

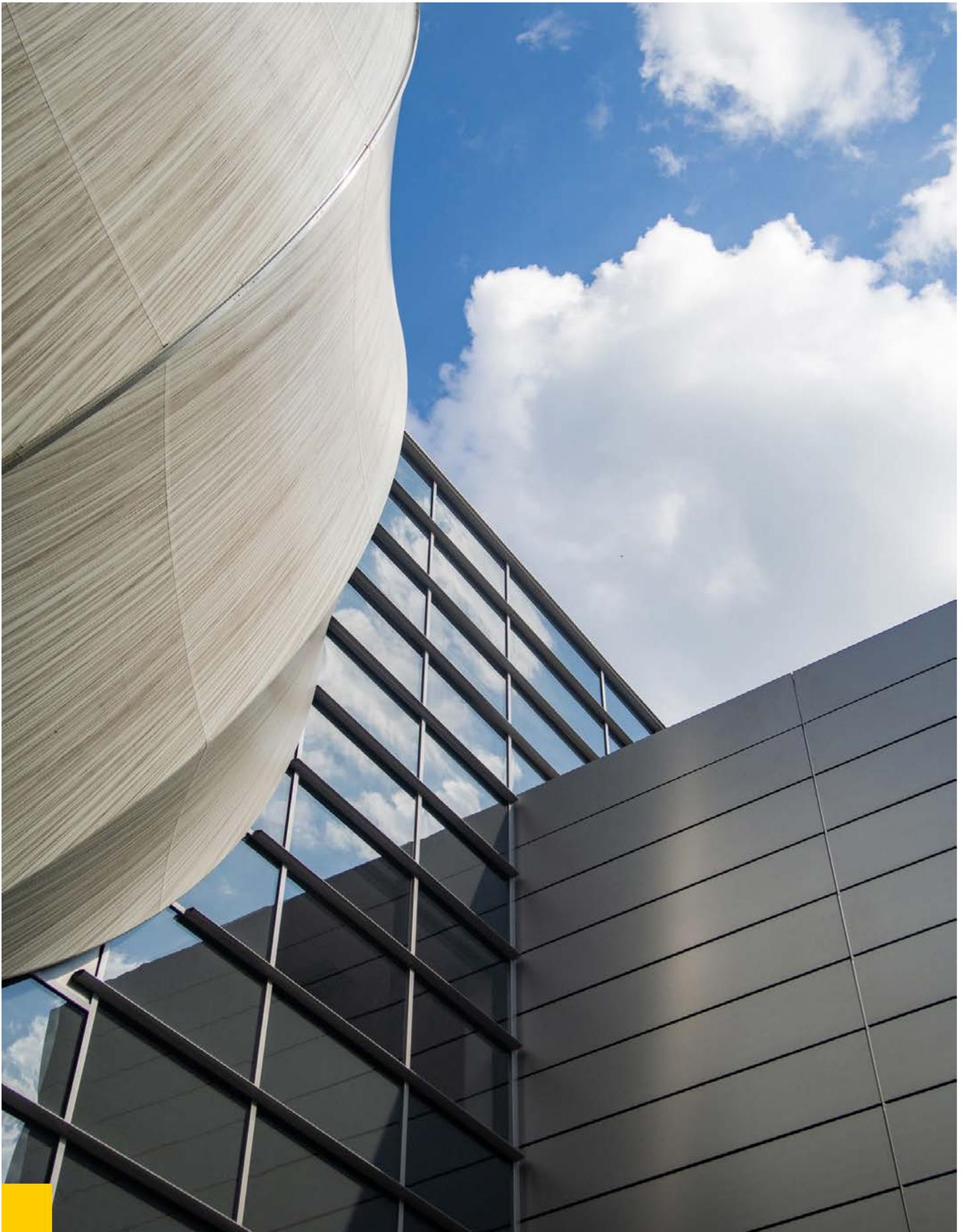
budimex
change the world

Integrated Annual Report 2018



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LIST PREZESA

GRI: 102-14, 102-15



Dear All,

I have once again the pleasure to present you the Integrated Annual Report of the Budimex Group, which shows the Group's financial results and issues concerning the impact of our business on the social and natural environment.

The year 2018 was special for our company as we celebrated our 50th birthday. Simultaneously, it was a very difficult one, both for us and for the whole construction industry. The high rise in the prices of raw materials reduced the margins of large construction companies to almost zero levels. Nevertheless, in comparison to the results of the whole construction industry, the results of the Budimex Group are optimal and ensure stable development in the following years. We also assess our portfolio of contracts, initiated last year by our group, as stable and guaranteeing profit for the shareholders.

The Budimex Group ended the year 2018 with a 16% increase in revenue to the level of PLN 7 billion 300 million and a net profit of PLN 305 million. The portfolio of orders of the Budimex Group remained at PLN 10.1 billion. Moreover, in 2018 we carried out many business activities, which ordered and strengthened the Group. We completed the sale of 99.8% shares in Elektromontaż-Poznań. Budimex S.A. sold its package of 99% of shares in Biuro Inwestycji „Grunwald” S.A. under the terms of a second agreement. We also acquired an investor for 49% of shares in Budimex Parking Wrocław. We began negotiations regarding the purchase of a controlling share in FBSerwis. The net cash position of the Budimex Group amounted to PLN 1 billion 145 million at the end of 2018.

We are aware that in every business people are the most valuable. Consequently, in 2018, our human resources policy was implemented based on the same solid foundations that have been guiding us for years: investing in human capital and respecting work ethics and safety principles. We have developed „own resources” of construction workers out of con-

cern for the effective fulfilment of our obligations towards investors. We intend to continue the increase in employment and sustainable staff development.

We are a company with a 50-year tradition, valued for its experience, reliability, solidity and high quality of provided services. We also know that what we do has long-term consequences for society and the natural environment. That is why we have been invariably committed to the principles of sustainable development and responsible business for many years, constantly developing our activities for the benefit of local communities. We continue our flagship social projects, such as “Parent Zone”, “ICE Entryphone” and an in-house corporate volunteering programme for our employees, “Grant for Volunteering”. Furthermore, we supported over 100 foundations operating for development and aid in less developed regions. In addition, to celebrate our 50th anniversary, we initiated a special jubilee programme, “Change the World. 50 years of Budimex”. As part of it, an innovative forest primary school “Puszczek” was established near Białystok.

In 2018, Budimex Group was awarded valuable prizes, including: Construction of the Year 2017, We Change Polish Industry, Build Safely, New Impulse for Innovations, and The Most Attractive Employers. Since 2011, we have unceasingly been included in the prestigious group of companies listed in the RESPECT Index – an index of companies that are managed in a responsible and sustainable manner.

I would like to thank our investors and employees of the Budimex Group for their commitment to the development of our company and all stakeholders for a long-term cooperation based on mutual trust.

I invite to you to read the Integrated Annual Report of the Budimex Group for 2018.

Dariusz Blocher
President of the Management Board

BUDIMEX IN A MINUTE - main data for 2018:

Waste material recovery

1,818.44 tonnes of metal,
over **274.22** tonnes of plastic,
75.09 tonnes of paper and cardboard

Net profit
305 million

Revenues
7,387 million

Donations granted
1,890

Every fourth
kilometre of
the express road
in 2018 was built
by Budimex

Number of contractors
cooperating with
Budimex SA
throughout the year
17,211

Employment
6,873 persons

COMMUNICATION WITH LOCAL COMMUNITIES:

for 75% of investments, a residents' feedback system concerning finished construction works was implemented

ABOUT THE REPORT

■ GRI: 102-52

The hereby presented report opens up a new decade of publishing non-financial data by Budimex. It is the eleventh consecutive annual report on sustainable development and the third integrated report. In every Budimex report, data concerning business activity and associated risks, environmental protection, employee and social issues are presented in the way allowing for their verification and year-over-year comparison. Reporting of non-financial and financial data has been for many years the form of communication of Budimex and its shareholders and stakeholders, as well as the method for dialogue in a spirit of credibility and transparency. According to the principles of integrated reporting, the current report shows the value creation in a specific time horizon. It should be emphasised that it is another report published only in an electronic version, which is coherent with the environmental protection policy in Budimex.

■ GRI: 102-10, 102-45, 102-47, 102-49, 102-51

The report covers the most important activities of the Budimex Group and its three key companies (Budimex SA, Budimex Nieruchomości Sp. z o.o., Mostostal Kraków) between 1 January and 31 December 2018. No significant changes occurred within the scope of reporting as compared to the previous year. Key areas still cover corporate governance and business strategy, responsibility for the safety of employees and subcontractors, minimisation of adverse environmental impact and the biodiversity management, as well as the company's contribution to the development of local communities. As the structure of changes Elektromontaż Poznań SA has been sold in September 2018 in accordance to the assumed strategy. The previous report was published on 21 May 2018.

GRI: 102-54, 102-56

We are aware of the importance of clear and transparent communication with the environment, therefore we have developed the content of our report in accordance with the guidelines of the GRI Standards (Global Reporting Initiative) in the basic Core option, ISO 26000 standard, principles of the Global Compact, Polish and European legal regulations within the scope of reporting non-financial data, Directive 2014/95/EU concerning the disclosure of non-financial information and information concerning diversity, as well as guidelines of the IIRC (International Integrated Reporting Council) within the scope of integrated reporting. Reliability and compliance of the report with the GRI Guidelines was verified and confirmed by an independent auditor (Deloitte Advisory Sp. z o.o.)

In 2017 our non-financial report was awarded in the competition „Social Reports” in the category „Award of the Stock Exchange” and in 2018 in the plebiscite of Company Bulletins in the category „Corporate One-Off Project”.

1.1 Importance of issues in the report

■ GRI: 102-46, 102-47

Budimex revises key issues to the report under testing, and resumes it cyclically, unless events take place that require earlier performance of the same (e.g. change of business model). The process of defining important aspects was conducted in the Budimex Group for the first time in 2012 as part of comprehensive audit among key managers. The audit was based on the guidelines of the standard PN-ISO 26000 and concerned the analysis with indication of key areas of the Group's responsibility. One year later, the selected areas were re-verified in terms of environmental and financial aspects and then developed by the Budimex CSR Committee established

in 2013. Since then, every year these areas have been modified by the Committee, if necessary. During their monitoring, there are applied results of generally available studies and analyses concerning the construction sector, opinions of the Budimex employees, exchange of experience during the Steering Committee meetings at the Agreement for Safety in Construction, associating the largest companies of the construction industry.

Information on the importance of individual aspects of the Group's activity is collected on an ongoing basis. In the process of defining important aspects of this report, feedback from the Ministry of Finance and the Association of Issuers was also taken into account, with regard to the last year's report on non-financial activities of the Budimex Group. Moreover, the significance of these areas is also affected by media information and the company's position on the market.

List of key issues for the Budimex Group's activity:

- employment conditions, occupational health and safety (OHS),
- influence on local environment and biodiversity,
- unethical conduct prevention,
- quality and safety of construction facilities,
- reasonable use of resources and environmental pollution.

The Management Board of Budimex SA decided that there was no need to repeat the significance test for the purposes of this report, since, as compared to the previous year, no important changes in this respect have occurred. Such issues such as accident rates, cooperation with subcontractors, biodiversity are still most often indicated by stakeholders. This results from the unchangeable scope of business activity and environmental and social impact. The currently defined areas are consistent with the 2016-2020 Budimex CSR Strategy.

On the basis of the conducted audit, there was developed the above list of key issues, indicating the level of significance of a given aspect to a given company in the Budimex Group, inside and outside the organisation. The above-mentioned significance test of non-financial issues in the view of stakeholders and in relation to particular companies in the Group has been applied for the purposes of this report. That survey allowed also to identify key non-financial risks.



■ GRI: 103-1

Social or environmental aspect	Aspects of impact and indicators according to GRI	Budimex SA	Budimex Nieruchomości Sp. z o.o.	Mostostal Kraków SA
Employment conditions, occupational health and safety (OHS)	<ul style="list-style-type: none"> Workplace: occupational health and safety (403-1, 403-2, 403-3, 403-4) Supplier assessment (414-1, 414-2) Complaint transfer procedure (103-2) 	high*	high*	high*
Impact on the local environment and biodiversity	<ul style="list-style-type: none"> Biodiversity (304-1, 304-2, 303-3, 304-3, 304-4) Environmental assessment of suppliers (308-1, 308-2) Complaint transfer procedure (103-2) Local community (413-1, 413-2) 	high*	high*	high*
Unethical conduct prevention	<ul style="list-style-type: none"> Human rights: investments (412-3) Human rights: complaint transfer procedure (103-3) Anti-corruption (205-1, 205-3) 	high*	high*	high*
Quality and safety of constructed facilities	<ul style="list-style-type: none"> Customer health and safety (416-1, 416-2) 	high*	high*	high*
Reasonable use of resources and environmental pollution	<ul style="list-style-type: none"> Raw materials and materials (301-1, 301-2) Energy (302-1, 302-3) Emissions (305-1, 305-2, 305-4, 305-7) Sewage and waste (306-2, 306-3) Compliance with the regulations (307-1) Environmental assessment of suppliers (308-1, 308-2) Other (industry) (CRE2, CRE8) 	medium*	medium*	medium*

*Aspects in case of which the extended responsibility may be discussed, i.e. taking into account the activities of suppliers and subcontractors in the supply chain.

Key areas in Budimex:

1.2 Stakeholders

■ GRI: 102-40, 102-42, 102-43, 102-44, 103-1, 103-2

When developing long-term relationships with stakeholders, we follow our corporate values: responsibility, ethics, cooperation and ambition. The CSR Committee appointed by the Group watches over the assurance that communication with key stakeholder groups is kept in a transparent form, in accordance with the open dialogue principles. We choose communication tools according to the needs of the specific group. We participate in many meetings and business and industry conferences, we have corporate profiles in social media, we use artificial intelligence (chat bot), we implement social projects, we are a member of associations and organisations acting for the construction industry, we

conduct surveys for suppliers. In communication, we care a lot about developing direct relations.

The stakeholders map features 6 major groups which have an impact on the Budimex Group and those that the Group has impact on.

These include:

- Employees and social partners (full-time employees, students and potential employees, former employees, trade unions, employees of subcontractors and suppliers, labour inspection and other similar supervision authorities);
- Investors (strategic investor, institutional investors, individual investors, Warsaw Stock Exchange, brokerage houses, banks);
- Customers (GDDKiA, institutional customers, individual customers, business partners, key suppliers, subcontractors, local government and government administration);

- Society (local communities within the investment area, residents and community leaders, universities and academics/students, technical and professional organisations);
- Natural environment (environmental organisations, environmental supervision inspectors, State Forests);
- Media, public opinion.

The CSR Committee is responsible for dialogue with stakeholders, regularly analysing and updating external and internal factors that may affect the dialogue process and the importance of key areas of the Budimex Group's responsibilities.

The Group applies the principle of decentralised dialogue, which means that direct relations with stakeholders prevail. The contact frequency depends on the nature of the given group and its needs. Channels of communication with stakeholders are adapted to the given target group. These include, among others, sur-

veys for suppliers, meetings, conferences, social media, chat bots, social projects, participation in external initiatives, e.g. Agreement for Safety in Construction. The Communication Department, the Spokesperson and the Strategic Analysis Office are responsible for dialogue with external environment.

In 2018, there were no significant changes in dialogue with individual stakeholder groups and in use of channels of communication. Therefore, while defining key areas, earlier results of research and discussions with stakeholders were used. In the opinion of the Group's Management Board, conducting a separate panel of stakeholders for the purposes of developing that report was not necessary. The significant aspects defined in the report are cyclically discussed in internal meetings of the CSR Committee. In light of the above, the Group's Management Board is convinced that the needs of key stakeholder groups and their expectations towards the Budimex Group are addressed adequately.



ABOUT THE BUDIMEX GROUP

1.3 Our history

For years we have been maintaining the leader's position on the Polish construction market, and in 2018 we celebrated the 50th anniversary of the Budimex activity. During that time, we have completed thousands of modern infrastructural, large volume and industrial investments. Milestones of Budimex and the entire Group in the last 50 years include:

- 1968 – Establishment of CHZB Budimex – in the first 10 years of the company's activity, Polish engineers carried out 75.5 thousand contracts in Poland and in the farthest corners of Europe, Asia and Africa.
- 1971 – Establishment of Dromex – a company established for the purposes of operations in the Middle East, where it built more than 4,700 km of roads and motorways and 100 bridges, overpasses and junctions. Then transformed into the Budimex sister company.
- 1982 – Establishment of Budimex Poznań – firstly, it had functioned as the company's branch, and after nine years it received a separate legal personality. At that time Budimex was developing its activity on foreign markets.
- 1992 – Privatisation of Budimex – economic transformations entailed ownership changes. In 1994, Budimex was transformed into a joint stock company. In that period, 18 Budimex companies operated outside Poland.
- 1995 – Budimex debuted in the Warsaw Stock Exchange.
- 1999 – Establishment of Budimex Unibud – as a result of merger of Unibud and Budimex Warsaw. The company constituted the centre of general contracting in Central and North-Eastern Poland. Budimex became a strategic investor of Mostostal Kraków.
- 2000 – The Spanish Ferrovial Group became a strategic investor of Budimex. Since then, Budimex has been using the international Group's potential and know-how.

Since then, Budimex has been using the international Group's potential and know-how.

- 2002 – Establishment of Budimex Dromex, a joint stock company, which sole owner is Budimex – as the largest general contractor in Poland, established as a result of merger of Budimex Budownictwo, Budimex Poznań, Budimex Unibud, Dromex and Mostostal Kraków.
- 2003 – Closure of the main stage of structural changes within the Group. Budimex Dromex was joined by Budimex Olsztyn and Budimex Cieszyn.
- 2009 – Merger of Budimex and Budimex Dromex – as a result of the consequently implemented consolidation strategy for companies within the Group.
- 2011 – Budimex in RESPECT INDEX – an index covering the most responsible companies listed on the Warsaw Stock Exchange – incessantly present there to date.
- 2012 – Establishment of FBSerwis – a company specialised in facility management services. Its establishment constituted another step towards the diversification of activities of the Budimex Group.
- 2013 – Sales of Budimex Danwood – the largest Polish manufacturer of energy-saving and economically efficient houses prefabricated in the wooden frame structure system.
- 2017 – The record-breaking year for the Budimex Group – historical record was broken with the highest net profit.
- 2018 – Budimex on the first place among the largest building companies in Poland.

1.4 Market activity

■ GRI: 102-2

Scope of the Budimex Group's business activity includes:

- implementation of investments in the general con-

- tracting system in Poland and abroad,
- property development,
- property management,
- design services,
- trade, production and transport activity.

In the Budimex Group, Budimex SA is the parent company. Since 1995, it has been listed on the Warsaw Stock Exchange. In 2000, the Spanish Ferrovial Group – the world leader in the transport infrastructure, one of the largest construction companies in the world, hiring more than 74 thousand employees in 15 countries, acquired a majority stake in Budimex, thus becoming its strategic investor. Since 2011, Budimex has been continuously being a part of the RESPECT Index – the stock index of companies operating according to the highest standards of corporate social responsibility. It includes only the companies that distinguish themselves with the best management standards within the scope of corporate governance, information governance, investor relations, as well as in the ecological, social and employee area. Since 2017, Budimex has also been included on the list of the London Stock Exchange – FTSE4Good Emerging Index. It constitutes an extension of a FTSE4Good series of indices, intended to measure the company efficiency within the scope of activities for the benefit of environment, social responsibility and corporate governance (ESG). The FTSE4Good series covers the indices introduced by London Stock Exchange and Financial Times in July 2001. They include the countries from the Emerging Markets area. Listing of the companies in these indices considers their negative (companies occupying with production of weapons, drugs or not complying with the principles of social equality) and positive selection (activities for the benefit of environmental protection, development of positive relations with environment, maintenance and development of human rights, fight with corruption).

■ GRI: 102-16

Budimex Mission: “Our mission is to perform construction projects, including housing estates, in a manner fit for the market leader, respecting the natural environment and ethical principles, care about the customer satisfaction and user comfort, which we shall achieve thanks to our professionalism and passion for construction, high efficiency and partner relations with suppliers and subcontractors.” Our values are our sign-post in everyday

business activity: ethics, cooperation, responsibility and ambition.

Goals of the Budimex Group’s business activity includes:

- Improvement of profitability through control and limitation of construction risks;
- Diversification of activities;
- Concentration of the Group’s potential on the domestic market;
- Development of activities on the railway and industrial construction market;
- Strong position on the domestic real estate development market;
- Maintenance of profitable export activity in Germany;
- Entry into the concession sector in Poland;
- Expansion into foreign markets.

■ GRI: 102-45

The Budimex Group comprises the following companies:

1. Construction segment:
 - a. Budimex SA
 - b. Mostostal Kraków SA
 - c. Budimex Budownictwo Sp. z o.o.
 - d. Budimex Kolejnictwo SA
 - e. Budimex Bau GmbH
 - f. Mostostal Kraków Energetyka Sp. z o.o.
7. Property development segment:
 - a. Budimex Nieruchomości Sp. z o.o.
 - b. SPV-PIM 1 Sp. z o.o.
3. Other activities:
 - a. Budimex Parking Wrocław Sp. z o.o.

Scope of companies’ activities in the Budimex Group:

- Budimex SA – a parent company in the Budimex Group. Currently, the biggest and the most dynamic listed company on the Polish construction market. It implements infrastructural, large volume and industrial projects as a general contractor, but also provides design, machinery rental and laboratory services. Its role is to ensure a quick flow of information between the Group’s companies, support them in their business development and in effective management in order to build a strong market position of the entire Group.
- Mostostal Kraków SA provides construction and assembly services. It specialises in contracting and assembly of steel structures and devices for the cement and lime, power, steel and chemical industries.
- Budimex Nieruchomości Sp. z o.o. – conducts the property development activity. The company’s task

is to purchase and prepare investment lands for the purposes of housing, flat sales, as well as real property rental and service on one's own.

- Budimex Parking Wrocław Sp. z o.o. – special purpose company, established to conduct works related to the construction of an underground car park in Wrocław, near the Centennial Hall. The company has a 30-year concession for this facility management.
- Budimex Kolejnictwo SA – the company occupies with lease of the machinery park for the benefit of other companies within the Group.
- Budimex Budownictwo Sp. z o.o. – the company performs works related to the construction of roads and motorways.
- SPV-PIM 1 Sp. z o.o. – the company implements construction projects related to the erection of buildings and operates in the property development sector.

Shareholder structure as of 30 June 2018:

- Valivala Holdings B.V. Amsterdam (Netherlands) – Company from the Ferrovia SA Group (Spain) – 55.1%
- Aviva OFE Aviva BZ WBK – 9.8%
- Nationale Nederlanden OFE – 5.3%
- Other shareholders – 29.8%

■ GRI: 102-13

1.5 Participation of Budimex in business organisations and social initiatives

- Business Centre Club – ordinary membership.
- Klub Polskich Laboratoriów Badawczych POLLAB (POLLAB – Polish Testing and Research Laboratories Club) – real member status.
- Ogólnopolska Izba Gospodarcza Drogownictwa (National Chamber of Commerce of Road Construction) – member of the chamber.
- Polski Związek Pracodawców Budownictwa (Polish Association of Construction Employers) – ordinary member, President of the Board – Dariusz Blocher, is a vice-chairman of the association.
- Izba Gospodarcza Transportu Lądowego (Land Transport Chamber of Commerce) – member of the chamber.
- Polskie Stowarzyszenie Wykonawców Nawierzchni Asfaltowych (Polish Asphalt Pavement Association) – ordinary membership, Ewelina Karp-Kręglińska, the Purchase and Quality Office Director is the Board

Member of the association.

- Polsko-Hiszczańska Izba Gospodarcza (Polish-Spanish Chamber of Commerce) – member of the chamber.
- Railway Business Forum – member of the forum.
- Stowarzyszenie Emitentów Giełdowych (Polish Association of Issuers) – ordinary member.
- Związek Mostowców RP (Polish Society of Bridge Engineers) – ordinary member.
- Izba Gospodarcza Energetyki i Ochrony Środowiska (Polish Chamber of Power Industry and Environment Protection) – member of the chamber.
- Związek Pracodawców Branży Infrastruktury (Infrastructure Sector Employer's Association) – member of the association.
- Diversity Charter – signatory of the charter since 2016.
- Pracodawcy RP (Polish Employers) – member of the organization, Piotr Kamiński, member of the Supervisory Board is a vice-chairman of the organization.
- Wschodni Klaster Budowlany (Eastern Construction Cluster) – member of the cluster.
- Polsko-Litewska Izba Handlowa (Polish and Lithuanian Chamber of Commerce) – corporate member
- Centrum Rozwoju Transportu – Klaster Luxtorpeda 2.0 (Transport Development Centre – Luxtorpeda 2.0 Cluster) – member of the cluster.

1.6 Awards and distinctions in 2018

January:

- „Crystal Brick” granted by the Polish Housing Society for two Lublin investments: in the category „Public Spaces” for Plac Litewski and in the category „Sports Facilities” for the construction of the Start Stadium.
- Emblem of the Investor in Human Capital.
- Title of „The one who changes the Polish industry” assigned by the Business Journal „New Industry” and WNP.pl.

March:

- Two awards in the fourth edition of the EB Kreator competition – in the category „Recruitment Action” for Budimex Cup – an application that allows to recruit young employees for summer practice and internships, and in the category „Employer Branding Campaign” for the Budimex Academy.
- TOPBuilder2018 – one of the most appreciated awards on the Polish construction market, granted for the Ostróda bypass project.

May:

- Winner of the Eagles of „Wprost” 2018.

June:

- Four representatives of Budimex in the final competition of Women In Construction & Engineering Awards 2018 – an international initiative aimed at encouraging women to work in the construction sector.
- Two Budimex teams from the construction of the road S51 on the section Olsztyn - Olsztynek took the first and fourth place in the 2nd Championship in the Safe Scaffold Assembly BMR 2018 in Olsztyn.

September:

- New Impulse 2018 – prize awarded to Budimex and Optical Electronics for an effective, smart lighting system for buildings.

October:

- Company Bulletin Contest – the second place for Intranet Budimex - Budinet in the category „Portal/ Intranet for Employees” and the third place for the Annual Report of 2017 in the category „One-Off Corporate Project”.
- Implementation of the Year 2018 in the category „Steel structure” for Mostostal Kraków SA.

November:

- Budimex on the first place among the largest construction companies in Poland, according to the Deloitte report „Polish Construction Companies.

- Distinction for Budimex in the competition „Build safely!” of the State Labour Inspectorate in Kielce, for special care about safety of working environment on the construction site of the express road S-7 Skarżysko-Kamienna.

December:

- Prestigious award of the „Mosty” magazine in the Maximilian Wolff competition for Budimex in the category „The Best Bridge with Span Length Exceeding 70 m”, for construction of the extradosed bridge near Ostróda. This is the facility with the largest span length in Europe, which comes to 206 metres.
- The prize of the audience in the „Railway Station of the Year” photo competition for Budimex for the railway station in Kartuzy.

Already in January 2019 we were awarded with the Best Quality Employer 2018 by the Central Office of Domestic Certification. This initiative awards companies that distinguish themselves with reliability in terms of employment policy, employee solutions and human resources management. In turn, Mostostal Kraków received the title of „Construction Company 2018” awarded by the monthly journal „Builder” and the president of the management board of the company Andrzej Kaczan was awarded with the title of the „Personality of the Industry”.



MARKET SITUATION AND PERSPECTIVES

■ GRI: 102-15

In 2018, there was maintained the good dynamics of the economic growth achieved in 2017. The gross added value in construction in 2018, compared to 2017, increased by 17.0%, while in 2017 it had increased by 6.5%. The general economic situation in construction, from the enterprise's point of view, was similar last year as the year before. A serious shortage of qualified personnel on the labour market was characteristic, constituting one of key factors affecting the uncertainty of conducting business activity. On the other hand, the construction industry did not feel a serious problem of insufficient demand for services and too fierce competition.

