



**INTEGRATED
ANNUAL
REPORT
2017**

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BUDIMEX IN ONE MINUTE

BUSINESS PARTNERS
COOPERATING WITH
BUDIMEX SA THROUGHOUT
THE YEAR

15 300

REVENUE

6 369

M PLN

CONTRACTS SIGNED

7 285

M PLN

ORDER PORTFOLIO

10 300

M PLN

DONATIONS
GRANTED
1,5
M PLN

TAXES AND ZUS
CONTRIBUTIONS PAID
869
M PLN

EMPLOYMENT
6 539
PERSONS

NET PROFIT
464
M PLN

WASTE MATERIAL RECOVERY
2951,40 TONNES OF METAL
167,30 TONNES OF PLASTIC
167,30 TONNES OF PAPER
AND CARDBOARD

COMMUNICATION WITH LOCAL COMMUNITIES:

for 50% of investments, a residents' feedback system concerning finished construction works was implemented

LETTER FROM THE PRESIDENT

102-14, 102-15



Ladies and Gentlemen,

I am delighted to present to you another integrated report of the Budimex Group, which presents both economic and social results, as well as socio-environmental issues.

Budimex's social reporting has evolved over the last few years and is constantly adapted to the changing preferences of its customers. Last year, for the first time, we presented an integrated report, which included financial and non-financial data. This year, for the first time, we are publishing an integrated online report which has been additionally prepared on the basis of two types of guidelines: GRI G4 guidelines and updated GRI Standards which have been in force from this year.

The Budimex Group ended 2017 with very good results, both in terms of sales and net profit. We took first place among the largest general contractors in Poland for another year. This is a special year for us. We are celebrating Budimex's 50th birthday, which is why we are all the more pleased that we began 2018 with a record order book of more than 10 billion zloty. We are aware that this success is largely due to a responsible approach to governance and positive relations with our partners and the environment. We are aware that our activities have a long-term impact on society and the environment, which is why for years we have been guided by the principles of sustainable development and respon-

sible business. Building relationships based on understanding and trust is extremely important to us. We want to be a good neighbour to people living close to our investments. In 2017, we took part in many local sponsorship and charity campaigns at the request of our employees. We are also continuing with our flagship CSR projects – 'Parent Zone', 'Domofon ICE' and the internal project for Budimex Group employees – 'Grant for Volunteering'.

One of the main priorities of Budimex is the systematic improvement of occupational health and safety standards, because it is the safety and the health of our employees and suppliers that are most important to us. We are therefore implementing increasingly advanced safety systems, and we are carefully analysing any situation in which an accident has occurred or could have occurred, and then we are introducing measures to eliminate the risks and to involve employees at all levels, our customers, and suppliers. We attach great importance to the fact that the people who work with us return safely to their homes each day.

We are aware that people are our most valuable resource, which is why we make every effort to ensure that work in the Budimex Group is satisfactory and provides opportunities for development. In 2017 we set up an innovation team, so that, on the one hand, employees could implement their own original ideas, and on the other hand, they could also access innovative solutions from the market. We have invited start-ups, technolo-

gical companies and scientific organisations to cooperate with us. In 2017, thanks to the positive assessment by our employees, we won the 'Human Resources Investor' award. We are also among the TOP10 Best Employers 2017 in Poland. Ever since 2011, we have been a member of the Warsaw Stock Exchange RESPECT Index for companies that are managed in a responsible and sustainable manner.

The situation in the construction industry is dynamic and depends on many factors, but I can assure you that in the coming years we will continue the direction of development based on safety, the application of new technologies, innovation, and sustainable development.

This year we celebrate a milestone anniversary – half a century in business. I would like to take this opportunity to thank all our stakeholders for their cooperation based on mutual respect and trust. I would also like to

thank the employees of the Budimex Group for their great commitment and determination to achieve the set objectives. Thanks to you, we are the undisputed leader of the construction market in Poland.

I invite you to read the Annual Report of the Budimex Group for 2017.

Dariusz Blocher

President of the Management Board

AWARDS AND DISTINCTIONS RECEIVED IN POLAND IN 2017

In 2017, the business activity of the Budimex Group was widely recognised, which was reflected in the awards and distinctions received that year.

Budimex was distinguished by the “**Ten, który zmienia polski przemysł. XX-lecie**” [The one that changes Polish industry. 30th anniversary] title, which we received during the prestigious gala crowning the 2017 We Change Polish Industry Forum. The editorial staff of the economic magazine Nowy Przemysł and the portal WNP.pl once again granted honorary titles to companies, business people and representatives of State authorities who had a significant impact on the positive changes in Polish industry and the economy as a whole. Budimex was distinguished as the largest general contractor on the Polish construction market, carrying out road, railway, industrial and energy-related projects. The company took part in key investments which, in the organisers’ view, have changed the image of Polish infrastructure.

In 2017, Budimex was also recognised and distinguished as employer:

Godło Inwestora w Kapitał Ludzki [Human Capital Investor’s Emblem] – a distinction awarded to companies based on their assessment by the employees. The survey is managed by Fundacja Obserwatorium Zarządzania, which has developed this programme in Poland since 2006.

TOP 10 Pracodawców w Polsce 2017 [TOP 10 Employers in Poland 2017] – a distinction by portal PulsHR.pl PTWP SA Group. The aim of the contest is to distinguish ten outstanding companies which combine impact on the economic development of the region with a significant role on the labour market.

Odpowiedzialny Pracodawca 2017 [Accountable Employer 2017] – he title was granted by “Rzeczpospolita” daily for Budimex’s personnel policy based on investing in employees and providing opportunities to develop skills, as well as promotions.

Budimex was also awarded in the category **Proces Rekrutacyjny 2017 [Recruitment Process 2017]**, in the second edition of “**Siła przyciągania**” [Attractive Force], launched at the initiative of “Puls Biznesu” daily, Work Service Group, PwC and Orange Polska. The contest is to reveal the most interesting and effective undertakings that attract and retain the most talented employees in the company. The judges take the employer branding approach and evaluate not only good practice, but first and foremost recruitment campaigns, in which innovative recruitment tools are employed.

Best Quality Employer Emblem 2017 [Godło Best Quality Employer 2017] – this emblem is awarded to companies that distinguish themselves by their reliability in respect of employment policy, and HR solutions and management. The jury paid special attention to the motivational and bonus system in Budimex and also to employees’ development opportunities in the organisation.

In the **15th edition of Ranking Perła Polskiej Gospodarki [Ranking of Polish Economy Pearls]**, Budimex was awarded with **Honorary Pearl** in the economy category and was included among the **Grand Pearls**. It is a major distinction and recognition of the high rank of our company which we have taken in the ranking for years.

Budimex was also ranked in two high places in the **Indeks Patriotyzmu Polskiego Biznesu [Index of Economic Patriotism]** contest organised by “Rzeczpo-



spolita” and Fundacja Patriotyzmu Gospodarczego [The Foundation of Economic Patriotism], which distinguishes companies significantly contributing to the development of Poland and building its positive image in the world. In the “large foreign enterprises” ranking category, Budimex took high eighth place, and as a “joint-stock company” it was ranked eleventh, In one of the most prestigious contests in the construction sector, **“Budowa Roku” [Construction of the Year]** organised by Polski Związek Inżynierów i Techników Budownictwa [Polish Association of Construction Engineers and Technicians], Budimex received several awards in 2017 for its works. 1st tier awards were received for the following projects implemented by Budimex:

- POLMLEK factory in Lidzbark Warmiński, category: production, trade and service buildings;
- Business Garden Wrocław (first stage), category: of-

fice buildings;

- Lublin Conference Center in Lublin, category: public utilities.

2nd tier awards were received for the construction of S7 Miłomłyn–Ostróda Expressway (sub-section A) , category: individually assessed utilities.

Concurrently, the company Budimex Parking Wrocław was distinguished in the **Top Inwestycje Komunalne 2017 [Top Municipal Projects 2017]** contests, organised by Portalsamorzadowy.pl, for its two-storey parking in Wrocław, located near the historic Hala Stulecia complex.

Furthermore, in 2017, Budimex was honoured in the 9th edition of the **Raporty Społeczne [Social Reports]** contest with the award of the Warsaw Stock Exchange for the Integrated Annual Report of Budimex Group for 2016.

ABOUT THE COMPANY

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Market activity

Construction companies always work close to people, and urban and infrastructural transformations happen next to us, even if sometimes unnoticed. What is more, the construction industry develops along with social changes and the emerging of new technologies. In Budimex, we have identified three major trends which are also challenges that have an impact on the quality of our lives and the functioning of construction sector:

- urban congestion, street traffic and air pollution in the largest cities makes it necessary for urban projects and new investments to optimally blend in the existing urban tissue and focus on the residents;
- development of new technologies is of utmost importance and constitutes an opportunity for the construction sector to make the implemented projects effectively planned, performed with minimum negative social and environmental impact;
- we are a mobile society, increasingly more eager to move not only within our town or city, but also between cities and abroad. Therefore, it is important to constantly develop road, railway and aviation investments, using innovative solutions and technologies, such as automation or even robotisation.

Budimex has carried out building contracts in Poland and in the world for 50 years, that is, since 1968. It combines tradition and innovation, Polish technical thought of engineers working on numerous projects, but also derives from international experience and know-how of the Ferrovial Group.

We operate in the construction sector, which has a strong impact on society and the environment. Budimex

is a general contractor in road, railway, aviation infrastructure, as well as in commercial, energy, industrial and green building. Since 1995, the company is listed on the Warsaw Stock Exchange. Since 2011, it is regularly included in the RESPECT Index – a stock-exchange index of companies operating in compliance with the highest corporate social responsibility standards. In 2017, Budimex also joined one of the most significant indexes, namely FTSE4Good Emerging Index, which had been developed on the London Stock Exchange as a project aimed at measuring the efficiency of companies in terms of environmental, social and corporate governance (ESG). In 2000, Spain-based Ferrovial Group, one of the biggest construction companies in the world, purchased the majority of Budimex's shares and became its strategic investor.

The Budimex Group's business activity includes:

- comprehensive construction and assembly services provided in the general contracting system, in Poland and abroad;
- property development activity;
- property management;
- trade, production and transport activity.

The approach to the management of social and environmental impact of the business operation was included in the Budimex Mission, strategy, policies and organisational culture.

Budimex Mission: "Our mission is performance of construction investment projects, including real estate development undertakings, in a manner worthy of the

market leader, respecting the natural environment and ethical principles, caring about customer satisfaction and user comfort; we have achieved all this because of our professionalism and passion for building, high operating effectiveness and partner-like relations with suppliers and subcontractors.”

The goals of Budimex Group’s business activity include:

- Improving profitability through control and mitigation of building risks;
- Concentration of the Group’s potential in the domestic market;
- Development of business in the railway and industrial construction sector;
- Strong position on the domestic property developer market;
- Maintaining profitable exports business operation in Germany;
- Entering concession sector in Poland.

The Budimex Group comprises the following companies:

- Budimex SA is the leading company in the Group, providing construction and assembly services, as well as property development activity, managing and consulting services to other companies in the Group. Its purpose is the quick flow of information among the companies, strengthening their financial and cash economies, and bolstering the market position of the Budimex Group companies.
- Mostostal Kraków SA, under its regular business, provides construction and assembly services. The company is a specialist construction company offering contracting and assembly services with regard to steel structures and equipment installation for the cement and lime, power, metallurgy and chemical industries.
- Budimex Nieruchomości Sp. z o.o. operates in the property development and management segment. It deals with preparing investment land for the purposes of housebuilding industry, flat sale and rent, and performing real estate activities with own property.

- Budimex Parking Wrocław Sp. z o.o. is a special purpose company, established to conduct construction works related to building an underground parking in Wrocław, near Hala Stulecia. The company has 30-year concession for the property management.
- Elektromontaż Poznań SA operates in the installation services sector, it deals with manufacturing and maintenance of power transmission systems. It also advises on the selection of power transmission, phone wiring, automation, mechanical and sanitary systems. Systems are installed, inter alia, in office buildings and hotels, trade and warehousing facilities, sports venues, and in industrial construction.

MARKET SITUATION AND PROSPECTS

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Looking at the year 2017 from the macro perspective, we could observe a significant improvement in the dynamics of economic growth compared to 2016, especially in the last quarter. Gross value added in construction in 2017, as compared to the year before, grew by 11.5% as contrasted with a 7.2% drop in 2016.

Construction and assembly production grew by 12.9% (as compared to 14.4% drop in 2016), resulting in the highest dynamics since 2011. The growth rate was 12.6% whilst the increase of hand-overs in developer segment resulted in 42.6% sales increase in 2017. Concurrently, along with the sales increase and investment scale in construction sector, a further increase in the prices of raw materials and subcontractors services occurred. At the same time, similarly to the previous year, the decrease of available workforce was apparent. Despite the difficulties, the profitability on the operational level in Budimex Group was 9.2%. The growth of popularity of construction and assembly production was supported by the increase in the production for housing, which reached 14.2%. It also had an impact on the reversal of negative trend in housing, where the production in 2017 increased by 14.0%, especially in the group of public and industrial buildings. The scale of construction and assembly production in the reported period made no significant change in relation to 2016, and the largest share in its total production involved civil engineering constructions (50% of total construction and assembly production).

The main reason behind the improvement in the total production volume was the growth observed in infrastructure constructions by 11.7% (in current prices) in relation to the decrease by 19.0% in 2016. The last mon-

ths of 2017 were characterised by more frequent tender procedures (compared to previous periods), and the value of tenders submitted by Budimex in 2017 grew by more than 80% compared to 2016. The biggest share of these tenders involved road segment and the General Directorate for National Roads and Motorways. The total value of tenders submitted in this segment in 2017 was three-times as high as in 2016 and equalled to PLN 24.4 billion (a year-over-year increase by 14.5% in current prices). High growths were also reported in railway construction (a year-over-year increase by 52.0% in current prices).

However, the year 2017 in construction sector was also characterised by high uncertainty and concern caused by: low supply of public procurement at the beginning of the year and slowdown of private investments, shortage of qualified staff at the end of the year. Filling the gap in employment in construction companies will be one of the biggest challenges for the whole sector in upcoming years. The largest public investors, such as GDDKiA and PKP PLK, are planning a significant increase in expenditures, which also means an increase in procurement, but also urgent need for staff and equipment. An inextricable element of the growing investment scale will be further pressure on the growth of pay and price of subcontracting services. For Budimex Group, it means a necessity to take special care of the costs of contracts implemented and responsible approach to the calculation of new bids.

