives participate in sessions of municipal and city councils in order to answer doubts and respond to comments on an ongoing basis. These are also often meetings in the offices of mayors or municipality heads concerning the changes that are going to take place in the scope of the investment to be carried out, in order to be able to jointly work out and adjust the communication to the needs of the inhabitants. Moreover, Budimex provides residents with feedback channels through a contact form available on www.budimex.pl and corporate social media profiles. In this way, it reduces the risk of phenomena that may negatively affect neighbours of the implemented undertakings or lead to delays and downtimes in works resulting from protests of residents, blocking the works by them or extension of administrative procedures.



One of the more sensitive investments implemented by Budimex in 2022 was a barrier on the Polish-Belarusian border. In connection with the identification of the risks associated with the contract, Budimex mapped all potential stakeholders of this project, which is strategic for Poland's security. Budimex creates stakeholder breakdowns on the key and also most media-oriented contracts, which improves the overall flow of information and facilitates cooperation with the local community.

Budimex is aware that it has a significant impact on the living comfort of local communities during the period of project implementation. Although the long-term goal of the organisation is to improve their quality of life, Budimex is not indifferent to the needs of the community here and now. Therefore, the company is open to dialogue, Budimex employees meet with community representatives, listen to their needs and respond where possible to ensure the best possible good neighbourly relations. Budimex actively supports local initiatives, facilitates communication around an ongoing project and stimulates charitable activities to build valuable relationships on a long-term basis. The organisation also makes every effort to provide education on what it is like to work in the construction industry. To this end, contacts are made and meetings are organised with universities and technicians, where students are offered a programme to prepare them for the profession. By sharing its experience, Budimex wants to give the young generations a better start in the future.

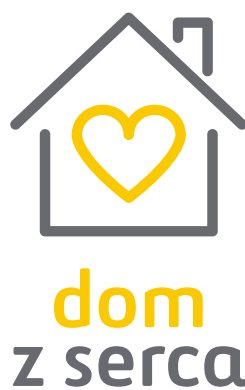
Taking care of future generations, for many years it has been successfully implementing its own 'Hello ICE. Budimex for Children' programme, implemented continuously since 2019. Through one-to-one meetings in educational facilities, the company passes on knowledge and shares experience with children and young people on the issue of taking care of safety in public traffic, as well as educating on first aid. At Budimex, we want to enrich our offer by broadening the subject matter of our activities to include the area of micro-mobility (safety on rollerblades/scooters/skateboards).



One of Budimex's original social projects is 'Parent Zone' – a programme that has been running continuously since 2012. Its main objective is to create comfortable conditions for parents of sick children to be with their children in hospitals, thus improving the well-being of children and facilitating their faster recovery. Thanks to the places such as the Parent Zones, small patients can get away from thoughts about the illness for a while and spend their time in a nice way. The programme also supports parents so they can constantly accompany their children through this difficult period. As part of the project, special areas are set aside for parents in the children's wards. The programme is also a space for the strong commitment of Budimex employees, who renovate hospital rooms as part of their volunteer work. In 2022, further Parent Zones were opened in hospitals in Pisz and Bydgoszcz. Fourteen volunteers (300 hours) worked on these projects, and by the end of 2022, a total of around 1,000 beneficiaries had benefited from both Zones.



Budimex has also implemented the 'House from the Heart 2' programme in 2022. This is a project designed for families with many children in a difficult financial situation. Budimex volunteers, using their expertise in the construction industry, supported for the second time a multi-child family in a difficult material situation. This time, the organisation helped an 8-person family from Brusy in the Pomorskie Voivodeship, which only lacked a finished house for a peaceful, safe and happy life. Budimex, together with the partners of the action, put into use a beautiful, functional and energy-efficient house, in which the family can fulfil their dreams.



Every year, the company launches an employee volunteering programme, under which Budimex Group members can submit ideas and implement selected projects. 'Grant for Volunteering' has existed at Budimex since 2015. Volunteering is based both on employees' professional competences and skills, as well as on the work and physical effort put into the project. A good example of such an action carried out by Budimex volunteers is the renovation of a common room in an orphanage, a single mother's home and the upgrade of a playground for



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children from a social care centre. In 2022, Budimex Group volunteers also supported the renovation of a local charity’s roof and improved the social conditions at a school for children with autism.

As part of a special edition of the ‘Help for Ukraine’ Grant, Budimex employees renovated a bathroom for refugees, supported 300 families living in the Bucza area by providing them with the most necessary food products, and equipped the Reception Point for Refugees in Ustrzyki Dolne. In addition, they actively participated in the unloading of aid delivered to one of the warehouses. A total of 58 volunteers worked for over 700 hours in 2022, completing 7 grants totalling PLN 136,000.