In 2018, the construction and assembly production increased by 21.3% year-over-year (as in 2017 increase came to 12.9%). The scale of completed projects for the first time in history exceeded the level of PLN 100 billion, which resulted from a very high demand for construction services, in particular infrastructural construction, where an increase in the construction and assembly production in last year came to 23.7% towards 11.7% in 2017. Road construction (increase by 21.0%) and railway construction (increase by 37.0% compared to 2007) were also crucial. In the reported period, there occurred also a high dynamics of increase in production in the housing construction, where the value of 17.5% was achieved. Non-housing construction recorded an increase in its value by 19.4% compared to 14.0% in 2017. That was mainly due to an increase in a group of public utility buildings (value of 43.5% in 2018 towards 31.5% in 2017) and the maintenance of the rate of growth in the industrial construction, where production increased by 13.9% towards 9.9% in 2017.

The scale of the construction and assembly production in the reported period was not subject to significant

changes compared to 2017 and still civil engineering structures had the largest share in the entire production (51% in total construction and assembly production).

The main reason of the level of dynamics and a factor affecting directions of the construction development is still the rate of completion of large infrastructural projects and associated effectiveness of use of the EU funds. At the end of 2018, more than 46 thousand of co-financing agreements with the value of PLN 380.6 billion was concluded, with share of the EU funds at the level of PLN 233.5 billion, which constitutes approx. 71% of all funds allocated to Poland under the cohesion policy. The value of signed agreements concerning infrastructural road and railway projects came, respectively, to PLN 83.8 billion and 30.3 billion. In the perspective of subsequent years, the EU fund access shall be at a similar level and probably their significant role in the development of the Polish construction industry will be maintained. According to the decision of the European Commission from May 2018, Poland shall remain the largest beneficiary of the EU funds and in the following perspective 2021-2027 it shall receive EUR 73 billion.

In 2019, the construction sector shall be driven by rising investment expenditure in the area of infrastructure. Many enterprises start this year with a comfortable portfolio of orders and with secured revenues. Further high cost pressure connected with a continuous increase in costs of materials and labour is very likely. There are also difficulties with finding qualified employees and change in the provisions on the German labour market, which facilitate hiring foreigners from outside the European Union on the territory of Germany, thus employees from beyond the eastern border, whose support Polish construction companies are now using, may be interested in work in Germany, not in Poland.

The scale of road projects in the following years shall be determined by the rate of implementation of the “2014-2020 Programme of Construction of National Roads, with the Perspective by 2025”. From 2019 to 2020, the accumulated investments in the road construction may be expected, among others because many contracts executed in the “design and build” form shall enter the construction phase. Moreover, due to the low activity within the scope of announcing new proceedings in 2018, the value of contracts on general contracting signed in 2019 may be at a low level. On the other hand, in 2019 there will be probably an increased activity within the scope of tendering, however due to a long period from tendering to agreement signing, the majority of contracts will be concluded only in 2020. According to the list of tenders planned for the announcement published in January 2019, GDDKiA shall call in 2019 for tenders for works for 17 sections with a total length of 435 km, including several sections of the expressway S19 with a total length exceeding 170 km.

Inalterably, railway construction remains the prospective area of development from the point of view of a general contractor. According to the funding plan, updated in June 2018, for the “National Railway Programme by 2023”, a total value of projects completed from 2015 to 2012 by PKP PLK shall come to PLN 63.8 billion. Additionally, the reserve list includes 64 projects with the value of PLN 28 billion, the performance of which depends on generated savings. In two previous years, due to increasing costs and risks on railway contracts, many bids put forward in tenders exceeded the investor’s budget. According to the tender schedule for the year 2019 published by PKP PLK, calling for tenders under the KPK in 2019 should not go slower than in 2018.

If it is about hydraulic engineering, according to the project schedule concerning the Odra Waterway and Vistula Waterway, in 2020 the Ministry of Water Management and Inland Navigation will prepare the programme for development of waterways, which shall allow for a more credible assessment of this segment’s potential.

Recently, the energy construction segment has been maintaining a good growth rate as a result of progressive implementation of several large power plants with a total power of 5.8 GW. Several significant projects, including a power plant in the technology of the so-called

clean coal at the Bogdanka mine, two new units with the power of 700 MW each in Zespół Elektrowni Dolna Odra and the coal power unit in Puławy are at the planning or tendering stage. Positive signals within the scope of the rate of implementation of a new investment programme come from the gas transmission market. In August 2018, Gaz-System commenced public consultations concerning the gas network development plan for the years 2020-2029. This plan assumed an increase in the network’s length by almost 3,800 km from 2020 to 2029.

In 2018, a number of flats sold by investment companies decreased. On the six largest markets, i.e. in Warsaw, Wrocław, Kraków, Łódź, Poznań and Tricity, 64.8 thousand flats were sold towards 72.8 thousand flats sold in 2017. The main reason for a reduced sale is constituted by the significant limitation of a flat offer of the leading property companies connected with the elongated formal and legal processes in the course of obtaining necessary permits and with the necessity to adjust flat prices to a dynamic inflation of costs of the housing investments’ general contracting. A continued expansive credit action of banks, driven by the maintenance of low interest rates and increasing creditworthiness of Polish people constitutes the factor that may positively affect the market shape in 2019.

The opportunity for further development of the construction market may be seen in projects in the form of public private partnership (PPP). The fact that the PPP team in the Ministry of Development developed and the government accepted the strategic document “The Government’s Policy on the PPP Development” constitutes a positive signal. The document assumes that in the years 2017-2020 at least 100 new PPP agreements shall be concluded, while the share of the value of signed PPP agreements in capital expenditure in the Polish economy within the public sector should come to 5%.

The accumulation of works in two large investment programmes within the scope of national roads and railroads, supported by a high value of investments implemented in the area of general construction, has recently translated into a dramatic increase in prices of building materials, subcontracting services and labour costs. The factor supporting an increase in material prices in 2020 and following years may be the potential increase in

prices of electrical energy, which shall affect an increase in costs of building material manufacturers, e.g. cement plants, thus consequently converting to an increase in costs of general contracting of works. With regard to the issue of a dynamic increase in prices towards those assumed in tender cost estimates, as a result of discussions

with investors' representatives, it was decided to introduce changes in the methodology of valorisation of new contracts, in which the general contracting agreement was not concluded, however still an issue of no valorisation on already implemented contracts has not been solved.



LAST YEAR'S RESULTS

■ GRI: 102-2, 102-7

In 2018, the construction market's value increased 21.3% compared to 2017, recording the highest growth rate since 2011. Increase concerns both the infrastructural construction sector (23.7%) and the residential construction sector (18.7%). In the discussed period, an increase in sale of the Budimex Group's construction segment came to 16.1% compared to 2017 and reached the bumper level of PLN 7.4 billion. In 2018, we were again the construction sector's leader in Poland. Total value of contracts signed by Budimex in 2018 exceeded

PLN 6.5 billion. According to the assumed strategy, Elektromontaż-Poznań SA was sold during the year.

The share of the infrastructure segment in total revenues from the Group's construction and assembly services decreased from 48.9% in 2017 to 44.9% in 2018. As a consequence of gaining new railway contracts, participation of that segment in the structure of the Group's revenues increased from 3.9% to 9.0% in 2018. The share of the residential construction remained at the level similar to the previous year and came to 46.1%.

Sales structure by particular sectors of the construction market:

Facility type	Value of sales			
	2018		2017	
	PLN million	%	PLN million	%
Civil engineering (infrastructure)	3,163	44.9%	2,967	48.9%
Railway	634	9.0%	237	3.9%
Residential, including:	3,250	41.6%	2,866	47.2%
- non-housing	2,537	36.0%	2,058	33.9%
- housing	713	10.1%	808	13.3%
Total sales of construction and assembly services	7,047	100.0%	6,070	100.0%

In 2018, sales revenues for the investment activity came to PLN 548,069 thousand and increased compared to the previous year by 8.8%. Net presale of new flats from the Budimex Group's offer in entire 2018 came to 1,208, compared to 1,457 flats in the previous year. An increase

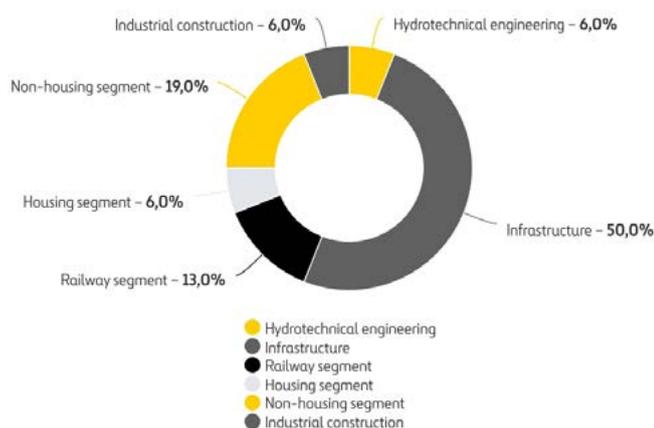
in a number of presold flats by 17% corresponded with the downward trend observed in the largest Polish cities. In 2018, the Budimex Group, continuing an increase in resources of the land bank, purchased plots of land in Warsaw, Kraków, Poznań, Tricity and Wrocław. The

portfolio of projects ready to be started increased to almost 10 thousand flats at the end of 2018.

The number and value of won tenders in 2018 was similar to the one in 2017. In 2019, the investment process shall be continued, which should translate into new road and railroad orders. In 2019, the Budimex Group plans capital expenditure at the level of approx. PLN 50 million, including approx. PLN 26 million for Budimex SA and PLN 16 million for Budimex Kolejnictwo. The main expenditure shall concern the purchase of construction and railway machinery, as well as completion of IT projects.

The portfolio of construction orders of the Budimex Group as of 31 December 2018 came to PLN 10,131,732, which means a small decrease (2%) compared to the end of 2017.

The structure of the Budimex Group's order portfolio as of 31 December 2018 is as follows:



■ GRI: 102-4, 102-6, 102-7

Our offer includes industrial, residential and office facilities, public utility facilities, bypasses, roads, motorways, railway infrastructure, airports, hydratechnical facilities and waste treatment plants. Geographically, the sales structure has been stable for several years. The main markets on which the Budimex Group operates include Poland, Germany and Lithuania, while the dominant share of revenues originates from the Polish market (96.1%). 2.7% of revenues came from Germany, 1.0% from Lithuania, and 0.2% from other markets. PLN 100 million planned capital expenditure of the Budimex Group in 2018. In 2018, on the German market mainly

workshop works were performed. Sales revenues from Germany came to PLN 202,305 thousand and were higher by 1.5% than in 2017. The increase was bumper for pre-fabrication works (2.9%), while for metal works – decrease (1.5%). Further presence of Budimex on these markets is planned.

■ GRI: 102-7, 102-8

Basic economic values characterising the Budimex Group were as follows:

	2017	2018
Net revenues from sales of products, services, goods and materials (million PLN)	6,369.3	7,387.1
Profit (million PLN)	464.6	305.5
Equity (million PLN)	882.1	750.5
Liabilities (million PLN)	5,115.2	4,705.8
Assets (million PLN)	5,997.3	5,456.3
Number of employees	6,539*	6,873*
Number of subcontractors employees supervised by the Budimex Group	no data**	no data**

* Number of employees in all capital group companies consolidated in financial reporting (in contrast to the number of employees of four key companies displayed in non-financial data tables at the end of the report)

** Works are characterised with high seasonality of subcontractors' employment, and the specificity of consecutive stages of performed works results in subcontractor turnover and changing number of employees contracted by Budimex. Employee data, including subcontractors' employees, applicable on every day are registered directly on construction sites.

FINANCIAL RESULTS

■ GRI: 103-1, 103-2

1.7 Characteristics of basic economic and financial values of the Budimex Group.

The Budimex Group's financial situation in 2018 was characterised by selected economic and financial values disclosed in the financial statement and the profit and loss account (the summary below together with comparable data for 2017).

Fixed assets (long-term):

The following factors mainly affected the change in the value of fixed assets as of 31 December 2018 compared to the status as of 31 December 2017:

- increase in the balance of tangible fixed assets by PLN 95,701 thousand, mainly as a result of purchase

and taking on financial lease of fixed assets with the value of PLN 158,147 thousand. In turn, depreciation reduced the balance of tangible fixed assets by PLN 46,186 thousand. Tangible fixed assets with the value of PLN 8,541 thousand were sold,

- increase in the balance of long-term retentions for construction contracts retained by recipients of the Group's companies by PLN 18,965 thousand, mainly as a result of higher sale,
- reduction of the balance of deferred income tax assets by PLN 43,357 thousand, as a result of reduced balance of deductible temporary differences from items on the liability side,
- granting long-term loans to the affiliated company FBSerwis SA in the amount of PLN 10,780 thousand.

Consolidated financial statement of the Budimex Group.

The main items of the consolidated financial statement of the Budimex Group as of 31 December 2018 compared to the status as of 31 December 2017 are as follows:

ASSETS	31 December 2018	31 December 2017	Change	Change %
Fixed assets (long-term)	988,641	927,334	61,307	6.6%
Tangible fixed assets	258,123	162,422	95,701	58.9%
Investment properties	28,365	24,623	3,742	15.2%
Intangible assets	28,389	30,163	(1,774)	(5.9%)
Goodwill of subsidiary units	73,237	73,237	-	0.0%
Investments in units valued according to equity method	37,427	39,228	(1,801)	(4.6%)
Financial assets available for sale	9,778	9,501	277	2.9%
Retentions for construction contracts	49,103	30,138	18,965	62.9%

ASSETS	31 December 2018	31 December 2017	Change	Change %
Trade receivables and other receivables	21,807	39,341	(17,534)	(44.6%)
Concession contract receivables	46,416	46,440	(24)	(0.1%)
Other financial assets	74,145	67,033	7,112	10.6%
Deferred income tax assets	361,851	405,208	(43,357)	(10.7%)
Current assets (short-term)	4,467,710	5,070,022	(602,312)	11.9%
Inventories	1,611,813	1,425,100	186,713	13.1%
Trade receivables and other receivables	819,300	689,939	129,361	18.7%
Retentions for construction contracts	28,311	27,812	499	1.8%
Amounts due from recipients for construction contracts	561,537	483,501	78,036	16.1%
Current income tax assets	33,102	30,298	2,804	9.3%
Other financial assets	4,459	286,533	(282,038)	(98.4%)
Cash and cash equivalents	1,409,152	2,126,839	(717,687)	(33.7%)
TOTAL ASSETS	5,456,351	5,997,356	(541,005)	(9.0%)

Liabilities and equity:

On the side of liabilities and equity, changes concerned:

- reduction of the item “retained profits” as a result of dividend payment,
- increase in the value of long-term liabilities by PLN 173,898 thousand, mainly due to:
 - Increase in liabilities for long-term credits, loans and other external funding sources by PLN 92,024 thousand (new liabilities for financial lease), and,
 - Increase in the balance of liabilities for provisions for long-term liabilities by PLN 61,448 thousand, mainly as a result of an increase in the balance of long-term provisions for warranty repairs.
- reduction of the value of short-term liabilities by PLN 583,252 thousand, while the largest changes concerned:

- reduction of the valuation of construction contracts in the amount of PLN 208,026 thousand, mainly due to less intense commitment of investors in current funding of construction projects compared to the previous years,
- reduction of the balance of provisions for losses on contracts in the amount of PLN 85,794 thousand, and,
- reduction of the balance of deferred income by PLN 349,043 thousand, mainly as a result of settlement of advance payments for executed construction projects.

LIABILITIES AND EQUITY	31 December 2018	31 December 2017	Change	Change %
Equity attributable to the shareholders of the parent company	743,341	881,443	(138,102)	(15.7%)
Share capital	145,848	145,848	-	0.0%
Surplus from the sale of shares above their nominal value	87,163	87,163	-	0.0%

LIABILITIES AND EQUITY	31 December 2018	31 December 2017	Change	Change %
Other reserve capitals	1,600	2,557	(957)	(37.4%)
Foreign exchange differences arising from conversion of branches and foreign entities	6,947	5,342	1,605	30.0%
Retained profits	501,783	640,533	(138,750)	(21.7%)
Shares not granting control	7,136	685	6,451	941.8%
Total equity	750,477	882,128	(131,651)	(14.9%)
Liabilities	4,705,874	5,115,228	(409,354)	(8.0%)
Long-term liabilities	788,821	614,923	173,898	28.3%
Credits, loans and other external funding sources	184,110	92,086	92,024	99.9%
Retentions from construction contracts	222,751	203,643	19,108	9.4%
Provisions for long-term liabilities and other charges	367,306	305,858	61,448	20.1%
Liabilities for pension payments and similar	12,639	11,086	1,553	14.0%
Other financial liabilities	2,015	2,250	(235)	(10.4%)
Short-term liabilities	3,917,053	4,500,305	(583,252)	(13.1%)
Credits, loans and other external funding sources	54,823	30,324	24,499	80.8%
Trade liabilities and other liabilities	1,720,438	1,697,984	22,454	1.3%
Retentions from construction contracts	214,866	217,193	(2,327)	(1.1%)
Provisions for loss on construction contracts	158,035	243,829	(85,794)	(35.2%)
Valuation of construction contracts	575,183	783,209	(208,026)	(26.6%)
Deferred income	996,224	1,345,267	(394,043)	(25.9%)
Provisions for short-term liabilities and other charges	187,938	170,762	17,176	10.1%
Current income tax expenses	6,846	3,404	3,442	101.1%
Liabilities for pension payments and similar	1,412	1,537	(125)	8.1%
Other financial liabilities	1,288	6,796	(5,508)	(8.1%)
TOTAL LIABILITIES AND EQUITY	5,456,351	5,997,356	(541,005)	(9.0%)

Consolidated profit and loss account of the Budimex Group

CONSOLIDATED PROFIT AND LOSS ACCOUNT	1 January – 31 December 2018	1 January – 31 December 2017	Change	Change %
Net revenues from sales of products, services, goods and materials	7,387,137	6,369,309	1,017,828	16.0%
Costs of sold products, services, goods and materials	(6,758,048)	(5,559,485)	(1,198,563)	21.6%
Gross sales profit	629,089	809,824	(180,735)	22.3%
Sales costs	(30,650)	(34,016)	3,366	(9.9%)
General management costs	(229,593)	(216,627)	(12,966)	6.0%
Other operating revenues	67,977	61,070	6,907	11.3%
Other operating expenses	(63,824)	(31,933)	(31,891)	99.9%
Profit from sale of subsidiaries	44,011	-	44,011	100%
Operating profit	417,010	588,318	(171,308)	(29.1%)
Financial revenues	28,291	37,084	(8,793)	(23.7%)
Financial costs	(40,118)	(40,771)	653	(1.6%)
Share in net (losses) of subsidiaries valued with the equity method	(1,795)	(4,199)	2,404	(57.3)
Gross profit	403,388	580,432	(177,044)	(30.5%)
Income tax	(97,904)	(115,838)	17,934	15.5%
Net profit for the period	305,484	464,594	(159,110)	34.2%
Including accruing to:				
Shareholders of the Company	305,424	464,408	(158,984)	(34.2%)
Shares not granting the control	60	186	(126)	(67.7%)

1.8 Management of the Budimex Group's financial resources

The Budimex Group started 2018 with cash in the bank and in hand for a total of 2,126,839 thousand PLN. The net cash flow for the previous year was negative and amounted to 694,728 thousand PLN, which as at 31 December 2018 gave a reporting cash balance in the amount of 1,409,152 thousand PLN. The balance of

cash from operating activities in 2018 decreased by 523,375 thousand PLN in comparison with 2017 mainly due to the Group entities' greater financial engagement (along with the reduction in the investors' engagement) in implemented projects, but also due to the profitability and cash generated in construction activities significantly lower than in the previous years or the dividend payment. In 2017, Budimex SA paid out a dividend in the amount of 449,585 thousand PLN.

In accordance with the Group's policy, the Group's cash surpluses were kept as bank deposits at banks and issuers' short-term debt securities with a good rating. In addition, Budimex SA used cash surpluses to finance the suppliers of its services and raw materials, which had a positive effect on the financial liquidity of these suppliers, and generated extra income for Budimex SA.

The Budimex Group entities reported an external debt in respect of bank loans and borrowings and other external sources of finance, including finance lease liabilities, which as at 31 December 2018 amounted to 238,933 thousand PLN and were 116,523 thousand PLN higher than on 31 December 2017 (see the table below). The Group's debt is mainly composed of: the debt of

Budimex SA, Budimex Kolejnictwo SA and Mostostal Kraków SA under finance lease agreements (made primarily for the purpose of financing the purchase of property, plant and equipment – machines and equipment for performing road and railway construction contracts) and a loan taken out by Budimex Parking Wrocław sp. z o.o. to finance a car park concession (car park at the Centennial Hall Conduit in Wrocław). The aforementioned increase in total debt in 2018 results primarily from the increase in Budimex SA's and Budimex Kolejnictwo SA's debt under finance lease agreements. As at the end of 2018, the Group had no debt on account of the bonds issued or bank loans financing the property development activities.

Liabilities due to bank loans and borrowings and other external sources of finance:	31/12/2018	31/12/2017	31/12/2016
- long-term	184,110	92,086	62,333
- short-term	54,823	30,324	20,276
Total	238,933	122,410	82,609

The following ratios illustrate the structure of finance at the Budimex Group:

Ratio	31/12/2018	31/12/2017	31/12/2016
Equity to assets ratio: (equity attributable to the shareholders of the Parent Company) / (total assets)	0.14	0.15	0.14
Equity to fixed assets ratio: (equity attributable to the shareholders of the Parent Company) / (fixed assets)	0.75	0.95	0.94
Total debt ratio: (total assets - equity attributable to the shareholders of the Parent Company) / (total assets)	0.86	0.85	0.86
Debt to equity ratio: (total assets - equity attributable to the shareholders of the Parent Company) / (equity attributable to the shareholders of the Parent Company)	6.34	5.80	5.98

At the end of 2018, the sustainability of financing described by the above indicators worsened. The fixed asset coverage with equity reduced by the payment of dividends. For the same reason, the equity is burdened with higher debt despite a significant drop in the balance sheet total.

Although the current liquidity ratio remained at the end of 2018 at a similar level compared with the previous year, the quick liquidity ratio decreased significantly as a result of the above described significant reduction in the Group's cash balance and the simultaneous increase in the inventory balance, both in the real estate development part and the construction part.

Ratio	31/12/2018	31/12/2017	31/12/2016
Current ratio (current assets) / (current liabilities)	1.14	1.13	1.11
Quick ratio (current assets – inventory) / (current liabilities)	0.73	0.81	0.83

Owing to the current good financial standing of the Budimex Group, the cash resources, access to credit limits in banks and the still insignificant level of financial debt,

there are no threats to the Group's ability to finance its business activities in 2019.



CONTRIBUTION TO INFRASTRUCTURE DEVELOPMENT

■ GRI: 102-7, 103-1, 103-2

1.9 Socio-economic development

■ GRI: 102-7, 203-1

The Budimex Group, and in particular its companies conducting construction activity, contribute to the socio-economic development of our country every day. Thousands of kilometres of roads and bridges that we build connect small villages with small towns, and the latter with large agglomerations. Development of infrastructure has a positive impact on almost every aspect of our lives, both social and economic. In turn, public utility projects: museums, philharmonic halls, universities, hospitals, hotels or housing estates not only increase the residents' quality of life, but also contribute to the development of culture, science and art. The range of industrial investments should be added to this, which thanks to the use of state-of-the-art technologies enables our country to thrive and consolidate its international position. However, we are aware of the impact of the construction process on the daily lives of residents in the vicinity of our investments and of the impact of our activities on the natural environment. Therefore, we make every effort to ensure that the construction process is as troubleless as possible and does not entail significance interference with nature. This effort is reflected in our mission and strategy, adopted policies and organisational culture that help us manage the impact of conducted activities on the surroundings and natural environment.

We implemented the contribution of the Budimex Group to the socio-economic development of our country directly and indirectly, at all stages of the value chain – from the acquisition of materials, through

the performance of construction investments, and putting them into service. In 2018:

- we maintained our leading position and again took the first place among the largest building companies in Poland,
- we were the biggest CIT taxpayer among construction companies,
- we employed nearly 7 thousand persons and strived for employment of a total of 1,100 persons by the end of 2019,
- we worked with more than 17,200 contractors on about 300 construction contracts,
- we donated PLN 82 thousand to volunteer projects of our employees and nearly PLN 1.9 million on social activities,
- 60,000 children in Poland benefited from the Parent Zones, and more than 37,000 students participated in the „ICE Card” programme.

1.10 Infrastructural projects

■ GRI: 203-1

In 2018, we were regularly starting investments important for us, continuing implementation of those started in the previous years, as well as we completed several projects particularly significant for us:

- road investments, including expressways and bypasses:
 - In 2018, we signed 8 contracts on the construction of expressways and motorways with the total net value of PLN 2.6 billion (with participation of consortium partners), which total length came to 99 km. In turn, under the completed projects concerning expressways and motorways, last year we executed 27 agreements with the total net value of PLN 8.7 billion (considering consortium partners), constructing roads 370 km long, which constitutes

1/10 of the total length of expressways and motorways in Poland.

- We delivered before the due date the subsequent section of the Olsztyn bypass (road S51) in the “design and build” system. This section covers over 16 km of the route from Olsztyn Wschód to Olsztyn Południe and includes, among others, the construction of a bridge over the Łyna river, 138 m long, which was conducted on a difficult, boggy area. Works on another 6-km section shall be ended in June 2019, while the total value of the contracts exceeds PLN 1 billion.
- At the end of 2018, in the presence of the Minister of Infrastructure, we signed an agreement to design and build the 8-km section of the expressway S19 Via Carpathia from the Kamień Interchange to the Sokołów Interchange. It is the last section that will connect Rzeszów and Lublin, while its construction shall be ended in April 2022. The contract’s net value comes to almost PLN 233 million.
- railway investments:
 - In 2018, we signed two large railway contracts, with the total net value of PLN 0.6 billion (with participation of consortium partners). We executed 9 contracts with the total net value of 3.2 billion (with participation of consortium partners). Our share in the general value of contracts for rail transport concluded in the last year came to 17% in reference to agreements with the net value below PLN 100 million and 13% for contracts exceeding net PLN 100 million. Thus, we joined the group of three companies with the highest value of railway construction contracts signed in 2018.
 - We commenced the project LCS Idzikowice, covering reconstruction of 10 tracks, liquidation of two

other, remaining reconstructions and extensions. There shall be constructed 43 railroad switches, thanks to which railway sets will safely change tracks. In addition, there will be replaced the overhead contact line and the station system will be optimised, thus allowing for an increase in freight train speed to 120 km/h and passenger train speed to 230 km/h. The works are to be completed in June 2020. The contract’s value comes to PLN 128 million.

- power plant construction:
 - We continued the construction of a new power plant unit in Elektrownia Turów belonging to PGE. Budimex is one of the contractors of this project. A new unit shall have the power of 450 MW and shall meet all environmental requirements of the BAT conclusion for large power facilities. The investment shall be completed in 2020. Its net value comes to over PLN 3.5 billion.
- other:
 - Construction of the Polish History Museum, which shall be ready in 2021. With regard to valuable documents, the building will be equipped, among others, with compartments resistant to load resulting e.g. from demolition of the ground part.

1.11 Innovative projects in Budimex SA

■ GRI: 203-1

We also conduct non-standard projects, which go beyond our core business. In 2017, we established the Innovation Office, which efficiently developed its activities already in 2018.