We start 2018 with a portfolio in peak order.

In 2018, the construction sector will be driven by growing investments in infrastructure. Many projects contracted in 2017 will take a step from the design to the

construction phase, which will translate into further growth of construction and assembly production. The scale of road investments in subsequent years will be shaped by the progress of the “National Road Construction Programme for 2014–2020 with prospects for 2025”, which was updated in 2017 by the government. Its progress rate as at the end of 2017 was 64%. Therefore, an accumulation of investments in road construction is to be expected.

Another area of construction which will be dynamically growing in the years to come is the railway infrastructure market. Similarly with road construction, in mid-2017, an update was made by the government to the “National Railway Programme to 2023”, which takes into account the initiation of additional projects, should savings allow. Furthermore, in accordance with the announcements by the Minister of Infrastructure, preparatory works are conducted in PKP PLK for projects not included in the main list of the Programme, with a total value of PLN 16 billion.

Another important area is hydro-engineering. Since the signing by the President of Poland of the ratification of the European Agreement on Main Inland Waterways (AGN Convention) at the beginning of 2017, in which Poland committed to adjust its main waterways to European standards, hydro-engineering in Poland is still in the planning phase. Investments in this respect are projected at the level of PLN 77 billion, for the years 2016–2030. According to the announcement of the Deputy Minister of the Deputy Minister of Maritime Affairs and Inland Navigation, Jerzy Materna of February 2018, in the upcoming years the government plans to invest approx. PLN 25 billion in port and harbour infrastructure.

In the energy construction segment, despite the fact that the largest contracts have already been awarded, there are still considerable investment projects in the broadly-understood conventional power engineering sector, at the planning or tendering stage. The Ministry of Energy plans to build another 5 or 6 power units of the total value amounting to PLN 45 - 50 billion (including nuclear power plant).

In accordance with the “Forecast of peak demand coverage for power in 2016–2035” published by Polskie Sieci Elektroenergetyczne (PSE), the required increase of new

power, excluding the units currently under construction, in the national electricity system in 2016–2035, for the BAT modernisation scenario, should reach 15.8 GW. This translates into high investment demand in respect of power units, and this demand will be the driving force of energy construction in the upcoming years.

In the years to come, further implementation of the investment programmes in electricity and gas transmission and distribution market is to be expected. The operators of national transmission systems, PSE and Gaz System, are currently conducting social consultations concerning the updated development programmes for 2018–2027. According to the investment plans, the expenditures of PSE and Gaz System on infrastructure development in the discussed period will exceed PLN 12 billion and PLN 15 billion, respectively.

For 2018, we predict further increase of flats sold, however the peak level of 2017 may prove difficult to achieve. With certainty, the high sales trend will remain stable on 6 major Polish markets: in Warsaw, Wrocław, Cracow, Łódź, Poznań and Tricity, and the final result will largely depend on the impact of the expiry of MdM programme and the implementation of the Mieszkanie Plus project.

Public Private Partnership (PPP) projects may turn out to be an opportunity for further development of the construction market; however, these are still rare and mostly concern small projects.

RESULTS FOR THE LAST YEAR

102-2, 102-7

Growth in turnover and peak performance

2017 may be considered to be another very good year for the Budimex Group, as the company recorded historic sales rate (increase by 14.3%) and peak net profit of PLN 464 million. This made it possible for us to regain the leading position in the Polish construction sector. The total value of contracts signed by Budimex in 2017 was PLN 7.3 billion.

In the period discussed, the Budimex Group's sales growth rate in the construction segment was on a par with the market rate increased by 12.6%, in comparison with 2016. The share of the infrastructural segment in the total revenue from the Group's construction and assembly services fell from 55.9% in 2016 to 48.9% in 2017. As a result of acquiring new railway contracts, the share of this segment in the Group's revenue structure in 2017 amounted to 3.9%. The persistent favourable conditions on commercial building market was reflected in the share of housing in the sales structure, which increased from 41.6% in 2016 to 47.2% in 2017, of which the share in housing increased from 12.6% in 2016 to 13.3% in 2017.

In 2017, the sales revenue from the property development business increased by 42.6% in comparison with the previous year. Net pre-sales of new flats in entire 2017 was 1,457 pieces in relation to 1,615 flats in the previous year. The decrease in the number of pre-sold flats by 10% results from the end of the attractive offering of the "Nowe Czysta" project in Cracow.

In order to meet customers' requirements and ensure stable sales revenue in the following years, in 2017, construction of over 1,000 flats began. In 2017, the Group continued the land bank diversification process by buying new plots in Warsaw, Poznań, Wrocław and the Tricity. Approximately 8,000 new flats can be built on lands owned by the company.

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In the geographical context, the sales structure has been stable for the last few years.

The main Budimex Group's operation markets are Poland and Germany, and the dominating share of revenues (96.4%) was achieved on the Polish market. 3.2% of revenues was recorded on the German market and 0.4% on other markets.

PLN 100 million expected capital expenditure of the Budimex Group in 2018.

In 2017, the business conducted on the German market included mostly workshop works. The sales revenue in Germany amounted to PLN 199,233 thousand. An increase was recorded in prefabrication works (4.4%) and in metal works (16.1%). As far as the domestic market is concerned, the Budimex Group will be active in its all ongoing activity sectors. Infrastructural investment projects co-funded from the European Union budget (in particular road and railway projects) are Budimex Gro-

Facility type	Sales value			
	2016		2017	
	million PLN	%	million PLN	%
civil engineering (infrastructure)	3 016	55,9%	2 967	48,9%
rail	131	2,4%	237	3,9%
commercial, including:	2 245	41,6	2 866	47,2%
- non-residential	1 564	29,0%	2 058	33,9%
- residential	681	12,6%	808	13,3%
Total sales of construction and assembly services	5 391	100,0%	6 070	100,0%

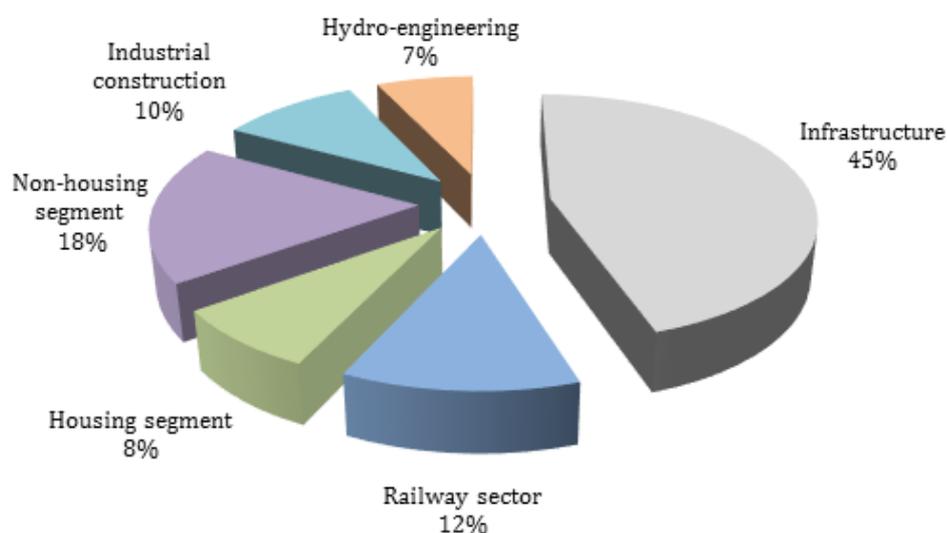
up's opportunity to acquire new contracts. After difficult 2016, when we observed significant slowdown in the conclusions of new road-related tenders, the largest infrastructure investors in 2017 considerably increased the number of concluded tenders. In 2018, the investment process will be continued, which should result in new road and railway contracts.

The Group also plans to consistently reinforce its position in the commercial building sector and acquire new contracts in the power engineering and hydrotechnical segment. Other plans also include development on the municipal service market and initiating various Public Private Partnership projects. In 2017, Budimex Group's companies signed construction contracts of the total value of PLN 7,285,454 thousand (including Annexes).

As of 31 December 2017, the value of the Budimex Group's construction order portfolio was PLN 10,300,213 thousand, i.e. increase by 15% in comparison with the end of 2016.

In 2018, the Budimex Group plans capital expenditures on the level of approximately PLN 100 million, 39 million of which is related to the Budimex SA company, and approx. 53 million to Budimex Kolejnictwo. The main expenditure concern purchasing construction and rail equipment, as well as IT projects.

The order portfolio structure in 2017 was as follows:



LAST YEAR RESULTS

102-2, 102-7

102-7, 102-8

Basic economic values characterising the Budimex Group were as follows:

	2016	2017
Net revenue from sale of products, services, goods and materials (million PLN)	5 572,3	6 369,3
Profit (million PLN)	410,5	464,6
Equity (million PLN)	805,8	882,1
Liabilities (million PLN)	4 787,8	5 115,2
Assets (million PLN)	5 593,7	5 997,3
Number of employees	5 708*	6 539*
	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)

** Construction works are characterised by considerable seasonal variations of subcontractors' employment, and the specificity of consecutive stages of works results in subcontractors' turnover and changing number of employees contracted by Budimex. Employee data, including subcontractors' employees, is registered on construction sites, on an ongoing basis.

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Budimex's participation in organisations and social initiatives:

- Business Centre Club
- Klub Polskich Laboratoriów Badawczych POLLAB (POLLAB - Polish Testing and Research Laboratories Club)
- Ogólnopolska Izba Gospodarcza Drogownictwa (National Chamber of Commerce of Road-building)
- Polski Związek Pracodawców Budownictwa (Polish Association of Construction Employers)
- Izba Gospodarcza Transportu Lądowego (Land Transport Chamber of Commerce)
- Polskie Stowarzyszenie Wykonawców Nawierzchni Asfaltowych (Polish Asphalt Pavement Association)
- Polsko-Hiszańska Izba Gospodarcza (Polish-Spanish Chamber of Commerce)
- Izba Towarzystwo Gospodarcze Polska – Rosja (Chamber of Commerce, Economic Society of Poland - Russia)
- Railway Business Forum
- Stowarzyszenie Emitentów Giełdowych (Polish Association of Listed Companies)
- UN Global Compact
- Związek Mostowców RP (Polish Society of Bridge Engineers)
- Izba Gospodarcza Energetyki i Ochrony Środowiska (Polish Chamber of Power Industry and Environment Protection)
- Związek Pracodawców Branży Infrastruktury (Infrastructure Sector Employer's Association)
- Karta Różnorodności (Diversity Charter)
- Pracodawcy RP (Polish Employers)

FINANCIAL RESULTS

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

The Budimex Group's financial situation in 2017 was characterised by selected economic and financial values published in the statement of the financial position and profit and loss account (listed below with comparable data for 2016).

Consolidated statement of financial position of the Budimex Group

See the table below for the main items of the consolidated statement of the financial position of the Budimex Group, as of 31 December 2017, in comparison with the status valid as of 31 December 2016:

ASSETS	31/12/2017	31/12/2016	Change	Change %
Non-current (long-term) assets	927 334	856 936	70 398	8,2%
Property, Plant and Equipment	162 422	114 674	47 748	41,6%
Investment properties	24 623	25 581	(958)	(3,7%)
Intangible assets	30 163	29 926	237	0,8%
Goodwill of subsidiaries	73 237	73 237	-	0,0%
Investments in equity accounted entities	39 228	43 427	(4 199)	(9,7%)
Available-for-sale financial assets	9 501	9 396	105	1,1%
Retentions for construction contracts	30 138	23 333	6 805	29,2%
Trade and other receivables	39 341	36 256	3 085	8,5%
Concession agreement receivables	46 440	46 096	344	0,7%
Other financial assets	67 033	10 035	56 998	568,0%
Assets for deferred income tax	405 208	444 975	(39 767)	(8,9%)
Current (short-term) assets	5 070 022	4 736 729	333 293	7,0%
Stock	1 425 100	1 183 649	241 451	20,4%
Trade and other receivables	689 939	516 720	173 219	33,5%
Retentions for construction contracts	27 812	30 818	(3 006)	(9,8%)
Amounts due and receivable from customers under construction contract	483 501	288 456	195 045	67,6%
Current tax assets	30 298	194	30 104	15 517,5%
Other financial assets	286 533	1 758	284 775	16 198,8%
Cash and cash equivalents	2 126 839	2 715 134	(588 295)	(21,7%)
TOTAL ASSETS	5 997 356	5 593 665	403 691	7,2%

EQUITY AND LIABILITIES	31/12/2017	31/12/2016	Change	Change %
Shareholders' equity attributable to the shareholders of the Parent Company	881 443	801 377	80 066	10,0%
Core capital	145 848	145 848	-	0,0%
Share premium less treasury shares	87 163	87 163	-	0,0%
Other reserves	2 557	4 725	(2 168)	(45,9%)
Foreign exchange differences on translation of foreign operations	5 342	5 525	(183)	(3,3%)
Retained earnings	640 533	558 116	82 417	14,8%
Non-controlling shares	685	4 443	(3 758)	(84,6%)
Total equity	882 128	805 820	76 308	9,5%
Liabilities	5 115 228	4 787 845	327 383	6,8%
Long-term liabilities	614 923	525 882	89 041	16,9%
Loans, borrowings and other external sources of financing	92 086	62 333	29 753	47,7%
Retentions for construction contracts	203 643	206 147	(2 504)	(1,2%)
Provisions for long-term liabilities and other charges	305 858	247 481	58 377	23,6%
Retirement benefits and similar obligations	11 086	7 937	3 149	39,7%
Other financial liabilities	2 250	1 984	266	13,4%
Current liabilities	4 500 305	4 261 963	238 342	5,6%
Loans, borrowings and other external sources of financing	30 324	20 276	10 048	49,6%
Trade and other liabilities	1 697 984	1 475 983	222 001	15,0%
Retentions for construction contracts	217 193	186 244	30 949	16,6%
Amounts due and payable to customers under construction contracts	1 027 038	1 352 639	(325 601)	(24,1%)
Deferred income	1 345 267	1 002 017	343 250	34,3%
Provisions for current liabilities and other charges	170 762	169 544	1 218	0,7%
Current tax liability	3 404	52 820	(49 416)	(93,6%)
Retirement benefits and similar obligations	1 537	1 422	115	8,1%
Other financial liabilities	6 796	1 018	5 778	567,6%
TOTAL EQUITY AND LIABILITIES	5 997 356	5 593 665	403 691	7,2%

As of 31 December 2017, the consolidated value of assets increased by PLN 403,691 thousand in relation to the status as of the end of December 2016, as a result of the increase in the value of fixed assets by 8.2% (PLN 70,398 thousand) and increase in the value of current assets by 7.0% (PLN 333,293 thousand).