In addition to the campaigns in support of victims of the war in Ukraine organised as part of the programme, Budimex Group employees brought aid and support to Ukraine throughout the year. Food, clothing and school supplies collected among the employees were donated primarily to children who had lost their parents due to the conflict. In addition, Budimex, together with other Ferrovial Group companies, organised a campaign called ‘Together We Help Ukraine’, aimed at donating funds collected by its employees for humanitarian aid for people displaced by warfare. In addition, Ferrovial donated the equivalent of the amount collected by Group employees from Poland, the US, Spain and the UK to NGOs dedicated to helping Ukrainians. A total of €470,000 was donated for this purpose.

In addition, Budimex **donated PLN 500,000** to finance the purchase of the most necessary medicines according to a list prepared by doctors from Lviv. The obtained medicines were delivered to the neonatal children’s hospital and the St Pantaleon’s adult hospital in Lviv.

[GRI 411-1] [GRI 413-2]

In 2022, Budimex S.A’s operations did not experience any conflicts with the local community of a long-term nature. Several incidents were reported over the period covered by the report. In each case, corrective actions were taken to eliminate the identified inconveniences:

- **Border barrier** – extensive consultations were held with communities and residents of villages along the 105-km construction site before and during the 6-month construction works. These included the construction of access roads, storage yards, vehicle speeds, road signs and surface repairs.
- **Strachocina gas pipeline – Polish border** – Budimex was involved in minimising social conflicts in the Komańcza municipality due to the destruction of local roads by construction vehicles and the drop in groundwater levels. The company supported the municipality with repairs and a system of new drinking water wells.



- **Tramway to Wilanów** – the felling of trees necessary for the construction work and changes in the organisation of vehicle traffic in Mokotów and Wilanów required extensive public consultation and information activities aimed at local communities. The felling of some trees was accompanied by protests from environmentalists, which required additional negotiations and discussions.
- **Czechowice – Działoszyn station upgrade contract** – carrying out work on railway viaducts and culverts raised concerns among residents about the risk of rising groundwater. After a number of consultations, additional flood defences were introduced.
- **Baltic Hub contract** – prior to the start of construction work on the new container terminal No. 3, residents of the nearby Stogi residential area lodged protests about noise during the works and the risk of Stogi beach being cut off from the bathing area. In the course of direct consultations, briefing meetings were held with the Baltic Hub investor on this issue.

At Mostostal Kraków, one incident related to the impact on the local community was reported and analysed, and 53 community engagement events were carried out throughout 2022.



10.2. Budimex SA for society

[GRI 419-1]

The Budimex Group is actively involved in sponsorship and charity activities. The document regulating this area of the company's activities is the 'Instruction for Approval of Sponsorship Projects, Patronages and Donations'.

In 2022, the Budimex Group was active in a number of sponsorship and charity programmes and activities. In 2022, we continued the implementation of socio-cultural and educational projects by supporting the following initiatives:

- The 'Diamond Explorers' scholarship programme, aimed at providing financial support to talented and effective groups of young people to give them the opportunity to participate in prestigious international and national scientific and technical contests, in particular in such fields as technology, engineering, design, industrial design, mathematics and management,



- The Demos Foundation, which helps young people in a difficult life situation. This organisation provides premises for educational, therapeutic and sports activities. It organises workshops for youth leaders and scholarship programmes,
- Support for education in regions combatting poverty – purchase of school equipment, support for summer holidays and organisation of educational tournaments in the Warmia-Masuria, Masovian, Podlaskie and Łódź Voivodeships,
- Support for voluntary fire brigades in the Łódź and Podkarpacie Voivodeships,
- Foundation's support: 'Nobody is left behind', 'Stare Powązki', 'Inter-school Sports Club Wola. in Warsaw', 'Children's Friends Society in Warsaw', 'MRKS Czechowice-Dziedzice', 'Integration JP II' in Łódź, 'Demos' in Kraków and 'Prince Józef Poniatowski':

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The total of all donations made by Budimex SA in 2022 is PLN 1,945,000, and the total number of projects is 44. The entire capital group donated **PLN 2,177,000** in the form of donations.



No cases of socio-economic non-compliance were identified in 2022, and therefore no penalties were imposed on Budimex Group companies.

11. About the report

11.1. Information on reporting

[GRI 2-3] [GRI 2-5] [GRI 2-4]

This Non-Financial Report for 2022 is the Company's sixth such report. The report has been prepared on the basis of an internally developed reporting model based on the Company's long-standing experience in reporting consolidated business, non-financial and financial information. The Budimex Group reports non-financial information based on GRI Standards indicators as updated in November 2021. The scope of the content of the report takes into account good TCFD (Task-force for Climate-related Disclosure) practices.