Innovations in Budimex SA:

	2017	2018
R+D expenditure (with consideration of own expenditure and obtained subsidies, in PLN)	3,427,000	4,745,300
Number of employees involved in innovative projects	57	102

The Budimex Group continuously works on the modernisation of the construction sector. That is why, within the framework of searching for ideas to improve the organisation inside and for methods to comprehensively act for the benefit of innovations, in January 2018 we commenced cooperation with start-ups in the programme „Budimex Innovations”. To the programme, we invite start-ups and experienced companies, offering solutions for our industry. We select the most interesting ideas and implement them together. The project „Budimex Innovations” facilitates the establishment of new business relations oriented towards cooperation at innovative solutions in the construction sector. In addition, it enables us to support young entrepreneurs who already have the concept or ready prototype, while we allow for its business application, ensure mentoring, professional environment for tests and research, and even advisory in invention commercialisation. On the other hand, Budimex receives access to new technologies and knowledge. Last year, out of 101 submitted projects, we completed 6 tests of technologies. The most important information on the programme, partners and an application form for start-ups may be found on the dedicated Internet platform www.budimex-innowacje.pl

In the programme „Budimex Innovations”, together with Optical Electronics, we tested smart light fixtures for offices that were equipped with innovative sensors allowing for the maximum use of natural lighting. The project’s assumption was to confirm that the applied solution was energy-efficient. Installed modules allowed for autonomous operation of every fixture and smooth supplementation of emitted light to the selected and the most beneficial number of lux – depending on lighting conditions in a room and movement detection. For lighting without sensors, there was noted energy uptake at the level of 228.94 kWh and for lamps with sensors – only 66.89 kWh, thus allowing to save 70% of costs.

Value of projects with funding at the level of the European Commission and at the domestic level with participation of the Budimex Group’s companies:

- SAFEWAY – EUR 4,869,100
- Brik 2.1 – PLN 3,923,365
- Brik 2.2 – PLN 7,309,154

In 2018, we were one of 14 partners of the international consortium in the R&D project named SAFEWAY. The project consists in carrying out four real case studies in four countries, which are connected with five regional corridors of the TEN-T base network, conducting, among others, research on climate and weather phenomena and fires, seismic risk and high temperatures are conducted. The project provides for a five-fold improvement of mobility and reduction of costs of infrastructure maintenance by at least 20%. Its implementation is to contribute to the improvement of safety of the transport infrastructure, establish the basis to develop tools for predicting and mitigating effects of extreme events in all types of road disasters.

In turn, both projects Brik 2.1 and Brik 2.2 are completed in cooperation with PKP PLK, Warsaw University of Technology and TINES. They consist in the development of devices for PKP that limit vibration and noise resulting from railway traffic. Budimex will assemble test devices on railway sections and develop the assembly manual.

Another exceptional project for us in the category of social innovations, closing the 50th anniversary of our parent company – Budimex – celebrated last year, was constituted by the social programme initiated in 2018 „Change the World. 50 Years of Budimex”. Thanks to that initiative, the first forest elementary school „Puszczek” in Poland was established near Białystok. This is the facility that meets the individual needs of children, cares for their development and education in the spirit of group work, assertiveness, implementation of one’s own interests. The school provides them with space and conditions for undisturbed „free-range” activity, the ability to experiment and developing experiences in the field. We are convinced that by supporting such bottom-up initiatives, we contribute to the development and education of the generation of young people curious about the world.

1.12 50 moments of the Budimex life

In 2018, Budimex celebrated the 50th anniversary of its activity, It was a good opportunity to sum up its previous accomplishments and involvement in development of Poland. In the report, we distinguished selected projects of particular significance – completed or in progress.

Ostróda Bypass

This is an example of engineering capacity to conquer extremely difficult geotechnical conditions in the infrastructural development. The entire investment is also very important socially, both for local community and for all persons travelling S7 – a new road shortens the travel time and unburdens local roads. The scope of works covered the construction of a section of dual carriageway expressway together with technical infrastructure and traffic safety devices. Construction of a section of a dual carriageway GP together with technical infrastructure and traffic safety devices. Construction of farm, service and collector roads; construction of interchanges, construction of engineering facilities, construction of environmental protection devices, demolition works, construction of storm water drainage and drainage system with the system of retention and flow-through reservoirs, reconstruction of technical infrastructure interfering with the designed project (low-, medium- and high-voltage electricity mains, local telecom and optic fibre network, gas, water supply and drainage network, reconstruction of melioration devices) and construction of lighting.

Elbląg Canal

It is an amazing place, unique in the world, with ramps hoisting ships from water and moving them over tracks to other parts of the canal. Its construction was completed in the second half of the 19th century. In 2011-2012 we reconstructed the canal on the shipping lanes: Miłomłyn-Olszyn-Stare Jabłonki, Miłomłyn-Łtawa, Ruda Woda Lake-Bartężek Lake. Within the framework of works on particular sections, deepening works, drainage of the canal and strengthening of its banks were conducted.

Bridge in Kwidzyn

An exceptional bridge in the extradosed category (the concept of suspended and prestressed concrete bridge), unique in Europe, located in Kwidzyn. It is one of the longest bridges in Poland, 1.9 km long. At its construction, we used – for the first time in Poland – the B80 concrete class – with one of the highest resistance to stressing. Thanks to the bridge construction, time of travel from Kwidzyn to Tricity is one hour shorter.

Modernisation of the University of Warsaw Library

The library is located at the main campus of the Univer-

sity of Warsaw and it was erected in 1894. In 2005, after the modernisation, the former library gained a new character. Works covered modernisation, conservatory and adaptation works, with movable and audio-visual equipment. Consequently, tradition and modernity are combined. Currently, the library building is applied for the organisation of student classes.

Lublin Airport

The Lublin airport was developed in 2011-2012 as the only facility of that type in the region, distinguishing itself with a modern form of the terminal building, referring to aerodynamic shapes of the airplane or kite. The building covers an area of 11 thousand m². The works covered also the construction of a building of airport fire brigade and a technical building.

ICE Kraków

This is a multi-functional facility, where the most important cultural and business events in Poland are organised. Its shape resembles waves of the Vistula River flowing nearby. It has a conference and congress room, theatre room and concert hall. It is one of the most modern facilities of this type in Europe.

Protection of the shores of Koszalin's coast

The first project of securing the shore and cliff in Jarosławiec, which created a huge opportunity for Jarosławiec to rebuild the beach in its central part. It was made based on a system of 5 spurs with an overhead structure and length ~250 m deep into the sea. The project carried out as part of the Operational Program Infrastructure and Environment.

PKM – Pomeranian Metropolitan Railway

This is the first double-track railway line in Poland constructed from scratch since the 1970s and the largest investment of the Pomeranian local government in its history. Under the contract, from May 2013 to April 2015 we constructed a 17-km section of a double-track railway line, 8 stations, 16 railway bridges and 5 road bridges, 4 footbridges and 15 culverts and passages under tracks. Almost all civil engineering structures (41 on the PKM line) were constructed as reinforced concrete. Commissioning of that line changed the Tricity landscape and travelling manner of its residents and tourists.

Basilica in Licheń

It was erected in 1994-2004 and currently constitutes the largest temple in Poland, one of the largest in the world. It is located on the premises of the Marian Sanctuary in Licheń, while its square may hold up to 250 thousand people. This five-aisle basilica is constructed on the plan of the cross, including the main part, bell tower, tower and three huge porticos. The basilica is 139 long, while the main aisle is 44 m high.

Railway Station in Wrocław

The railway station building in Wrocław is characterised with a monumental structure, spacious hall and roofed – unique in the European scale – rail shed, which may be found only in a few Polish railway stations. The works covered the modernisation works of the railway station and a complex modernisation of the underground infrastructure, assembly of solar collectors. In addition, the building was adjusted for the needs of the disabled.

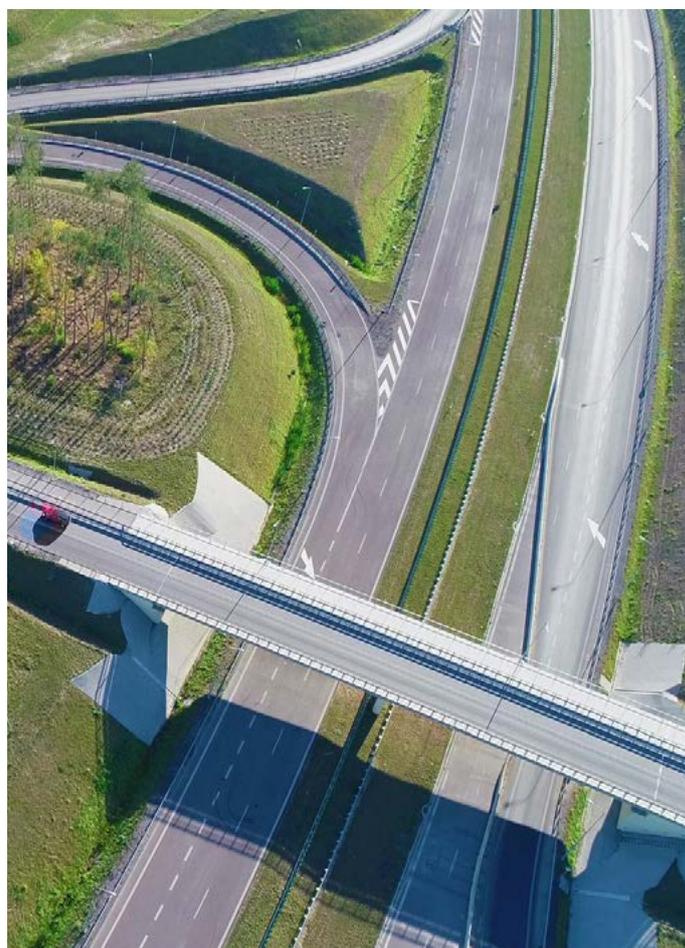
Lublin Stadium

This is the largest sports arena in the Lublin region – a place where sports and artistic emotions are the most important. At the stadium, e.g. an opening game of the football European championships U21 (small EURO 2017) was played, while UEFA assessed it as the best stadium of the tournament. Here, also football, rugby and American football games are organised. The facility may seat 15.5 thousand people, while the car park under the stadium may hold approx. 1,000 cars and 20 buses. The Lublin stadium has the third UEFA category. Its facade was designed in the form of longitudinal strips framing the building – metal panels with relatively large perforation. Thanks to this – after activation of the illumination system – the building becomes an illuminated structure constituting a characteristic landmark. Due to difficult land conditions, the facility is founded on reinforced concrete piles. In order to achieve the required ground load-bearing capacity, the entire developed land had to be strengthened with columns.

Iron Bridge

This is another name of the Waste Treatment Tailing Pond belonging to KGHM Polska Miedź, which is the site for copper ore flotation waste disposal. Its construction started over 40 years ago, while it was commissioned in 1997. The facility covers the total area of 1,394 ha and holds 170 million m³ of water. It is key in the process of disposal of waste from mines and smelters. In its cur-

rent condition, the pond would become full during next 4 years. Its extension was necessary and it was decided on its enlargement by the so-called Southern Section, which shall extend the period of its filling by 2037. The works connected with the extension of the Iron Bridge shall end in 2021. The contract's value comes to PLN 578 million.



VALUE MODEL

■ GRI: 102-15

The business model of the Budimex Group was designed for the purposes of reliable integrated reporting and is intended to present results within six capitals: financial,

human, organisational, intellectual, social and natural. No significant changes occurred in the reported period in the Budimex Group’s business model.



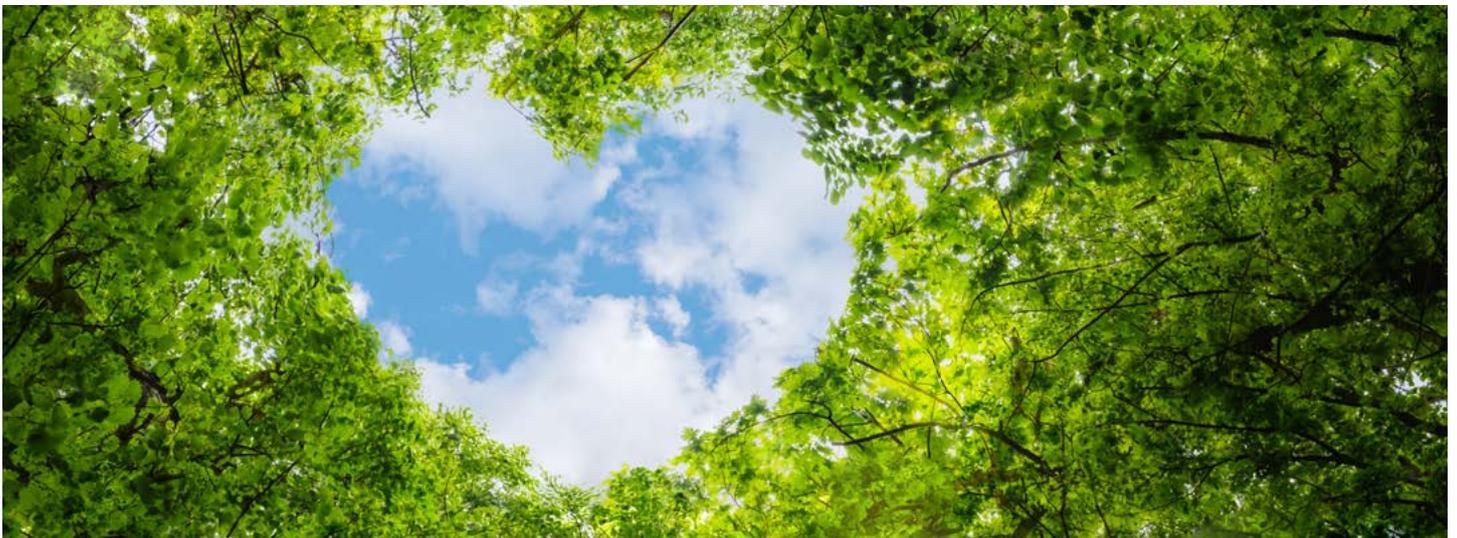
The business model of the Budimex Group and its impact on results in the financial, social and environmental area:

Financial capital	Human capital	Organisational capital	Intellectual capital	Social capital	Natural capital
The capital from which we finance our business – funds provided to us by shareholders, lenders and loaners, as well as funds that we earn while creating profits – care about multiplication of entrusted capital and reliability in communication of the actual status of the Budimex Group and its activity.	A versatile team of experienced engineers and other specialists involved in creating permanent value – care about safety and health of persons involved in works performed, their development and future.	The unique organisational structure, continuously improving operational processes, which allow to act effectively and efficiently, while eliminating technical issues at the same time.	Intangible assets, i.e. expertise and solutions produced for years, results of research and development, as well as effects of laboratory tests.	An ability to build relationships with the broadly-understood environment, including building long-term relationships with suppliers and subcontractors, being a good neighbour for local communities, co-operating with other players, including concentration on common problems for the industry (e.g. within the framework of the “Agreement for Safety in Construction”)	Direct and indirect environmental impact Respect for used but limited natural resources and care for valuable natural areas in the vicinity of investments implemented by the Budimex Group – their protection and compensating for all environmental losses.

Financial capital	Human capital	Organisational capital	Intellectual capital	Social capital	Natural capital
<ul style="list-style-type: none"> ▪ Total assets: PLN 5,456,351 thousand ▪ Equity: PLN 750,477 thousand ▪ Long-term liabilities PLN 788,821 thousand ▪ Short-term liabilities PLN 3,917,053 thousand ▪ Sales revenues: PLN 7,387,137 thousand ▪ Net profit: PLN 305,424 thousand 	<ul style="list-style-type: none"> ▪ Number of employees (in all capital group's companies consolidated in the financial reporting): 6,873 	<ul style="list-style-type: none"> ▪ Tangible fixed assets: PLN 258,123 thousand ▪ Flexible and effective business model based on the network of 17,229 business partners ▪ 1,163 pre-qualified subcontractors ▪ 5,329 completed final assessments ▪ 361 identified irregularities 	<ul style="list-style-type: none"> ▪ Intangible assets: PLN 28,389 thousands ▪ Increasing quality performance indicator QC ▪ Network of 24 laboratories 	<ul style="list-style-type: none"> ▪ PIT and CIT tax paid to the budget in the amount of over PLN 120 million ▪ PLN 1,890 thousand of donations paid for social purposes ▪ Eliminating social and environmental conflicts – 5 satisfaction surveys for residents in the vicinity of the investment ▪ Author's social programmes ICE Card, Parent Zone and other supported social actions ▪ Cooperation and solutions developed within the framework of the "Agreement for Safety in Construction" 	<ul style="list-style-type: none"> ▪ Lack of environmental emergencies ▪ Optimisation of the consumption of raw materials, materials, energy carriers and emissions ▪ Recovery of secondary raw materials from waste – in the last year 1,818.44 tonnes of metal, over 274.22 tonnes of plastic, 75.09 tonnes of paper and cardboard ▪ 1,706.51 tonnes of excess soil and dirt was reused ▪ Use of raw materials from waste generated by other industries (e.g. mining, steelworks, power engineering) – in the last year almost 6.03 thousand tonnes

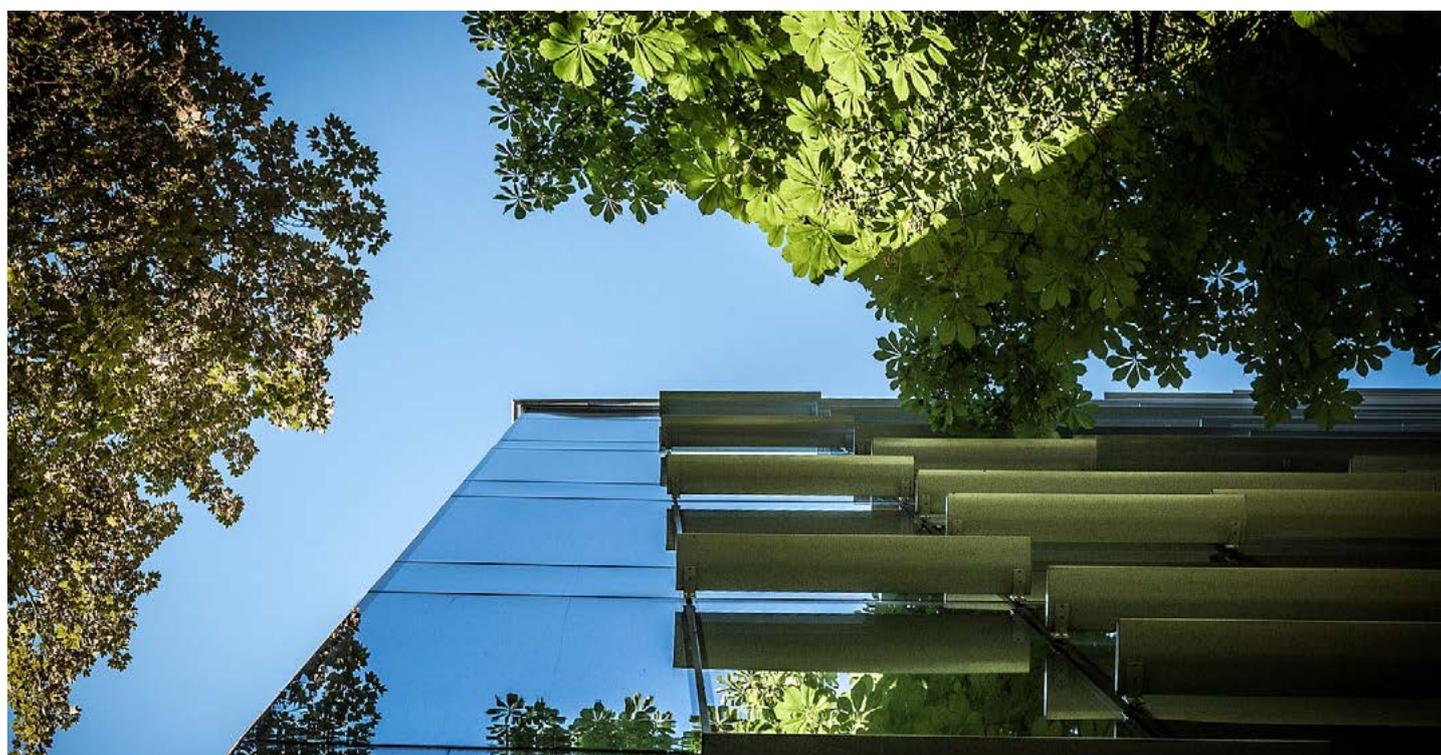
The business model and its implementation involves business risks that have been defined for each of the six capitals. Risk management, depending on the area concerned, is strictly defined in the policies applicable in

the Budimex Group. The policies that are directly related to risk management include: „Integrated Management System Policy” and „Risk Management Control Policy”.



Risks in the Budimex Group:

Financial capital	Human capital	Organisational capital	Intellectual capital	Social capital	Natural capital
<p>We finance activities, thanks to which the road and railway infrastructure, as well as public utility facilities are created. We purchase required resources and materials. We timely and reliably pay our liabilities to our business partners, and thus we provide them with financial liquidity.</p>	<p>We ensure fair working conditions for our employees and external subcontractors. We support our staff in development. We engage future engineers in the Budimex Academy and our internship and apprenticeship programme.</p>	<p>We provide safe workplaces for our employees and contractors.</p>	<p>We develop optimal and effective solutions to ensure safety of our customers and natural environment.</p>	<p>By getting involved in the construction of public and infra-structural facilities, we contribute to the improvement of the social and economic life quality.</p>	<p>We protect the most precious natural areas through adequate planning and protection of construction sites. We monitor our environmental impact and respond to any alarm signals.</p>
<ul style="list-style-type: none"> Foreign exchange risk. Price risk. Credit risk. Liquidity risk. 	<ul style="list-style-type: none"> Risk of increase in employment costs, risk of lack of a sufficient number of qualified employees. 	<ul style="list-style-type: none"> Risk of delay in timely performance or insufficient quality of the subcontractors' work. Risk of delay in obtaining relevant administrative decisions. 	<ul style="list-style-type: none"> Risk of change in the scope of works or technologies agreed in agreements. 	<ul style="list-style-type: none"> Risk of delay in obtaining relevant administrative decisions. 	<ul style="list-style-type: none"> Risk of delay in obtaining relevant administrative decisions. Risk of adverse weather or soil conditions.



MANAGEMENT CULTURE

Accomplishment of the CSR Strategy objectives for the years 2016-2020:

Objectives	Indicator (KPI)	2018	
		Objective	Accomplishment
Provision of reliable financial and non-financial reporting	Social reporting	V	V

1.13 Management governance

■ GRI: 102-18

The Budimex Group operates in compliance with top management standards and the implemented management systems are based on transparent decision-making processes. In the case of detection of irregularities, corrective measures are immediately taken. It notifies its stakeholders and entities interested in a given issue in a material and timely manner. In the case of drawing up any financial information, it also uses the software supporting the risk identification and management. In order to eliminate risks in the management area, the parent company of the Group – Budimex SA, whose shares are listed on the stock exchange, uses a set of corporate governance rules: „Best Practice for Companies Listed on the WSE 2016”, adopted by the Management Board in December 2015. This set describes, among others, the principles of conducting the information and communication policy with investors, internal systems and functions, relations with shareholders. Budimex applies all rules contained in the set, excluding:

- two-way real-time communication within which shareholders can express their opinions in the course of proceeding by the General Meeting, while staying somewhere else,

- exercising their voting rights personally or through proxies in the course of proceeding by the General Meeting, while staying somewhere else.

Application of these rules could lead to technical risks, followed by legal risks, within the scope of proper organisation of the General Meeting. However, while willing to ensure the best communication with the shareholders, proceedings of the General Meeting are broadcast live. As a result, everybody has an unlimited access to information disclosed by the Company. Every year Budimex provides information on the application of recommendations and principles included in the set of Best Practices. As a listed company, it takes care of appropriate communication with investors and analysts, maintaining a transparent and effective information policy.

1.14 Structure of the Management Board and the Supervisory Board

■ GRI: 102-18

In compliance with regulations applicable in Poland for listed companies, the Company authorities include: the Management Board, the Supervisory Board and the General Meeting of Shareholders. The role of the Management Board is primarily to manage the Company, set out its strategic objectives and to achieve them, as well as to ensure effectiveness and security. The Supervisory

Board exercises permanent supervision over the Company's operations. It provides opinions on its strategy and verifies work of the Management Board within the scope of accomplishing established strategic objectives, as well as monitors the results. The Board has also the right to demand the performance of necessary expert opinions and tests within the scope of issues being the subject of its supervision and control. The General Meeting of Shareholders decides on the most important issues concerning the existence and activities of the Company. Members of the General Meeting of Shareholders may decide, among others, on the composition of the remaining authorities and on the use of the Company's profits.

In 2018, there were changes introduced in the Management Board of Budimex SA. Fernando Luis Pascual Larragoiti, who from 2014 to 18 December 2018 had performed the function of Vice-President of the Management Board, resigned from his role due to the acquisition of new obligations in the Ferrovial Group and joined the Supervisory Board of Budimex SA.

As of 31 December 2018, the Management Board of Budimex SA included:

- **Dariusz Jacek Blocher**, President of the Management Board, General Manager,
- **Jacek Daniewski**, Member of the Management Board, Director of the Legal and Organisational Department,
- **Radosław Górski**, Member of the Management Board, Director of the General Construction Department,
- **Cezary Mączka**, Member of the Management Board, Director of the HR Management Department,
- **Artur Popko**, Member of the Management Board, Director of the Infrastructural Construction Department,
- **Henryk Urbański**, Member of the Management Board of Budimex SA, President of the Management Board of Budimex Nieruchomości Sp. z o.o.,
- **Marcin Węglowski**, Member of the Management Board, Director of the Financial and Economic Department.

In 2018, the Supervisory Board of Budimex SA was also joined by Juan Ignacio Gaston Najarro, taking the function of Vice-Chairman. Fernando Luis Pascual Larragoiti and Juan Ignacio Gaston Najarro replaced Alejandro de la Joya Ruiz de Velasco and Ignacio Clopes Estela. At the end of 2018, the Supervisory Board of Budimex SA included:

- **Marek Michałowski**, Chairman of the Board,
- **Juan Ignacio Gaston Najarro**, Vice-Chairman of the Board,

¹ www.budimex.pl

- **Igor Adam Chalupec**, Secretary of the Board,
- **Marzenna Anna Weresa**, Member of the Board,
- **Javier Galindo Hernández**, Member of the Board,
- **Piotr Kamiński**, Member of the Board,
- **José Carlos Garrido-Lestache Rodriguez**, Member of the Board,
- **Janusz Dedo**, Member of the Board,
- **Fernando Luis Pascual Larragoiti**, Member of the Board.

Just like in previous years, in 2018, there were operating three committees within the Supervisory Board:

- **Audit Committee** (Marzenna Weresa – chairwoman, Javier Galindo Hernández, Janusz Dedo);
- **Investment Committee** (Piotr Kamiński – chairman, Fernando Luis Pascual Larragoiti, Javier Galindo Hernández);
- **Remuneration Committee** (Marek Michałowski – chairman, Igor Chalupec, Fernando Luis Pascual Larragoiti).

Members of the Management Board and the Supervisory Board participate in works of teams or committees that aim at the development, implementation and monitoring of the Budimex Group's impact on the natural environment and society (e.g. CSR Committee, Ethics Commission).

Budimex Group and Budimex SA are managed and supervised by competent persons that can provide a strong position on the market. Current CVs of Members of the Management Board and the Supervisory Board are available on the Budimex website¹. According to the declarations submitted, Marzenna Anna Weresa, Piotr Kamiński and Janusz Dedo are independent members of the Supervisory Board.