Non-current (long-term) assets:

The following factors caused the change in the value of fixed assets as of 31 December 2017 in comparison with the value as of 31 December 2016:

- increase in the balance of other financial assets, mainly resulting from new loans granted to associated company, in the amount of PLN 51,153 thousand,
- increase in balance of tangible assets by PLN 47,748 thousand, mainly due to the purchase and financial lease of fixed assets worth PLN 72,086 thousand,
- Decrease of assets for deferred income tax by PLN 39,767 thousand, which was caused mainly by the increase of the balance of deferred tax liabilities due to lease and amounts due and receivable from customers under construction contract (the assets and liabilities will be reimbursed on the level of each company under consolidation).

Equity and liabilities:

On the equity and liabilities side, changes referred to:

- increase in the value of non-current liabilities by PLN 89,041 thousand, mainly because of the increase in the balance of the provisions for long-term liabilities by PLN 58,377 thousand and loans, borrowings and other external sources of financing by PLN 29,753 thousand, due to the purchase of tangible assets,
- increase in the value of current liabilities by PLN 238,342 thousand, where the main changes referred to:
 - increase in the trade and other liabilities by PLN 222,001 thousand;
 - decrease in the amounts due and payable to customers under construction contracts by PLN 325,601 thousand, which comprises the correction decrease of the recognised sales over invoiced sales due to long-term contract valuation in the amount of PLN 160,975 thousand, and the decrease of the balance of the provisions for contract losses in the amount of PLN 164,626 thousand;
 - increase in the balance of deferred income by PLN 343,250 thousand, mainly due to advance payments for implemented construction contracts and payments for flats in the property development field.

Consolidated profit and loss account

CONSOLIDATED PROFIT AND LOSS ACCOUNT	01.01 - 31.12.2015	01.01 - 31.12.2016	Change	Change %
Net sales of finished goods, services, goods for resale and raw materials	6 369 309	5 572 290	797 019	14,3%
Costs of products, services, goods and materials sold	(5 559 485)	(4 821 025)	(738 460)	15,3%
Gross profit on sales	809 824	751 265	58 559	7,8%
Selling costs	(34 016)	(32 671)	(1 345)	4,1%
General management costs	(216 627)	(198 766)	(17 861)	9,0%
Other operating revenues	61 070	46 451	14 619	31,5%
Other operating costs	(31 933)	(61 172)	29 239	(47,8%)
Operating profit	588 318	505 107	83 211	16,5%
Financial income	37 084	43 227	(6 143)	(14,2%)
Financial costs	(40 771)	(34 657)	(6 114)	17,6%
Share in net (loss) of subsidiaries measured by equity method	(4 199)	(2 272)	(1 927)	84,8%
Gross profit	580 432	511 405	69 027	13,5%
Income tax	(115 838)	(100 929)	(14 909)	14,8%
Net profit for the period	464 594	410 476	54 118	13,2%
of which per:				
Company's shareholders	464 408	409 851	54 557	13,3%
non-controlling shares	186	625	(439)	(70,2%)

In 2017, the Budimex Group realised profit on sales in the sum of PLN 6,369,309 thousand, which represents increase close to 14.3%, in comparison to figures for a corresponding period in 2016. Gross profit on sales in 2017 amounted to PLN 809,824 thousand, whereas in the previous year it reached the value of PLN 751,265 thousand, which means that the gross profitability on sales in 2017 was 7.8%, with 13.5% for the previous year. According to the accounting rules assumed, in case the costs budgeted for construction contract implementation exceed the total value of expected revenues, when this fact is identified, Group companies create provisions for losses presented in the consolidated financial statement as "Amounts due and payable to customers under construction contracts". As at 31 December 2017, the provisions for contract losses amount-

ed to PLN 243,829 thousand and compared to 2016, the balance of the provisions for contract losses decreased by 164,626 thousand. In comparison with the previous year, the sales costs in the period of 12 months ending on 31 December 2017 increased by PLN 1,345 thousand, however, the general management costs were higher by PLN 17,861 thousand than costs borne in 2016.

In 2017, other operating revenues amounted to PLN 61,070 thousand and included, among others, profit on the sale of non-financial assets and investment property in the amount of PLN 3,301 thousand, received compensations and contractual penalties in the amount of PLN 24,828 thousand, release of reserves for penalties and sanctions in the amount of PLN 12,363 thousand, release of reserves for court cases and compensations

in the amount of PLN 3,391 thousand, reversal of revaluation write-downs on receivables and inventories respectively in the amounts of PLN 4,405 thousand and PLN 3,251 thousand, and write-downs on overdue liabilities in the amount of PLN 2,656 thousand.

In the period of 12 months ending on 31 December 2017, other operating costs amounted to PLN 31,933 thousand, including PLN 2,870 thousand of costs of write-downs on receivables, PLN 3,070 thousand for costs of write-downs on inventories. The costs of provisions for court cases amounted to PLN 2,617 thousand, PLN 1,806 thousand of which referred to provisions for penalties and compensations. The value of compensations and contractual penalties paid by the Group in 2017 amounted to PLN 13,311 thousand. At the same time, the costs of court fees, execution levies and court proceedings. Moreover, in 2017, the Group recorded a loss on settlement of derivatives of the FX Forward type and currency options in the amount of PLN 1,169 thousand.

PLN 588,318 thousand operating profit in 2017 – 16.5% more than year before

In 2017, the Group recorded an operating profit in the amount of PLN 588,318 thousand, which was 9.24% of the sales revenue value. In 2015, the operating profit amounted to PLN 505,107 thousand, which was 9.1% of the sales revenue value. In the period of 12 months ending on 31 December 2017, the Group recorded a profit on financial activity amounting to PLN 3,687 thousand, in comparison to PLN 8,570 thousand in 2016.

In 2017, financial costs comprised, among others, the following: interest costs amounting to PLN 5,567 thousand, bank commissions on guarantees and loans paid by Group companies in the amount of PLN 24,234 thousand, costs of discounted long-term receivables and liabilities under guarantee deposits amounting to PLN 8,580 thousand.

In 2017, the Group also recorded a loss on the settlement of swap-type derivatives (obtained in order to limit the risks related to interest rates) amounting to PLN 643 thousand and recorded a profit on measurement of these derivatives amounting to PLN 401 thousand. The financial income for 2017 comprised mostly: interest in the amount of PLN 32,865 thousand, estimation

of receivables from a concession agreement amounting to PLN 2,931 thousand as well as reversal of discounted long-term receivables amounting to PLN 820 thousand. The Group closed 2017 with the gross profit of PLN 580,423 thousand.

In 2017, the obligatory charge on the financial result resulting from the income tax amounted to PLN 115,838 thousand, including:

the current part amounting to PLN 74,552 thousand;
the deferred part amounting to PLN 40,289 thousand.

As of 31 December 2017, the Group recognised assets for deferred income tax in the amount of PLN 405,208 thousand, in comparison with PLN 444,975 thousand on 31 December 2016. This results mostly from the specificity of construction contract settlements in which the moments of classifying costs as incurred and classifying revenues as fulfilled are different in the tax and accounting context. The net profit assigned to Budimex SA shareholders for 2017 amounted to PLN 464,408 thousand, in comparison to PLN 409,851 thousand for 2016. The net profit assigned to non-controlling interest for 2017 was PLN 186 thousand. The price per share was PLN 18.19 and in relation to the previous year it grew by PLN 2.14.

The Budimex Group closed the year of 2017 with a net profit attributable to the shareholders of the Parent Company of PLN 464,408 thousand, with PLN 409,851 for the previous year.

Consolidated statement of cash flow

Consolidated statement of cash flow of the Budimex Group

Cash and cash equivalents included in the Statement of Cash Flow comprise cash on hand and bank deposits payable on demand and deposits easily converted into a given amount of cash or which are subject to a slight risk of value change. In the Group, included in the cash of restricted use are mainly cash items representing:

- security for bank guarantees;
- amounts gathered on escrow accounts and blocked accounts of development companies;
- amounts gathered on trust and current accounts in the part payable to partners implementing construction contracts in cooperation with a Group company.

The Budimex Group started the year 2017 with cash at bank and in hand in the total amount of PLN 2,715,093 thousand. The net cash flow for 2017 was negative and amounted to PLN 560,867 thousand. As of 31 December 2017, the Group's reported cash balance was PLN 2,126,809 thousand, of which the cash of restricted use was PLN 164,990 thousand. In 2017, the balance of cash from operating activities was PLN 195,796 thousand. Cash flows from investing activities was negative and amounted to PLN 356,583 thousand.

PLN 2,126,809 thousand cash at bank and in hand at the end of 2017.

The cash flow from financing activities for 2017 showed a negative balance which amounted to PLN 400,080 thousand and resulted mainly from the 2016 dividend payment.

Managing of finance at the Budimex Group

The balance of cash of the Budimex Group on 31 December 2017 was PLN 2,126,809 thousand, that is, PLN 588,284 thousand lower than on 31 December 2016. In 2017, Budimex SA paid out a dividend in the amount of PLN 382,696 thousand. Throughout 2017, Budimex Nieruchomości Sp. z o.o. Com-

pany invested PLN 150,000 thousand of its own cash in land for development, and the Budimex Group disposed PLN 80,000 thousand to expand and modernise machinery.

The generation of cash on basic level, despite dividend being paid and the above-mentioned expenditure, was possible mainly due to the high profitability of the Group's companies in all operation segments achieved in 2017, especially in the railway and road segment, and also due to signing new contracts, which resulted in the already mentioned historic sales rate of Budimex.

In accordance with the Group's policy, cash surpluses were placed as bank deposits at banks with a good rating.

In addition, Budimex SA used cash surpluses to finance its suppliers of services and raw materials, which had a positive effect on the financial liquidity of these suppliers, and generated extra finance 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 of 31 December 2017 amounted to PLN 122,410 thousand and were PLN 39,801 thousand higher than as of 31 December 2016 (see the table below). The Group's debt is mainly composed of: the debt of Budimex SA under finance leases (concluded for the purpose of financing the purchase of property, plant and equipment – primarily machines and equipment for the performance of 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 in Wrocław). The aforementioned increase in total debt in 2017 results primarily from increase in Budimex SA's debt under finance lease agreements. As at the end of 2017, the Group had no debt under bank loans financing the property development activities.

Liabilities due to bank loans and borrowings and other external sources of finance	31.12.2017	31.12.2016	31.12.2015
- non-current	92 086	62 333	44 563
- current	30 324	20 276	19 778
Total	122 410	82 609	64 341

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

Wskaźnik	31.12.2017	31.12.2016	31.12.2015
Equity to assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (total non-current assets)	0,15	0,14	0,13
Equity to fixed assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (fixed assets)	0,95	0,94	0,73
Debt ratio: (total assets – shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)	0,85	0,86	0,87
Assets to equity ratio: (total assets – shareholders' equity attributable to the shareholders of the Parent Company) / (shareholders' equity attributable to the shareholders of the Parent Company)	5,80	5,98	6,87

As of the end of 2017, the ratios illustrating the Group's equity structure slightly improved. The increase in net profit and the resulting increase in equity contributed to the decrease in debt ratios and the increase in the equity to assets ratios, despite a significant increase in the Group's total assets.

The liquidity ratios remained on a similar level (a slight increase of current ratio and a slight decrease of quick ratio) in relation to the previous year's ratio.

Ratio	31.12.2017	31.12.2016	31.12.2015
Current ratio (current assets) / (current liabilities)	1,13	1,11	1,06
Quick ratio (current assets – inventory) / (current liabilities)	0,81	0,83	0,83

CONTRIBUTION TO INFRASTRUCTURAL DEVELOPMENT

102-7, 103-1, 103-3, 203-1

Infrastructure development

There is no doubt that the construction sector significantly affects the environment: volume projects increase the living comfort of the inhabitants, while investments in infrastructure influence, i.a. the economic development and modernisation of the country. For example, ring roads reduce the burden on cities, which are lately facing growing traffic levels and therefore increased air pollution and smog. On the other hand, construction investments involve modifying the natural environment. Budimex takes both aspects into account to choose optimal construction designs. The service package includes buildings for the purpose of industry, housing, cultural and public utility, located within and outside city limits, as well as roads, motorways, railway infrastructure, airports, hydro-engineering and waste facilities. Multiple commercial investments were completed or initiated due to the activity of the Group in 2017, involving important contracts, such as:

- road investments, including expressways and ring roads: design and construction of the S61 Ostrów Mazowiecka - Szczuczyn road, section: Stawiski junction (excluding the junction) – the start of the Szczuczyn ring road; starting construction of Brzo-

zów ring road as part of the S3 road and adaptation of national road no. 3 to meet expressway parameters along Brzozowo-Miękowo section within the framework of the task: S3 road construction within Miękowo section – finishing Brzozów ring road construction including the expansion of Miękowo-Rzęśnica section;

- railway investments: performance of works on railway line no 7 Warsaw East Station – Dorohusk along Warsaw – Otwock-Dęblin – Lublin section, Otwock – Lublin section (almost 150 km in total); Modernisation of Trzebinia – Krzeszowice section;
- power engineering: construction of a gas power unit of 55 MW of electrical capacity. Stage 2. Construction of a steam turboset with auxiliary installations in ZW Kraków;
- other: construction of the Lidl Mińsk Mazowiecki Distribution Centre; Finalising the construction of the Racibórz Dolny dry flood protection reservoir.