In accordance with the requirements of the Accounting Act of 29 September 1994, the 2022, the Budimex Group Non-Financial Information Report covers the non-financial information and consolidated non-financial data of the Budimex Group in accordance with the structure of the organisation in 2022.

Significant topics discussed in this report were identified in the course of works on the CSR Strategy for 2021-2023.

The Budimex Group's non-financial information for 2022 has been externally verified. The figures presented in the report come from the internal systems of Budimex SA and its subsidiaries. 2021 was recognised as the base year of selected figures due to changes in the consolidation method. The significant majority of the non-financial figures reported in the tables in the report are related to the activities of the companies: Budimex SA, Mostostal Kraków SA and FBSerwis Group. For the other companies in the Group, total exclusions were made as at 31 December 2022 for companies with no significant operating activities that affect, in particular, the generation of fuel and energy consumption, raw materials and water, as well as emissions of wastewater, waste and greenhouse gases. For companies with unit employment, consolidation exclusions were applied to protect the personal data of individual employees. In the report, data on environmental indicators for Budimex SA have been corrected as a result of the data completeness verification taking place over the second half of 2022. The figures were validated with the involvement of internal experts.

The report is an English version of the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Contact for ESG-related topics in the Budimex Group:

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11.2. Specification of the report

Table 36. GRI Reference Table.

Indicator category	Indicator	Description	Page
GRI 2: Basic indicators			
	2-1	Details of the organisation	8, 9
	2-2	Entities covered by the organisation's sustainable development reporting	17
	2-3	Reporting cycle and contact details	180
	2-4	Adjustments of information	180
	2-5	External verification	180
2. Activities and employees			
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	2-7*	Workers	125, 157
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	2-11*	Chairperson of the highest governance body	19
	2-12*	The role of the highest governing body in overseeing impact management	23
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	2-14	The role of the highest governing body in sustainability reporting	5, 23
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	2-18	Evaluation of the activities of the highest governance body	23
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4. Strategies, policies and procedures			
	2-22*	Statement on sustainable development strategy	5
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	2-26*	Mechanisms for seeking advice and raising doubts	82, 88
	2-27	Lawfulness	82
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GRI 3: Management approach			
	3-1	Process of identifying important issues	76
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Indicator category	Indicator	Description	Page
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GRI 205: Anti-corruption			
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GRI 206: Anti-competition behaviours			
	206-1	Legal steps taken against violations of the principles of free competition	82
GRI 301: Raw materials and materials			
	301-1	Consumption of raw materials by volume and weight	127
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	302-1*	Energy consumption within the organisation	118, 119, 121
	302-3	Energy intensity	118, 122
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GRI 303: Water and sewage			
1. Management approach			
	303-1	Interactions with water as a shared resource	133
	303-2	Management of water discharge-related impacts	133
2. Detailed indicators			
	303-3*	Water withdrawal	133
	303-4	Water discharge	133
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GRI 304: Biodiversity			
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	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	137
GRI 305: Emissions to the air			
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	305-2*	Indirect GHG emissions (Scope 2)	123, 124
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Indicator category	Indicator	Description	Page
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GRI 308: Supplier Environmental Assessment			
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GRI 401: Employment			
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GRI 403: Occupational Health and Safety			
1. Management approach			
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	403-2	Process of risk and threat identification and procedure in the case of incident occurrence	140
	403-3	Occupational medicine	140, 145
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	403-5	OHS training for employees	145
	403-6	Promotion of healthy lifestyle among employees	169
	403-7	Prevention and mitigation of impacts from the OHS area directly related to the nature of activities	140
2. Detailed indicators			
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	403-9*	Accidents at work	151
	403-10	Occupational diseases	151
GRI 402 Labor/Management relations			
	402-1	Minimum notice periods regarding operational changes	157
GRI 404: Training and education			
	404-2	Programmes supporting the improvement of the employee's development and skills	160, 196
	404-3	Percentage of employees receiving regular evaluations of effectiveness and career development	160, 196
GRI 405: Diversity and equal opportunities			
	405-2	Ratio of basic salary between women and men	159, 172
GRI 406: Counteracting discrimination			
	406-1	Cases of discrimination and corrective actions taken	82
GRI 411: Rights of indigenous people			
	411-1	Incidents concerning violations of indigenous people's rights	177

Indicator category	Indicator	Description	Page
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* Independently verified indicator

Table 37. Table of compliance with the Accounting Act.

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Key non-financial performance indicators (Article 49b(2)(2))	4
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Significant non-financial risks and methods of their management (Article 49b(2)(5))	80

Table 38. TCFD Recommendations Compliance Table.