1.15 Management approach

■ GRI: 102-18, 103-1, 103-2

In Budimex SA, since May 2017 the „Integrated Management System Policy” has been applicable (earlier from May 2014 there was valid the „Management Policy” replaced by the Integrated Management System – IMS). Its provisions relate directly to the corporate social responsibility and liabilities of Budimex, as the biggest company and construction group in Poland. It contains the information that Budimex is aware of short- and long-term consequences of its activities in relation to the society and natural environment now and in the future. The IMS

Policy applies to the observation of the sustainable development principles in conducted activities and the CSR strategy adopted by the company. In the Policy, Budimex has committed itself to minimise the adverse impact, while providing top quality of services rendered to the customers. The Policy contains the provision that the following areas are key in the company's strategy:

- life and health protection,
- ethical conduct,
- environmental protection and energy output improvement,
- high quality of works and services,
- responsible use of information and prudent decision-making,
- management system integration.

At the same time, the President of the Management Board of Budimex SA has committed itself to establish goals and tasks resulting from the Policy and to make them a criterion of daily operation assessment. The approach to the CSR management contained in the Policy is based on the PN-ISO 26000:2012 standard. The Policy scope covers the areas indicated as key by the CSR Committee and constituting the basis for the CSR strategy and non-financial reporting. The CSR Committee is composed of representatives of organisational units and representatives of the Management Board, while it is chaired by the President of the Management Board. The CSR Committee is responsible for a comprehensive approach to social responsibility management and, if necessary, pays attention to possible risks, problems from the perspective of social and environmental responsibility. It recommends the directions of decisions to be made, which are consistent with the Integrated Management System Policy. The committee meets cyclically, at least four times a year - it delivers its opinions, approves and assesses the CSR actions. Current CSR Strategy for the years 2016-2020 was recommended by the Committee and then approved by the Management Board.

The Budimex Group and its companies operate on the basis of international management standards. The Integrated Management System is composed of the following implemented norms and certificates:

- PN-ISO 26000: 2012 – management system of the company's social and environmental responsibility;
- ISO 9001:2015 – quality management system;
- ISO 14001:2015 – environmental management system;

² NCAGE – NATO Commercial and Government Entity.

- PN-N-18001:2004 and OHSAS 18000:2007 – occupational health and safety management system;
- ISO/IEC 27007:2013 – information security management system;
- AQAP 2011:2009 – quality management system;
- ISO 14001:50001 – power management system;
- ISO 10001 – system for managing the codes of conduct connected with customer satisfaction;
- ISO 20000-1 – IT service quality management system;
- NATO Commercial and Government Entity Code (NCAGE2)² – granted to entities whose activity is related to the range of defence products or provision of defence services.

- The implementation and operation of the above-mentioned certificates was confirmed by accredited certification bodies, which also supervise their compliance with the Group.
- Implementation of the IMS Policy, similarly to other policies, procedures and processes, is subject to regular external audits in terms of economic, social and environmental aspects, due to which it is possible to continuously monitor their effectiveness. Annual internal audits are also carried out by so-called internal auditors – the Budimex Group's employees holding relevant competencies and experience. Each time internal audits are additionally confirmed by an external audit. In 2018, no company of the Budimex Group had imposed non-financial sanctions for non-compliance with law and regulations. The following internal and external audits were carried out in the reported period:
 - Internal audits of the Integrated Management System – 11;
 - External audits of the Integrated Management System – 1;
 - Internal audits of the Factory Production Control (FPC) – 24;
 - External audits of the Factory Production Control – 12.

The „Integrated Management System Policy” was not formally adopted at the Group level, but only in the parent company – Budimex SA. However, it is applied in subsidiaries and monitored by Budimex SA as part of corporate governance.

1.16 CSR strategy

■ GRI: 102-12, 102-44

In 2018, we were implementing the „2016–2020 Corporate Social Responsibility Strategy for the Budimex Group”. The CSR strategy is consistent with the business strategy and refers directly to it. Based on the assumptions of the CSR strategy and key responsibility areas of the Budimex Group, eight priorities of social responsibility were identified. They were assigned with specific activities and Key Performance Indicators (KPI), whose implementation is regularly monitored and enforced. Specific objectives and performance indicators were defined, which should be achieved during that four-year period, and mid-range targets, approved and regularly monitored by the CSR Committee.

The strategic approach to corporate social responsibility has been defined in the Company’s Responsibility Policy, in which the Group undertakes to act for the development of society by improving the level of life of citizens and simultaneous creation of the value for shareholders, employees and other stakeholders. The Policy applies to The 2016–2020 CSR strategy of Budimex:

the entire Group, to all companies. The Corporate Responsibility Principles included therein have been developed based on the Global Compact Guidelines:

- Ethical and responsible conduct in all activities;
- Respect for human rights;
- Transparency and application of best practices in corporate governance;
- Contribution to the socio-economic development;
- Reduction of environmental impact, fighting climate change and efficient resource management;
- Promotion of responsible supply chain activities;
- Protection of health and safety of employees and contribution to equality, diversity and balance between work and private life;
- Innovation as an element of competitiveness and value creation;
- Stakeholder engagement;
- Financial stability and long-term perspective.

The CSR Committee and the Communications Department are responsible for their implementation.

Strategy Priorities	Objectives	KPI 2020 to measure the level of objective accomplishment	Examples of activities
I. Improvement of the occupational health and safety standards	Objective: zero fatal accidents among the Company’s employees and persons employed by subcontractors operating on the construction site	0 fatal accidents	Provision of collective and personal protective equipment
	Objective: lowering the incidence rate among the Budimex employees	% of equipped construction sites with full trained staff, i.e. 100% of the last year’s rate value	Improvement of the first aid system through gradual provision of contracts with first aid equipment
	Objective: lowering the accident severity index among the Budimex employees	<100% of the last year’s index value	Permanent OHS training for employees
II. Reduction of the environmental impact	Objective: Effective use of energy and reduction of related emissions	2.8 – TOE (Tonnes of Oil Equivalent) / 1 million of sales revenue	Reduction of average fuel consumption in cars and related CO ₂ emission
	Objective: Optimum use of raw materials and materials and minimisation of generated waste	N/A	Increased effectiveness of selective management of operating waste: e.g. filters, oils, clothing and working clothes
	Objective: Control of environmental risks and environmental damage and emergency prevention	0 – number of emergencies / 1 million revenue	Implementation and development of tools for estimating environmental risks „MARS” (Environmental Risk Analysis Module)

Strategy Priorities	Objectives	KPI 2020 to measure the level of objective accomplishment	Examples of activities
III. Being a neighbour and guest in local communities	Objective: zero environment-related conflicts that would contribute to the cessation of works	0 – number of environment-related conflicts	Social involvement of Budimex for the benefit of local communities in which Budimex is active
IV. Elimination of the risk of unethical conduct	Objective: zero unverified cases of potential unethical conduct	0 – number of unverified ethical incidents	Promotion of the Code of Ethics among subcontractors' employees
V. Development of unique competencies and friendly workplace atmosphere	Objective: maximisation of the personnel satisfaction index	≥ 100% of the last research value	Provision of development programmes, including managerial programmes
VI. Top quality assurance	Objective: maximisation of the Quality Conformance (QC) index	≥ 100% of the last year's value	Reduction of the warranty repair costs
VII. Support of the culture of innovations	Objective: increase in innovativeness	≥ 100% of the last year's value	Modernisation of the R&D unit
VIII. Provision of surveillance mechanisms for social and environmental results of activities	Objective: provision of reliable financial and non-financial reporting	Implemented – annual financial and non-financial data reporting	Regular meetings of the CSR Committee and the Supervisory Board

The CSR strategy is supervised by the CSR Committee composed of representatives of the company's Mana-

gement Board and representatives of organisational units responsible for various aspects of business activity.



MANAGEMENT OF RESPONSIBILITY IN THE SUPPLY CHAIN

1.17 Value model vs supply chain

■ GRI: 102-9

As the general contractor, we operate based on the network of subcontractors. There is the principle of partnership and long-term relationships applicable to Budimex and subcontractors, and in the case of changing market conditions, jointly developed solutions are implemented to optimise resources and the order portfolio.

We are responsible for subcontractors' actions on the implemented contracts. Therefore, building long-term relationships with them, based on mutual trust, is treated as an investment in the future. Good cooperation with subcontractors is also a guarantee of efficient and timely implementation of projects by the company. The remaining companies of Budimex Group carry out assignments as general contractors, therefore, they coordinate the activities of subcontractors or operate as subcontractors. Sometimes they perform the investor's role. This is the case of Budimex Nieruchomości. The Budimex Group's subcontractors are obliged not only to meet business obligations towards the Group companies, but also to respect its environmental and OHS regulations. While concluding a cooperation contract, each contractor of the Budimex Group must comply with:

- Requirements related to occupational health and safety;
- Environmental protection requirements;
- „Set of Rules for Contractors”;

“Set of Rules for Contractors” is the so-called ethical clause that sets out the Budimex expectations for its sub-suppliers within the scope of:

- compliance with the law,
- ethics in business,
- respect for human rights,

- relations with and between employees,
- liabilities to third parties and the market,
- respect for the natural environment.

The Budimex subcontractors are verified in terms of their compliance with the standards of the Group, particularly within the scope of quality and safety of works, as well as ethics. Their activities are constantly monitored throughout the cooperation, and upon its completion the summative evaluation is carried out. Because of risks such as low quality of works or delays at subcontractors, there are also conducted audits.

The next group with which companies in the Budimex Group cooperate is constituted by suppliers of basic materials and raw materials and specialist services, while the main suppliers include the producers of:

- road bitumen (Orlen Asphalt, Lotos Asphalt),
- steel reinforcement, reinforcing bars and metallurgical products (Arcelor Mittal Distribution Solutions Polska, Konsorcjum Stali SA, ThyssenKrupp Energostal SA, Vimex SA),
- aggregates and concrete (Cemex Polska Sp. z o.o., Dycerhoff Polska Sp. z o.o., Lafarge Cement SA, KGHM Metraco SA, Kopalnie Dolomitu w Sandomierzu SA, Nordkalk Sp. z o.o., PGP Bazalt SA, ZPK Rupińscy Sp. j.),
- road and bridge barriers (Stalprodukt SA),
- fuels – heating oil, heavy oil (Lotos Paliwa Sp. z o.o., PKN Orlen SA, Lausitz Energie Bergbau AG),
- culvert elements (Viacon Polska Sp. z o.o.),
- concrete products – reservoirs, retaining walls (PGP Bazalt SA),
- electrical energy (Energa Obrót SA, Tauron Sprzedaż Sp. z o.o.),
- geosynthetic materials (Biuro Inżynierii Drogowej Drotest sp.j.).

In 2018 none of the suppliers of materials or services exceeded 10% of the Group's sales value.

1.18 Risk management in the supply chain

■ GRI: 308-1, 308-2, 412-3, 414-1, 103-2

The Budimex Group's supply chain covers thousands of suppliers and contractors, with whom we cooperate every day. As a general contractor, we are responsible for the actions undertaken by them, supplied materials and working conditions. The main risks identified in the supply chain include:

- occupational health and safety,
- terms and conditions of employment,
- environmental protection,
- timeliness and quality of works performed,
- finance.

Financial risks include primarily credit risks and despite the introduction of restrictive procedures for control of receivables in the Group, we still consider the investor-related default risk, but also delays on their side in the process of acceptance and invoicing of performed works. Delays in timely payment of receivables may negatively affect the Group's financial results. Detailed information on the financial risk is presented in the report on the Group's activities for the year ended on 31 December 2018. Some of the identified risks may occur already during the performance of a given contract and the method of their management shall determine whether works will be performed as planned. Such risks include, for example:

- increase in prices of construction materials, petroleum materials and energy,
- increase in prices of subcontractors' services,
- increase in employees' employment costs,
- staff availability and maintenance,
- delays in timely performance of or insufficient quality of the subcontractors' works.

In order to monitor those risks in 2018, audits listed in the table below were carried out at the Budimex subcontractors. Every new contractor, at the first stage of cooperation, is subject to an initial assessment based on the qualification survey. The survey consists of a supplier's declaration of compliance with applicable regulations within the scope of labour law, OHS and

environmental protection, etc. Approval of this declaration conditions the supplier's initial qualification³. Eventually, all key suppliers and subcontractors (100%) are subject to initial assessment (qualification). In the case of ending cooperation with a given supplier, we conduct the final assessment, where we consider such issues as quality, timeliness, actual technical capacity, OHS, environmental issues and issues related to human rights, including employees' rights. Assessment is conducted by contract managers, who must indicate any irregularities or events that may constitute a threat, or actions inconsistent with the principles applicable to sub-suppliers in the Budimex Group. Results of qualification surveys and final assessments are gathered in the Central Database. Internal auditors have access to these data and use them to assess sub-suppliers. Auditors have also access to offers of suppliers, based on which the contract has been signed. When analysing the offer, the contract history and the result of the final assessment, they may compare things to which the given supplier undertook at the offer level and how the cooperation actually processed and ended. For our part, after the end of a given contract, we send the Satisfaction Survey to an investor on the basis of which our work is assessed. Results and conclusions with assessment are then reviewed by management during annual management reviews.

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

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

The Budimex Group seeks that significant agreements with key contractors, often despite the Company's lower negotiating power, are supplemented with an ethical appendix.

³ The initial qualification is the first stage of assessment of suppliers. It takes place on the basis of the initial survey. After analysing its results, a given entity is either recommended for further cooperation with the Budimex Group, or not.

Results of initial (qualifying surveys) and final assessments at sub-suppliers in 2018:

Verification scope	2016	2017	2018
Framework agreements			
Material investment agreements defined as framework agreements BZC	16	19	30
Material investment agreements containing ethical clauses Total number of agreements with these clauses and % of significant framework agreements	11 (69%)	11 (58%)	24 (80%)
Percentage of all agreements with ethical clauses among all framework agreements	50%	72%	73%
Qualifying surveys and final assessments			
Number of qualifying surveys	1,191	1,019	1,163
Number of conducted final assessments	4,583	3,068	5,329
Number of irregularities identified	184	153	361
Number of irregularities identified			
Meeting deadlines	61	45	121
Product quality	24	21	47
Technical capacity	50	41	78
Compliance with price terms	11	10	31
OHS	26	23	49
Environmental protection	12	12	35

In comparison with the previous years, the number of identified irregularities increased, as in 2018 75% more assessments were conducted compared to 2017, which statistically affected the larger number of identified irregularities. The largest increase in the number of neg-

ative assessments concerned the meeting of deadlines. It could be associated with a too large number of works carried out at the same time in Poland and, consequently, an increased demand for materials and services, not followed by supply.

ETHICS AND HONESTY OF OPERATIONS

Accomplishment of the strategy objectives for the years 2016-2020:

Objectives	Indicator (KPI)	2018	
		Objective	Accomplishment
Zero unverified cases of potential unethical conduct	Number of unverified cases of potential unethical conduct	0	V

■ GRI: 102-11, 103-1, 103-2

We are aware of risks such as giving or accepting material benefits that may occur during the performance of contracts with the value of several dozen or even several hundred million zlotys, where many parties are involved. This threat increases when competition in the industry is high. As part of preventive actions, we regularly update the risk map and monitor them very closely. Moreover, the Budimex Group has implemented: Anti-Corruption Policy and Anti-Monopoly Policy applicable in all companies. They define the list of permitted and prohibited behaviours, as well as procedures for their suspected occurrence. The Integrated Management System introduces the procedure of the “Protection of the Budimex Group’s Interests (O5-O8), which defines a set of rules for dealing with suspected acts or omissions having the nature of abuse or corruption. The procedure includes an instruction titled „Rules of Procedure in the Case of the Proposal of Acceptance of the Financial Advantage and in the Case of Attempted Staff Intimidation” (O5-O8-O2), which specifies the procedures when an employee receives a proposal to accept the financial advantage in exchange for indicated actions or their omission and attempted intimidation. The instruction includes also the „Rules of Participation in Sponsored Events and Other Activities of the Nature of the Conflict of Interest” (O5-

O8-O3), regulating the rules of participation in sponsored events and indicating situations that have characteristics of the conflict of interest, accepting or giving gifts.

1.19 Monitoring of threats

■ GRI: 103-1, 103-2, 205-1, 205-2

The key risks associated with corruption or bribery are primarily related to the business, legal, financial and reputation areas. Monitoring of the compliance with rules and controls are conducted by the Office of Internal Control, and supervised by the President of the Management Board. The Office of Internal Control is responsible for the identification and analysis of risks in the Group, prevention of factors causing them. At the same time, it examines the activity of particular organisational units and companies in the Group. In the case of completed investments, the Office analyses the contract performance process, use of owned resources, draws up reports and issues instructions to take corrective actions. According to the implemented Procedure IO-01-01-03 “Final Contract Settlement”, after the completion of each construction project, the Office of Internal Control personnel inspects final settlements regarding construction materials purchased and used.

All key projects are analysed with regard to the corruption risk. The special form is filled by 100% of the controlled entities⁴. In turn, inspections on contracts of lower value are ad hoc and random. A post-inspection report does not disclose tools used for their monitoring, considering them confidential. Disclosure of such information, in particular regarding the method of analyses, according to the Group, could contribute to the reduction of their effectiveness and increased risk of unethical conduct. Risk monitoring is conducted in monthly, two weeks' or, if necessary, weekly cycles.

The Office of Internal Control may also carry out additional inspections. The role of this Office is also to take preventive actions and build the Budimex employees' awareness with regard to the risks and activities that may lead to them. To this end, the Office of Internal Control has also prepared the guide for the Contract Director/Manager, describing production processes allowing for safe and correct contract performance in Budimex SA based on applicable procedures and instructions. In addition, all Budimex employees and suppliers must familiarise themselves with the anti-corruption policy and procedures. All employees - newly hired and with many years of experience in the Budimex Group, become familiar with applicable anti-corruption procedures during regular training sessions.

1.20 Ethics management

■ GRI: 102-16, 103-1, 103-2, 103-3, 205-2

The Code of Ethics has been applicable in the Budimex Group since 2010, in all the companies covered by this report. The Code specifies the principles that prevent any form of unethical behaviour, including corruption and bribery and any form of discrimination. The Code of Ethics applies to all of the Group personnel and external suppliers.

Rules of the Budimex Group's Code of Ethics:

I. Human rights and labour standards:

1. Support of and compliance with human rights adopted by the international community.
2. Elimination of all cases of violating human rights by the company.
3. Respecting the freedom of association.
4. Elimination of any forms of forced labour.
5. Elimination of child labour.

⁴ The list of most important construction contracts concluded by Budimex Group companies in 2018 can be found in the Report on the Budimex Group's activities for 2018.

6. Effective anti-discrimination measures in the area of employment.
- II. Natural environment:
7. A preventive approach to the environment.
 8. Development of initiatives designed to the promotion of environmental responsibility approaches.
 9. Application and dissemination of eco-friendly technologies.
- III. Fighting against corruption:
10. Fighting against corruption in all forms, including extortions and bribes.

It is the responsibility of the Ethics Commission to ensure compliance with the provisions of the Code of Ethics and monitor compliance of the standards of professional ethics with the rules of the Code of Ethics. This Commission has been established by the President of the Management Board and it includes:

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

The Ethics Committee prepares a report on its activities on an annual basis, which is then submitted to the Management Board and to the Audit Committee of the Supervisory Board.

The Code of Ethics operates in parallel with the Compliance Policy, which is effective as of 31 October 2017 in the entire Budimex Group. Earlier, elements of this policy were in force in companies, but since then they have acquired a formal dimension. 2018 was the first full period of its term. The Code of Ethics supports the implementation, management and monitoring of the Compliance Policy, and is designed to: „provision of compliance of the organisation's activities with the applicable law, standards and internal regulations, aimed at the prevention of damage of the organisation's image and reputation, minimisation of risks of financial losses related to the organisation's activities contrary to the law or internal regulations, as well as reduction of the risk of the organisation's exposure to civil, administrative or criminal liability". It also states that respect for the law and ethics in business is one of the Budimex Group's crucial rules. The main principles of the Compliance Policy include:

- Respect for the law;
- Ethics and honesty of operations;
- Transparency of activities of the Group's companies;
- Zero tolerance for activities contrary to the law or the Compliance System.

The Compliance Policy is designed to draw attention of employees to the above-mentioned issues important for the Budimex Group. It introduces the so-called Compliance System, aiming at adopting and enforcing internal regulations properly. The proper application of and compliance with the Compliance Policy is supervised by the Chief Compliance Officer appointed by the Company's Management Board, the Deputy Chief Compliance Officer, and also by the Compliance Committee established at the request of the Chief Compliance Officer. It includes representatives of every organisational division of the Company. The Committee's Coordinator is a Member of the Management Board, Director of the Legal and Organisational Department. Non-compliance with the Code of Ethics or the Compliance Policy involves first of all legal and reputational risks. Where non-compliances are identified, there are also possible financial losses and conflicts of interests.

Operation of the Compliance Policy concerns the compliance with law and articles of association of the Budimex Group, the Code of Ethics, regulations, policies, procedures, instructions in force in companies, particularly those related to the minimisation of the risk of participation of the Group's employees in any activity raising suspicion of corruption or paid protection. In 2018, we conducted 9 training courses on anti-corruption policies and procedures. All employees (100%) familiarised themselves with anti-corruption policies and procedures. Nearly 250 persons (90%) holding managerial positions and having a function of superiors completed anti-corruption training. All (100%) members of management bodies familiarised themselves with anti-corruption policies and procedures and completed anti-corruption training. All (100%) the suppliers familiarised themselves with the Budimex Group's anti-corruption policy and regulations (contractual provisions).

1.21 Respect for human rights

■ GRI: 103-2, 412-3

The Budimex Group applies the Human Rights Protection Policy, which covers all companies. It is in line with the Code of Ethics and the Compliance Policy and aims at raising awareness of human rights in the entire Group, monitoring and solving problems in this area. Employees at all levels, customers, suppliers and contractors cooperating with the Group companies must observe the Policy.

The Policy commands the employer to respect the rights of employees expressed in the Declaration on Fundamental Principles and Rights at Work adopted by the International Labour Organisation. It obligates to act without discrimination, while promoting equal opportunities and valuing diversity, as well as complying with the prohibition of child labour, forced labour, freedom of association and the right to collective bargaining. Also, any forms of discrimination are forbidden against customers and society. The Ethics Commission is responsible for compliance with human rights. In 2018, no cases of breaking human rights were identified.

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

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

Human rights are promoted at each stage of the supply chain. The obligation to respect human rights applies also to suppliers and contractors. Appropriate procedures for evaluation and selection of suppliers have been established for this purpose. Human rights are included in the Contractor's Code, which must be signed by them prior to the commencement of cooperation with the Budimex Group's companies. Their compliance is monitored during audits. In 2018, in terms of compliance with human rights, none of the detected irregularities from among 1,163 analysed qualifying surveys of suppliers and 5,329 final assessments applied to human rights violations.

1.22 Diversity management

■ GRI: 103-2, 406-1

The Budimex Group staff consists of persons of different gender, in different age, which promotes intergenerational dialogue. One of the rules of the Code of Ethics is the effective discrimination prevention and, first of all, acting for the benefit of diversity and openness in the workplace. Intolerance and discrimination constitute a threat to its integrity, which is why Budimex SA has implemented the Diversity Policy referring to equal treatment with regard to, among others, gender, age, disability, health status, nationality, political beliefs, form, scope and basis of employment. Under the Policy, the Budimex company has undertaken to create an organisational atmosphere and culture ensuring respect for any form of diversity. The Diversity Policy concerns also recruitment, access to training and promotions, remuneration, combining professional duties with private life, protection against mobbing and an ungrounded dismissal.⁵ The Budimex Group is dominated by persons in the age range of 30-50, the second group is constituted by persons under 30, and a slightly smaller group is people more than 50 years old. In Budimex, we also break the barriers connected with the health condition of employees by hiring disabled persons. In order to manage the Policy efficiently, the so-called anti-discrimination and anti-mobbing monitoring, as well as a system of educational tools, training courses and workshops have been implemented. The results of carrying out this Policy are reported to the Management Board every year. In 2018, there were no confirmed cases of discrimination.

1.22.1 Diversity Charter

As part of the diversity activities, in November 2016 the Budimex Group signed the Diversity Charter. All companies within the Group undertook to adhere to it, at all levels of organisation. The Diversity Charter is an international initiative joined by companies undertaking to treat all their employees equally and to prevent any discrimination at work on the grounds of sex, age, nationality, disability, sexual orientation or religion.

1.22.2 Women in Budimex

Work in the construction industry is much more often chosen by men than women. In order to change this, we promote women who are successful in the industry.

We believe that such initiatives are needed and will allow to change the stereotypical view of the construction industry as a typical male area. Last year, we took part in the international initiative of “Women in Construction & Engineering Awards 2018”, aimed at encouraging women to work in the construction industry. Four representatives of Budimex were in the final contest of that competition. In addition, in 2018 in the company’s intranet we published articles dedicated to diversity, emphasising the role of women in the organisation, and we distributed among employees a book concerning the professional and career development of women. We also developed a proposal for the development programme for women in the Budimex Group, which we will implement in the years 2019-2020.

1.23 Reporting violations

■ GRI: 103-1, 103-2

All the information about the Code of Ethics and Compliance Policy are available on Budinet – the Group’s intranet. Every new employee of the Group, as part of the introduction, becomes acquainted with the Code of Ethics, and since 2016 ethics has become a part of regular personnel training.

All employees of the Budimex Group have access to information and tools enabling them to report violations of the Code of Ethics or Compliance Policy. Reports can be made in person or anonymously to the Members of the Ethics Committee, Compliance Coordinator, hits Deputy or Members of the Compliance Committee, in writing to the address of Budimex, ul. Stawki 40, 01-040 Warsaw, by e-mail to the address etyka@budimex.pl or compliance@budimex.pl. Only authorised Members of the Ethics Committee or the Compliance Committee have access to both e-mail accounts. If a reporting persons expresses such a will, it remains anonymous. Everybody is assured of no business consequences connected with the fact of report. Employees have also the Compliance emergency telephone + 48 789 404.104. There occur also reports made beyond this system occur, 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 – a parent company in the Budimex Group. In such a case, they are transferred directly to the persons responsible for their consideration.

■ GRI: 103-2, 103-1, 205-3

All reports are investigated with the confidentiality standards preserved, and may be the basis for development of improvement and corrective actions. Every case of breach is recorded in writing together with recommendations or guidelines for further actions to be taken by a given organisational unit concerned by the report. In cooperation with the Compliance Committee and/or the Office of Internal Control, the Compliance Coordinator analyses every report in detail. It is also obliged to provide the Management Board and the Supervisory Board notification with regular reports containing information on actions taken in order to explain the given report (at least for a period of three months). Furthermore, the Supervisory Board's Audit Committee may request a report for a given period at any time. In 2018, 12 reports on failure to comply with the provisions of the Code of Ethics and/or Compliance Policy in the Budimex Group were made, of which five concerned employee matters (including one subcontractor's employee), while four reports pertained to subcontractors and one – a conflict of interest. There were recorded also two reports that might be regarded as an attempt of corruption probe.

In 10 cases the reported infringements were not confirmed. None of those events resulted in financial losses in the Budimex Group. The list of reported infringements of the Code of Ethics / Compliance Policy in 2018 may be found in the Budimex Group's Report on Non-Financial Information for 2008.

1.24 Compliance with law

■ GRI: 206-1, 307-1, 406-1, 407-1, 408-1, 409-1, 415-1, 419-1

In 2018, just like in previous years, there were no identified cases of forced labour or child labour in the Budimex Group and at subcontractors. There were also no signs of discrimination or actions which might pose a threat to the right of association and the right of class action. The Budimex Group did not finance the activities of political parties either. There were no cases of violations of the free competition rules or monopolistic practices in the reported period. At the same time, no lawsuits were brought or penalties imposed on any company, including those related to the violation of human rights or the environmental protection law.



⁵ Also the Budimex Operating Regulations guarantee respect for human rights and prevents discrimination in employment.