Commercial projects implemented by Budimex in 2017

Budimex: construction of the highest air traffic control tower

In 2017, the construction of the air traffic control tower in Pyrzowice, servicing the airport in Katowice, was finished. It is intended to improve the safety and fluidity of air traffic. The tower comprises over 1800 m² of spa-

ce, which contains: the room with tower control and approach control stations, technical rooms, garages and social facilities. The tower is surrounded by an internal road system and car parks. The control level is located at the altitude of 42 m.

The building consists of two elements. The low part is

a two-storey building of column and wall construction. The tall part is 45,75 high. Its core is constructed as a vertical support of rectangular cross-section, with elevator and installation shafts. The core is restrained by a 1.8 m thick, 17 by 17 m foundation plate. On the upper part of the core located are horizontal supports, where the floors of the main part of the tower were placed. The tower was covered by a steel roof. Net contract value - PLN 20,220,000.

Budimex: putting the Cracow Zabłocie and Cracow Krzemionki rail connection into service

After 2 years, the rail connection between Cracow Zabłocie and Cracow Krzemionki stations was completed by Budimex SA and Ferrovia Agroman SA and put into service in December 2017, after 4 months of work. The first trains showed up almost immediately after introduction of the new train schedule. Thanks to the new connection, it is possible to travel by rail along the Cracow Główny - Skawina and further to Oświęcim and Zakopane. Because of the connection, the travel time from Cracow to Zakopane was shortened by 15 minutes.

The range of construction works involved the reconstruction of the railway system and construction of a new railway line along railway viaducts between Cracow Zabłocie - Cracow Krzemionki passenger stations. Reconstructed also were passenger stations, roads, overhead contact lines, electromagnetic devices and railway traffic signalling equipment, telecommunication cables and water, sewage, heating and gas networks. The total net cost of the investment was PLN 190 million.

The investment is one of the important elements of modernisation of the Cracow's railway junction, which will lead to the expansion and improvement of the transport services provided and increase the attractiveness of rail transport in the Cracow agglomeration. The connection is one of the main elements of the National Railway Programme.

Budimex: finalising the construction of the Racibórz Dolny Reservoir

On 30 November 2017, Budimex and Ferrovia Agroman have concluded an agreement with the Regional Water Management Authority in Gliwice for the purpose of finalising the construction of the Racibórz Dolny flood

protection reservoir. The scope of the works involves the construction of a dry flood protection reservoir of 22.4 km in length and height of 11 m. It will consist of a dam embankment and a drain overflow construction supplying water to the so called Odra Miejska, left-bank dam - 9.6 km and right-bank dam - 8.8 km. They will have an earth construction. The total capacity of the reservoir will amount to about 185 million m³.

The reservoir will be built as a detention basin - a dry reservoir filled only during floodwater movement. It will protect about 2.5 million inhabitants of the Odra river basin - From Racibórz to Wrocław. Gross contract value - PLN 903,000,000.

Budimex has extensive experience in carrying out hydro-engineering investments. As the general contractor they reconstructed, i.a.: ports in Świnoujście and Szczecin, Płonie Channel close to Martwa Wisła in Gdańsk or Rydzyna Reservoir.

Budimex: construction of a gas pipeline in Lower Silesia

In February 2017, Budimex SA under consortium agreement with Mostostal Kraków SA, began the construction of a high-pressure DN 1000 MOP 8,4 MPa gas pipeline along ZZU Czeszów - Kiełczów node with infrastructure necessary for its operation. The pipeline of 1000 mm in diameter and length of 32.5 km will run through agricultural, forested and partially urbanised areas. It is the first such contract in the history of Budimex.

One year earlier Budimex, as the only company outside the gas sector, passed all pre-qualification requirements of GAZ SYSTEM SA, acquired a multitude of certificates and submitted the most favourable bid in the tender, which enabled the company to enter the market of gaseous fuels. The implementation involves also the construction of shut-off and relief systems with bypass systems near Miłonowice and within Kiełczów node.

Additionally, the consortium is constructing 28 trenchless passages through terrain obstacles by the means of microtunneling in DN 1200 and DN 1400 casing pipes and two bypasses through areas of natural significance with the use of horizontal directional drilling (HDD), with total length of 1250 m. The scope of the investment also

involves gas filling and putting the pipeline into service. The total net contract value amounts to PLN 63.79 million, and the completion term is 19 months.

Budimex: construction of the S5 Korzeńsko-Widawa expressway

In October 2017, the works involving design and construction of S5 Poznań – Wrocław expressway along the Korzeńsko section (excluding the junction) – Widawa Wrocław junction (km 108+758 to km 123+700) were completed. The length of the constructed section is 15 km, including district and regional roads. Two road junctions (Żmigródek junction and Żmigród junction), 14 bridges, including one viaduct of 750 m in length, across the existing Poznań – Wrocław railway line and Dolina Baryczy as well as two motorway service areas (MOP) were built under the contract. The scope of the works also involved removal of collisions with PKP infrastructure. The investment value was PLN 480.78 million.

Budimex: rewitalizacja Placu Litewskiego w Lublinie

In May 2017 the revitalisation of 35 thousand m² Litewski Square in Lublin was finished, which involved implementation of a traffic free zone along this central traffic route of the city, while at the same time maintaining the Krakowskie Przedmieście street as a promenade along the section between Kołłątajka and Kapucyńska

streets. During the revitalisation, the historic street arrangement was preserved: two garden areas and the central part – open recreational area with a fountain. In the main part an interactive set of water devices was made, which facilitates setting up multimedia displays. Along the Krakowskie Przedmieście promenade's axis, seven additional fountains were placed. The central part of the square was lined with granite blocks. As part of the investment, Budimex also moved, i.a., the Unknown Soldier Statue and revitalised areas adjacent to Litewski square – Krąpiec Square and Czechowicz Square. The total investment value was PLN 42.89 million.

Budimex and Mostostal Kraków: construction of the Chemistry Faculty buildings of the Jagiellonian University

As part of an investment, located within the area of the Campus of the 600th JU Restoration Anniversary, Budimex in consortium with Mostostal Kraków constructed the JU Chemistry Faculty consisting of seven three-storey and four-storey educational-scientific buildings and a two-level parking with an underground retention reservoir. The buildings were divided into the educational part with a library, seminar rooms, auditoria, and student labs, as well as the scientific part with research labs. All labs were equipped with top-quality research equipment and furniture. The usable area of the buildings is 31 thousand m², while their total volume is 156 thousand m³. The construction was finished in April 2017 and the total value of the project was PLN 156.74 million.

VALUE MODEL

102-15

The value model, which is the business model of Budimex Group, assumes generation of value and its practical applications within six capitals: financial, human, organisational, intellectual, social and natural. The

implementation of these capitals and translation of the business model into financial, social and environmental results and business risks is contained in the model description below.

Financial capital	Human capital	Organisational capital	Intellectual capital	Social capital	Natural capital
<p>Capital which allows us to finance our activities – funds entrusted to us by our shareholders, lenders and creditors as well as funds earned by us, which generate profits – emphasis on increasing entrusted capital and providing reliable information on the factual image of Budimex Group and its activities</p>	<p>Diverse team of experienced engineers and workers representing other professions engaged in generation of permanent value – care over safety and health of persons engaged in their work, their development and future</p>	<p>Unique structure of organisation, policy, processes and procedures, which allow the maintenance of high quality, punctuality, and error elimination. A structure ensuring effective and successful operation.</p>	<p>Intangible assets, i.e. knowledge and solutions, results of research and development as well as the results of laboratory testing</p>	<p>Skills in creation of relations with the environment, i.a. creation of long-term relations with suppliers and subcontractors, being a good neighbour in local societies, cooperation with other players, including focusing on common problems of the sector (e.g. within the framework of the “Agreement for Safety in Construction Industry”)</p>	<p>Direct and indirect impact on the environment. Respect for utilised but limited natural resources and care for environmentally valuable areas, adjacent to investments carried out by Budimex – their protection, compensation for inflicted environmental losses</p>
<ul style="list-style-type: none"> •Total assets: PLN 5,997,356 thousand •Equity: PLN 882,128 thousand •Non-current liabilities: PLN 614,923 thousand •Current liabilities: PLN 4,500,305 thousand •Sales revenues: PLN 6,369,309 thousand •Net profit: PLN 464,594 thousand 	<ul style="list-style-type: none"> •Number of employees (in all companies of the capital Group consolidated in financial reporting): 6539 •Costs of employee benefits: PLN 869,193 thousand 	<ul style="list-style-type: none"> •Tangible fixed assets: PLN 162,422 thousand •Capital expenditure: PLN 85,752 thousand •Flexible and effective business model based on a network of 15289 business partners •1019 pre-qualified subcontractors •3068 completed final assessments •153 identified problems 	<ul style="list-style-type: none"> •Intangible assets: PLN 30,163 thousand •Increasing workmanship quality index (QC) •Network of 23 laboratories 	<ul style="list-style-type: none"> •Income tax paid to the state budget in the amount of PLN 154,535 thousand •PLN 1,506 thousand of donations paid for social purposes •Elimination of social and environmental conflicts •Author’s social programmes (Domofon ICE, Strefa rodzica) and other supported social actions •Cooperation and solutions created within the framework of the “Agreement for Safety in Construction Industry” 	<ul style="list-style-type: none"> •Lack of environmental malfunctions •Optimisation of the use of raw materials, materials, energy media and emissions •Recovery of secondary raw materials from waste, i.e. last year – 2951.40 tonnes of metal, over 167.30 tonnes of plastic, 86.40 tonnes of paper and cardboard •1,380,200 tonnes of excess soil and dirt was recycled •Using raw materials from waste generated by other industries (e.g. mining, steelworks, power engineering), i.e. last year – almost 37 thousand tonnes •PLN 20.70 thousand

Kapitał finansowy	Kapitał ludzki	Kapitał organizacyjny	Kapitał intelektualny	Kapitał społeczny	Kapitał naturalny
<p>We finance investment projects, thanks to which road and railway infrastructure as well as public utility facilities are created. Thank to this, we are able to purchase raw materials and materials. We timely and reliably pay our liabilities towards our business partners, and therefore maintain financial liquidity to their activities</p>	<p>We provide several thousand of internal and external employees with fair work conditions. We support the development of our staff. We engage future engineers in the Budimex Academy and our internship and training programmes</p>	<p>Our correct organisation provides safe workplaces for people.</p>	<p>We implement optimal and effective solutions, which ensure the safety of the users as well as the social and natural environment.</p>	<p>By getting involved in construction of public and infrastructural facilities, we indirectly contribute to improving the social and economic life quality</p>	<p>We protect the most precious natural areas through adequate planning and protection of the construction sites. We monitor our influence on the environment and react to all threat signals</p>
<p>Foreign-exchange risk</p> <p>Price risk</p> <p>Credit risk</p> <p>Liquidity loss risk</p>	<p>Risk of labour cost growth</p>	<p>Risk of delays and not meeting deadlines or insufficient quality of the work of subcontractors</p> <p>Risk of delays in obtaining appropriate administrative decisions</p>	<p>Risk of changes in the scope of the works or technologies agreed to under agreements</p>	<p>Risk of delays in obtaining appropriate administrative decisions,</p>	<p>Risk of delays in obtaining appropriate administrative decisions,</p> <p>Risk of occurrence of adverse weather or soil conditions</p>

MANAGEMENT CULTURE

Summary of strategy objectives for 2016-2020

		2017	
Objectives	Indicator (KPI)	Objective	Completion
Ensuring reliable financial and non-financial reporting	Social reporting	V	V

MANAGEMENT GOVERNANCE

102-18

The Budimex Group operates in compliance with the highest management standards and the implemented management systems are based on transparent decision-making processes. In the case of detection of problems, corrective measures are immediately employed. Key stakeholders of the companies and all parties concerned receive relevant and reliable information in due time. Budimex, as a listed company, uses an adequate tool in order to eliminate risks in management, namely, a set of corporate governance rules – “Good Practices of Companies Listed on the WSE 2016”. The rules describe, i.a. the terms of conducting the information and communication policy with investors, internal systems and functions, relations with shareholders. Budimex SA employs all rules contained in the set, excluding:

- mutual real-time communication within which shareholders can express their opinions during a General Meeting while being present in a location different from the one where the Meeting is organised;
- exercising their voting rights personally or via a re-

presentative during a General Meeting while being present in a location different from the one where the Meeting is organised.

Budimex believes that implementation of these rules could lead to technical risks, followed by legal risks, as far as proper organisation of General Meetings is concerned. For several years, in order to provide active communication with the shareholders, the General Meetings have been transmitted live.

Structure of the Management Board and the Supervisory Board

102-18

In compliance with regulations applicable in Poland regarding listed companies, the Company bodies are: the Management Board, the Supervisory Board and the General Shareholder Meeting. The Management Board's role is to manage the current Company's affairs and represent it externally. The Supervisory Board ensures constant supervision over the Company's activity, within all domains of its operation. The Board also has the right to demand (for their own purposes) to perform necessary studies and tests within the scope of the issues controlled and supervised by it. The General Shareholder meeting issues decisions regarding the vital matters of the existence and activities of the Company. The members of the General Shareholder Meeting may decide, i.a., on the composition of the remaining bodies and on the utilisation of Company's profits.

The Management Board of Budimex SA, in comparison with the previous year, has not been changed.

As of 31 December 2017, the composition of the Budimex SA Management Board was as follows:

- **Dariusz Jacek Blocher**, President of the Management Board, General Manager;
- **Fernando Luis Pascual Larragoiti**, Vice President of the Management Board;
- **Radostaw Górski**, Member of the Management Board, Director of General Construction;
- **Cezary Mączka**, Member of the Management Board, Chief HR Officer;
- **Jacek Daniewski**, Member of the Management Board, Chief Legal and Organisational Officer;
- **Artur Popko**, Member of the Management Board, Director of Infrastructure Construction;
- **Henryk Urbański**, Member of the Management Board, Director of Property Management Division;
- **Marcin Węglowski**, Member of the Management Board, Director for Financial and Economic Affairs.