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a) Describe the board's oversight of climate-related risk and opportunities.	123
b) Describe management's role in assessing and managing climate-related risks and opportunities.	32
STRATEGY	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	49
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	49
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	not reported
RISK MANAGEMENT	
a) Describe the organization's processes for identifying and assessing climate-related risks.	90
b) Describe the organization's processes for managing climate-related risks.	90
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	90
METRICS AND TARGETS	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	90
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 green house gas (GHG) emissions, and the related risks.	90
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	not reported

12. Appendices

Full non-financial data for the Capital Group and for Budimex SA are presented in the appendix.

12.1. Detailed information about employment in 2022

[GRI 2-7] [GRI 401-1]

This Appendix publishes detailed breakdowns of employment data for the Group and the parent company. Data broken down by employee classification is published only for 2022 due to its incomparability.

Year-on-year employment figures for the parent company Budimex SA.

Table 39. Employees on definite and indefinite contracts in Budimex SA in 2022.

Per person	2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Polish market	1 223	3 142	4 365	1 261	3 026	4 287	3.1	-3.7	-1.8
employed for a definite period of time	252	591	843	236	442	678	-6.3	-25.2	-19.6
employed for an indefinite period of time	971	2 551	3 522	1 025	2 584	3 609	5.6	1.3	2.5
employed on a full-time basis	1 197	3 124	4 321	1 238	3 010	4 248	3.4	-3.6	-1.7
employed on a part-time basis	26	18	44	23	16	39	-11.5	-11.1	-11.4
aged from 51	75	501	576	79	507	586	5.3	1.2	1.7
aged from 31 to 50	719	2 053	2 772	764	1 998	2 762	6.3	-2.7	-0.4
up to 30 years of age	429	588	1 017	418	521	939	-2.6	-11.4	-7.7
German market	4	820	824	4	785	789	0.0	-4.3	-4.2
employed for a definite period of time	1	796	797	1	762	763	0.0	-4.3	-4.3
employed for an indefinite period of time	3	24	27	3	23	26	0.0	-4.2	-3.7
employed on a full-time basis	4	820	824	4	785	789	0.0	-4.3	-4.2
employed on a part-time basis	0	0	0	0	0	0	-	-	-
aged from 51	2	265	267	3	261	264	50.0	-1.5	-1.1
aged from 31 to 50	2	438	440	1	415	416	-50.0	-5.3	-5.5
up to 30 years of age	0	117	117	0	109	109	-	-6.8	-6.8
Total	1 227	3 962	5 189	1 265	3 811	5 076	3.1	-3.8	-2.2

Table 40. New hires at Budimex SA in 2022.

Per person	2021			2022			year-on-year change [%]		
	K	M	K+M	K	M	K+M	K	M	K+M
Polish market	259	496	755	187	332	519	-27.8	-33.1	-31.3
aged from 51	26	43	69	2	24	26	-92.3	-44.2	-62.3
aged from 31 to 50	61	231	292	75	167	242	23.0	-27.7	-17.1
up to 30 years of age	172	222	394	110	141	251	-36.0	-36.5	-36.3
German market	1	600	601	0	643	643	-100.0	7.2	7.0
aged from 51	1	156	157	0	187	187	-100.0	19.9	19.1
aged from 31 to 50	0	340	340	0	331	331	-	-2.6	-2.6
up to 30 years of age	0	104	104	0	125	125	-	20.2	20.2
Total	260	1 096	1 356	187	975	1 162	-28.1	-11.0	-14.3

Table 41. Employee departures at Budimex SA in 2022.

Per person	2021			2022			Year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Polish market	252	981	1 233	146	438	584	-42.1	-55.4	-52.6
aged from 51	26	206	232	6	80	86	-76.9	-61.2	-62.9
aged from 31 to 50	138	574	712	94	273	367	-31.9	-52.4	-48.5
up to 30 years of age	88	201	289	46	85	131	-47.7	-57.7	-54.7
German market	0	619	619	0.0	692	692	-	11.8	11.8
aged from 51	0	183	183	0	216	216	-	18.0	18.0
aged from 31 to 50	0	325	325	0	352	352	-	8.3	8.3
up to 30 years of age	0	111	111	0	124	124	-	11.7	11.7
Total	252	1,600	1,852	146	1,130	1,276	-42.1	-29.4	-31.1

Details of employment in the Capital Group and in the parent company Budimex S.A in 2022.

Table 42. Employees on indefinite contracts at Budimex SA in 2022.

Per person	W	M	W+M
Senior staff, including:	27	144	171
aged from 51	8	27	35
aged from 31 to 50	19	117	136
up to 30 years of age	0	0	0
Middle-level staff, including:	232	951	1,183
aged from 51	13	94	107
aged from 31 to 50	192	774	966
up to 30 years of age	27	83	110
Other employees, including:	769	1,512	2,281
aged from 51	51	368	419
aged from 31 to 50	479	899	1,378
up to 30 years of age	239	245	484
Employees at all levels of the structure	1,028	2,607	3,635
aged from 51	72	489	561
aged from 31 to 50	690	1,790	2,480
up to 30 years of age	266	328	594
Total for all levels of structure	1,028	2,607	3,635

Table 43. Employees on indefinite contracts at the Budimex Group in 2022.