CONDITIONS, OCCUPATIONAL HEALTH AND SAFETY (OHS)

Accomplishment of the strategy objectives for the years 2016-2020:

Objectives	Indicator (KPI)	2018	
		Objective	Accomplishment
Zero fatal accidents among the company's employees and employees of subcontractors operating on the construction site.	number of fatal accidents	0	X (3 fatal accidents on the part of subcontractors occurred)
Lowering the value of the accident frequency index among the Budimex employees.	level of the accident frequency index among the Budimex employees	<100% of the last year's index value	V
Lowering the value of the accident severity index among the Budimex employees	level of the accident frequency index among the Budimex employees	<100% of the last year's index value	V

■ GRI: 103-1, 103-2, 403-1, CRE6

In Budimex, the concern about safety of employees and persons carrying out works on construction sites is the matter of ethics, moral and social responsibility. It is in our interest to take any actions to avoid accidents and reduce health risks. The basis for the Budimex actions is the belief that safety is a common good and we are responsible not only for ourselves, but also for colleagues. Therefore, actions in the field of safety improvement on construction sites are participated by all co-workers of contractors, consortium members, suppliers and individual persons involved in the project implementation.

Compliance with the OHS law is essential. Certified OHS system operate in our Group – in Mostostal Kraków it is PN-N-18001, and in Budimex SA – OHSAS 18001 and PN-N-18001. In 2018, no significant changes occurred in that respect. We feel that the Budimex Group's activities to ensure the highest level of occupational health and safety are beyond the regulations, thus constituting additional and voluntary solutions. „Soft” actions are worth of being

continuously improved – raising awareness about hazards, education about good habits and attitudes, as they eliminate the risk of accidents.

In the Budimex Group we have been applying the Occupational Health and Safety Policy for years - from the business perspective it is one of the key policies. Its goal is to ensure safe processes, workplaces free from hazards, compliance with all legal regulations. Additionally, within the framework of the Policy, good practices are implemented in the Group to build a safety culture. The implemented tools allow for the acquisition of knowledge about potential threats and for the accurate identification of risks.

In accordance with the provisions of the Policy in Budimex Group, the following activities are implemented:

- Legal compliance;
- Risk assessment and planning;
- Effective and coherent communication;
- Training and involvement in educational activities;
- Allocation of resources within the framework of safety management systems;

- Occupational safety in the supply chain, where OHS is a criterion for choosing partners and sub-suppliers;
- Measurement and monitoring of activities;
- Continuous improvement and implementation of innovations within this scope.

In all companies of the Group, OHS committees operate with participation of representatives of employees and the employer, thanks to which they represent all employees (100%). The committee's task is to conduct OHS inspections, which are held every week on all contracts.⁶ All the information from inspections and recommendations are stored in one place, providing with easy access and monitoring, if necessary.

1.25 OHS training and prevention

■ GRI: 103-2

In 2018, we proactively worked on safety improvement. We also used new technologies to report accidents.

In the Budimex Group, the Health and Safety Protection Plan (BIOZ Plan) standard is valid. It describes rules of safe conduct when employees rotate among construction sites. Every employee in the contract, regardless of being employed in the Budimex Group or by a subcontractor cooperating with us, must undergo training within the scope of OHS and internal safety procedures applicable within the Group. At the beginning of every project, there occurs the so-called "Contract Start" – the contract management meets with an OHS specialist and an environmental protection specialist to discuss the required procedures. One of the priorities for 2018 was, among others, the preparation of OHS communication for foreigners working on construction sites.

The training system and separate OHS procedures of the Budimex Group constitute voluntary additional actions, which we take as a responsible employer. Training takes place more often than ordered by law. The training programme is co-created and assessed by employees, as well as it is consulted with them. OHS training is divided into mandatory and systemic training.

In 2018, we trained 2,000 employees, while 414 persons benefited from the first aid training.

⁶ The OHS matters of Budimex Nieruchomości are supervised by the Director of the OHS, Fire and Environmental Protection Department in Budimex SA.

In 2018, we introduced several solutions important for improvement of the innovation safety level:

- In the IT system, we launched a module supporting the process of reporting and testing accidents at work, near misses and environmental emergencies. The module supports also the implementation of necessary preventive measures for the entire organisation.
- On selected contracts, we tested the prototype of a smartphone application to report and remove hazards occurring during the construction process by a suitably qualified construction personnel. Installation of the application on mobile phone allows for immediate report of irregularities, taking photos, indicating its location, and even the status – whether the hazard has already been removed. The app enables also to generate appropriate statistics concerning reports. Its aim is to simplify and shorten the communication process and to encourage employees to use it and engage in the safety improvement on construction sites. In 2019, we plan to extend tests to further contracts.

1.26 "Agreement for Safety in Construction"



Porozumienie dla Bezpieczeństwa w Budownictwie

■ GRI: 102-12, 102-44, 103-2

For many years, Budimex has been a signatory of the "Agreement for Safety in Construction", designed to promote appropriate attitudes in terms of OHS in the construction industry. This is the biggest initiative of this kind. Within the Agreement established in 2010, 13 largest companies from the construction industry cooperate with each other to develop as good solutions as possible within the scope of OHS, e.g. uniform document specimens, model of confirming professional qualifications of temporary employees or the periodical training programme. The BIOZ plan is one of the effects of this cooperation. Meetings of the Agreement's Steering Committees gather presidents of the associated construction companies. In 2018, they dealt, among others, with fatal accidents, which took place in the last year. According to the Central Statistical Office data, the construction sector is on the 8th place among the industries in which accidents at work occur, although year by year their number is decreasing, there is still much to be done in this area.

As the signatory of the Agreement, we engage in many initiatives, for example we support two „small” Agreements at Regional Labour Inspectorates in Szczecin and Białystok, where smaller construction companies are associated. In addition, we take part in initiatives where the law and new standards of health and safety protection are created. In 2018, the director of the OHS, Fire and Environmental Protection was appointed to the Occupational Health and Safety Team of the „BUDOWLANI” Trade Union – an opinion-forming and advisory body. As the project leader on behalf of the Agreement, we participated in works on the new regulation on occupational safety at transport with use of tower cranes. In this respect, we worked closely with the Tower Crane Operators Association and with the Budowlani Trade Union.

As a result, the regulation was amended according to our proposals. As the signatory of the Agreement, we also participated in works on the description of qualifications in the construction industry, including those concerning employees performing particularly hazardous works, team coordinators and occupational safety management advisers.

One of key projects of the Agreement is the free training for workers of small and medium-sized companies, implemented in cooperation with the Social Insurance Institution. For five years, another joint initiative of the signatories of this Agreement has been the Safety Week, which another edition took place on 14–20 May 2018. During these couple of days, training sessions, equipment presentations are carried out on hundreds of construction sites to promote the safety culture with the participation of the Fire Brigade and the Police. Meetings with representatives of the National Labour Inspectorate are also held. The last

year’s fifth edition had the following slogan: „Safety pays off. To everybody!” and it was to emphasise the fact that when it came to safety, it was not important what company we represented and that safe construction is also profitable for investors.

1.27 Accident rate

■ GRI: 403-2, 403-3, 103-2, 103-3

The analysis of accidents makes it possible to clearly determine what specific actions are necessary to eliminate them on construction sites. In Budimex Group every accident is described in compliance with the Polish statutory classification and in compliance with the procedures and classification adopted by the strategic investor, Ferrovial Group, which provides better capabilities of post-accident statistics analysis (those are, i.a., differences in accident assessment process and definition of serious accidents). Internal self-regulations are more restrictive than legal regulations within the scope of accident rate.

In 2018, during the work environment measurements, an overrun of the NDN noise level was found at the positions of the bituminous mass operator and the bituminous worker. In order to minimise exposure to that factor, we implemented a repair programme in cooperation with the Sanitary and Epidemiological Station (SANEPID) aimed at raising awareness among employees from professional groups particularly exposed to noise. We updated the OHS training programmes regarding the level of occupational risk assessment, measures eliminating the hazard, NDN values, test results and proper application of protective equipment.

Accident rate in 2018:

	Among own Budimex employees		Among subcontractors’ employees	
	2017	2018	2017	2018
Number of accidents (total)	42	69	89	104
Number of fatal accidents	0	0	2	3

(more figures in the tables at the end of the report)

The Management Board of Budimex – the parent company in the Budimex Group, receives statistics concerning accident rate on a monthly basis. Each time, possible fatal accidents or potentially fatal accidents (i.e. accidents that could have resulted in death) are directly reported to the Management Board, which analyses them. Fatal accidents are also discussed in a wider group of representatives of construction companies as part of the Steering Committee of the „Agreement for Security in Construction”. This allows to seek solutions together or to propose changes in the employees’ safety system valid in the sector.

■ GRI: 413-2

The Budimex Group, in order to ensure safety on its construction sites, prevents unauthorised access to them or to their vicinity. Each construction site is fenced and properly marked. Preventive actions are taken also by employees of construction site security guards.

1.28 OHS and subcontractors

■ GRI: 103-1, 103-2, 414-1, 414-2

All subcontractors interested in cooperation with the Budimex Group, at the stage of offer submission, must become acquainted with and act according to the „Catalogue of requirements concerning the occupational health and safety, fire protection and environmental protection to be included in the offer”, which constitutes the set of rules for work performance on the construction site in accordance with legal regulations, BIOZ Plan and standards applicable in the Group. For example, already at the stage of planning works, subcontractors are obliged to assess the risk and present specific technical and organisational solutions. The Safe Work Performance Instruction (IBWR) was introduced to predict and eliminate hazards in the workplace where works will be carried out, e.g. at a height or in an excavation. The instruction covers all aspects deciding on safety: technical, organisational and human.

In the next step, employees hired by subcontractors cooperating with the Budimex Group must undergo the OHS training. They are also obliged to wear working clothes, warning vests, protective footwear, helmets and safety glasses. At least two persons should perform every work on the construction site, so that one of them is able to respond, help or call help, if needed. Contrac-

tors are obliged to ensure that machinery and technical equipment on the construction site meet the requirements specified in the provisions.

During performance of each contract, the subcontractors are often subjected to inspection and audits. They are meant not only to detect potential hazards but also help the subcontractors with adapting their work to the Budimex Group’s OHS standards. We believe that it is in our common interest and in this way we mutually help each other with maintenance of as high OHS quality as possible on performed contracts. In 2018, 49 (4.2%) OHS violations were found for 1,163 suppliers (100%) being subject to initial qualification and 5,329 conducted final assessments. They were all reported and for each violation corrective measures were recommended. A negative assessment in this area may result in terminating cooperation with a given subcontractor. In the Budimex Group there is also the register of accidents at work kept on the side of subcontractors cooperating with us. Their causes and consequences are always thoroughly analysed.

1.29 #MurowanaKariera in the Budimex Group

■ GRI: 401-2, 103-2

Behind every big investment there are people. Our employees are experts in their areas, with relevant competencies and experience to implement the most complex projects. They have many years of practice, but our team is composed also of persons who have just started their career. Therefore, we provide our employees with access to many benefits, allowing them to take care of their health, comfort of them and of their family, their own development and their passions. The non-cash benefits package includes:

- additional day off due to one’s birthday/name’s day,
- life insurance,
- private medical care,
- MultiSport Card and sports sections,
- language courses,
- training,
- employee volunteering,
- international exchange,
- relocation support.

1.30 BCareer construction from foundations to the roof

■ GRI: 103-3

In 2018, we planned to employ 1,100 persons by the end of 2019 for positions in more than 50 different specialisations, such as site managers, work engineers, foremen. At the end of October 2018, in order to extend the range of candidate sources, we introduced, as the first company in the construction industry in Poland, an external recommendation programme for persons to work, which is available at www.polecambudimex.pl. Everybody who successfully recommends a person to work in Budimex will receive a financial award of up to PLN 2,000. We take care that the Budimex recruitment process goes efficiently. It has been designed in accordance with the Lean Manufacturing principles and the results of the Candidates Experience test at the level of 98% show that it is positively assessed by candidates.

1.31 Internships and work placements

■ GRI: 103-3

For years, Budimex has been preparing an offer of internships and work placements for students of Polish universities. Throughout the year, we maintain the Internship Programme for those who want to gain first experience in a construction company, get to know the specificity of the industry. Internship lasts from one month to six months. We offer the largest number of internship places in summer months. In 2018, our internships covered over 320 students, of whom almost 30% received a job offer. Internship recruitment is preceded by an educational cycle of the Budimex Academy. It consists in professional workshops addressed to students of Polish technical universities who want to extend their knowledge about practical aspects of implementation of complex building investments. Participation in the Academy allows to meet and discuss with the best practitioners and to get to know the most interesting Budimex projects. The internship recruitment process is supported by a specially prepared recruitment game.



IMPACT ON LOCAL ENVIRONMENT AND BIODIVERSITY

Accomplishment of the strategy objectives for the years 2016-2020:

Objectives	Indicator (KPI)	2018	
		Objective	Accomplishment
Control of environmental risks and environmental damage and emergency prevention	number of emergencies	0	V
Zero environment-related conflicts which might result in the cessation of works	number of environment-related conflicts which might result in the cessation of works	0	V

1.32 Limitation of the local environmental impact

■ GRI: 103-1, 103-2, 103-3, 413-1

Particularly important investments in 2018 include, among others, commissioning of the express road S7 Elbląg - Nowy Dwór Gdański (Kazimierzowo junction), completion of construction of the Zabrze heat and power installation, completion of the Czeszów - Kiełczów gas pipeline construction, commencement of works at the construction of the A1 motorway on the section Tuszyn - Piotrków Trybunalski - Bełchatów. Those were major construction projects, the implementation of which has affected the natural environment and the local community and has been associated with irreversible landscape transformations.

Apart from infrastructural facilities, we complete also pro-ecological projects that aim at the limitation of adverse environmental impact of existing structures, e.g. projects involving decarbonisation or fume desulphurisation. In the Budimex Group, the „Environmental Protection Policy” and certified environmental and energy management systems are in place. The Policy requires that all companies within the Group comply with national and international environmental regulations and cooperate with supervisory authorities. As part of the Integrated Management System used by Budimex and

in Mostostal Kraków, appropriate certificates and norms were implemented, confirming the procedures currently employed in these companies regarding environmental management, most importantly PN-EN ISO 14001 norm.

In 2018, in the whole Budimex Group we introduced the „EcoLogical” Strategy, consisting of 4 principles and 11 environmental aspects, for which we established basic requirements in the form of environmental protection standards. The strategy is addressed to everybody – employees, contractors, suppliers, co-operators, whom, within the implemented rules, we want to encourage to actively engage in the improvement of the „Environmental Protection Culture”. The Strategy also involves the Budimex Environmental Protection Standards, regulating the principles of ensuring performance of works and auxiliary processes that is safe for the natural environment. They concern the protection of water, soil, air, biodiversity.

Environmental procedures on construction sites are regulated within the framework of uniform internal procedures: „Environmental management on contracts” and „OHS and EP organisation and management on the contract”. Their aim is to minimise the negative environmental impact of conducted works.



Selected buildings and structures constructed by the Budimex Group's companies have „green certificates”, confirming the ecological efficiency of materials used for their construction and the possibility of managing them in the future. In 2018, 2 buildings received the LEED certificate and 4 buildings – BREEAM certificates, including office buildings Off Piotrkowska in Łódź or an office building at ul. Heweliusza 18 in Gdańsk. In the previous year, we have begun the construction of another certified buildings, which will be completed in 2019.

The environmental management standards in the Budimex Group exceed legal obligations and concern:

- designing technological routes in a way ensuring an economical use of terrain and minimal modification of its surface,
- restoring the work site to its condition from before the construction site,
- minimisation of tree removal, relocation of plants elsewhere and replanting,
- protection of trees in the construction site impact zone from mechanical damage,
- construction facilities (depots, warehouses and transportation bases) should be firstly located in already developed and transformed areas, if possible far from housing development and naturally valuable areas,
- reduction to the necessary minimum of the land occupancy in forests and wetland areas,
- transportation of materials necessary for construction should take place primarily within the designated right-of-way,
- solutions for protection against pollution with chem-

ical substances coming from the construction sites are implemented on sections where earthworks and works are conducted near water reservoirs,

- payment of special attention to environmental protection from contamination with petroleum products from cars and construction machinery,
- relocation of fauna and flora living in habitats interfering with the construction site to new areas,
- monitoring of the construction site by naturalists, e.g., ornithologists, ichthyologists, herpetologists, entomologists, botanists, chiropterologists in accordance with specificity of the construction site and the protected species present there,
- cessation of works when animals enter the investment zone,
- the schedule and cycle of works are closely correlated with the cycle of nature,
- works in the vicinity of noise-protected areas are carried out only during the day,
- material and waste management in compliance with the 3R principle – Reduce, Reuse, Recycle,
- minimisation of idle operation time with regard to machinery and vehicles of the construction site,
- speed reduction within the construction site and in its vicinity,
- preparation of construction sites for unexpected situations and providing them with equipment necessary in case of contamination.

1.33 Environmental concerns on the construction site

■ GRI: 102-11, 103-2, 304-1, 304-2, 304-3, 304-4, 308-2, 413-1, 413-2

Environmental amenities most often concern the course of roads in the vicinity of households and passages for animals, according to their migration routes and ecotones in forests along routes that protect the ecosystem. In order to protect the environment, water drainage systems and transparent sound-absorbing screens are also created. Formally, the project preparation process, including public consultation and level of environmental impact, for the given project constitutes the responsibility of its investor. Budimex SA, acting as the general contractor, has no direct impact on these issues. However, being a designer on a given contract, it is fully responsible for the project with regard to environmental and social aspects. Regardless of the role and scope of responsibility, one of areas of our 2016-2020 CSR

Strategy is to be a good neighbour, guest and partner for local communities, which obligates us, among others, to limit the negative impact on inhabitants of adjacent areas. Our objective is to avoid conflicts against the environmental background. This obligation applies also to our subcontractors, and the key is to carefully prepare and organize construction sites, facilities, proper routing of technological roads, so that they are as troubleless as possible from the point of view of road participants and surrounding residents. Construction site facilities, warehouses, yards and transportation bases are firstly located on already developed and transformed territories. If possible, the construction site is located at a safe distance from inhabited areas. In the course of the project implementation, we transport materials and raw materials mainly on already designated right-of-way. After completion of works, we restore the state of the environment from before the construction, as far as possible. Earlier we protect trunks and tree roots from damage caused by heavy equipment, we fence habitats of animals and plants. We protect water reservoirs from potential contamination by chemical substances, such as diesel oil from construction vehicles and machinery, originating from the construction site.

We conduct compensatory plantings or re-use at later construction earth layers (humus) removed during works. A popular activity is constituted by the so-called metaplantation, which involves moving plants from the construction site to a new site of the same requirements and qualities. If it is necessary to backfill a small reservoir, amphibians, reptiles and birds living in this location are transferred to a safe place upon their capture. In 2018, we moved 933 individuals of amphibians, such as great crested newt, common newt, common frog, 9 individuals of reptiles, including common lizard, and if birds are concerned, a new place was found by 10 sand martins.



The work schedule depends on the natural cycle, which, for instance, affects the suspension of works in the migration period of forest animals, amphibians or fish or in the bird breeding period. All works comply with legal requirements, including those regarding Natura 2000 areas. There is also conducted an environmental control of the impact zone and habitats on a given territory, while environmental observation is conducted after the project completion. For all investments, which may potentially significantly affect the surrounding environment, a report on the environmental impact is prepared, in accordance with applicable legal regulations. Works on the report are conducted with experts from various fields, such as ornithology, herpetology, botany, etc. The reports lists potential risks and recommended solutions, which will mitigate effects of the given project as much as possible. All pro-environmental actions are supported by environmental specialists, who monitor the situation on an ongoing basis, provide applications and recommendations, such as naturalists, botanists, ichthyologists, dendrologists. Most construction sites are covered by environmental supervision in accordance with environmental decisions and contracts with an entity ordering a given investment. Sometimes supervision is carried out at the request of the contract management or preventively, when the law does not require such supervision. In this way, Budimex implements the precautionary principle.

■ **GRI: 102-11, 306-3, 308-1, 103-2**

One of the accomplished goals of our environmental team for 2018 was the implementation of the visual identification system for environmental protection and the environmental protection standard system. On construction sites there are boards informing on the location of the construction waste landfill site, place to clear pumps after concreting, where special care should be taken due to the occurrence of protected species or tree protection zones. This information facilitates the employees and subcontractors to take care of the environmental protection on a given investment.

In the Contractor's Code, the Budimex Group obligates its subcontractors to respect legal norms and environmental decisions on the area of the given investment. Subcontractors, interested in cooperation with Budimex, are required to read, among others, the guide-

lines concerning our environmental standards, while submitting their offer. Environmental requirements are included in an annex to agreements – „Environmental Protection Requirements.” One of the standards in force on construction sites of the Budimex Group is to have a so-called environmental first aid kit, which is a set for quick containment and removal of spills of substances harmful to the environment, such as oil, petroleum products. The kits are placed in marked places and the information concerning their location is widely provided to the employees. In accordance with the precautionary principle, any potential contamination is treated as a threat to the environment until its type and source are determined. Another requirement is to manage the one's waste, keeping its records and collect it. Every subcontractor must respond to emergency situations and environmental incidents in accordance with the system and standards of Budimex SA. Every subcontractor is going through training concerning procedures applicable in the field of environmental protection and rules of conduct in the event of failure. Their equipment is also subject to technical efficiency assessment. The supervisory personnel of a given construction site receives specialist training in environmental protection, while the rest of employees take part in regular training courses “Training in the Area of OHS Management and Environmental Protection on a contract”.

■ GRI: 306-3, 307-1

The Environmental Protection Team, which carries out inspections and audits regarding the compliance with adopted environmental protection rules on executed contracts, is responsible for the efficient implementation of the Policy. In 2018, no incidents or environmental emergencies occurred, which could result in harm to the environment. No fines or others sanctions were imposed on the Budimex Group due to violation of environmental regulations. No significant substance spillages were observed in 2018.

■ GRI: 308-2

In 2018, 1,163 subcontractors (100%) were subjected to initial qualification and 5,329 final assessments summing up cooperation were conducted, within the framework of which environmental issues were also analysed. Irregularities were found in 35 cases. Corrective actions were taken with respect to all of them. The Ethics Commission received no reports concerning

violation of environmental protection. Risks associated with irregularities attributable to subcontractors concern usually contamination of soil and groundwater with petroleum products, paints and solvents. It is closely connected with skills of the subcontractors' employees regarding the equipment service and good technical condition of machinery. In order to avoid such situations, subcontractors are provided with training regarding environmental procedures before entering the given construction site.

1.34 Waste management

■ GRI: 103-1, 103-2, 306-2, 306-3

Waste management on construction sites is regulated by the Waste Management Plan contained in the BIOZ Plan. If hazardous waste is to be generated in the course of works, prior to the commencement of works the contractor must include this in the „Safe Work Performance” Instruction and respond to emergency situations and environmental incidents during their performance. Proper waste management on construction sites and monitoring of potential residuals of hazardous substances is coordinated on an ongoing basis, on the project completion site by laboratories located on its premises.

A different type of waste is generated at each stage of the construction process. Brick and concrete blocks are produced at the initial stage of demolition of facilities, which will be replaced with a new investment, while old bitumen or track ballast constitutes waste produced after the removal of the road and tracks. The most commonly generated waste types include soil and rubble, rocks and waste from renovation and disassembly of construction facilities and road infrastructure.⁷ Many of them can be re-used at subsequent stages of conducted works. Removed soil is a valuable material and can be applied for finishing works. Bushes or branches from clearance, which often cannot be avoided, may be used as the biomass fuel or gardening material after so-called chipping, i.e. grinding to produce small parts. Detailed information on the amount of waste may be found in tables at the end of the report.

⁷ Due to their enormous volumes, soil and dirt are presented separately in data tables.

RELATIONS WITH LOCAL COMMUNITIES

■ GRI: 103-1, 103-2, 413-1, 413-2

1.35 Reduction of nuisance

■ GRI: 103-2

Performances of the Budimex Group directly affect the shape of the environment in given local communities. On the one hand, new investments improve the quality of life of the residents – new roads, culture centres, modern hospitals, new jobs, but the construction process itself, often lasting many months, may be disruptive to the environment. It involves transport of building materials, more intense vehicle traffic, noise and dust, traffic restrictions (e.g. re-routing, narrowing or speed limits). Every potential impact of our investments on the environment is analysed at the stage of issuing administrative decisions, where representatives of the inhabitants take part in social consultations in order to reconcile the interests of all parties and avoid possible differences and conflicts, when a given investment is already in progress.

In 2018, 75% of our construction sites used the Group's implemented system for residents to provide their feedback on our works. We committed also our site managers to analyse all complaints from residents, so that corrective actions were taken immediately, if needed.

In 2018, 5 resident satisfaction surveys concerning projects carried out in their surroundings were carried out. Surveys were conducted at our request by an independent research agency. With an invitation to participate in the survey, we reach the inhabitants through online communication, campaigns on Facebook, local press, and MMS. The use of access roads was one of the most frequently indicated nuisance in the surveys. On the other hand, the inhabitants appreciated being informed on possible difficulties or on methods of protection of construction sites and their vicinity from potential hazards. During the reported period, there were no social conflicts which would contribute to the cessation of works.



Social assessment of works carried out by Budimex SA – parent company in the Budimex Group – on 5 selected projects:

Project title	Population in the vicinity of the project	Number of persons who read the survey on our website	Number of persons who took part in the initial assessment	Number of persons who took part in the detailed assessment
DUNE Housing Estate in Mielno	3,000 persons	768 persons	14 persons assessed works positively 13 persons assessed works neutrally 11 persons assessed works negatively	38 persons
Express road S5 (Korzeńsko-Widawa)	23,300 persons	387 persons	27 persons assessed works positively 25 persons assessed works neutrally 19 persons assessed works negatively	71 persons
Jarocin Bypass	15,000 persons	268 persons	42 persons assessed works positively 25 persons assessed works neutrally 19 persons assessed works negatively	86 persons
Railroad connection Kraków Zabłocie - Krzemionki	5,000 persons	138 persons	6 persons assessed works positively 22 persons assessed works neutrally 15 persons assessed works negatively	43 persons
Office building BZ WBK Leasing in Wrocław	21 thousand	615 persons	23 persons assessed works positively 21 persons assessed works neutrally 17 persons assessed the work negatively	61 persons

1.36 Compensating communities for nuisances

■ GRI: 413-1, 103-2

One of the objectives recorded in our CSR Strategy for the years 2016–2020 and in the Company’s Liability Policy is to limit the negative impact of our investments on lives of neighbouring inhabitants. This approach applies to the entire Ferrovial Group. We want to be a good neighbour, which is why we always try to understand and meet the needs of local communities, often engaging in their initiatives. We organise educational campaigns related to road safety for the youngest, first aid, and we finance the purchase of equipment for local volunteer fire departments. We also help the inhabitants in performing minor works, such as the exchange of sand in the sand trap or painting playgrounds. In this way we try to compensate for the nuisance related to the construction.

We also conduct non-obligatory, additional public consultation in the course of designing e.g. bypass routes, road closures. We create feedback channels for the inhabitants – traditional mail boxes, dedicated e-mail address and phone number. In 2018, the objective we stated and accomplished was the Budimex Group involvement in at least 50% of the initiatives submitted to us by local communities.



“Change the World. 50 Years of Budimex”

On the occasion of the 50th anniversary of the company, we had additionally completed the social programme “Change the World. 50 Years of Budimex”. The social project selected under that initiative received

the grant-aid from us in the amount of PLN 500 thousand and substantial support at the completion stage. The winner was the Three-Four Foundation, which concept assumed the establishment of the first in Poland Forest Elementary School “Puszczyk” in Osowicze near Białystok. The school was opened on 12 December 2018. This is the first place of this type in Poland, corresponding with the philosophy of the Budimex Group – changing the world through innovative projects. The second place in the competition “Change the World. 50 Years of Budimex” and financial support was granted to the St. Lawrence Hospice Association for the concept of establishment of “Biofilia” at a children’s hospice – an all-year-round tropical garden, enabling patients and their relatives to have permanent contact with nature. The third place was occupied by the Habitat for Humanity Poland Foundation for its innovative concept of a local activity centre named ReStore Centre.