In comparison with the previous year, similarly to the case of the Management Board, there were no changes in the Supervisory Board in 2017. At the end of 2017, the

composition of the Budimex SA Supervisory Board was as follows:

- **Marek Michałowski**, Chairman of the Supervisory Board;
- **Alejandro de la Joya Ruiz de Velasco**, Vice-Chairman of the Supervisory Board;
- **Igor Adam Chalupiec**, Secretary of the Supervisory Board;
- **Marzenna Anna Weresa**, Member of the Supervisory Board;
- **Ignacio Clopes Estela**, Member of the Supervisory Board;
- **Javier Galindo Hernandez**, Member of the Supervisory Board;
- **Jose Carlos Garrido-Lestache Rodriguez**, Member of the Supervisory Board;
- **Piotr Kamiński**, Member of the Supervisory Board;
- **Janusz Dedo**, Member of the Supervisory Board.

Similarly to the previous year, in 2017, there were three Committees within the Supervisory Board:

- **Audit Committee** (Marzenna Weresa – chairwoman, Javier Galindo Hernandez, Janusz Dedo);
- **Investment Committee** (Piotr Kamiński – chairman, Alejandro de la Joya Ruiz de Velasco, Javier Galindo Hernandez);
- **Remuneration Committee** (Marek Michałowski – chairman, Igor Chalupiec, Alejandro de la Joya Ruiz de Velasco).

The members of the Management Board and the Supervisory Board represent the respective bodies, teams or committees, which develop, implement and monitor the influence of Budimex Group on the natural environment on the society (e.g. CSR Committee, Ethics Commission).

MANAGEMENT APPROACH

102-18, 102-42, 103-1, 103-2, 103-3

The “Integrated Management System Policy” was implemented and signed by the President of the Management Board in May 2017 (earlier, since May 2014 the “Management Policy” had been in force, which was then replaced by IMS) and directly refers to the social responsibility of the business. It contains the information that Budimex is aware of short- and long-term consequences caused by the activity of the company in relation to the society and the natural environment and that sustainable development has fundamental development for the organisation and implementation of its strategy. In the Policy, Budimex commits itself to minimise that impact, while providing the highest quality of services to the clients. The Policy contains information which lists the following as key areas 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

These are the same areas which were indicated as crucial by the CSR Committee and are the basis for the CSR strategy and reporting. At the same time the President of the Management Board of Budimex SA committed to identification of goals and tasks resulting from IMS Policy and make them a criterion of daily operation assessment. The CSR approach to management contained in this Policy is based on the PN-ISO 26000:2012 norm.

Since 2013, a CSR Committee operates in Budimex, comprising representatives of the Management Board and chaired by the President of the Management Board. The CSR Committee is responsible for a comprehensive approach to social responsibility management is possible. If needed they point out the possible risks and problems from the perspective of social and environmental responsibility, and recommend decisions which are compliant with Integrated Management System Policy. The committee meets cyclically, delivers its

opinions, approves and assesses the actions of the CSR. The currently employed CSR strategy for years 2016-2020 was recommended by the Committee and then approved by the Management Board.

The Integrated Management System comprises the following implemented norms and certificates:

- PN-ISO 26000: 2012 – management system of the company’s social and environmental responsibility;
- ISO 9001:2008 – quality management system;
- ISO 14001:2004 – environmental management systems;
- 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;
- NATO Commercial and Government Entity (NCA-GE2) – quality management system²

Implementation and functioning of all above-mentioned certificates was confirmed by SGS Polska auditing company.

The functioning of IMS Policy is subjected to regular audits regarding economic, social and environmental aspects. Its implementation also involves carrying out annual internal audits. Internal audits are carried out by internal auditors – qualified employees of Budimex Group. In 2017 the following internal and external audits were carried out within that scope:

- 16 internal audits and 1 external audit of the Integrated Management System (this audit lasted about a week, in which the whole company was involved),
- 13 internal audits and 13 external audits of the Factory Production Control,
- 12 audits of the Construction Assessment System (SOB).

Each time the internal audits are additionally confirmed by an external audit. Policies, procedures and processes are subjected to regular inspections, which make it possible to achieve effectiveness in regarding business, environmental and social aspects.

¹ <http://www.budimex.com.pl>

² NCA GE - NATO Commercial and Government Entity.

CSR strategy

102-42, 102-44

The Budimex Social Responsibility Strategy for years 2016-2020 was developed on the basis of the aforementioned mission and the following values: Ethics, Cooperation, Responsibility and Ambition. It is directly connected with the business strategy. Based on the assumptions of the CSR strategy and Budimex's key re-

sponsibility areas, eight priorities of the social responsibility were identified. These priorities were assigned to specific actions and key performance indicator (KPI). All goals and indicators of their implementation have set values, which should be achieved within this four-year period.

Strategy Priorities	Objectives	KPI 2020 for measuring the level of goal achievement
I. Improving occupational health and safety standards	Objective: Zero work-related fatalities among Company's personnel and subcontractor's employees	0 fatal accidents
	Objective: Lowering the value of the accident frequency index for Budimex's personnel	% of equipped construction sites with full trained staff, i.e. 100% of the last year's index value
	Objective: Lowering the value of the accident severity index for Budimex's personnel	<100% of the last year's index value
II. Limiting impact on the natural environment	Objective: Effective use of energy and reduction of related emissions	2.8 – toe (tonnes of oil equivalent) / 1 million sales revenue
	Objective: Optimum use of raw materials and materials and minimisation of generated waste	0.79 – % waste / 1 million sales revenue
	Objective: Controlling environmental risks and preventing environmental damage and malfunctions	0 – % malfunctions / 1 million revenue
III. Being a neighbour and guest among local societies	Objective: Zero environment-related conflicts which might result in discontinuing any construction work	0 – number of environmentally motivated conflicts
iv. Eliminating the unethical conduct risk	Objective: Zero unverified cases of potential unethical conduct	0 – number of unverified ethical incidents
V. Building unique competencies and friendly workplace atmosphere	Objective: Maximising the value of the personnel satisfaction index	≥ 100% of the last research value
VI. Ensuring highest quality of performance	Objective: Maximising the value of the Quality Conformance (QC) index	≥ 100% of the last year's value
VII. Supporting the culture of innovations	Objective: Development of innovativeness	≥ 100% of the last year's value
VIII. Provision of supervision mechanisms over social and environmental results of the operation	Objective: ensuring reliable financial and non-financial reporting	Implementation – annual financial and non-financial data reporting
	and non-financial reporting	

Budimex became a member of FTSE4Good Emerging Index, which constitutes an extension of the FTSE4Good indices and has been created to measure performance of companies in terms of their actions taken for the benefit of the environment, social responsibility and corporate governance (ESG). Its scope includes countries operating on Emerging Markets. FTSE4GOOD series are indexes introduced by London Stock Exchange and Financial Times in July 2001. Currently, indexes are calculated for the whole world, selected markets and regions. The selection of companies for participation in indices includes negative selection (excluding companies manufacturing arms and recreational drugs or not abiding by the social equality rules) and positive selection (actions taken for environmental protection, development of positive relations with the surroundings,

upholding and development of human rights, anti-corruption activities).

Since 2011, Budimex has continuously been a part of the RESPECT Index. On 14 December 2017, the Warsaw Stock Exchange announced the new 11th edition and composition of the index, which contained 28 companies. The RESPECT Index is a stock market index which encompasses companies with responsible and sustainable management, listed on the Main Market of the Warsaw Stock Exchange. It includes only companies singled out for their highest management standards in terms of corporate governance, information governance, relationships with investors regarding ecological, social and legal areas. Since the first edition in 2009, RESPECT Index increased in value by 85%.

MANAGING RESPONSIBILITY IN THE SUPPLY CHAIN

Business model

102-8, 102-9

The business model in which Budimex acts as the general contractor is based on a network of subcontractors, who carry out assignments ordered by us. The remaining companies of the Budimex Group carry out assignments as general contractors, therefore, they coordinate the activities of subcontractors or as subcontractors. Budimex Nieruchomości, in turn, assigns tasks as an investor. Subcontractors of Budimex Group are committed to comply with environmental protection regulations and occupational health and safety and are verified regarding the compliance of the operations with Group's standards, in particular regarding quality and work safety, as well as ethical clauses. Their work is constantly monitored for the duration of the cooperation, and upon its completion summative evaluation is carried out. Because of risks such as: low quality of works or delays, subcontractors are audited as well.

The principles of partnership, long-term relations of Budimex with subcontractors, and in the case of changing market conditions, solutions for the optimisation of resources and the order book are being implemented. Budimex Group is aware of being a significant partner to thousands of our subcontractors and that proper execution of works is in the best interest of all parties concerned.

Apart from subcontractors, Budimex Group also cooperates with suppliers of basic materials and resources as well as specialised services, such as producers:

- of road bitumen (Orlen Asphalt, Lotos Asphalt),
- steel reinforcement, reinforcing bars and ferro-al-

- loys (Arcelor Mittal Distribution Solutions Polska, Konsorcjum Stali SA, ThyssenKrupp Energostal SA, Vimex SA),
- aggregates and concrete (Cemex Polska Sp. z o.o., Dyckerhoff 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 (Energia Obrót SA, Tauron Sprzedaż Sp. z o.o.),
- geosynthetic materials (Biuro Inżynierii Drogowej Drotest sp.j.).

In 2017 none of the suppliers of materials or services exceeded 10% of the Group's sales.

CONDITIONS OF WORK, OCCUPATIONAL HEALTH AND SAFETY (OHS)

Summary of strategy objectives for 2016-2020

Objectives	Indicator (KPI)	2017	
		Objective	Completion
Zero work-related fatalities among company's personnel and persons employed by sub-contractors operating on site	Number of fatalities	0	X (2 fatal accidents on the part of subcontractors)
Lowering the value of the accident frequency index for Budimex's personnel	level of the accident frequency index for Budimex's personnel	<100% of the last year's index value	V
Lowering the value of the accident severity index for Budimex's personnel	level of the accident frequency index for Budimex's personnel	<100% of the last year's index value	V
	level of the accident frequency index for Budimex's personnel	<100% of the last year's index value	V

103-1, 103-2, 103-3, 403-1, CRE6

Occupational health and safety of workers directly employed at Budimex Group and indirectly by its contractors is one of the key priorities. For many years, technical and procedural solutions have been implemented in order to provide the highest level of health and safety of work. Currently those mostly involve additional and voluntary solutions, exceeding regulation and legal requirements. Regarding regulations and technical solutions, which may lead to increasing the quality of OHS, we can say that we reached the maximum level and that the priority areas for improvement do not attributable to the technology, but to so called soft activities, which involve attitudes and habits of the staff. The OHS system is constantly analysed in terms of effectiveness, with a possibility of swift implementation of corrective measures. Therefore, one of the priorities is addressing

the human factor, which may potentially be a threat to the safety of the workers, by elimination of attitudes and habits which increase accident rates. In 2017, no significant changes regarding certified OHS systems were introduced. In Mostostal Kraków it is PN-N-18001, and in Budimex SA it is OHSAS 18001 and PN-N-18001.

For years, the Budimex Group has utilised an Occupational Health and Safety Policy. From the point of view of the character of the business activity of the Group, it is one of the most important policies. Its goal is ensuring the safety of processes, workplaces and activities. In particular, all regulations and norms of the law must be obeyed, while additional good practices which build safety culture in the Group are implemented by Budimex Group. The policy and tools which were implemen-

ted because of it, enable accumulation of data regarding potential risks, and therefore precise identification of risks, most importantly: routine and habits in performance of activities, lack of awareness about threats.

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

- Legal compliance;
- Risk assessment and planning;
- Effective and consistent communication;
- Training and involvement in educational activities;
- Allocation of resources within safety management systems;
- Work safety regarding the supply chain, where OHS is a criterion for choosing partners and suppliers;
- Measurement and monitoring of activities;
- Constant improvement and implementation of innovations in that area.

Every company of the Group has committees for OHS, which comprise representatives of employees and the employer. Therefore, the Committees represent all employees (100%). OHS audits are carried out for all contracts, every week.³ At the end of 2017 the OHS Committee had 7 members in Budimex: 1 employer representative, 4 employee representatives, OHS Department Manager and an occupational medicine physician. In 2017, there were 2486 visits at construction sites, which means that, on average, 10 sites were subjected to inspection every day. During audits 15,750 hazards were identified and 83% of them were removed on time. This indicates improvement in comparison with

OHS Training and Prevention

One of the goals for 2017 was the improvement of safety by raising awareness associated with the performance of duties and the position, which is education regarding work safety management. The training programme is consulted with the employees and assessed by them, which means that the content of the training programme is properly adjusted to real needs. OHS training in Budimex is divided into mandatory and systemic training. In 2017, Budimex invested PLN 725,000 into mandatory training, which involved two-thirds of all

2016, when 75% of hazards were removed on time. All information observed during threat inspection and recommendations are stored in one place for easy access and monitoring, if necessary.

Apart from our own audits, in 2017, 20 audits by the National Labour Inspection were carried out. The post-audit recommendations involved, i.a., electrical safety, edge protection for working at a height and in trenches, signs at construction sites and works sites, as well as maintaining order at construction sites.

In the Budimex Group, the Health and Safety Plan standard is implemented. The characteristic feature of the construction sector is the rotation of workers between construction sites; therefore, we care about maintaining the same model of the Plan. All persons performing works for a given contract undergo training in OHS. As part of the so-called “Contract start”, the management of the contract meets with a specialist for the OHS and a specialist for the environmental protection and the required procedures are discussed. The training and procedures of the Budimex Group exceed legal requirements. Training regarding internal safety procedures is also mandatory to the employees of subcontractors.

workers employed in the company. In 2007, 2004 persons took part in periodic training, including 168 persons regarding first aid. “OHS management” systemic training, in turn, involved 175 persons. In total, 2347 employees gained or supplemented their knowledge over the time span of 26,496 hours. In 2018, further education and training activities will be continued.

³ OHS matters of Budimex Nieruchomości are supervised by the Director of the OHS Department in Budimex SA.

In 2017, two new training projects involving construction site safety were launched:

- Training regarding safety management for new production workers, connected with onboarding workshops. Within the framework of this training, they learned about the safety management system regarding contracts carried out by Budimex and their role and shared responsibility;
- Training regarding electrical safety at the construction site for technical construction staff. It was devoted to planning regarding electrical energy supply to construction sites and quality and safety standards of electrical installations. The training participants also learned about reasonable energy use.