Per person	W	M	W+M
Senior staff, including:	29	157	186
aged from 51	8	29	37
aged from 31 to 50	21	128	149
up to 30 years of age	0	0	0
Middle-level staff, including:	266	1,071	1,337
aged from 51	16	113	129
aged from 31 to 50	220	866	1,086
up to 30 years of age	30	92	122

Per person	W	M	W+M
Other employees, including:	926	2,334	3,260
aged from 51	62	729	791
aged from 31 to 50	582	1,256	1,838
up to 30 years of age	282	349	631
Employees at all levels of the structure	1,220	3,563	4,783
aged from 51	86	872	958
aged from 31 to 50	822	2,250	3,072
up to 30 years of age	312	441	753
Total for all levels of structure	1,220	3,563	4,783

Table 44. Employees on definite contracts at Budimex SA in 2022.

Per person	W	M	W+M
Senior staff, including:	1	0	1
aged from 51	1	0	1
aged from 31 to 50	0	0	0
up to 30 years of age	0	0	0
Middle-level staff, including:	11	88	99
aged from 51	0	12	12
aged from 31 to 50	8	70	78
up to 30 years of age	3	6	9
Other employees, including:	225	1,116	1,341
aged from 51	9	267	276
aged from 31 to 50	67	553	620
up to 30 years of age	149	296	445
Employees at all levels of the structure	237	1,204	1,441
aged from 51	10	279	289
aged from 31 to 50	75	623	698
up to 30 years of age	152	302	454
Total for all levels of structure	237	1,204	1,441

Table 45. Employees on definite contracts at the Budimex Group in 2022.

Per person	W	M	W+M
Senior staff, including:	3	14	17
aged from 51	1	4	5
aged from 31 to 50	2	10	12
up to 30 years of age	0	0	0
Middle-level staff, including:	17	125	142
aged from 51	0	19	19
aged from 31 to 50	14	96	110
up to 30 years of age	3	10	13
Other employees, including:	310	1,770	2,080
aged from 51	15	429	444
aged from 31 to 50	108	895	1,003
up to 30 years of age	187	446	633

Per person	W	M	W+M
Employees at all levels of the structure	330	1,909	2,239
aged from 51	16	452	468
aged from 31 to 50	124	1,001	1,125
up to 30 years of age	190	456	646
Total for all levels of structure	330	1,909	2,239

Table 46. Employees on definite and indefinite contracts at Budimex SA in 2022.

Per person	W	M	W+M
Senior staff, including:	28	144	172
aged from 51	9	27	36
aged from 31 to 50	19	117	136
up to 30 years of age	0	0	0
Middle-level staff, including:	243	1,039	1,282
aged from 51	13	106	119
aged from 31 to 50	200	844	1,044
up to 30 years of age	30	89	119
Other employees, including:	994	2,628	3,622
aged from 51	60	635	695
aged from 31 to 50	546	1,452	1,998
up to 30 years of age	388	541	929
Employees at all levels of the structure	1,265	3,811	5,076
aged from 51	82	768	850
aged from 31 to 50	765	2,413	3,178
up to 30 years of age	418	630	1,048
Total for all levels of structure	1,265	3,811	5,076

Table 47. Employees on definite and indefinite contracts at the Budimex Group in 2022.

Liczba osób	W	M	W+M
Senior staff, including:	32	171	203
aged from 51	9	33	42
aged from 31 to 50	23	138	161
up to 30 years of age	0	0	0
Middle-level staff, including:	283	1,196	1,479
aged from 51	16	132	148
aged from 31 to 50	234	962	1,196
up to 30 years of age	33	102	135
Other employees, including:	1,236	4,104	5,340
aged from 51	77	1,158	1,235
aged from 31 to 50	689	2,151	2,840
up to 30 years of age	470	795	1,265
Employees at all levels of the structure	1,551	5,471	7,022
aged from 51	102	1,323	1,425
aged from 31 to 50	946	3,251	4,197
up to 30 years of age	503	897	1,400
Total for all levels of structure	1,551	5,471	7,022

Table 48. Employees newly employed in 2022 for an indefinite period of time at Budimex SA.