The project appeared to be the large media success:

- 750 thousand persons read the programme-related information in social media,
- 310 publications in total about the programme were published, including 4 TV and 2 radio footages.

On the occasion of the 50th anniversary of Budimex SA, we organised a nationwide photographic contest “50 Investments for the 50th Anniversary of Budimex”. We wanted to show how we were changing the Polish landscape through all those years. Every month we were selecting finalists who documented our investments on photos. All works can be seen on the website www.50pracbudimeksu.pl.

„ICE Card” and „Parent Zone” have been the flagship author’s social programmes of the Budimex Group for years.



ICE Card. Budimex for Children

The educational programme „ICE Card” is addressed to children from elementary schools. Its purpose is to spread the safety rules among the youth. As part of the action, we refer also to the principles of safe behaviour on the road and provision of first aid. During education-

al meetings, children receive plastic cards to help them, for example, contact with their relatives in case of accident. 76% of kids wears them strapped to their backpacks. In 2018, the programme covered 60 schools and 4,500 children. In total, since 2009 more than 37,000 students from over 400 schools all over Poland have participated in it.

More information on www.domofonice.org.pl



Parent Zone. Budimex for Children

As part of the „Parent Zone”, we create special places in paediatric hospitals all over Poland, where little patients can spend time with their parents. In addition, parents may prepare there a meal for themselves, take a shower or overnight. This is very important, because thanks to the parents’ presence, the average duration of children’s hospitalisation is reduced by 31%.

In 2018, we opened 5 zones, which development was supported by 40 volunteers – the Budimex Group’s employees. Only in the last year, 60,000 children benefited from all Zones. The programme’s ambassadors include Agnieszka Grochowska, an actress, and Dariusz Wardziak, known as „Darek Carpenter”, who helped us equip zones with unique furniture. By the end of 2018, 28 open zones were created in the entire country to be used by hospitalised children and their parents. In total, 200 volunteers from Budimex were involved in the development of zones.

More information on: www.strefarodzica.budimex.pl



„Grant for Volunteering” Programme

The company has been carrying out the „Grant for Volunteering” programme since 2015. In this initiative, employees of the Budimex Group may all-year-long submit their own ideas of beneficial projects for local communities. Ideas submitted are assessed at quarterly meetings of the CSR Committee. The Committee decides also on the grant’s amount. In 2018, our em-

employees completed 8 projects with total value of PLN 82,000. In total, 80 volunteers were involved in their implementation. Thanks to grants, we renovated bathrooms in the Saint Lazarus Hospice in Kraków, we adjusted the pavement to the needs of the disabled in the Public Nursing Home in Nowy Czarnów. We also created an educational room for persons under care of the ARKA Association in Olsztyn. Since the launch of the programme, 205 volunteers from the Budimex Group have taken part in it. In total, they completed 30 projects for over PLN 250,000.

Apart from the mentioned social programmes, the Budimex Group carries out also a number of charity and sponsoring activities. In 2018, we continued the implementation of socio-cultural and educational projects, promoting physical and sports culture. Examples of actions completed in 2018:

- the “Diamond Explorers” scholarship programme providing financial support to talented and effective youth to enable them to participate in prestigious international and national scientific and technical contests, in particular in such fields as technology, engineering, construction, industrial design, maths and management,
- protection of monuments by supporting the „J. Waldorff’s Social Committee of Care for Old Powązki Cemetery”, in the vicinity of which the main seat of

the Budimex Group’s parent company – Budimex SA – is located,

- support for the Demos Foundation, which helps young people in a difficult life situation. The Foundation develops premises to conduct education, therapeutic and sports activities. It organises workshops for youth leaders and scholarship programmes. It also develops publishing activities, oriented towards social, educational and cultural issues,
- organisation of events and support of sports teams: a charity game of the Volleyball Stars in Szczecin, Polish Women Chess Championships, Polish Sailing Championships for the Disabled, Stomil Olsztyn Football Club, Polish Sport Bridge Association or the Women Basketball Club “Katarzynki” in Toruń,
- other projects consistent with the Budimex Group’s social objectives and are addressed to children: help for the Foundation “Na ratunek dzieciom z chorobą nowotworową” [“Saving Children with Cancer”] in Wrocław and Fundacja Pomocy Dzieciom Poszkodowanym w Wypadkach Komunikacyjnych “WRÓĆ” [Foundation Helping Children Injured in Traffic Accidents “COME BACK”] in Gdańsk.

In total, the social and sports organisations received from the Budimex Group a sum amounting to PLN 1,890 thousand in donations in 2018.



QUALITY AND ITS IMPACT ON SAFETY OF CONSTRUCTION FACILITIES

Accomplishment of the strategy objectives for the years 2016-2020:

Objectives	Indicator (KPI)	2018	
		Objective	Accomplishment
Maximisation of the Quality Conformance (QC) index	value of the Quality Conformance (QC) index	≥100% of the last period's value	V

1.37 Quality management

■ GRI: 103-1, 103-2, 416-1

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

The Integrated Management System applies to the Budimex Group, covering, among others, the quality management system according to PN-EN ISO 90001, environmental management system according to PN-EN ISO 14001, OHS management system according to PN-N-18001, and quality assurance system based on requirements of the AQAP 2110 NATO standard.⁸

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

⁸ Thus, uniform procedures are generally applicable to all (100%) ongoing contracts.

■ GRI: 416-2

Certificates and subsequent accreditations are the result of work of many people involved in providing top quality construction sites, while uniform quality procedures apply to all the Budimex Group's contracts. In 2018, we did not record any incidents which could have resulted in health and life hazards or construction disasters. In the reported period, no fine was imposed on the Budimex Group for non-compliance with the law and regulations concerning the provision and use of products and services. Neither were there cases of non-compliances with all the regulations concerning labelling information on products and services.

1.37.1 Research laboratories and reliable quality control

■ GRI: 103-1, 103-2, 416-1

In 2018, total of 24 laboratory units nationwide were conducting an ongoing quality control of works and construction products, also in the context of security of building structures, at stages before, during and after the project completion. The Budimex Group's leading laboratory is a central laboratory, which has accreditation of the Polish Centre for Accreditation No. AB 1414.

The accreditation is an objective and indisputable proof that the organisation operates in accordance with the best practices, limiting the number of defective products and thus reducing the production costs. In 2018, we increased the number of accredited research by 24% compared to 2017 (in total by 9 methods, currently the central laboratory has 46 accredited research methods). Laboratories are equipped with modern test equipment compliant with international standards.

In 2018, laboratories were equipped with specialised devices, such as the Micro-Deval apparatus applied to test the abrasion resistance of aggregates, and we extended the RSP device (laser profiler) to 21 laser sensors, thus reaching the highest standard and accuracy of measurements. The management system of the Laboratory complies with the requirements of the standard PN-EN ISO/IEC 17025 “General Requirements Concerning the Competences of Research and Calibration Laboratories”. Apart from an ongoing laboratory inspection, our innovation department is also becoming involved in research and scientific projects in cooperation with recognised scientific centres, e.g. with the Wrocław University

of Technology, Białystok Technical University, Warsaw University of Technology, and with the Road and Bridge Research Institute.

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

Mostostal Kraków is another company within the Group, which operates based on the Integrated Quality Management System compliant with the standards ISO 9001:2015, ISO 14001:2015, PN-N 18001:2004, which was confirmed by SGS Polska. Also, the company has welding, bridge, steelwork manufacturer and many other certificates, available on <http://www.mostostal.com.pl/>. Budimex Nieruchomości does not have any officially certified management systems.



REASONABLE USE OF RESOURCES AND ENVIRONMENTAL PROTECTION

Accomplishment of the strategy objectives for the years 2016-2020:

		2018	
Objectives	Indicator (KPI)	Objective	Accomplishment
Effective use of energy and reduction of related emissions.	Toe/1 million sales revenue	2.90	3.49 (there occurred a slight increase due to higher use of bituminous mass for road construction than in previous years - by ca. 30%)
Optimum use of raw materials and materials and minimisation of generated waste.	Quantity of reused materials / quantity of purchased loose materials ⁹	N/A	8.62%

A key aspect adversely affecting the local biosphere may be constituted by waste produced during construction. They usually come from demolition and refurbishment works. Their quantity depends on a number of contracts and a level of their progress.

In the Budimex Group, we guarantee that waste is removed with utmost care and the hazardous waste is appropriately disposed of so that they do not pose a threat to people and the environment in the vicinity of the investment. Environmental impact is also exerted by materials imported to the construction site and raw materials applied during works. In order to optimise the transport of materials and thus minimising the carbon footprint of the entire investment, the Budimex Group has a network of its own bituminous mass factories, which, if necessary, may be moved to another location within 5-6 weeks.

1.38 Materials and raw materials

■ GRI: 301-1

Raw materials and materials the most frequently used by the Budimex Group include plain and modified road asphalt, cement, concrete, steel, hydraulic binders, lime dust, asphalt aggregate (including sand and grit), construction aggregate (sand, gravel), road aggregate (sand, grit, etc.), hydro-technical stone and railway breakstone. Reuse concerns gravel, spoil, cement, crushed-stone aggregate for bituminous mass, mixes of crushed-stone aggregates, concrete, steel, timber.

Effective management of a demand for materials and resources and their recycling in the Budimex Group are possible thanks to the VE (value engineering) – a system of monitoring of their use, applied to optimise the use of materials and limit the amount of produced waste. VE

⁹ In previous years, the ratio was incorrectly set to % / 1 million of sales revenue, hence the target for 2020 and earlier years was incorrectly defined. Currently, the adjustment concerning this objective value is in progress.

allows also to reduce costs, which is a very good example of an activity aimed at reduction of the adverse environmental impact of the investment, while obtaining business benefits.

■ **GRI: 103-1, 103-2, 301-1, 301-2, 306-2, CRE8**

Waste is an inherent part of conducting construction activity and most of them is not suitable for reuse. Such waste is constituted by a bituminous mass, i.e. a mixture of aggregates, binders and fillers, resulting from the processing of crude oil, which is non-renewable. It is alike in the case of cement, concrete, lime powder and many other aggregates, which are formed as the products of non-renewable raw materials. However, there are ma-

terials that will come in useful again. At the demolition of buildings, there may be used, among others, metal, wood, glass, rubble or breakstone. In 2018, we planned an increase in reuse of waste materials generated on construction sites by 80%.

Only those materials that find no useful application on the given construction site, particularly hazardous materials, are classified as waste. The exact amount of waste depends on a number of contracts and their specification.

In 2018, we segregated the following quantities of secondary raw materials:

Secondary raw materials	Budimex SA	Mostostal Kraków	Budimex Group
Metals in [t]	760.93	1,057.51	1,818.44
Waste paper in [t]	73.30	1.79	75.09
Plastics in [t]	273.89	0.33	274.22

In addition, we reused 1,706.51 thousand tonnes of soil and earth, 44.32 thousand tonnes of rubble, 64.77 thousand tonnes of crushed asphalt and 39.24 thousand tonnes of railway breakstone. In turn, use of materials from waste generated by other industries (e.g. mining, steelworks, power engineering), i.e. last year – came in the last year to almost 6.03 thousand tonnes.

1.39 Fuel, energy and CO₂ emissions

■ **GRI: 103-1, 103-2, 103-3, 302-1, 302-3, 305-1, 305-2**

The Budimex Group’s demand for fuels and energy results from:

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

Carrying out investments is closely connected with energy consumption and emissivity. Impact of the consumption of fuels and energy depends on the nature of

a given project, where equipment is modernised and replaced with more economical and ecological one, educational activities are performed aimed at encouraging employees to use the fuels and energy reasonably. Energy consumption is also reduced in Budimex offices, in the form of energy-saving lighting, computer hardware (100% of computers with Energy Star) or office supplies with ecological signs. We reduce fuel consumption in cars and delivery vans, trucks and working machinery. One of the ways of restoring the balance of environmental impact is constituted by the purchase of so-called green energy, generated in hydro power stations. In 2018, we were among five companies participating



in the first in history auction of the Carbon Dioxide Units (CDU) organised by the State Forests under the Carbon Forests project. In the auction, we bought 8,000 CDUs, which enabled us to reduce our “carbon footprint” by approx. 10% in 2018. In addition, we were awarded with the “Partner for Climate” title by the Minister of Environment and the General Director of State Forests. This is a unique initiative in the scale of Europe and the world, and for the Budimex Group another method of supporting the “carbon offset” type of actions, striving for neutralisation of already emitted carbon dioxide.

In 2018, the demand for electrical energy and thermal energy grew within the Budimex Group. This is related to the growing year-to-year scale and number of investments – last year it was particularly related to the construction of roads. Direct and indirect CO₂ emissions increased by 31.97% compared to 2017. In turn, the use of renewable energy confirmed with relevant certificates in 2018 constituted over 20% of all the purchased electrical energy and fell slightly by 7% compared to the previous year. It should be emphasised that the growth in 2017 amounted to nearly 193%.

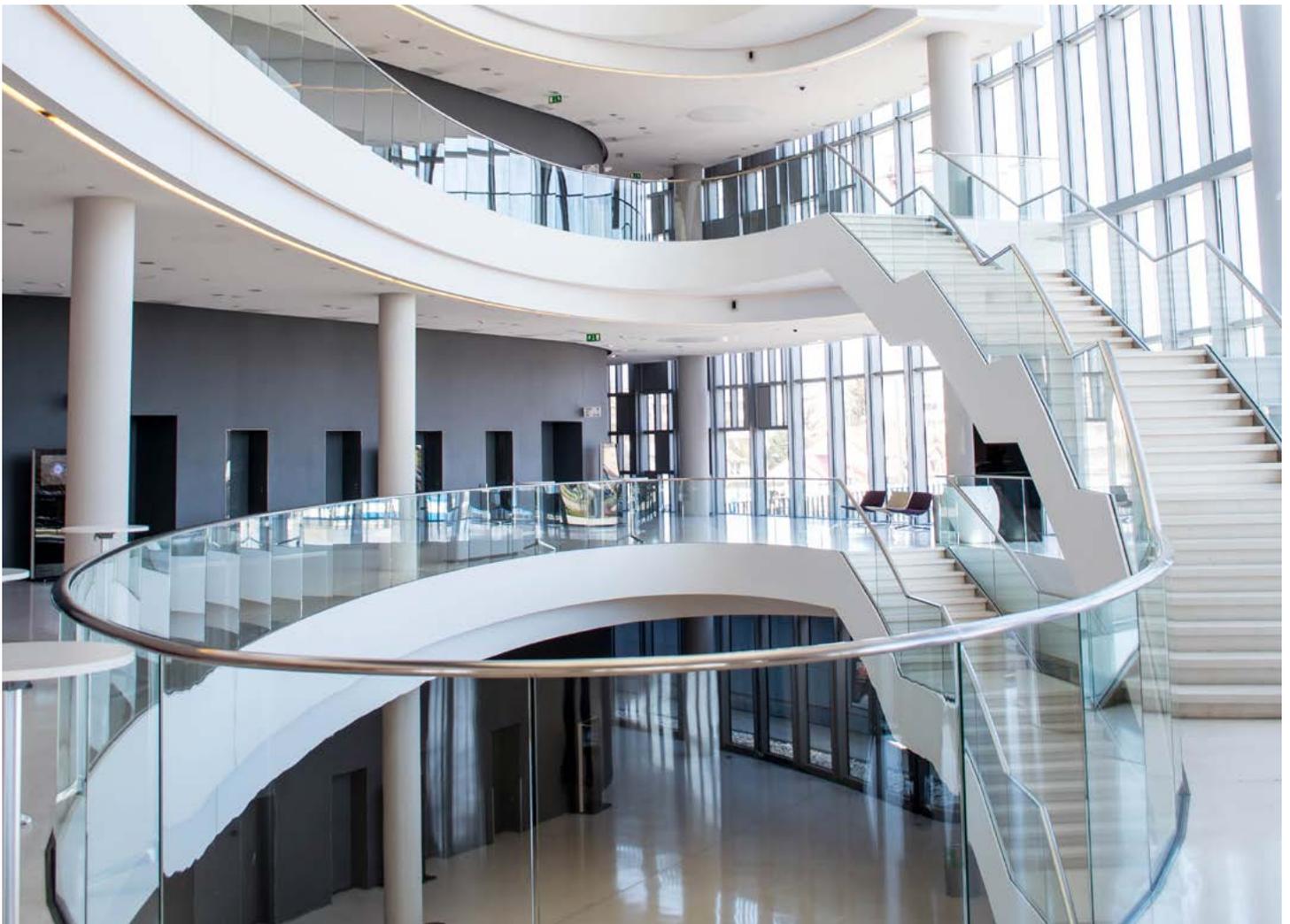


SUMMARY OF ACCOMPLISHMENT OF STRATEGY OBJECTIVES FOR THE YEARS 2016-2020

Accomplishment of the strategy objectives for the years 2016-2020:

Objectives	Indicator (KPI)	2018	
		Objective	Accomplishment
Improvement of occupational health and safety standards			
Zero fatal accidents among the company's employees and employees of subcontractors operating on the construction site.	number of fatal accidents	0	X (3 fatal accidents on the part of subcontractors occurred)
Lowering the value of the accident frequency index among the Budimex Group's employees.	level of accident frequency among the Budimex Group's employees	<100% of the last level's index value	V
Lowering the value of the accident severity index among the Budimex Group's employees.	level of accident frequency among the Budimex Group's employees	<100% of the last period's index value	V
Reduction of the environmental impact			
Effective use of energy and reduction of related emissions.	Toe/1 million sales revenue	2.93	X (slight increase occurred - 3.49)
Optimum use of raw materials and materials and minimisation of generated waste.	%/1 million sales revenue	N/A	8.62%
Control of environmental risks and environmental damage and emergency prevention	number of emergencies	0	V
Being a good neighbour and guest for local communities			
Zero environment-related conflicts which might result in the cessation of works.	number of environment-related conflicts which might result in the cessation of works	0	V
Elimination of the risk of unethical conduct			
Zero unverified cases of potential unethical conduct	number of unverified cases of potential unethical conduct	0	V

		2018	
Objectives	Indicator (KPI)	Objective	Accomplishment
Building unique competencies and friendly workplace atmosphere			
Maximising the value of the personnel satisfaction index	satisfaction index value	<100% of the last testing value	V
Top quality assurance			
Maximisation of the Quality Conformance (QC) index	value of the Quality Conformance (QC) index	≥100% of the last period's value	V
Support of the culture of innovations			
Increase in innovativeness	Results of the "Workplace Atmosphere Survey" - question: "The company encourages me to look for innovative forms of work"	≥100% of the last period's value	V
Provision of surveillance mechanisms for social and environmental results of activities			
Provision of reliable financial and non-financial reporting	social reporting	V	V



TABLES WITH NON-FINANCIAL DATA

■ GRI: 102-45

Subsidiaries and jointly controlled entities consolidated in financial statements of the Budimex Group

Unit name	Registered office	Method of consolidation in financial statements	Companies of the Budimex Group included in the corporate responsibility report
Mostostal Kraków SA	Cracow / Poland	full	v
Mostostal Kraków Energetyka Sp. z o.o.	Cracow / Poland	full	x
Budimex Bau GmbH	Cologne / Germany	full	x
Budimex Nieruchomości Sp. z o.o.	Warsaw / Poland	full	v
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	full	x
SPV-PIM1 Sp. z o.o.	Warsaw / Poland	full	x
Budimex Kolejnictwo SA	Warsaw / Poland	full	x
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	full	x

■ GRI: 201-1

Generated economic value (in PLN thousand)*

	2017	2018
Directly generated economic value	6,432,156	7,489,672
Revenues	6,432,156	7,489,672
Distributed economic value	6,499,079	7,910,069
Operating expenses	5,123,883	6,372,601
Remuneration and employee benefits	869,193	977,854
Payments for investors	413,447	479,673
Payments for the state	91,050	78,051
Investments in community	1,506	1,890
Retained economic value (calculated as generated economic value after reduction by distributed economic value)	-66,923	-420,397

*The capital group in such a form in which it is consolidated in the consolidated financial statement

■ GRI:102-8

Number of employees as at the end of the year¹⁰

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA	1,163	4,200	5,363	1,215	4,782	5,997
- Polish market	1,156	3,187	4,343	1,214	3,870	5,084
definite period	508	1,259	1,767	356	1,524	1,880
indefinite period	648	1,928	2,576	858	2,346	3,204
full-time	1,137	3,181	4,318	1,199	3,860	5,059
part-time	19	6	25	15	10	25
age under 30	438	687	1,125	451	803	1,254
age 30-50	656	2,008	2,664	695	2,459	3,154
age over 50	62	492	554	68	608	676
- German market	7	1,013	1,020	1	912	913
definite period	1	991	992	0	906	906
indefinite period	6	22	28	1	6	7
full-time	7	1,013	1,020	1	912	913
part-time	0	0	0	0	0	0
age under 30	0	130	130	0	97	97
age 30-50	2	610	612	1	533	534
age over 50	5	273	278	0	282	282
Budimex Nieruchomości Sp. z o.o.	77	56	133	87	61	148
- Polish market	77	56	133	87	61	148
definite period	29	22	51	20	14	34
indefinite period	48	34	82	67	47	114
full-time	73	55	128	82	60	142
part-time	4	1	5	5	1	6
age under 30	12	4	16	12	6	18
age 30-50	57	43	100	64	43	107
age over 50	8	9	17	11	12	23
Mostostal Kraków SA	28	711	739	34	694	728
- Polish market	28	567	595	34	547	581
definite period	9	253	262	14	207	221
indefinite period	19	314	333	20	340	360
full-time	28	563	591	34	543	577
part-time	0	4	4	0	4	4
age under 30	17	112	129	19	110	129
age 30-50	9	254	263	13	233	246
age over 50	2	201	203	2	204	206

¹⁰ Dane dotyczą wyłącznie pracowników zatrudnionych w poszczególnych spółkach (bez podwykonawców).

	2017			2018		
	Women	Men	Total	Women	Men	Total
Mostostal Kraków SA	28	711	739	34	694	728
- German market	0	144	144	0	147	147
definite period	0	144	144	0	146	146
indefinite period	0	0	0	0	1	1
full-time	0	144	144	0	147	147
part-time	0	0	0	0	0	0
age under 30	0	18	18	0	23	23
age 30-50	0	70	70	0	69	69
age over 50	0	56	56	0	55	55
Razem Grupa Budimex	1,308	5,224	6,235	1,336	5,537	6,873
- Polish market	1,261	3,810	5,071	1,335	4,478	5,813
definite period	546	1,534	2,080	390	1,745	2,135
indefinite period	715	2,276	2,991	945	2,733	3,678
full-time	1,238	3,799	5,037	1,315	4,463	5,778
part-time	23	11	34	20	15	35
age under 30	467	803	1,270	482	919	1,401
age 30-50	722	2,305	3,027	772	2,735	3,507
age over 50	72	702	774	81	824	905
- German market	7	1,157	1,164	1	1,059	1,060
definite period	1	1,135	1,136	0	1,052	1,052
indefinite period	6	22	28	1	7	8
full-time	7	1,157	1,164	1	1,059	1,060
part-time	0	0	0	0	0	0
age under 30	0	148	148	0	120	120
age 30-50	2	680	682	1	602	603
age over 50	5	329	334	0	337	337

■ GRI: 108-2

Employees employed under civil law contracts

	2018		
	Women	Men	Total
Budimex SA	101	74	175
Budimex Nieruchomości Sp. z o.o.	9	3	11
Mostostal Kraków SA	7	1	8
Razem Grupa Budimex	116	78	194

Dane dotyczą wyłącznie pracowników zatrudnionych w poszczególnych spółkach (bez podwykonawców).

■ GRI: 401-1

Newly recruited employees

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA	288	1,747	2,035	237	2,185	2,422
- Polish market	287	811	1,098	237	1,386	1,623
age under 30	168	335	503	150	418	568
age 30-50	114	398	512	79	768	847
age over 50	5	78	83	8	200	208
- German market	1	936	937	0	799	799
age under 30	0	174	174	0	135	135
age 30-50	1	549	550	0	435	435
age over 50	0	213	213		229	229
Budimex Nieruchomości Sp. z o.o.	7	12	19	19	13	32
- Polish market	7	12	19	19	13	32
age under 30	2	2	4	5	3	8
age 30-50	4	9	13	12	6	18
age over 50	1	1	2	2	4	6
Mostostal Kraków SA	13	435	448	17	283	300
- Polish market	13	293	306	17	158	175
age under 30	10	92	102	9	76	85
age 30-50	3	144	147	6	64	70
age over 50	0	57	57	2	18	20
- German market	0	142	142	0	125	125
age under 30	0	30	30	0	27	27
age 30-50	0	70	70	0	58	58
age over 50	0	42	42	0	40	40
Razem Grupa Budimex	308	2,194	2,502	273	2,481	2,754
- Polish market	307	1,116	1,423	273	1,557	1,830
age under 30	180	429	609	164	497	661
age 30-50	121	551	672	97	838	935
age over 50	6	136	142	12	222	234
- German market	1	1,078	1,079	0	924	924
age under 30	0	204	204	0	162	162
age 30-50	1	619	620	0	493	493
age over 50	0	255	255	0	269	269

■ GRI: 401-1

Employee departures

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA	134	1,314	1,448	185	1,603	1,788
- Polish market	134	444	578	185	723	908
age under 30	51	150	201	66	190	256
age 30-50	71	226	297	103	412	515
age over 50	12	68	80	16	121	137
turnover ratio	11.60%	13.90%	13.30%	15.24%	18.68%	17.86%
- German market	0	870	870	0	880	880
age under 30	0	163	163	0	142	142
age 30-50	0	473	473	0	494	494
age over 50	0	234	234	0	244	244
turnover ratio	0.00%	85.90%	85.30%	0.00%	96.49%	96.39%
Budimex Nieruchomości Sp. z o.o.	5	5	10	9	8	17
- Polish market	5	5	10	9	8	17
age under 30	2	1	3	1	1	2
age 30-50	3	2	5	5	6	11
age over 50	0	2	2	3	1	4
turnover ratio	6,50%	8.90%	7.50%	10.34%	13.11%	11.49%
Mostostal Kraków SA	7	216	223	11	300	311
- Polish market	7	94	101	11	178	189
age under 30	2	28	30	7	69	76
age 30-50	5	38	43	2	81	83
age over 50	0	28	28	2	28	30
turnover ratio	25.00%	16.60%	17.00%	32.35%	32.54%	32.53%
- German market	0	122	122	0	122	122
age under 30	0	22	22	0	21	21
age 30-50	0	64	64	0	56	56
age over 50	0	36	36	0	45	45
turnover ratio	0	84.70%	84.70%	0	82.99%	82.99%

	2017			2018		
	Women	Men	Total	Women	Men	Total
Total - Budimex Group	146	1,535	1,681	205	1,911	2,116
- Polish market	146	543	689	205	909	1,114
age under 30	55	179	234	74	260	334
age 30-50	79	266	345	110	499	609
age over 50	12	98	110	21	150	171
turnover ratio	11.30%	14.30%	13.60%	15.36%	20.30%	19.16%
- German market	0	992	992	0	1,002	1,002
age under 30	0	185	185	0	175	175
age 30-50	0	537	537	0	545	545
age over 50	0	270	270	0	282	282
turnover ratio	0.00%	85.70%	85.20%	0.00%	94.62%	94.53%

■ GRI: 102-41

Percentage of employees covered by collective agreements

	2017	2018
Budimex SA	99.5%	99.15%
Budimex Nieruchomości Sp. z o.o.	-	-
Mostostal Kraków SA	99.7%	99.48%
Average in the Budimex Group ¹¹	99.6%	96.66%

■ GRI: 405-2

Ratio of remuneration for men to the remuneration for women (in the same employee category)¹²

	2017	2018
Budimex SA		
Blue-collar workers	17.00%	17.0%
White-collar workers*	16.00%	39.4%
Managers	6.00%	8.3%
Executives	9.00%	24.0%
Budimex Nieruchomości Sp. z o.o.		
Blue-collar workers	-**	14.2%
White-collar workers	-1.00%	80.9%
Managers	20.00%	13.6%
Executives	3.00%	-11.0%

¹¹ Dane dotyczą łącznie Budimex SA, Budimex Nieruchomości, Mostostal Kraków SA.