The Budimex training system exceeds mandatory training requirements of the Polish law. For example, Budimex organises training more often than it is required by regulations, i.e. once a year for production workers and at least once every three years for management staff. All personnel working on a given contract, including the workers of subcontractors, are required to complete training on internal safety procedures.

Occupational health and safety also involves employees doing office work rather than construction work, therefore, Budimex cares for ergonomics at workplaces and promotion of a healthy lifestyle. The employees can, e.g., receive MyBenefit card, which entitles them to use sports facilities across Poland or recreational trips. Within the framework of CSR strategy, activities regarding work-life balance in the company are implemented. The average number of unused leave per employee is analysed and during the satisfaction survey the employees are asked if their superior favours balance in that area. An important aspect of caring about the employees is also the investment in future personnel and facilitating career progression of Budimex employees. The evidence of activities in that regard is the Human Capital certificate, awarded in 2017.

“Agreement for Safety in Construction”

102-12, 102-42, 102-44

Budimex represents the “Agreement for Safety in Construction” initiative, which promotes appropriate attitudes in terms of OHS in construction industry. It is a place, where competing companies cooperate every day in order to develop the best solutions regarding OHS, e.g. consistent document models, validation model for professional qualification of seasonal workers. One of the key projects of the Agreement is free training for workers of small and medium-sized companies, implemented in cooperation with the Social Insurance Institution. In 2017, a total of training participants reached 3200 persons from 16 sites across Poland. Another joint initiative of the Agreement signatories is the Safety Week, its fourth edition lasted from 8 to 14 May 2017. The motto of the last year’s initiative was “Safety – Pass it on!” During these several days, the employees of companies united by the Agreement took part in hundreds of tra-

ining sessions and exhibitions of e.g. safety equipment, exercises with the participation of Firefighters, Police and meetings with representatives of the National Labour Inspectorate.

Accident rates

403-2, 403-3

In the 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 a serious accident). Such internal self-regulation is more restrictive than the provisions of law regarding accident rates, and provide better capabilities of post-accident analysis because of stricter criteria and more detailed accident differentiation.

In 2017, no violations of permitted concentrations and intensity (NDS, NDN) of harmful and hazardous agents,

nor cases of occupational diseases, were recorded. All employees shall comply with OHS regulations, including the use of protective measures, such as hard hats, protective gloves. Health problems associated with bad habits and inappropriate application of protective measures, e.g. vibration white finger, hearing problems, pneumoconiosis often manifest after several years and it is no longer possible to determine which workplace involved such negligence. In 2017, blue- and white-collar workers were equipped with 10,000 units of clothing in total, and so called sanitary packages were issued in two rounds to over 1200 workers.

Accident rates in 2017:

	Among own Budimex workers		Among subcontractors' workers	
	2016	2017	2016	2017
Number of accidents (total)	46	42	80	89
Number of fatal accidents	0	0	2	2

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

It is mandatory for the Management Board to receive statistics regarding accident rates. Each time, fatalities or potentially fatal accidents (i.e. accidents that could have resulted in victim's death) are directly reported to the Management Board, which analyses them thoroughly. Additionally, the data is analysed at the sector level thanks to the decision of signatories of the "Agreement for Safety in Construction" regarding exchange of accident rate results. This provides a reference point for competing companies and even greater assessment of the situation, including issues requiring improvement.

413-2

The last, also very important, safety element at Budimex construction sites is preventing presence of unauthorised persons at or near construction sites. All regulations involving fencing and appropriate marking of construction sites, while additional preventive measures are implemented by the employees themselves. Security personnel is particularly helpful for that purpose, as they lead to elimination of hazards through protection of property.

OHS and subcontractors

 103-1, 103-2, 103-3, 414-1, 414-2

All subcontractors' employees working on Budimex construction sites undergo mandatory training in internal OHS procedures and are obliged to comply with them. During performance of each contract, the subcontractors are often subjected to inspection and audits. These are meant to not only detect potential hazards but also help the subcontractors with adapting their work to Budimex Group OHS standards. We believe that auditing is our common interest, which helps us provide the highest OHS quality in performed contracts. In 2017, in 1019 suppliers (100%) subjected to pre-qualification and 3068 final evaluations, 23 OHS violations were found. They were all reported and each violation was addressed with corrective measures. A negative assessment in this area may result in terminating cooperation with a particular subcontractor.

Budimex also keeps a register of accidents at work involving subcontractors, which occurred at joint construction sites, where Budimex was the contractor. Their causes and consequences are thoroughly analysed.

Apart from training and audits, Budimex is also engaged in development and promotion of good practices involving subcontractors in construction sector. It is carried out within the framework of the "Agreement for Safety in Construction"

IMPACT ON LOCAL ENVIRONMENT AND BIODIVERSITY

Summary of strategy objectives for 2016-2020

Objectives	Indicator (KPI)	2017	
		Objective	Completion
Controlling environmental risks and preventing environmental damage and malfunctions	number of malfunctions	0	V
Zero environment-related conflicts which might result in discontinuing any construction work	number of environment-related conflicts which might result in discontinuing any construction work	0	V

Limiting impact on the local natural environment

103-1, 103-2, 103-3, 413-1

2017 was successful also because of numerous initiated or planned contracts. From the business point of view, more projects mean higher profits, which also involves greater responsibility for minimising the impact of these investments on social and natural environment. The contracts we carried out in 2017, such as: airport terminals, bridges, motorways and expressways, ring roads, railway line sections, involved disturbing the environment. In 2017, especially important investments included, i.a., Ostróda ring road, Olsztyn ring road or the construction of DN1000 ZZU Czeszów - Kiełczów high-pressure pipeline. These are large investments, and we are aware that construction can significantly affect the natural environment and local communities in direct vicinity of performed works because of disturbing

the functioning of the biosphere. The impact of every investment involves many factors, leads to irreversible changes in the landscape and concerns multiple parties, including the inhabitants or environmental organisations.

It is worth noting that apart from typical infrastructure investments we also perform eco-investments, designed to limit the negative environmental impact of existing constructions, e.g. projects involving decarbonisation or flue gas desulphurisation. We are also testing the implementation of environmental innovations, and in 2017 we implemented projects exploring technological innovations involving recycled materials. Such a road construction design with the use of bitu-

men mix with and granulated bitumen was implemented by the consortium of the Research Institute of Roads and Bridges, Warsaw University of Technology, and Budimex SA with financial support of the National Centre for Research and Development. Budimex's research and development budget for 2017 in comparison with the previous year was increased by 205%, to 3.5 million PLN.

Depending on the location and size of the investment, there is a different scale of potential impact of construction activity on natural environment. For example, road investments display a significantly larger impact when they are carried out in the vicinity of ecologically fragile areas, while the impact of investments carried out in urbanised areas, such as construction of residential blocks, is less severe.

In order to properly manage environmental protection and minimise the negative impact, Budimex Group introduced "Environmental Protection Policy" and implemented certified systems of environmental and energy management. The Policy requires that all companies within the Group comply with national and international environmental regulations and cooperate with supervisory authorities. Additionally, as part of the Integrated Management System used by Budimex and Mostostal Kraków, appropriate certificates and norms were implemented, confirming the currently employed procedures of these companies regarding environmental management, most importantly PN-EN ISO 14001 norm. Each construction process is a complex project, which involves multiple entities. Environmental procedures for specific investments are regulated within homogeneous procedures "Environmental management on contract sites" and "Organisation and management of OHS and environmental protection in a contract". Their goal is to minimise the negative impact of performed works on the natural environment regarding, e.g., the critical identified risk areas. Elimination and minimisation of negative impact on natural environment is carried out through cooperation with stakeholders, training and competence improvement, ecological efficiency, climate change prevention and biodiversity management.

Certain buildings and constructions built by the Budimex Group have so called green certificates, which confirm their ecological efficiency during their construction,

materials used in their construction and the possibility of their future management. In 2017, 3 buildings received LEED certificates, while further construction projects have been started, which are expected to receive two LEED and five BREEAM certificates.

The Budimex Group, in order to protect the natural environment, often goes beyond minimum legal requirements. For that purpose we have set our own environmental protection management standards:

- designing technological roads in a way that uses terrain economically and through only slight modification of its surface,
- reclamation of the terrain to the pre-construction state,
- limiting tree removal to a minimum, relocating plants elsewhere and replanting,
- protection of trees in the vicinity of construction sites from damage,
- construction facilities, (depots, warehouses and transportation bases) are mainly localised in already developed and transformed areas, if possible, far from residential buildings, but also far from naturally valuable areas,
- the occupancy of land in the forests or wetland areas is reduced to the necessary minimum,
- transportation of materials necessary for the construction takes place primarily within the designated road,
- solutions for protection against pollution with chemical substances coming from the construction sites are implemented on sections where earthworks and construction works are conducted near water reservoirs,
- devoting special attention to environmental protection against oil derivatives from cars and construction machinery,
- relocation of fauna and flora, the habitats of which collide with the construction, to new areas.
- monitoring of the construction site by naturalists, e.g., ornithologists, ichthyologists, herpetologists, entomologists, botanists, chiropterologists in accordance to the specifics of the construction and the identified protected species.
- stopping construction when animals enter the construction site,
- the schedule and cycle of works are closely correlated

ted with the cycle of nature,

- construction works in the vicinity of noise-protected areas are carried out only during the day,
- material and waste management in compliance with 3R principle – Reduce, Reuse, Recycle,
- reducing to minimum of idle operation times of construction machinery and vehicles,
- limiting drive speed within the construction site and its vicinity,
- preparation of construction sites for unexpected situations and providing them with equipment necessary in case of contamination.

As part of implementation of the Environmental Protection Policy and prevention of risks and malfunctions, we use MARS tool (Environmental Risk Analysis Module). In 2017, the tool was already implemented in 90%, while during the previous year, effective preventive measures were provided at 96% success rate.

Environmental concerns on a construction site

//// //// //// //// //// //// //// //// //// //// //// 102-11, 103-3, 304-1, 304-2, 304-3, 304-4, 308-2, 413-1, 413-2

Usually, Budimex is the general contractor of a given investment, which means that the formal responsibility for the project preparation is the responsibility of the investor who commissions the works. Therefore, the stage of public consultations and investment planning regarding environmental impact is also the responsibility of the investor and Budimex does not have a direct influence on the shape of the investment regarding its impact on the local community and natural environment. The environmental amenities usually involve the road routes around houses and animal crossings in accordance with their migration routes. It is also a standard to create ecotone areas in forests along routes, which are meant to provide protection to ecosystems in areas of high biodiversity. For instance, it can be a balk or a line of trees. Other important aspect of environmental protection in vicinity of investments involve drainage systems, noise absorbing panels. Budimex also executes contracts in which it serves as the designer and takes responsibility for preparation of the investment with optimal approach towards social and environmental issues. Whether we are both the designer and the contractor or just the contractor, the responsibility for the environmental impact has a considerable significance during execution of the investment and requires executing the highest diligence by our company and our subcontractors. The key concern here is preparation and organisation of construction sites and their facilities, plotting technical road construction and terrain modification so

that they disturb the local inhabitants as little as possible. After the construction works are finished we care about recovering the terrain to its pre-construction state, if possible. Therefore, we secure the tree trunks and roots as well as animal and plant habitats from mechanical damage by heavy equipment beforehand. The so-called construction facilities: depots, warehouses and transportation bases are mainly localised in already developed and transformed areas, if possible. We also try to keep the construction site at a safe distance from inhabited areas. Materials and raw materials for use in a given investment are transported mostly along designated roads. Water bodies are secured from potential contamination by chemical substances, such as diesel oil from construction vehicles and machinery. We also exercise the same measures regarding potential groundwater contamination.

Despite implementing all these solutions, the terrain and flora in direct vicinity of the construction site is to some degree irreversibly destroyed, therefore, it is necessary to carry out so called compensatory replanting in order to make up for these losses. For instance, the surface of the soil (humus), which is often removed during construction works, is often reused at a later stage of the works, e.g., for reinforcing slopes and management of green areas. It is important that the soil used in the works was of local origin, devoid of seed species, which are alien to that area. Therefore, the biological

balance is preserved. Another activity is the method of so called metaplantation, which involves moving the plants from the construction site to a new site of the same requirements and qualities. If during construction it is necessary to fill a small water body, it is carried out after collecting the amphibians, reptiles and birds that live there and moving them to a safe place. In 2017, we moved a total of 8549 amphibians, such as: pelobates fuscus, European fire-bellied toad, several species of toads, newts and frogs, 11 reptiles – sand lizards and 94 birds – sand martins.

These activities are accompanied by appropriate specialists, who monitor the situation, provide conclusions and recommendations. Also, naturalists, such as botanists, ichthyologists and dendrologists are involved. Most construction sites are subjected to environmental supervision, often as a result of environmental decisions and agreements with the Ordering party or is carried out per request of the management of the contract, even if there is no legal obligation to do so. This is the implementation of the precautionary principle by Budimex.

The construction works schedule is closely related with the natural cycles and sometimes the works are post-

102-11, 306-3, 308-1

Not only the organisation but, most importantly, the activity within construction sites is important for satisfying the environmental requirements. Apart from legal regulations, requirements regarding Budimex's contractors are also designated in the Contractor's Code, which commits them to implement Budimex Group standards in that regard and to respect legal norms and environmental decisions regarding a given investment site. Environmental requirements are contained in the Annex to the contract: "Requirements related to environmental protection". One of the standards in force at Budimex Group construction sites is to have a so called environmental first aid kit, which is a kit for the purpose of swift containment and removal of substances harmful to the environment, such as oil, petroleum products. The kits are placed in marked places and the information concerning their location known to the workers. In accordance with the precautionary principle, any contamination is treated as a threat to the environ-

ment until its type and source are determined. Additionally, the supervisory personnel of a given construction site receives training involving environmental protection while the rest of the workers take part in periodic training courses "Training on OHS Management and Environmental Protection on a contract". Each subcontractor entering a construction site receives appropriate training in procedures applicable in the field of environmental protection and rules of conduct in the event of failure. Their equipment is also subjected to technical condition assessment.