Per person	W	M	W+M
Senior staff, including:	0	5	5
aged from 51	0	2	2
aged from 31 to 50	0	3	3
up to 30 years of age	0	0	0
Middle-level staff, including:	0	6	6
aged from 51	0	2	2
aged from 31 to 50	0	3	3
up to 30 years of age	0	1	1
Other employees, including:	4	10	14
aged from 51	0	4	4
aged from 31 to 50	3	6	9
up to 30 years of age	1	0	1
Employees at all levels of the structure	4	21	25
aged from 51	0	8	8
aged from 31 to 50	3	12	15
up to 30 years of age	1	1	2
Total for all levels of structure	4	21	25

Table 49. Employees newly employed in 2022 for an indefinite period of time at the Budimex Group.

Per person	W	M	W+M
Senior staff, including:	0	7	7
aged from 51	0	3	3
aged from 31 to 50	0	4	4
up to 30 years of age	0	0	0
Middle-level staff, including:	7	22	29
aged from 51	0	4	4
aged from 31 to 50	7	17	24
up to 30 years of age	0	1	1
Other employees, including:	15	40	55
aged from 51	0	12	12
aged from 31 to 50	12	26	38
up to 30 years of age	3	2	5
Employees at all levels of the structure	22	69	91
aged from 51	0	19	19
aged from 31 to 50	19	47	66
up to 30 years of age	3	3	6
Total for all levels of structure	22	69	91

Table 50. Employees newly employed during 2022 on a definite contract at Budimex SA.

Per person	W	M	W+M
Senior staff, including:	0	2	2
aged from 51	0	1	1
aged from 31 to 50	0	1	1
up to 30 years of age	0	0	0

Per person	W	M	W+M
Middle-level staff, including:	15	70	85
aged from 51	0	10	10
aged from 31 to 50	12	51	63
up to 30 years of age	3	9	12
Other employees, including:	168	882	1,050
aged from 51	2	192	194
aged from 31 to 50	60	434	494
up to 30 years of age	106	256	362
Employees at all levels of the structure	183	954	1,137
aged from 51	2	203	205
aged from 31 to 50	72	486	558
up to 30 years of age	109	265	374
Total for all levels of structure	183	954	1,137

Table 51. Employees newly employed during 2022 on a definite contract at the Budimex Group.

Per person	W	M	W+M
Senior staff, including:	0	5	5
aged from 51	0	1	1
aged from 31 to 50	0	4	4
up to 30 years of age	0	0	0
Middle-level staff, including:	18	98	116
aged from 51	0	18	18
aged from 31 to 50	15	67	82
up to 30 years of age	3	13	16
Other employees, including:	254	1,341	1,595
aged from 51	8	289	297
aged from 31 to 50	99	684	783
up to 30 years of age	147	368	515
Employees at all levels of the structure	272	1,444	1,716
aged from 51	8	308	316
aged from 31 to 50	114	755	869
up to 30 years of age	150	381	531
Total for all levels of structure	272	1,444	1,716

Table 52. Employees newly employed during 2022 on a definite and indefinite basis at Budimex SA.

Per person	W	M	W+M
Senior staff, including:	0	7	7
aged from 51	0	3	3
aged from 31 to 50	0	4	4
up to 30 years of age	0	0	0
Middle-level staff, including:	15	76	91
aged from 51	0	12	12
aged from 31 to 50	12	54	66
up to 30 years of age	3	10	13

Per person	W	M	W+M
Other employees, including:	172	892	1,064
aged from 51	2	196	198
aged from 31 to 50	63	440	503
up to 30 years of age	107	256	363
Employees at all levels of the structure	187	975	1,162
aged from 51	2	211	213
aged from 31 to 50	75	498	573
up to 30 years of age	110	266	376
Total for all levels of structure	187	975	1,162

Table 53. Employees newly employed during 2022 on a definite and indefinite basis at the Budimex Group.

Per person	W	M	W+M
Senior staff, including:	0	12	12
aged from 51	0	4	4
aged from 31 to 50	0	8	8
up to 30 years of age	0	0	0
Middle-level staff, including:	25	120	145
aged from 51	0	22	22
aged from 31 to 50	22	84	106
up to 30 years of age	3	14	17
Other employees, including:	269	1,381	1,650
aged from 51	8	301	309
aged from 31 to 50	111	710	821
up to 30 years of age	150	370	520
Employees at all levels of the structure	294	1,513	1,807
aged from 51	8	327	335
aged from 31 to 50	133	802	935
up to 30 years of age	153	384	537
Total for all levels of structure	294	1,513	1,807

Table 54. Employees employed for an indefinite period of time who left employment at Budimex SA during 2022.

Per person	W	M	W+M
Senior staff, including:	2	10	12
aged from 51	0	3	3
aged from 31 to 50	2	7	9
up to 30 years of age	0	0	0
Middle-level staff, including:	19	74	93
aged from 51	1	15	16
aged from 31 to 50	18	55	73
up to 30 years of age	0	4	4
Other employees, including:	64	192	256
aged from 51	3	42	45
aged from 31 to 50	49	120	169
up to 30 years of age	12	30	42

Per person	W	M	W+M
Employees at all levels of the structure	85	276	361
aged from 51	4	60	64
aged from 31 to 50	69	182	251
up to 30 years of age	12	34	46
Total for all levels of structure	85	276	361

Table 55. Employees employed for an indefinite period of time who left employment at the Budimex Group during 2022.