¹² Dane dotyczą wyłącznie rynku polskiego.

	2017	2018
Mostostal Kraków SA		
Blue-collar workers	_**	_**
White-collar workers	14%	39.4%
Managers	28%	12.9%
Executives	_**	_**

* White-collar workers = all workers – (blue-collar workers + managers + executives + management board).

**No women employed at this post. Definition: remuneration for men / remuneration for women – 1;

Note: categories without representation of both genders were excluded.

■ GRI: 202-1

Ratio of the remuneration at the lowest level in the company to the minimum wage in the country¹³

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA (Poland)	132%	143%	142%	125%	133%	125%
Budimex Nieruchomości Sp. z o.o.	210%	220%	215%	119%	119%	119%
Mostostal Kraków SA	163%	170%	164%	119%	105%	105%

■ GRI: 401-3

Number of employees on maternity/paternity leaves as of 31 December

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA	68	6	74	148	277	425
- Polish market	68	4	72	148	247	395
- German market	0	2	2	0	30	30
Budimex Nieruchomości Sp. z o.o.	3	0	3	10	12	22
Mostostal Kraków SA	2	0	2	3	21	24
- Polish market	2	0	2	3	19	22
- German market	0	0	0	0	2	2
Budimex Group	75	6	81	161	310	471
- Polish market	75	4	79	151	266	417
- German market	0	2	2	0	32	32

¹³ Data refer only to the Polish market.

■ GRI: 401-3

Number of employees who returned to work after maternity/paternity leaves during the year

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA	66	204	270	70	267	337
- Polish market	66	184	250	70	241	311
- German market	0	20	20	0	26	26
Budimex Nieruchomości Sp. z o.o.	2	6	8	6	7	13
Mostostal Kraków SA	4	13	17	2	19	21
- Polish market	4	11	15	2	17	19
- German market	0	2	2	0	2	2
Budimex Group	74	223	297	78	293	371
- Polish market	74	201	275	72	258	330
- German market	0	22	22	0	28	28

■ GRI: 401-3

Percentage of employees who terminated their work at the company within 12 months after their return from parental leave

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA	19.70%	9.31%	11.85%	31.4%	11.6%	15.7%
- Polish market	19.70%	8.70%	11.60%	31.4%	10.4%	15.1%
- German market	0.00%	15.00%	15.00%	0.0%	23.1%	23.1%
Budimex Nieruchomości Sp. o.o	0.00%	0.00%	0.00%	16.7%	0.0%	7.7%
Mostostal Kraków SA	25.00%	0.00%	25.00%	50.0%	15.8%	19.0%
- Polish market	25.00%	0.00%	25.00%	50.0%	11.8%	15.8%
- German market	0.00%	0.00%	0.00%	0.0%	50.0%	50.0%
Budimex Group	19.72%	8.97%	11.56%	30.8%	11.6%	15.6%
- Polish market	19.72%	8.46%	11.40%	31.9%	10.5%	15.2%
- German market	0.00%	13.64%	13.64%	0.0%	25.0%	25.0%

■ GRI: 202-2, 405-1

Diversity in management bodies

	2017			2018		
	Women	Men	Total	Women	Men	Total
Budimex SA						
Management Board	0	8	8	0	7	7
· age under 30	0	0	0	0	0	0
· age 30-50	0	4	4	0	3	3
· age over 50	0	4	4	0	4	4
· including foreigners	0	1	1	0	0	0
Supervisory Board	1	8	9	1	8	9
· age under 30	0	0	0	0	0	0
· age 30-50	0	2	2	0	1	1
· age over 50	1	6	7	1	7	8
· including foreigners	0	4	4	0	4	4
Budimex Nieruchomości Sp. z o.o.						
Management Board	1	3	4	1	3	4
· age under 30	0	0	0	0	0	0
· age 30-50	1	1	2	1	1	2
· age over 50	0	2	2	0	2	2
· including foreigners	0	0	0	0	0	0
Supervisory Board	0	3	3	0	3	3
· age under 30	0	0	0	0	0	0
· age 30-50	0	1	1	0	0	0
· age over 50	0	2	2	0	3	3
· including foreigners	0	2	2	0	2	2
Mostostal Kraków SA						
Management Board	0	2	2	0	2	2
· age under 30	0	0	0	0	0	0
· age 30-50	0	1	1	0	1	1
· age over 50	0	1	1	0	1	1
· including foreigners	0	0	0	0	0	0
Supervisory Board	1	2	3	1	2	3
· age under 30	0	0	0	0	0	0
· age 30-50	1	2	3	1	2	3
· age over 50	0	0	0	0	0	0
· including foreigners	0	1	1	0	1	1

■ GRI: 403-2

Accidents at work

	Among own Budimex SA employees		Among subcontractors' employees	
	2017	2018	2017	2018
Number of accidents (total)	42	69	89	104
Number of fatal accidents	0	0	2	3
Accident frequency rate	10.27	14.18	no data	no data
Accident severity rate	37.79	27.45	no data	no data

	Accident frequency rate		Accident severity rate	
	2017	2018	2017	2018
Budimex SA	10.27	14.18	36.24	27.45
Budimex Nieruchomości	0	7.14	0	0
Mostostal Kraków	24.39	32.63	45.75	43.05
“Agreement for Safety in Construction”	11.05	13.51	35.95	29.19

	Budimex SA		Budimex Nieruchomości Sp. z o.o.		Mostostal Kraków SA	
	2017	2018	2017	2018	2017	2018
Injury rate (IR)	1.03 W: 0.34% M: 1.26%	1.42 W: 0.16% M: 1.73%	0	0.71 W: 0.0% M: 1.64%	2.64 W: 0.0% M: 2.73%	3.42 W: 0.0% M: 3.84%
Occupational disease rate (ODR)	0 W: 0% M: 0%	0 W: 0% M: 0%	0	0	0	0
Lost day rate (LDR)	38.8 W: 11.07% M: 48.18%	38.92 W: 5.02% M: 47.36%	0	0	138.62 W: 0.0% M: 143.3%	140.46 W: 0.0% M: 157.4%
Absence rate (AR)*	5.20% W: 6.39% M: 4.77%	3.9% W: 6.77% M: 4.59%	5.29% W: 7.98% M: 1.49%	8.08% W: 3.37% M: 8.33%	6.09% W: 7.08% M: 6.04%	5.13% W: 5.35% M: 1.92%

*The calculations take into account days of incapacity for work caused by bad health condition of an employee or its family on the domestic market (company sickness allowance, Social Insurance Institution sickness allowance, Social Insurance Institution accident allowance, family member care, child care, child care leave Art. 188, rehabilitation benefits)

**W – women; M – men

■ GRI: 301-1

Consumption of selected raw materials, key due to the type of conducted activities

Raw material / material		Unit of measurement	Budimex SA		Mostostal Kraków SA		Budimex Nieruchomości Sp. z o.o.	
			2018	2018	2017	2018	2017	2018
Paper		thousand tonnes	0.09	0.10	0,003	0,002	0,005	0,005
Wood		thousand m ³	14.15	14.03	-	-	-	-
Asphalt		thousand tonnes	69.84	78.84	-	-	-	-
Cement		thousand tonnes	207.95	231.98	-	-	-	-
Concrete		thousand m ³	1,113.93	1,681.39	-	-	-	-
Hydraulic binders		thousand tonnes	182.07	316.26	-	-	-	-
Lime dust		thousand tonnes	35.72	55.16	-	-	-	-
Steel		thousand tonnes	128.33	78.76	8.72	8.90	-	-
Asphalt aggregates	sand	thousand tonnes	104.57	334.70	-	-	-	-
	grit	thousand tonnes	1,140.14	975.79	-	-	-	-
	other aggregate	thousand tonnes	176.53	350.26	-	-	-	-
Construction aggregates	sand	thousand tonnes	73.90	79.48	-	-	-	-
	gravel	thousand tonnes	1,550.74	93.07	-	-	-	-
Road aggregates	sand	thousand tonnes	10,819.32	8,387.76	-	-	-	-
	grit	thousand tonnes	642.03	46.13	-	-	-	-
	other aggregate	thousand tonnes	5,321.02	10,618.35	-	-	-	-
Hydro-technical aggregates	hydro-technical stone	thousand tonnes	21.88	230.67	-	-	-	-
Railway aggregates	railway breakstone	thousand tonnes	141.75	467.14	-	-	-	-

■ GRI: 301-2

Consumption of raw materials constituting their reuse

Category of recovered raw material	Unit of measurement	Budimex SA		
		2016	2017	2018
Combustion by-products	thousand tonnes	37.61	20.07	6.03
Soil	thousand tonnes	1,686.73	1,380.20	1,706.51
Rubble	thousand tonnes	-	91.99	44.32
Crushed asphalt	thousand tonnes	-	66.05	64.77
Aggregate	thousand tonnes	-	8.69	0.00
Track ballast	thousand tonnes	-	65.79	39.24
Loose materials reused as % of purchased aggregates		1.83%	8.17%	8.62%

■ GRI: 302-1, 303-2

Fuel and electricity consumption¹⁵

Source of energy and energy-producing raw materials*	Unit of measurement	Budimex SA		Mostostal Kraków SA		Budimex Nieruchomości	
		2018	2018	2017	2018	2017	2018
Diesel oil	GJ	251,241.95	356,849.89	10,496.34	12,704.46	0.00	0.00
	tonne	5,842.84	8,298.83	244.10	295.45	0.00	0.00
Petrol	GJ	13,512.02	19,668.30	744.14	692.71	1,656.46	1,837.01
	tonne	305.01	443.98	16.80	15.64	37.39	41.47
Light fuel oil	GJ	39,086.98	40,791.59	506.26	452.43	0.00	0.00
	tonne	909.00	948.64	11.77	10.52	0.00	0.00
Heavy fuel oil /LSC/	GJ	4,113.89	0.00	-	-	0.00	0.00
	tonne	101.83	0.00	-	-	0.00	0.00
Electricity	GJ	81,689.99	85,794.28	7,650.57	6,966.33	5,325.50	3,440.35
	MWh	22,691.66	23,831.75	2,125.15	1,935.09	1,479.30	955.65
Electricity from renewable sources	GJ	24,265.32	24,742.07	-	-	-	-
	MWh	6,740.37	6,872.80	-	-	-	-
Heat energy	GJ	32,876.52	41,291.29	685.61	294.68	1,037.37	0.00
	MWh	9,132.36	11,469.80	190.45	81.86	288.15	0.00
Coal dust	GJ	322,847.36	461,873.80	0.00	0.00	0.00	0.00
	tonne	15,596.49	22,312.74	0.00	0.00	0.00	0.00
Network Natural Gas	GJ	2,962.24	8,411.47	390.72	2,630.83	6,108.26	8,414.96
	tonne	61.71	175.24	8.14	54.81	127.26	175.31
LPG	GJ	755.35	287.87	3,989.07	50.07	0.00	0.00
	tonne	15.97	6.09	84.34	1.06	0.00	0.00
Propane gas	GJ	922.45	932.06	0.00	4,412.82	0.00	0.00
	tonne	19.50	19.71	0.00	93.29	0.00	0.00
Total	GJ	774,274.08	1,040,642.61	24,462.71	28,204.32	14,127.58	13,692.32
	Toe: /tonne of equivalent oil/	18,493.22	24,855.32	584.28	673.65	337.43	327.04
Energy efficiency	GJ/million PLN	131.48	146.05	-	-	-	-
	Toe/million PLN	3.14	3.49	-	-	-	-

* All values refer to the organisation's internal consumption (Scope 1, Scope 2).

¹⁵ Budimex SA treats all purchased energy media as direct consumption. All fuels are consumed by machines and equipment owned by Budimex. Despite the fact that part of the energy is used by subcontractors, it is also recognised as direct consumption, since no mechanisms of dividing electricity consumed separately by Budimex and its subcontractors have been introduced.

■ GRI: 302-1

Purchase of energy from renewable sources

Use of renewable energy	Unit of measurement	Budimex SA				
		2016	2017	Change year-to-year	2018	Change year-to-year
Purchase of renewable energy		8,289.66	24,253.87	193%	24,671.46	2%
Production of renewable energy	GJ	0.00	11.45	-	70.62	517%
Total:		8,289.66	24,265.32	193%	24,742.07	2%
Reduction of CO ₂ emissions / purchase/	tonne	1,869.32	5,469.25	193%	5,563.41	2%
Reduction of CO ₂ emissions / production/		0.00	2.58	-	15.92	517%
Total:		1,869.32	5,471.83	193%	13,579.34	148%
Efficiency	tonne/million PLN	0.35	0.93	167%	1.90	105%

Within the framework of reduction of the CO₂ emission, in 2018 the organisation purchased 8,000 [tonnes] absorption units from the State Forests.

■ GRI: 305-1¹⁶, 305-2, 305-4

CO₂ emissions¹⁷

EO ₂ emissions	Unit of measurement	Budimex SA			Mostostal Kraków SA		Budimex Nieruchomości Sp. z o.o.	
		2017	2018	Change year-to-year	2017	2018	2017	2018
Direct emissions (scope 1)	tonnes	54 545,08	76,474.80	40.20%	1,140.49	1,481.60	457.57	599.38
Indirect emissions (scope 2)	tonnes	18 418,51	19,811.81	7.56%	1,675.18	1,570.91	1,304.64	775.80
Total:*	tonnes	72 963,59	95,805.49	31.31%	2,815.67	3,052.51	1,762.21	1,375.18
Efficiency	tonnes/PLN million	12,39	12.32	-53%	-	-	-	-
Direct emission (scope 3)**	tonnes/PLN million	503 581,19	559,284.97	11.06%	-	-	-	-
Efficiency	tonnes/PLN million	85,51	78.50	-8.20%	-	-	-	-

* All values refer to the organisation's internal consumption (Scope 1, Scope 2)

** Values refer to the consumption in the supply chain of key products for which it was possible to conduct calculations (Scope 3)

¹⁶ No biogenic CO₂ emission took place in Budimex SA, both within the Scope 1 and Scope 2.

¹⁷ Estimates obtained using the common methodology applied in the Ferrovial Group, based on the GHG Protocol and actual consumption of basic fuels and electricity. Excluding emission from system heat consumption which is not provided for by the methodology of the Ferrovial group.

■ GRI: 303-1

Total water intake by sources

Water consumption	U. of m	Budimex SA		Mostostal Kraków		Budimex Nieruchomosci		Budimex Parking Wrocław	
		2018	2018	2017	2018	2017	2018	2017	2018
Water from the network	m ³	276,127.71	337,327.88	36,673.37	13,611.96	32,551.91	12,766.43	1,021.68	1,134.86
Underground water	m ³	864.00	455.00	0.00	0.00	0.00	0.00	0.00	0.00
Surface water	m ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	m³	276,991.71	337,782.88	36,673.37	13,611.96	32,551.91	12,766.43	1,021.68	1,134.86

■ GRI: 304-1, 304-3

Operations performed on valuable natural areas or in their vicinity:

Contract name	Works commencement date	Protected Areas
Construction of the S51 Olsztyn – Olsztynek on the section Olsztyn Wschód – Olsztynek (formerly: Construction of the Olsztyn bypass within the national road no. 16: Task 2: from approx. km 10+000 to the end of the project in approx. km 24+701 (after the Olsztyn Wschód junction)	29 March 2016	Natura 2000 Area “Napiwoda-Ramuki Forest” (PLB 280007) area, Protected Landscape Area of the Napiwoda-Ramuki Forest
Design and construction of the express road S5 Korzeńsko - Widawa, task 1: section from Korzeńsko (approx. km 108+758) to km 123+700	31 July 2014	“Barycz River Valley” Landscape Park, “Trzebnickie Hills” Protected Landscape Area, SAC Natura 2000 “Barycz River Valley” PLB020001, designed SAC Natura 2000 “Site on Barycz River” PLH020041, de-signed SAC Natura 2000 “Widawa River Valley”
Construction of the express road S7 on the section Miłomłyn-Olsztynek, subsection Ostróda Północ - Ostróda Południe within the road S7, including construction of the Ostróda bypass	15 June 2015	“Drwęca River Valley” PLH280001, Drwęca River nature reserve, Upper Drwęca River Valley Protected Landscape Area, Elbląg Canal Protected Landscape Area, Taborskie Forests Protected Landscape Area, Drwęca River Valley PLH200001
Construction of the road S7 Gdańsk (A1) - Elbląg (S22) Koszwały - Elbląg section (with the Kazimi-erzowo junction)	11 April 2016	Nogat River Protected Landscape Area
Construction of Jarocin bypass within the express road S11	18 November 2014	Żerkowsko-Czeszewski Landscape Park, “Szwajcaria Żerkowska” Protected Landscape Area, “Dwunastek” nature reserve, “Dębno nad Wartą” nature reserve, “Czeszewski Forest” nature reserve
Construction of the express road Żnin-Gniezno, section “Mielno” junction - “Gniezno”	3 December 2014	“Gniezno Lake District” PLH300026, Królewski Forest
Construction of the express road S5 on the section Wronczyn - Kościan	13 April 2016	Natura 2000 Area (natural habitat 91F0 - direct neighbourhood)

Contract name	Works commencement date	Protected Areas
Completion of the construction of the Racibórz Dolny Flood Protection Reservoir	4 December 2017	Natura 2000 SPA Wielikąt Ponds and Tworkowski Forest (PLB 240003), Natura 2000 Area Forest near Tworków (PLH240040)
Design and construction of the express road S3 Nowa Sól - Legnica (A4), task V from Lubin Połud-nie junction /without the junction/ to Legnica II junction (A4)	27 February 2015	Habitats of protected species: edible frog
Design and build: "Construction and extension of the regional road no. 678 on the section from Horodniany to the crossing with the regional road no. 682 in Markowszczyzna".	15 December 2016	Habitats of protected species: common toad, green frog, European fire-bellied toad, smooth newt
Design and construction of the express road S17 Garwolin-Kurów on the section Garwolin (end of bypass) - border of the Masovian and Lublin Voivodeships: Part 1: on the section Garwolin (end of bypass) - Gończyce (end of bypass) from approx. km 49+973 to approx. km 62+200 approx. 12.227 km	22 September 2015	Habitats of protected species, among others: com-mon frog, common toad, sand lizard, viviparous lizard, moor frog, northern crested newt, pincushion moss, red-stemmed feathermoss, common haircap, springy turf-moss, flat-topped bogmoss, lesser screw-moss, Formica polycytena, Roman snail, edible frog, song thrush
Design and construction of Suwałki bypass within the express road S61 - Section A and Section B.	29 September 2015	Habitats of protected species: moor frog, common frog, brown frog, common toad (Bufo bufo), Pelo-bates fuscus, green frog, European fire-bellied toad, pool frog, edible frog, smooth newt, natterjack toad, northern crested newt, Eurasian green toad
Construction of Maciejowa bypass in Jelenia Góra - construction of the southern part of the town bypass under the Project: "Jelenia Góra southern bypass - stage II"	28 September 2017	Habitats of protected species: Eurasian blue tit
Design and construction of the express road S17 Warsaw (junction Zakręt) - Garwolin on the section Węzeł	27 January 2016	Habitats of protected species, among others: Formi-ca polycytena, red wood ant, white-tailed bumblebee, buff-tailed bumblebee, Roman snail, rook, cartilage lichen, common frog, edible frog, common toad, pool frog, marsh frog, smooth newt, sand lizard, viviparous lizard, grass snake, moor frog, European fire-bellied toad, northern crested newt, Eurasian blue tit, common chaffinch
Extension of ul. Św. Marcina on the section be-tween ul. Gwarna and ul. Ratajczaka in Poznań	4 September 2017	Habitats of protected species: Eurasian collared dove
Construction of the express road S5 Poznań - Wrocław, section Radomicko - Kaczkowo, stage II section Leszno Płd. (with junction) - Kaczkowo	5 May 2016	Habitats of protected species: common toad, Eura-sian green toad, common frog, Rana esculenta complex, moor frog
Design and construction of the express road S6 on the section Goleniów - Nowogard (S3 Goleniów Północ junction /with junction/ - beginning of Nowogard bypass)	29 September 2015	Habitats of protected species: sand martin, prairie sphagnum, rugose forkmoss, broom forkmoss, red-stemmed feathermoss, neat feathermoss, western marsh orchid, dwarf everlast, springy turf-moss, crisped pincushion, fine bogmoss

Contract name	Works commencement date	Protected Areas
Design and construction of the express road S6 on the section end of Płoty bypass - junction	5 October 2015	Habitats of protected species, among other: dwarf everlast, red-stemmed feathermoss, broom fork-moss, sand martin, red wood ant
Construction of Trasa Niepodległości (Independence Route) in Białystok Stage II: Construction of Aleja Niepodległości (Independence Avenue) in Białystok within the right-of-way of the regional road no. 669 on the section from ul. Narodowych Sił Zbrojnych to Aleja I. J. Paderewskiego	3 December 2016	Habitats of protected species of amphibians and birds
Construction of Trasa Niepodległości (Independence Route) in Białystok Stage III: Construction of Aleja I.J. Paderewskiego in Białystok within the right-of-way of the regional road no. 669 on the section from Aleja Niepodległości to the regional road	3 December 2016	Habitats of protected species of amphibians and birds
Construction of ul. K. Ciołkowskiego in Białystok on the section from ul. Mickiewicza to the city borders together with technical infrastructure	24 November 2016	Habitats of protected species of amphibians and birds
Construction of the express road S5 Poznań – Wrocław section Radomicko – Kaczkowo, stage II section Leszno Płd. (with junction) – Kaczkowo	5 May 2016	Habitats of protected species: common toad, Eurasian green toad, common frog, <i>Rana esculenta</i> complex, moor frog
DK 53 in Szczytno	22 November 2017	Habitats of protected lichens: cartilage lichens, <i>Ramalina fastigiata</i> , <i>Ramalina farinacea</i> , <i>Ramalina pollinaria</i> , <i>Pleurosticta acetabulum</i>
Complex of multi-family buildings, Marina 2 - stage I	2 August 2017	Nature monument Aleja Lip (Lime Tree Avenue)
Extension of the regional road no. 305 on the section from the Leszno powiat border to the border of the Greater Poland Voivodeship in the system design and build	1 August 2016	<ol style="list-style-type: none"> 1. During the inventory, on one of the trees that collide with the investment (common ash growing approx. 1.2 km to the south from Wieleń), two species of insects under strict protection were observed: <i>Protaetia</i> (<i>Cetonishema</i>) <i>speciosissima</i> and lesser stag beetle. 2. Within the planned investment, three ant colonies of ants from the <i>formica rufa</i> group, being subject to legal protection, were found. 3. Nine species of plants and mushrooms under legal protection were found on the investment area: <ol style="list-style-type: none"> 1. Two lichens: reindeer lichen and <i>Cladonia ciliata</i>; 2. Three mosses: <i>Pseudoscleropodium purum</i>, red-stemmed feathermoss and <i>Dicranum polysetum</i>; 3. Four vascular plants: common ivy, dwarf everlast, alder buckthorn and Yellow Water-lily
Task I - Construction and extension of the regional road no. 677 on the section Śniadowo – Łomża, with the bypass of Konarzyce, including construction of the level crossing of category >>B<< in Konarzyce with division into 2 tasks	7 February 2018	<p>Nine species, including three considered as probably nesting, were recorded:</p> <ol style="list-style-type: none"> 1. corn crane 2. black woodpecker 3. ortolan

■ GRI: 305-7

Emissions of pollutants into the air, main sources (in kg/year)

Pollutant name	Unit of measurement	Budimex SA				
		2016	2017	Change year-to-year	2018	Change year-to-year
sulphur dioxide	Tonne	20.65	68.18	230.24%	83.64	23%
nitrogen oxide	Tonne	21.98	53.46	143.23%	77.14	43%
carbon monoxide	Tonne	69.59	69.39	-0,29%	99.27	43%
total inhalable dust	Tonne	12.46	30.89	147.93%	39.54	28%
aromatic hydrocarbons	Tonne	0.03	9.56	31,766.66%	14.81	55%
aliphatic hydrocarbons	Tonne	0.04	4.66	11,550%	6.41	38%
Total	Tonne	124.75	236.14	89.29%	320.28	36%

* The ratios reported in 2017 have changed due to the additional emission sources omitted in the previous report.