306-3, 307-1

As part of implementation of the Policy, the Environmental Protection Team, which carries out inspection and audits regarding compliance with the environmental protection rules on executed contracts. In 2017, no incidents or environmental malfunctions occurred, which could result in harm to the environment. No fines or

others sanctions were imposed on Budimex Group due to violation of environmental regulations. Thanks to the monitoring, small leaks and irregularities involving fuel tanking in Budimex SA were discovered, which did not have a significant impact on the environment.⁴

103-3, 308-2

In 2017, 1019 suppliers (100%) were subjected to pre-qualification and 3068 final evaluations were made, which involved environmental aspects as well. Problems concerning this area were identified in 12 cases. The Ethics Commission, in turn, received no notification concerning violation of environmental protection. Risks associated with problems regarding subcontractors usually involve contamination of soil and water with petroleum products, paints and solvents. It is closely re-

lated with skills of the subcontractors' employees regarding servicing of the equipment and good technical condition of the machinery. In order to avoid such situations, as mentioned above, subcontractors are provided with training regarding environmental procedures before entering the construction site.

Waste management

103-1, 103-2, 103-3, 306-2, 306-3

Appropriate waste management at construction sites is one of the major challenges general contractors have to face. Subcontractors are also responsible for waste generated by them and their proper storage, disposal and final management. Waste management of a project is regulated by Waste Management Plan contained in BIOZ Plan. If hazardous waste is present, the contractor shall define that in the Safe Work Performance Instruction before starting the works and react in case of environmental emergencies and incidents.

The most commonly generated waste types are: dirt and rubble, rocks and waste from renovation and removal of constructions and road infrastructure.⁵ Many of those are reused in construction works, e.g., earthworks and finishing works. Appropriate waste management at

construction sites and monitoring of potential harmful remains are coordinated on an ongoing basis, in laboratories located near the performed investments.

The process of construction is long and complicated and different type of waste is generated at each stage. For instance, during the initial stage of building deconstruction works, brick and concrete rubble is generated, in case of roads it is bitumen or old foundation material, while railway contracts involve track ballast.

As it was already mentioned, some waste can be reused. Removed dirt is a valuable material and is often used for finishing works. Removal of trees and bushes is reduced to a minimum, while the timber acquired during the process is managed by the investor. Bushes

⁴Ze względu na niewielką skalę wycieków nie jest możliwe oszacowanie ich wielkości (w ujęciu objętości paliw). Do wycieku doszło w miejscowości Żmigród podczas realizacji kontraktu 2D3A „Budowa drogi ekspresowej S5 na odcinku Korzeńsko-Widawa”

⁵W niniejszym raporcie gleba i ziemia, ze względu na ogromne wolumeny, są w tabelach pokazywane odrębnie.

or branches may be used as biomass fuel or gardening material after chipping.

Detailed information on the amount of waste is provided in the tables at the end of the report.



RELATIONS WITH LOCAL COMMUNITIES

103-1, 103-2, 103-3, 413-1, 413-2

Reducing nuisance

Budimex, by carrying out their projects, is directly contributing to shaping local communities' surroundings, e.g. by building roads, schools, and hospitals. These are the projects indirectly affecting the creation of new jobs, but construction work means also nuisances, e.g. during transport of construction materials, like dirt and concrete, to construction sites. It involves increased vehicle traffic, noise and dust, traffic restrictions (e.g. rerouting, narrowing and speed limits).

A potential influence on the land within a project surroundings is analysed at the stage of issuing administrative decisions, and the community's representatives are a party to these proceedings. The purpose of these is, in the first place, to reconcile different interests. We feel responsible for the cases where local inhabitants' or entrepreneurs' properties suffer damage for no default of theirs. It is, however, worth emphasising that new projects have also a positive influence on e.g. creating new jobs, developing road-based transport, and making social and cultural space more appealing.

In 2017, a system facilitating feedback on works carried out from inhabitants was implemented in 50% of the projects and an obligation of analysing 100% of the complaints from inhabitants was introduced. In 2017, 3 inhabitants' satisfaction surveys on the projects carried out in their surroundings were carried out. All incidents and complaints are notified to project managers, who are the closest to a given problem and are capable of responding quickly and taking remedial action. Complaints or irregularities are sometimes notified directly to individuals responsible for supervising a given project or sometimes to Budimex Communication Office. All the complaints are investigated and remedial action is taken where necessary. During the reported period, there were no environment-related conflicts which would have contributed to discontinuing any construction work.

Social assessment of works carried out by Budimex S.A. on three selected projects:

project	population in the vicinity of the project	number of people who filled in a dedicated website questionnaire	number of people who took part in the initial assessment	number of people who took part in the detailed assessment
Lublin Western Ring Road (an opinion survey among the inhabitants of the gminas of Jastków and Konopnica)	4,000 people	956 people	208 people assessed the work positively	230 people
			125 people assessed the work neutrally	
			85 people assessed the work negatively	
Bełchatów Ring Road (an opinion survey of the inhabitants of Bełchatów and neighbouring towns)	7,400 people	927 people	418 people assessed the work positively	290 people
			145 people assessed the work neutrally	
			62 people assessed the work negatively	
Luxury residential building at 17 Niemcewicza Street in Warsaw (an opinion survey of the residents of the district of Ochota)	15 thousand	1.4 thousand	36 people assessed the work positively	93 people
			35 people assessed the work neutrally	
			22 people assessed the work negatively	

Compensating communities for nuisance

413-1

We realise that as a company carrying out a contract in a particular time, we turn up in a given community and stay for no more than a few or a dozen or so months, and our presence means changes which are of considerable significance for everyday life order of the local residents. Therefore, wherever we carry out our contract, we undertake social activities which will facilitate to remember Budimex as a good neighbour. The directions of responsibility towards society and the environment are established in the Budimex Social Responsibility Strategy for 2016 to 2020 and in the Company Responsibility Policy which applies to all of the companies within the Ferrovial Group and its employees. According to the gauges laid down in the CSR Strategy, we report the results of social and environmental impacts.

Our participation in social consultation, preceding a decision on the final form of a given project, depends on whether we are only a general contractor or an investor as well. If only a contractor, we do not engage in the stage of consultation preceding the detailed design stage, whereas we always engage in an open dialo-

gue with all the key parties to a project, especially with the local community (sensitive stakeholder group) and environmental experts. In 2017, one of the key objectives achieved within the social sphere was Budimex's social involvement for at least 40% of local communities in the immediate vicinity of which the company's projects are carried out.

For many years, Budimex has been carrying out two internal projects: “ICE Card” and “Parent Zone”.

ICE Card. Budimex for Children

The purpose of the programme “ICE Card” is to sensitise children to obeying the safety rules every day. Within the programme, schoolchildren are given plastic cards with their details facilitating to get in touch with their family in case of an accident. All of the children covered in a given edition by the project are given mobile-phone-shaped cards with a fluorescent case, which can be attached to school bag – 70% of the children are wearing them exactly there. At the same time, this social programme is an educational campaign, promoting the rules of behaving safely in the road and giving first aid. Thus far, the programme has covered over 33,000 children from 340 schools nationwide.

Parent Zone.

“Parent Zone” is a social programme within which areas at hospitals in children’s wards are arranged where children may spend time with their parents, whereas parents have an opportunity to prepare a meal for themselves, take a shower or to put up. By the end of 2017, 23 Parent Zones were launched at hospitals in Siedlce, Suwałki, Lublin, Białystok, Łódź, Katowice, Poznań, Gdańsk, Gdynia, Szczecin, Kraków, Sanok, Wrocław, Olsztyn, Bydgoszcz, Toruń, Jędrzejów, Bogatynia, Oleśnica and Rzeszów. Almost 46,000 hospitalised children can take advantage of these facilities per annum.

To learn more, visit: www.strefarodzica.budimex.pl

Other charity activities in 2017 were also focused on providing aid to children and were performed in cooperation with NGOs. In total, they received a sum amounting to PLN 1,506 thousand in donations from the Budimex Group. Since 2015, there has also been the programme “Grant na Wolontariat” [“Grant for Voluntary Service”] within which Budimex personnel may suggest their own voluntary service initiatives. They are discussed during quarterly CSR Committee meetings when decisions on grants made. Thus far, Budimex volunteers have carried out altogether 18 projects. In 2017, we carried out voluntary service projects also in cooperation with CEMEX Polska.

Also, Budimex is cooperating with higher education institutions and backing students in technical subjects. In 2017, the 8th edition of the Budimex Academy took place, attended by the students of residential building, road building, bridge building, rail building, hydro-engineering, environmental engineering. As part of the Academy, the students have an opportunity to meet experts, experienced in work at construction sites, learn state-of-the-art technologies and innovative solutions used in civil, transportation engineering and in power industry. By the way, it is a chance to listen about job

opportunities offered by the Budimex Group. During of the last year’s edition, we visited the Technological Universities in Warsaw, Lublin, Gdańsk, Białystok, Poznań, Kraków, Śląsk and Wrocław. To learn more about the Budimex Academy, visit: www.facebook.com/Kariera-Budimex/

Other student projects carried out by Budimex also include Program Praktyk Letnich [Summer Apprenticeship Programme] and Program Stażowy [Graduate Programme].

Besides the social programmes mentioned, Budimex engages in charity or sponsorship activities, concentrating above all on providing aid to children and cooperating with non-governmental organisations. In 2017, we continued social, cultural, and educational initiatives, including also initiatives on the promotion of physical culture and sport under support for the following initiatives:

- the “STEP” Educational and Grant Programme, carried out by the Nicolaus Copernicus University in Toruń, addressed to the Polish young people from the poorest regions of Kazakhstan. Enrolling on the programme enables them to finish studies in a sub-

- ject selected by them in Poland,
- the “Diamond Explorers” scholarship programme providing financial support to talented and successful groups of young people to enable them to participate in prestigious international and national scientific and technical contests, in particular in such fields as: technology, engineering, structure, 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 Budimex headquarters are located,
 - supporting the organization of sports events and teams: a charity match of the Volleyball Stars in Szczecin, Polish Women Chess Championship, Polish Sailing Championship for the Disabled, Stomil Olsztyn Football Club, Polish Bridge Association and “Katarzynki” Women Basketball Club in Toruń,
 - other projects consistent with Budimex’s social objectives and are addressed to children: support 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 organizations received from the Budimex Group a sum amounting to PLN 1,506 thousand in donations in 2017.

In 2017, in cooperation with the Krakow Technology Park (KPT), we launched the 2nd edition of KTP ScaleUp – a programme aimed at supporting start-ups working on innovations for industry and smart city. Launching the project resulted from a constant need to modernise the construction operations, for product and technological innovations in our industry. The project is aiming at supporting young entrepreneurs in their work on new concepts, and those who will enrol for the project will have an opportunity to fight for having their ideas put into practice. The programme will end in February 2018.

To learn more, visit: www.budimex-innowacje.pl

ETHICS AND HONESTY IN BUSINESS

Realizacja celów strategii na lata 2016-2020

Objectives	Indicator (KPI)	2017	
		Objective	Completion
Zero unverified cases of potential unethical conduct	number of unverified cases of potential unethical conduct	0	V

102-11, 103-1, 103-2, 103-3

In the construction industry, the figures in most contracts are very high, and the contracts are financed from various sources (public or private funds). Many entities are involved in performing them, which may create favourable conditions for unethical practices, bribery and corruption. To prevent this, a risk map, which includes e.g. information about possible threats of abuses, is updated cyclically. Identified business risks are then put under close surveillance.

Within the Budimex Group, an Anti-Corruption Policy and the Anti-Trust Policy have been implemented. The Anti-Corruption Policy includes a list of permitted and prohibited conduct as well as procedures for suspected prohibited conduct. An integrated management system introduces the procedure “Ochrona interesów Grupy Budimex” [“Protecting the Interests of the Budimex Group”] (05-08), which defines a set of rules for dealing with suspected abusive acts or omissions, including suspected corruption. The procedure includes e.g. the instructions under the titles “Procedures for Cases of Private Financial Gain Offering Attempts and Employee’s

Threatening Attempts” (05-08-02) as well as “Rules of Participation in Sponsored Events and other Actions Resulting in Possible Conflict of Interests” (05-08-03). The former lies down procedures where there is an attempt at offering a financial gain to an employee in return for given acts or omissions as well as where there is a threatening attempt. The latter formulates rules of participation in sponsored events and sets out situations having all the hallmarks of a conflict of interest, accepting and offering gifts. Whether these rules are adhered to or not is monitored and inspected by the Office of Internal Control, and supervised by the General Manager.

Monitorowanie zagrożeń

103-1, 103-2, 103-3, 205-1, 205-2

In the construction industry, the figures in most contracts are very high and they come from various sources of financing (public or private funds); they also involve many entities, which may create favourable conditions for bribery and corruption. To this end crucial risks may be business, legal, financial and reputational ones. To prevent this, a risk map, which includes e.g. information about possible threats of abuses, is updated cyclically. Business risks are monitored closely too.

Correct performance, including potential bribery and corruption, is monitored at 100 % of the construction sites.⁶ The report does not disclose tools used in monitoring, considering them confidential. Disclosure of such information, regarding especially the way of conducting analyses, could, according to the Group, contribute to reducing their effectiveness and increasing the risk of unethical conduct. All these activities are monitored in monthly, biweekly or, where necessary, weekly cycles. Apart from that, the Office of Internal Control conducts separate inspections.

308-1, 308-2, 412-3, 414-1

For the Budimex Group, the issues related to corruption and bribery are related mainly to ethics in business. In relations with subcontractors, Budimex's principle of partner-based, long-term relations applies. We realise we are a big partner for a dozen or so thousand of our subcontractors and it is in all the parties' interest to carry out given work diligently. We have made it our goal to become a general subcontractor, on whom smaller partners can rely also in difficult times, e.g. by making payments promptly, which is quite a challenge in the construction industry. In return, we expect our partners to develop the same approach. After signing a cooperation contract, each external supplier of the Budimex Group is obliged to sign also the following:

- Requirements related to occupational health and safety;
- Requirements related to environmental protection;

Budimex Office of Internal Control has created a manual for Contract Directors/Managers containing production processes facilitating safe and correct performance of contracts in Budimex S.A., on the basis of applicable procedures and instructions. According to the "Final contract settlement" IO-01-01-03 procedure, after each construction project is finished, the personnel of the Office of Internal Control inspected final settlements regarding construction materials purchased and used.