Per person	W	M	W+M
Senior staff, including:	2	12	14
aged from 51	0	3	3
aged from 31 to 50	2	9	11
up to 30 years of age	0	0	0
Middle-level staff, including:	21	85	106
aged from 51	1	16	17
aged from 31 to 50	20	63	83
up to 30 years of age	0	6	6
Other employees, including:	85	297	382
aged from 51	4	79	83
aged from 31 to 50	59	166	225
up to 30 years of age	22	52	74
Employees at all levels of the structure	108	394	502
aged from 51	5	98	103
aged from 31 to 50	81	238	319
up to 30 years of age	22	58	80
Total for all levels of structure	108	394	502

Table 56. Employees employed for an definite period of time who left employment at Budimex SA during 2022.

Per person	W	M	W+M
Senior staff, including:	0	2	2
aged from 51	0	2	2
aged from 31 to 50	0	0	0
up to 30 years of age	0	0	0
Middle-level staff, including:	2	30	32
aged from 51	0	11	11
aged from 31 to 50	2	18	20
up to 30 years of age	0	1	1
Other employees, including:	59	822	881
aged from 51	2	223	225
aged from 31 to 50	23	425	448
up to 30 years of age	34	174	208
Employees at all levels of the structure	61	854	915
aged from 51	2	236	238
aged from 31 to 50	25	443	468
up to 30 years of age	34	175	209
Total for all levels of structure	61	854	915

Table 57. Employees employed for a definite period of time who left employment at the Budimex Group during 2022.

Per person	W	M	W+M
Senior staff, including:	0	5	5
aged from 51	0	2	2
aged from 31 to 50	0	3	3
up to 30 years of age	0	0	0
Middle-level staff, including:	3	38	41
aged from 51	0	14	14
aged from 31 to 50	3	22	25
up to 30 years of age	0	2	2
Other employees, including:	81	1,095	1,176
aged from 51	4	295	299
aged from 31 to 50	34	563	597
up to 30 years of age	43	237	280
Employees at all levels of the structure	84	1,138	1,222
aged from 51	4	311	315
aged from 31 to 50	37	588	625
up to 30 years of age	43	239	282
Total for all levels of structure	84	1,138	1,222

Table 58. Employees employed for a definite and indefinite period of time who left employment at Budimex SA during 2022.

Per person	W	M	W+M
Senior staff, including:	2	12	14
aged from 51	0	5	5
aged from 31 to 50	2	7	9
up to 30 years of age	0	0	0
Middle-level staff, including:	21	104	125
aged from 51	1	26	27
aged from 31 to 50	20	73	93
up to 30 years of age	0	5	5
Other employees, including:	123	1,014	1,137
aged from 51	5	265	270
aged from 31 to 50	72	545	617
up to 30 years of age	46	204	250
Employees at all levels of the structure	146	1,130	1,276
aged from 51	6	296	302
aged from 31 to 50	94	625	719
up to 30 years of age	46	209	255
Total for all levels of structure	146	1,130	1,276

Table 59. Employees employed for a definite and indefinite period of time who left employment at the Budimex Group during 2022.

Per person	W	M	W+M
Senior staff, including:	2	17	19
aged from 51	0	5	5
aged from 31 to 50	2	12	14
up to 30 years of age	0	0	0
Middle-level staff, including:	24	123	147
aged from 51	1	30	31
aged from 31 to 50	23	85	108
up to 30 years of age	0	8	8
Other employees, including:	166	1,392	1,558
aged from 51	8	374	382
aged from 31 to 50	93	729	822
up to 30 years of age	65	289	354
Employees at all levels of the structure	192	1,532	1,724
aged from 51	9	409	418
aged from 31 to 50	118	826	944
up to 30 years of age	65	297	362
Total for all levels of structure	192	1,532	1,724

Table 60. Data on persons employed under contracts other than employment contracts at Budimex SA.

In number of persons	2021			2022			year-on-year change [%]		
	K	M	K+M	K	M	K+M	K	M	K+M
Number of persons cooperating on the basis of civil law contracts (contracts of mandate and contract for specific work)	87	62	149	86	74	160	-1.1	19.4	7.4
Number of persons cooperating on the basis of a cooperation agreement (B2B)	0	0	0	2	9	11	-	-	-
Number of people cooperating on the basis of appointment contracts	1	1	2	1	9	10	0.0	800.0	400.0
Number of people working in the form of outsourcing	0	0	0	4	21	25	-	-	-

[GRI 2-8]

Table 61. Data on persons employed under contracts other than employment contracts at the Budimex Group.