■ GRI: 306-2

Waste

Main waste by type		Budimex SA		Mostostal Kraków	
		2017	2018	2017	2018
		weight (tonnes)	weight (tonnes)	weight (tonnes)	weight (tonnes)
Hazardous waste, including:		144.48	217.509	14.028	12.605
Waste code	Waste type				
07 01 03*	Organic halogenated solvents, washing liquids and mother liquors	0.378	3.194	-	-
08 01 11*	Waste paint and varnish containing organic solvents or other hazardous substances	-	-	5.510	5.210
09 01 01*	Water-based developer and fixer solutions	-	-	0.165	0.120
09 01 04*	Fixer solutions	-	-	0.148	0.110
13 01 13*	Waste machining emulsions and solutions free of halogens	-	-	-	-
13 02 05*	Mineral-based non-chlorinated hydraulic oils	-	-	-	-
13 02 08*	Other hydraulic oils	-	-	0.120	-
13 05 07	Mineral engine oils, gear oils and lubricating oils	-	0.49	-	-
14 06 03*	Other engine oils, gear oils and lubricating oils	1.600	0.400	0.180	-
15 01 10*	Mixtures of waste from grit chambers and oil/water separator	-	-	-	-
15 01 11*	Other fuels (including mixtures)	-	-	-	-
15 02 02*	Oily water from oil dehydration in separators	0.060	-	-	-
16 01 07*	Other solvents and solvent mixtures	0.134	0.05	-	-
16 02 13*	Discarded equipment containing hazardous elements	-	-	0.040	0.130

Main waste by type		Budimex SA		Mostostal Kraków	
		2017	2018	2017	2018
		weight (tonnes)	weight (tonnes)	weight (tonnes)	weight (tonnes)
Hazardous waste, including:		144.48	217.509	14.028	12.605
Waste code	Waste type				
16 05 06*	Laboratory and analytical chemicals (e.g. chemical reagents)	0.409	-	-	-
17 02 04*	Glass, plastic and wood waste containing or contaminated with hazardous substances (e.g. sleepers of wood)	4.070	57.380	-	-
17 05 03*	Soil and earth (including stones) containing hazardous substances	109.205	32.200	-	-
17 06 01*	Insulation materials containing asbestos	-	15.440	-	-
17 06 05*	Building materials containing asbestos	-	6.767	-	-
17 09 03*	Other construction and demolition wastes (including mixed wastes) containing hazardous substances	-	13.980	-	-
Non-hazardous waste, including:		107,388.772	108,493.117	1,194.501	1,248.308
Waste code	Waste type				
01 04 12	Waste from washing and cleaning of minerals	1,331.340	23.56	-	-
02 01 03	Plant-tissue waste	14,726.400	643.01	-	-
06 03 99	Waste not otherwise specified		50,160.89		
07 02 99	Waste not otherwise specified	-	-	1.510	1.070
10 01 01	Slags, bottom ash and boiler combustion ash		138,393.70		
10 06 80	Lump copper slag and granulated slag	0.000	-	-	-
12 01 01	Ferrous metal filings and turnings	-	-	1.480	26.670
12 01 02	Ferrous metal dust and particles	-	-	51.290	138.560
12 01 13	Welding waste	0.280	5.10	7.990	5.550
12 01 21	Spent grinding bodies and grinding materials	-	5.50	8.090	68.970
15 01 01	Paper and cardboard packaging	86.442	73.30	1.835	1.790
15 01 02	Plastic packaging	145.637	235.38	0.375	0.330
15 01 03	Wooden packaging	10.300	2.01	-	-
15 01 04	Metal packaging	-	-	-	-
15 01 06	Mixed packaging waste	94.385	47.24	-	0.090
15 01 07	Glass packaging	-	18.83	-	-
15 02 03	Absorbents, filter materials, wiping cloths	1.850	0.81	2.211	1.960
16 01 03	End-of-life tyres	14.800	8.94	-	-
16 01 15	Antifreeze fluids	-	-	0.021	-

16 01 19	Plastics	-	0.02	-	
16 01 20	Glass		0.05		
16 02 14	Discarded equipment	0.108	-	0.500	
16 02 16	Components removed from discarded equipment	0.028	0.02	-	
16 06 05	Other batteries and accumulators	-	-	-	
17 01 01	Concrete waste and concrete rubble	32,738.370	40,882.18	326.780	
17 01 02	Brick rubble	8,332.460	16,524.73	-	
17 01 03	Waste of other ceramic materials and equipment elements	10.600	4.50	-	
17 01 07	Mixed concrete waste, brick rubble, waste ceramic materials	29,660.325	6,163.29	64.920	95.040
17 01 81	Waste from road repairs and reconstructions	1,645.510	1,024.73	-	-
17 01 82	Waste not otherwise specified	-	-	-	-
17 02 01	Wood	4,174.525	2,649.34	-	-
17 02 02	Glass	-	1.28	-	-
Non-hazardous waste, including:		107,388.772	108,493.117	1,194.501	1,248.308
Waste code	Waste type				
17 02 03	Plastics	21.687	38.49	-	-
17 03 02	Bituminous mixtures	777.380	1,624.21	-	-
17 03 80	Waste tar	48.671	80.89	-	-
17 04 05	Iron and steel	2,945.202	760.93	727.339	892.278
17 04 07	Mixed metals	3.040	-	-	-
17 04 11	Cables	1.915	-	-	-
17 05 08	Track ballast	370.660	27,286.07	-	-
17 06 04	Insulation materials	242.687	525.30	-	-
17 09 04	Mixed construction, renovation and demolition waste	10,004.170	9,863.42	0.160	16.000
19 12 12	Waste from mechanical waste treatment	0.000	0.00	-	-

GRI INDEX

■ GRI: 102-55

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
Profile indicators 2016							
102-1*	Organisation name	Full		6.3.10 6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8			Grupa Budimex i Budimex SA
102-2*	Primary brands, products and/or services	Full					[Market activity] More on www.budimex.pl
102-3*	Location of the organisation's main seat	Full					ul. Stawki 40 01-140 Warsaw Poland www.budimex.pl
102-4*	Number of countries where the organisation operates, names of countries where major operations are located or those particularly relevant in the context of the report	Full					[Last year's results]
102-5*	Ownership form and legal structure of the organisation	Full					Group with parent Spółka Akcyjna (joint-stock company) listed on the Warsaw Stock Exchange (indices: WIG, WIG-BUDOW, WIGDIV, WIG-PL, mWIG40, mWIG40TR, RESPECT, Investor MS)
102-6*	Markets served, including geo-graphical scope, sectors served, description of customers/consumers and beneficiaries	Full					[Last year's results] Detailed information on this subject can be found in the "Report on the Budimex Group's activities for 2018" available on https://www.budimex.pl/relacje-inwestorskie/raporty/okresowe
102-7*	Supply chain	Full					[Last year's results] [Infrastructure development]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
102-8*	Number of one's own employees and employees under the company's supervision broken down by gender and type of contract	Full		6.3.10 6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8		8	[Last year's results] [Responsibility in the supply chain] [Tables with non-financial data]
102-9*	Supply chain	Full					[Value model vs, responsibility in the supply chain]
102-10*	Significant changes in the reported period, regarding size, structure, ownership form or value chain	Full					[About the report] [Importance of issues in the report] [Market activity] A detailed description of changes in the organisational structure of the Budimex Group and Budimex SA can be found in the "Report on the Budimex Group's activities for 2018"
102-11*	Explanation of whether and how the precautionary principle is applied by the organisation	Full				7	[Ethics and honesty of operations] [Environmental concerns on a construction site] The "Environmental management on contracts" and "OHS and EP organisation and management on the contract" procedures, which are a part of the Integrated Management System, define, among others, rules for the analysis of environmental requirements and the concept of environmental impact. They cover every, i.e. also potential, type of impact. In addition, the Group undertook to comply with the precautionary principle by joining the UN Global Compact
102-12*	External, adopted or advocated by the organisation, economic, environmental and social declarations, principles and other initiatives	Full				1-10	<ul style="list-style-type: none"> ▪ Diversity Charter (since 2016) ▪ Agreement for Safety in Construction
102-13*	Membership in associations (such as industry associations) and/or in national/ international organisations	Full				1-10	[Membership in organisations]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
102-14*	Representations of the executive management concerning the importance of sustainable development for the organisation and its strategy	Full		4.7 6.2.7 4.2 6.2			[Letter from the President]
102-15*	Description of key impacts, opportunities and risks	Full					[Letter from the President] [Market situation and perspectives] [Value model] Business risks are described in the "Report on the Budimex SA activities for 2018"
102-16*	Organisation's values, principles, code and standards of conduct and ethics.	Full		4.4 6.6.3	1-10	16	[Market activity] [Ethics management]
102-18*	Structure and composition of the organisations' management body	Full		6.2 7.4.3 7.7.5	1-10		[Management governance] [Composition of the Management Board and the Supervisory Board] [Management approach] Detailed information can be found in the "Report on the Budimex SA activities for 2018". Moreover, information on the current composition of the Management Board, Supervisory Board and its Committees, including CVs of individual persons, is available on: http://www.budimex.pl/o-budi-mex/wladze.html
102-40*	List of stakeholder groups engaged by the organisation	Full		5.3			[Stakeholders]
102-41*	Percentage of employees covered by collective labour agreements	Full		6.3.10		8	[Tables with non-financial data]
102-42*	Basis for identification and selection of stakeholders engaged by the organisation	Full		5.3			[Stakeholders]
102-43*	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Full					[Stakeholders]
102-44*	Key topics and concerns discussed by stakeholders and the organisation's response, including their reporting	Full					[Stakeholders] [CSR strategy] [Agreement for Safety in Construction]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
102-45*	Business units included in the consolidated financial statement	Full		5.2 7.3.2 7.3.3 7.3.4			[About the report] [Market activity] [Tables with non-financial data]
102-46*	Process for defining the report content	Full					[Significance of issues to the report]
102-47*	Identified important aspects of social and environmental impact	Full		7.3.2 7.3.3 7.3.4			[About the report] Significance of issues to the report
102-48*	Explanations concerning effects of any adjustments of information included in previous reports, with provision of reasons for such adjustments and their impact (e.g. mergers, acquisitions, change in the base year/period, nature of business activity, measurement methods)	Full	-				No significant changes
102-49*	Significant changes in relation to the previous report regarding the scope, range, or methods of measurement applied in the report	Full	-				Due to the need to apply a different method of calculating the value for the environmental objective of the CSR Strategy for 2016-2020 for the % / 1 million income from sales under the objective „Optimal use of raw materials and materials and minimization of generated waste”, the index will be calculated according to the relation: the amount of materials re-used / the amount of bulk materials purchased.
102-50*	Reporting period (e.g. fiscal/ /calendar year)	Full		5.3 7.5.3 7.6.2			Fiscal/calendar year: 1 January 2018-31 December 2018
102-51*	Publication date of the last report (if any)	Full					21 May 2018
102-52*	Reporting cycle (annual, biennial, etc.)	Full					[About the report]
102-53*	Contact person	Full					Aldona Orłowski Director of the Recruitment, Development and Communication Department Budimex SA ul. Stawki 40, 01-040 Warsaw aldona.orlowski@budimex.pl phone no.: (+48) 22 623 60 00

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
102-54*	Compliance with GRI Standards	Full					[About the report]
102-55*	CSR Index	Full					[GRI Index]
102-56*	Policy and current practice with regard to external verification of the report. If such data are not included in an independent assurance report, explanation of the scope and basis of external verification and of the relationship between the organisation and the assurance provider.	Full					[About the report] The report was prepared by an external entity on the basis of data provided by Budimex SA, and then being subject to external verification by an independent auditor Deloitte Advisory.
Indicators by aspects							
Economic subjects 2016							
103-1*	Nature of important area						[Financial results] [Contribution to infrastructure development]
103-2*	Disclosure on Management Approach (DMA)						
201-1	Direct economic value generated and distributed with consideration of revenues, operating expenses, remuneration of employees, subsidies and other investments for the community, non-distributed profits and payments for capital owners and state institutions	Full		6.8.1 6.8.2 6.8.3 6.8.7 6.8.9		2, 5, 7, 8, 9	[Tables with non-financial data]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
201-2	Financial implications and other risks and opportunities for the organisation's activities resulting from climate change	Full		6.5.5	7	13	No significant impact was stated in the reported period. Nevertheless, the primary raw materials used by the company are the products of industries, which have a significant impact on the climate (production of asphalts and fuels, cement production, steel industry). Thus, changes in regulations and additional burdens of these industries in relation to greenhouse gas emissions may adversely affect the company's costs. Climate change in a broader sense, i.e. intensification of weather anomalies, may affect the contract execution process. On the other hand, the company's offer responds to expectations indirectly related to climate change. Budimex has adequate resources allowing it participate in the restructuring processes for power plants (construction of production facilities). In the company's offer there are facilities where power losses were reduced to the minimum and which meet the demands of climate-aware customers.
202-1	Ratio of the lowest level wage compared to the local	Full		6.3.7 6.3.10 6.4.3 6.4.4 6.8.1 6.8.2	1	1,5,8	[Tables with non-financial data]
202-2	minimum wage on the given market in main locations of the organisation	Full		6.4.3 6.8.1 6.8.2 6.8.5 6.8.7	6	8	[Tables with non-financial data] The Polish market should be treated as the local market. Basically, the companies within the Budimex Group employ only Polish citizens. Individual foreigners, representing the main shareholder, sit in the companies' bodies. Their number is given in the table illustrating the composition of management and supervisory boards.

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
203-1*	Contribution to development of infrastructure and provision of services for public benefit through commercial activities, transfer of goods and pro-bono activities. Impact of these activities on society	Full		6.3.9 6.8.1 6.8.2 6.8.7 6.8.9		2, 5, 7, 9, 11	[Infrastructure development]

Anti-corruption 2016 (GRI 205, 206)

103-1*	Nature of important area			5.2			Respect for human rights Threat monitoring Violations reporting Ethic management
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	10	16	
103-3*	Measurement and evaluation						
205-1	Percentage and total number of business units analysed for risks related to corruption	Full		6.6.1 6.6.2 6.6.3	10	16	[Monitoring of threats] The report does not disclose tools used in their monitoring, recognising them as confidential. Disclosure of such information, regarding, in particular, the way of conducting analyses, is assessed by companies as contributing to the reduction of their effectiveness and increased risk of unethical conduct.
205-2	Percentage of employees trained in the organisation's anti-corruption policies and procedures	Full		6.6.1 6.6.2 6.6.3 6.6.6	10	16	[Monitoring of threats] [Ethics management]
205-3	Actions taken in response to corruption cases	Full		6.6.1 6.6.2 6.6.3	10	16	[Reporting violations]
206-1	Total number of legal proceedings initiated against the organisation for anti-competitive conduct, anti-trust, and monopoly practices and their outcomes	Full		6.6.1 6.6.2 6.6.5 6.6.7		16	[Compliance with law]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
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Environmental subjects 2016

Natural environment: Raw materials and materials 2016 (GRI 301)

103-1*	Nature of important area			5.2			[Reasonable use of resources and environmental protection]
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7,8,9		
103-3*	Measurement and evaluation						
301-1*	Raw materials / materials used by weight and volume	Full		6.5.4	8	8, 12	[Materials and raw materials] [Tables with non-financial data]
301-2	Percentage of recycling materials used in the production process	Full		6.5.4	8,9	8, 12	[Materials and raw materials] [Tables with non-financial data]

Natural environment: Energy 2016 (GRI 302)

103-1	Nature of important area			5.2			[Reasonable use of resources and environmental protection]
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7,8,9		
103-3*	Measurement and evaluation						
302-1*	Direct and indirect energy consumption by primary energy source	Full		6.5.4	8	7, 8, 12, 13	[Paliwa, energia i emisja CO ₂] [Tabele z danymi niefinansowymi]
302-3	Energy efficiency	Full				7, 8, 12, 13	[Fuel, energy and CO ₂ emissions] [Tables with non-financial data]
303-1	Total water consumption with the provision of its source	Full					[Tables with non-financial data]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
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Natural environment: Biodiversity 2016 (GRI 304)

103-1*	Nature of important area			5.2			[Limitation of the local environmental impact]
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7,8,9		
103-3*	Measurement and evaluation						
304-1	Location and area of the land owned, leased, or managed located in protected areas or in areas of high biodiversity value outside the protected areas or adjacent to such areas	Partially		6.5.6	8	6, 13, 14, 15	[Environmental concerns on a construction site] [Tables with non-financial data] In the discussed indicator, Budimex recognised listed areas and protected species present in the areas of its activity, without detailed figures, since they are difficult to estimate. In the currently performed contracts, Budimex has only environmental decisions with figures presented in the limited scope.
304-2	Description of a significant impact of activities, products, and services on biodiversity of protected areas and areas of high biodiversity value outside the protected areas	Full	16	6.5.6	8	6, 13, 14, 15	[Troska o przyrodę na placu budowy]
304-3	Habitats protected or restored	Partially		6.5.6	8	6, 13, 14, 15	[Environmental concerns on a construction site] Detailed information is available in the studies of environmental impact of individual investments, with an indication of the exact location of the investment. [Tables with non-financial data]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
304-4	Number of species included in the Red List of the International Union for Conservation of Nature (IUCN) and in national lists of endangered species, identified on the organisation's area of impact by the level of extinction risk	Full		6.5.6	8	6, 13, 14, 15	[Environmental concerns on a construction site]

Natural environment: Emissions 2016 (GRI 305)

103-1	Nature of important area			5.2			[Reasonable use of resources and environmental protection]
103-2	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9		
103-3	Measurement and evaluation						
305-1	Direct greenhouse gas emissions (Scope 1)	Full		6.5.5	8	3, 12, 13, 14, 15	[Fuel, energy and CO ₂ emissions] [Tables with non-financial data]
305-2	Total indirect greenhouse gas emissions by weight (Scope 2)	Full		6.5.5	8	3, 12, 13, 14, 15	[Fuel, energy and CO ₂ emissions] [Tables with non-financial data]
305-4	Efficiency associated with greenhouse gas emissions	Full		6.5.5		13, 14, 15	[Tables with non-financial data]
305-7*	Emission of NO _x , SO _x and other significant compounds emitted to the air by compound type and weight	Full		6.5.5	8	3, 12, 13, 14, 15	[Tables with non-financial data] Pollutants are emitted by individual asphalt mixing plants, whose locations are indicated in the table along with emission values of particular compounds. Emissions are related to the work of paving plants and aggregate dryers, as well as tanks of bitumen, asphalt, limestone and stone dust. They are provided based on data from reports for public administration bodies.

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
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Natural environment: Sewage and waste 2016 (GRI 306)

103-1*	Nature of important area			5.2			[Limitation of the local environmental impact]
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5			
306-2	Total weight of waste by waste type and waste disposal method	Full		6.5.3	8	3, 6, 12	[Waste management] [Materials and raw materials] [Tables with non-financial data]
306-3	Total quantity and volume of significant spills	Partially		6.5.3	8	3, 6, 13, 14, 15	[Environmental concerns on a construction site] [Waste management]

Natural environment: Compliance 2016 (GRI 307)

307-1	Monetary value of fines and total number of non-financial sanctions for non-compliance with environmental laws and regulations	Full		4.6	8	16	[Environmental concerns on a construction site] [Compliance with law]
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Natural environment: Environmental assessment of suppliers 2016 (GRI 308)

103-1*	Nature of important area			5.2			[Environmental concerns on a construction site] [Ethics and honesty of operations]
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9		[Impact on the local environment and biodiversity] [Ethics management]
308-1*	Percentage of suppliers who were assessed with regard to environmental criteria	Full		6.3.5 6.6.6 7.3.1			[Risk management in the supply chain] [Environmental concerns on a construction site]
308-2*	Significant current and potential environmental risks in the supply chain.	Partially		6.3.5 6.6.6 7.3.1			[Risk management in the supply chain] [Environmental concerns on a construction site]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
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Social subjects

Workplace: Employment 2016 (GRI 401)

103-1*	Nature of important area			6			[Ethics and honesty of operations] [Conditions], [Occupational Safety and Health], [OHS Training and Prevention], [Agreement for Safety in Construction], [Accidents, OHS and subcontractors]
103-2*	Disclosure on Management Approach (DMA)						
401-1*	Total number of departures and employee turnover rate by age group, gender and region	Full		6.4.3	6	5, 8	[Tables with non-financial data]
401-2*	Additional benefits provided to full-time employees that are not provided to temporary or part-time employees, by main organisational units	Full		6.4.4 6.8.7		8	[#MurowanaKariera in the Budimex Group] Benefits are the same, regardless of whether the person is a full-time or part-time employee. Additional medical insurance is also available to trainees, employed under civil law contracts. Additionally, members of the management board and selected key employees are included in the "Plan of granting shares connected with Ferrovia objectives", which consists in conditional award of rights to buy shares of the strategic investor's company.
401-3	Percentage of return to work and retention rate after maternity/paternity leave, in relation to gender	Partially		6.4.4		5, 8	[Tables with non-financial data]

Workplace: labour/management relations 2016 (GRI 402)

402-1	Minimum notice period regarding operational changes, including whether it is specified in collective agreements	Full		6.4.3 6.4.5	3	8	In accordance with the requirements of the Polish Labour Law (i.e. 30 days, unless provided otherwise in the Labour Code in a given case)
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Workplace: occupational health and safety (OHS) 2016 (GRI 403)

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
103-1*	Nature of important area			6 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6		[Conditions], [Occupational Safety and Health], [OHS Training and Prevention], [Agreement for Safety in Construction], [Accidents], [OHS and subcontractors]
103-2*	Disclosure on Management Approach (DMA)						
403-1	Percentage of the total number of employees represented in formal OHS commissions (that include both the management and employees), which advise on OHS programmes and monitor them	Full		6.4.6	1	8	[Conditions, occupational health and safety (OHS)]
403-2	Rate of injury, occupational diseases, lost days, and absence at work, and a number of work-related fatal accidents by region	Partially		6.4.6 6.8.8	1	3, 8	[Accident rate] [Tables with non-financial data]
403-3	Employment at high risk of occupational diseases	Full		6.4.6 6.8.8	1	3, 8	[Accident rate]
403-4	OHS aspect in collective labour agreements	Full		6.4.6	1	3, 8	OHS aspects were included in the collective agreement only in the case of Mostostal Kraków. The provisions define the possibility to temporarily grant periodical allowance for work in harmful or burdensome conditions to a given group of employees.

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
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Workplace: Diversity and equal opportunities 2016 (GRI 405)

103-1*	Nature of important area			5.2			[Ethics management] [Diversity management]
103-2*	Disclosure on Management Approach (DMA)			6.2.3 6.3.7 6.3.10 6.4.3	1, 6		
103-3*	Measurement and evaluation						
405-1	Composition of governance bodies and employees divided into categories according to gender, age group, minority, and other diversity indicators	Full		6.2.3 6.3.7 6.3.10 6.4.3	1, 6	5, 8	[Tables with non-financial data]
405-2	Ratio of basic salary of men and women by occupied position	Partially		6.2.3 6.3.7 6.3.10 6.4.3	1, 6	5, 8	[Tables with non-financial data]

Human rights: Aspect management 2016 (GRI 406-409)

103-1*	Nature of important area			5.2			[Ethics management] [Respect for human rights]
103-2*	Disclosure on Management Approach (DMA)			6.3.6 6.3.7 6.3.10 6.4.3	1, 2, 6		
406-1	Total number of discrimination cases and actions taken in this case	Full		6.3.6 6.3.7 6.3.10 6.4.3	1, 2, 6	5, 8, 16	[Diversity management] [Compliance with law]
407-1	Operations identified as potentially posing a risk for the right of freedom of association and collective bargaining and initiatives supporting these rights	Full		6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.5 6.6.6	1-3	8	[Compliance with law]

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
408-1	Operations identified as posing a significant risk for use of child labour, and measures taken to eliminate these cases	Full		6.3.3 6.3.4 6.3.5 6.3.7 6.3.10 6.6.6 6.8.4	1, 2, 5	8, 16	[Compliance with law]
409-1	Operations identified as posing a significant risk of the use of forced or compulsory labour, and measures taken to eliminate these cases	Full		6.3.3 6.3.4 6.3.5 6.3.10 6.6.6 4	1, 2, 4	8	[Compliance with law]
Human rights: Procurement and investment procedures 2016 (GRI 412)							
103-1*	Nature of important area						[Ethics and honesty of operations] [Ethics management] [Respect for human rights]
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	1-6		
412-3*	Percentage and total number of investment agreements including human rights clauses or controlled in this regard	Full		6.3.3 6.3.5 6.6.6	1-2		[Risk management in the supply chain] [Respect for human rights]
Local community 2016 (GRI 413)							
103-1*	Nature of important area			5.2			[Accident rate] [Reduction of nuisance]
103-2*	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	10		

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
413-1	Nature, scope and effectiveness of programmes and practices in the area of evaluation and management of the organisation's impact on the local community, including the impact of entering a given market, conducting and ending activity	Partially		6.3.9 6.5.1 6.5.2 6.5.3 6.8			[Limitation of the local environmental impact] [Reduction of nuisance] [Compensating communities for nuisance] [Environmental concerns on a construction site]
413-2	Activities with significant potential or existing negative impact on the local community	Full		6.3.9 6.5.3 6.8		1, 2	[Reduction of nuisance] [Environmental concerns on a construction site] [Accident rate]
Workplace: Assessment of suppliers 2016 (GRI 414)							
103-1*	Nature of important area			5.2			[Accident rate] [OHS and subcontractors]
103-2	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6		
414-1	Percentage of suppliers who were assessed against the employment criteria	Partially		6.3.5 6.4.3 6.6.6 7.3.1		5, 16	[Risk management in the supply chain] [OHS and subcontractors]
414-2	Significant current and potential risks of employee relations in the supply chain	Partially		6.3.5 6.4.3 6.6.6 7.3.1		5, 16	
Participation in public life 2016 (GRI 415)							
415-1	Total financial and material value of donations to political parties, politicians, and related institutions by country	Full		6.6.1 6.6.2 6.6.4	10	16	[Compliance with law]
Product liability: Customer health and safety 2016 (GRI 416, 417, 419)							

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
103-1*	Nature of important area						[Quality and its impact on safety of construction facilities]
103-2*	Disclosure on Management Approach (DMA)			6 6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9 7.3.1 7.4.3 7.7.3 7.7.5 5	1,8		
416-1	Product life cycle stages at which the impact of products and services on the health and safety is assessed for the purposes of improving indicators and the percentage of important product and service categories undergoing such procedures	Full		6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1		[Quality management] [Research laboratories and reliable quality control] The procedures described in the report are generally applicable and apply to all (100%) ongoing contracts.
416-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, with consideration of result type	Full		4.6 6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	16	[Quality management]

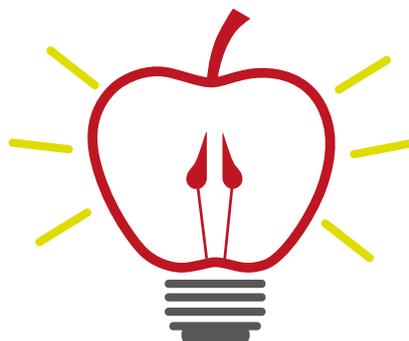
GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
417-1	Type of product and service information required by the organisation's procedures, and percentage of significant categories of products and services being subject to such requirements	Partially		6.71 6.72 6.73 6.74 6.75 6.79	8	12	Due to the specificity of construction projects, their completion is accompanied by very detailed implementation documentation from the earliest stage. Requirements are specified by regulations and standards. These documents include not only relevant consents, permits or confirmations of acceptance by different offices and services. Particular raw materials and materials are accompanied by certificates for compliance, declarations of conformity, safety marks, or hygiene certificates. This ensures widely understood safety for people and environment. Rules related to the admission of construction products to trading are regulated by applicable laws. Apart from the Act of 7 July 1994 - Construction Law, the legal basis for the above is formed by two subsequent acts: the Act of 16 April 2004 on Construction Products and the Act of 30 August 2002 on the Compliance Assessment System. Thus, their application is obligatory and covers all (100%) contracts. Support is also provided the Integrated Management System, which guarantees the use of correct construction products and materials.
Compliance 2016 (GRI 419)							
419-1	Non-compliance with law and socio-economic regulations	Full		4.6 6.71 6.72 6.76		16	No penalties were imposed [Compliance with law]
Sectoral indicators 2016							
CRE6	Percentage of the organisation operating in compliance with international OHS management systems (e.g. ISO 18000)	Full					[Conditions, occupational health and safety] In the case of Budimex SA and Mostostal Kraków, the implementation of ISO 18000 and OHSAS 18000 was confirmed with relevant certificates.

GRI Standards	GRI guidelines	Scope overall partial not reported/ not applicable	Page	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / Description
CRE8	Certification of new facilities referring to sustainable development, operation of existing and demolition of liquidated facilities	Partially				7, 8, 10, 11, 12	<p>[Materials and raw materials]</p> <ul style="list-style-type: none"> ▪ Office building ul. Heweliusza18 in Gdańsk: BREEM VERY GOOD (July 2018) ▪ Extension, reconstruction and renovation of the NA Soldiers of the II Region „Celków” Elementary School no. 2 with the Integration Departments in Marki at ul. Szkolna 9: BREEM GOOD, GREEN BUILDING STANDARD (March 2018) ▪ Construction of the Siemens office building, ul. Żupnicza 11 in Warsaw: LEED (April 2018) ▪ Office and service building for BZWBK LEASING in Wrocław: LEED GOLD (January 2018) ▪ Office buildings Off Piotrkowska in Łódź: BREEAM VERY GOOD (June 2018) ▪ Construction of the Ghelamco_Kapelanka office building in Cracow: BREEM VERY GOOD (July 2018)

* Indicators marked with the star “*” were subject to external verification by an independent auditor

WSPIERAMY, EDUKUJEMY I MOTYWUJEMY
POLSKICH ROLNIKÓW I PRZEDSIĘBIORCÓW

STREFA INSPIRACJI
Agencji Rynku Rolnego



PROMOCJA KRAJOWA # PROMOCJA ZAGRANICZNA # JAKOŚĆ # COACHING

SZUKASZ CIEKAWYCH INFORMACJI NA TEMAT
NOWOCZESNYCH METOD KOMUNIKACJI I PROMOCJI
W BRANŻY ROLNO-SPOŻYWCZEJ,
INNOWACJI I SYSTEMÓW JAKOŚCI W ROLNICTWIE?
ZAJRZYJ NA STRONĘ:

<http://strefainspiracji.arr.pl/>

*Polska
smakuje*