In number of persons	2021			2022			year-on-year change [%]		
	K	M	K+M	K	M	K+M	K	M	K+M
Number of persons cooperating on the basis of civil law contracts (contracts of mandate and contract for specific work)	127	359	486	130	248	378	2.4	-30.9	-22.2
Number of persons cooperating on the basis of a cooperation agreement (B2B)	6	5	11	7	15	22	16.7	200.0	100.0
Number of people cooperating on the basis of appointment contracts	1	1	2	1	10	11	0.0	900.0	450.0
Number of people working in the form of outsourcing	0	0	0	4	21	25	-	-	-

Table 62. Employees with disabilities.

	Budimex SA									Budimex Group								
	2021			2022			year-on-year change [%]			2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
Number of disabled employees as at the end of the financial year	6,0	16,0	22,0	7,0	18,0	25,0	16,7	12,5	13,6	9,0	22,0	31,0	10,0	29,0	39,0	11,1	31,8	25,8
Amount of contributions paid to the State Fund for Rehabilitation of Disabled People (PFRON) (PLN)	8,960,413,0			7,699,170,0			-14,1			8,960,413,0			9,694,706,0			8,2		

12.2. Information about maternity and paternity leaves

[GRI 401-3]

Table 63. Information on maternity and paternity leaves at Budimex SA.

	2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Percentage of persons who left employment in a given year after less than 12 months from the end of parental, maternity or child-care leave	bd.	bd.	bd.	31	267	37	-	-	-
Number of persons who in a given year finished their parental, maternity or child-care leave	110	2	112	123	9	132	11.8	350.0	179
Number of persons who in a given year started their parental, maternity or child-care leave	87	1	88	136	7	143	56.3	600.0	62.5

Table 64. Information on maternity and paternity leaves at the Budimex Group.

	2021			2022			year-on-year change [%]		
	W	M	W+M	W	M	W+M	W	M	W+M
Percentage of persons who left employment in a given year after less than 12 months from the end of parental, maternity or child-care leave	bd.	bd.	bd.	31.5	266.7	37.0	-	-	-
Number of persons who in a given year finished their parental, maternity or child-care leave	111	2	113	138	9	147	24.3	350.0	30.1
Number of persons who in a given year started their parental, maternity or child-care leave	99	1	100	143	7	150	44.4	600.0	50.0

12.3. Information on training at Budimex SA

[GRI 404-2][GRI 404-3]

Table 65. Number of employees improving their professional qualifications at Budimex SA in 2022.

Number of persons	W	M	W+M
Senior management staff	29	146	175
Managers	184	745	929
Other employees	710	627	1,337
All employees	923	1,518	2,441

Table 66. Number of employees trained in selected topics at Budimex SA in 2022.

Number of persons	W	M	W+M
Initial OHS training	513	855	1,368
Periodic OHS training	5,984	15,464	21,448
Specialist training in occupational health and safety, including first aid training	0	3,256	3,256
Fire protection training	0	531	531
Computer training	2,983	2,721	5,704
Technical training	614	2,834	3,448
Management training	1,145	5,360	6,505
Specialised training other than OHS training	10,022	14,862	24,883
Soft skills training	5,418	6,338	11,755
Onboarding training	604	659	1,262
Language Training	4,049	7,888	11,937
Webinars	2,054	2,729	4,783

Table 67. Number of employees trained in selected topics at Budimex SA in 2021.

Number of persons	W	M	W+M
Initial OHS training	408	5,999	6,407
Periodic OHS training	5,232	25,520	30,752
Specialist training in occupational health and safety, including first aid training	208	148	356
Fire protection training	120	128	248
Computer training	2,276	1,501	3,777
Technical training	432	2,077	2,509
Management training	1,594	6,007	7,601
Specialised training other than OHS training	3,154	4,328	7,482
Soft skills training	3,310	3,922	7,232
Onboarding training	301	392	693
Language Training	1,626	4,289	5,915
Webinars	962	478	1,439

Table 68. Employees who have been subject to regular employee assessments in Budimex SA in 2022.

Number of persons	W	M	W+M
Senior management staff	28	131	159
Managers	203	932	1,135
Other employees	694	807	1,501
All employees	925	1,870	2,795

Table 69. Employees who have been subject to regular employee assessments in Budimex SA in 2021.

Number of persons	W	M	W+M
Senior management staff	36	255	291
Managers	403	2,134	2,537
Other employees	1,798	2,042	3,840
All employees	2,237	4,431	6,668

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Marcin Węglowski
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Anna Karyś-Sosińska
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Maciej Olek
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Cezary Łysenko
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