- Set of rules of procedure for External Suppliers;

"Set of Rules of Procedure for External Suppliers" is the so-called ethical clause and sets out Budimex's expectations towards sub-suppliers for:

- Compliance with the law,
- ethics in business,
- respect for human rights,
- relationships with employees and among employees
- commitments to third parties and the market
- respect for the environment.

On the other hand, each new business partner undergoes a preliminary assessment on the basis of a qualification questionnaire. The questionnaire consists of a supplier's declaration of compliance with applica-

⁶ The list of most important construction contracts signed by Budimex Group companies in 2017 can be found in the Report on Budimex Group operations for 2017, page 11.

ble regulations in such areas as: labour law, OHS and environmental protection. The condition for a supplier's preliminary qualification⁷ is the approval of the declaration. Thus all key suppliers and subcontractors (100%) were subjected to the evaluation (preliminary qualification). On the other hand, a final assessment, where particularly the following are taken into account: quality, timeliness, actual technical resources, OHS, environmental issues and issues related to human rights, including employees' rights, is conducted towards the end of every project. In this assessment, contract managers may detail all other irregularities and events which in their opinion could have posed a threat or were not conforming to the principles applying to the sub-suppliers. The results of qualifying questionnaires and final assessments are gathered in the Central Database. Only Budimex's internal auditors, who also assess the sub-suppliers on this basis, have access to these data. In this Central Database, information about suppliers' offers are also gathered, owing to which it is possible to analyse a given sub-supplier's history.

On the basis of pre-qualification and final evaluation procedures, subcontractors can be assigned to one of

four categories of suppliers:

- recommended suppliers (highest ratings);
- qualified supplier (positive ratings, but slightly lower than in the case of a recommended supplier);
- supplier rejected after cooperation (low ratings, but qualification is conditional, i.e. cooperation can be started if a business partner, e.g. implements corrective actions);
- disqualified suppliers (cooperation with a given partner is not possible, e.g. due to its financial standing or gross breach of cooperation rules, e.g. in area of ethics or environmental protection, i.e. a bribery attempt or causing significant environmental damage).

The company particularly seeks that significant agreements with key business partners, often despite weaker negotiating power of Budimex, are supplemented with a special appendix related to ethical issues - their number was as follows:

2016 - 57% (9 z 16)

2017 - 72% (14 z 19)

% of significant contracts with "Code of Conduct for External Suppliers" (an ethical clause covering also human rights)

The results of preliminary assessments (qualifying questionnaires) and final assessments with sub-suppliers in 2017:

	2016	2017
Number of qualifying questionnaires	1191	1019
Number of final assessments	4583	3068
Number of detailed irregularities identified	184	153
Number of irregularities identified		
Meeting the deadlines	61	46
Product quality	24	21
Technical resources	50	41
Meeting the price terms and conditions	11	10
OHS	26	23
Environmental Protection	12	12

Compared with the previous year, the number of irregularities identified both overall and in individual categories has fallen, except for the category "Environmental Protection", where the number has remained the same. The suppliers with whom irregularities had been identified were given recommendations in the form of a report as to further actions.

⁷ Pre-qualification is the first stage of supplier assessment which is made under a preliminary questionnaire. Based on its results, a given entity is either recommended or not for further cooperation with Budimex.

Code of Ethics

102-16, 103-1, 103-2, 103-3

Within the Budimex Group, the Code of Ethics has been in place in all the companies covered by the report since 2010. The Code of Ethics is to set out rules aiming at preventing all forms of unethical conduct, including corruption and bribery as well as all forms of discrimination. The Code of Ethics applies to all of the Group personnel and external suppliers.

The rules of Budimex's Code of Ethics:

I. Human rights and working standards:

1. Supporting and abiding by human rights adopted by the international community.
2. Eliminating all cases of human rights abuse by the company.
3. Respecting the freedom of association.
4. Eliminating all forms of forced labour.
5. Abolishing child labour.
6. Effectively preventing discrimination in employment.

II. The environment:

7. A preventive approach to the environment.
8. Undertaking initiatives aiming at promoting attitudes of ecological responsibility.
9. Using and popularising environmentally friendly technologies.

III. Preventing corruption:

10. Preventing corruption in any form, including coercion and bribery.

It is the responsibility of the Ethics Committee to ensure the provisions of the Code of Ethics are abided by and to monitor compliance of the standards of professional ethics with the rules of the Code of Ethics. Ethics Committee was formed by the President of the Management Board and is composed of:

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

Every year a report on the Ethics Committee's workings is compiled which is then handed over to the Manage-

ment Board and the Supervisory Board Audit Committee.

The Ethics Committee supports implementing, managing, and monitoring the Compliance Policy, which was introduced in September 2017 (becoming effective since the date when published on the intranet website, i.e. 31 October 2017) and applies within the entire Budimex Group. The Compliance Policy means "ensuring compliance of the organisation's activities with the applicable law, standards and internal regulations, aimed at: preventing breaches of the organisation's good name and reputation, minimising the risks of financial losses related to the organisation's activities contrary to the law or the internal regulations, as well as reducing the risk of exposing the organisation to civil, administrative or criminal liability". It also states that respect for the law and ethics in business is one of the Budimex Group's crucial rules. The following are the cardinal rules of the Compliance Policy:

- Respect for the law;
- Ethics and honesty in running business;
- Transparency of the activities of the Group's companies;
- Zero tolerance for unlawful activities and activities contrary to the Compliance System.

At the same time, the Policy 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 Management Board, and the Deputy Chief Compliance Officer, and also by the Compliance Committee established at the request of the Chief Compliance Officer, which will be composed of the representatives of each of the Company organisational departments. The Committee Chief Officer is Member of the Management Board, Head of the Legal and Organisational Department.

Failure to abide by the Code of Ethics and 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.

Also, a very important issue of diversity management is related to running business activity according to the rules of ethics. Diversity and openness are the values according to which business decisions need to be made and according to which the employment policy is im-

406-1

Under the Diversity Policy, Budimex has undertaken to create an organisational atmosphere and culture ensuring respect for any diversity. The Diversity Policy deals also with recruitment, access to training courses and promotions, remuneration, combining professional duties with private life, protection against mobbing and an ungrounded dismissal⁸. In 2017, there were no con-

Diversity Charter

Since November 2016, Budimex has been one of the signatories to the Diversity Charter. It is an international initiative, operating for a couple of years. By joining this circle, we have undertaken to treat all our employees equally and to prevent any discrimination at work

103-1, 103-2, 103-3

Each employee may either personally or anonymously notify any noticed breach of the Code or the Compliance Policy to the Ethics Committee Members or to the Chief Compliance Officer, their Deputy or to the Compliance Committee Members in writing to the following address: 40 Stawki Street, 01-040 Warszawa or by e-mail to the following e-mail address etyka@budimex.pl

103-3, 205-3

All the notifications are investigated with the confidentiality standards preserved, and may be the basis for working out streamlining and remedial action. Each case of breach is recorded in writing with recommendations and guidelines for further actions to be taken by a given organisational unit. The Chief Compliance Officer analyses each notification in cooperation with the Compliance Committee and/or the Office of Internal Control Committee if requested so, and assures of no work-related consequences connected with the fact of reporting notification. They are also obliged to provi-

plemented within the Group. Intolerance and discrimination are the risks which threaten the Group's integrity, therefore Budimex S.A. has implemented the Diversity Policy consisting in equal treatment on the grounds of e.g. sex, age, disability, health, race, nationality.

firmed cases of discrimination. In order to manage the policy efficiently, the so-called anti-discrimination and anti-mobbing monitoring, and also 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.

on the grounds of sex, age, nationality, disability, sexual orientation and faith. Also clients, business partners, shareholders

[dimex.pl](mailto:etyka@budimex.pl) or compliance@budimex.pl. Only authorised Members of the Ethics Committee or of the Compliance Committee have access to the box. Also, a Compliance emergency number has been in place +48 789 404 104. Sometimes, there are also notifications being received outside this system, then they are handed over directly to suitable persons.

de the Management Board and the Supervisory Board notification with reports containing information about what actions have been taken in order to account for given notification (not more rarely than for a period of three months). Furthermore, the Supervisory Board Audit Committee may request such a report for a given period. In 2017, 5 notifications of failure to adhere to the provisions of the Code of Ethics and/or the Compliance Policy within the Budimex Group were received of which three turned out to be confirmed, however, none of these events resulted in financial losses within the Bu-

⁸Also the Budimex Operating Regulations guarantee respect for human rights and prevents discrimination in employment.

dimex Group.

The list of notifications of breaches of the Code of Ethics / Compliance Policy in 2017:

- Anonymous notification sent by post to Budimex S.A. President's name concerning unethical conduct of one of the employees holding a managerial position, consisting in suspected breaking the anti-corruption rules, cooperation difficulties and in the risk of a conflict of interests. An analysis carried out did not confirm the corruption charges, whereas a Fishbone assessment revealed difficulties in cooperating with that person. Ultimately, the employee handed in a letter of resignation.
- Personal notification to the Ethics Committee of failure of one of the employees holding a managerial position to inform their employer of carrying out competitive activity to that of Budimex S.A. and the risk of a conflict of interest. After carrying out an analysis, the employee was dismissed on disciplinary grounds.
- Notification through the Compliance in-box concerning issues related to using a company car for private purposes. An analysis of the event revealed lack of communication between the person who notified this problem and their superior. The event was assessed as a misunderstanding and was explained to the notifying person in writing (by e-mail).
- A letter sent to the Ethics Committee notifying of suspected discrimination on the ground of an em-

ployee's pregnancy, employed for a definite period, from her immediate supervisor and exceeding statutory rights to which pregnant women are entitled and termination of an employment contract. An analysis of the situation did not confirm either suspected discrimination or exceeding the rights, and the termination was considered conforming to the Labour Code.

- Notification sent by e-mail to the Ethics Committee's address informing that one of the parking places bought at a housing development, where Budimex Nieruchomości was a developer, turned out to be a disabled parking place. The charge was about misinforming the company's clients. The Ethics Committee provided Budimex Nieruchomości Management Board with guidelines to include clear and explicit information about offered parking places in contracts with clients as well as recommended that Budimex Nieruchomości Sales Office offer the client another solution on the basis of good commercial practice, as a result of which the client bought another parking place.

All the information about the Code of Ethics and Compliance Policy are available on Budinet – the Group's intranet. Each new employee of the Budimex Group familiarises themselves with the Code of Ethics. Since 2016, ethics has been an element of cyclical training courses for the employees, and full cyclical training courses are planned to this end in the future. cyklicznych szkoleń dla pracowników, a w przyszłości planowane są pełne cykliczne szkolenia w tym zakresie.

Compliance with law

206-1, 307-1, 406-1, 407-1, 408-1, 409-1, 415-1, 419-1

In 2017, there were no identified cases of forced labour and child labour either within the Budimex Group or with their subcontractors. Neither were there signs of discrimination or actions which may pose a threat to the right of association and the right to class action. None of the Budimex Group companies financed political parties. At the same time, no lawsuits were brought or penalties imposed on the company, including those related to breaching human rights or the environmental protection provisions.

QUALITY AND SAFETY OF CONSTRUCTIONS

Summary of strategy objectives for 2016-2020

		2017	
Objectives	Indicator (KPI)	Objective	Completion
Maximising the value of the Quality Conformance (QC) index	value of the Quality Conformance (QC) index	<100% of the last year's value	V

Quality Management

103-1, 103-2, 103-3, 416-1

As mentioned above, the Integrated Management System comprising 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 the requirements of AQAP 2110 NATO standard, has been implemented in Budimex.⁹

Budimex has had procedures for having quality control on construction sites and managing the quality of mineral and asphalt mixes, concrete mixes and aggregates in place. They are applicable to all the stages of acquiring and using a given raw material, at different

stages of a construction process: from the criteria and methods of acquiring materials to the guidelines as to what actions need to be taken in the case of departure from a standard.

The safety of constructions depends on the quality of materials used, but also on the accuracy of completing individual stages of their construction, no matter whether it is an express or a public building. The general contractor's liability begins at the designing stage, through erecting and then maintaining facilities.

416-2

The certificates awarded and the next accreditation being under way are the results of efforts of the many people involved in ensuring the highest quality of con-

structions. Uniform quality standards apply to Budimex's all ongoing contracts. In 2017, we did not record incidents which could have resulted in health and life

⁹Thus uniform procedures are generally applicable to all (100%) ongoing contracts.

hazards or structural collapses. In 2017, no fine was imposed on Budimex S.A. 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 labeling information about products and services

Research laboratories and reliable quality control

 103-1, 103-2, 103-3, 416-1

In 2017, ongoing quality control of construction work and building materials, also in the context of safety of constructions, at the stages before, during, and after completion, was exercised altogether by 23 laboratory units, located across the country. The performance of the laboratory works rely on the personnel's high qualifications, whose competences are developed continuously, for example by participating in technical and managerial training courses. Last year 66% of the employees of the Quality Control Office were trained. We also share our technical expertise, by providing training courses for the engineering staff as part of the Budimex Academy.

The Company'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, limits the number of defective products and thus reduces the costs of production. In 2017, the number of accredited tests was increased by 12% compared with the previous year. The laboratories are equipped with modern research apparatus conforming to the international standards. The research apparatus is attested and calibrated systematically.

In 2017, the laboratories were further equipped to have specialist devices, e.g.: Pavetest DTS-30 fatigue testing system with a thermostatic chamber. The new device facilitates comprehensive evaluation of the service life parameters of mineral and asphalt mixes, whose manufacturer is also Budimex. The full scope of laboratory tests can be found on Budimex's website. 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

regular laboratory inspections, Budimex is also becoming involved in research and scientific projects in cooperation with recognised scientific centres, e.g. with the Technical Universities in Wrocław, Białystok, Warsaw, and with the Road and Bridge Research Institute. We are actively supporting the company's innovation development department.

Mostostal Kraków is another company within the Group which operates based on the Integrated Quality Management System conforming to the standards ISO 9001:2008, ISO 14001:2004, PN-N 18001:2004. The conformance has also been confirmed by SGS Polska. Also, the company has welding, bridge, steelwork manufacturer and many other certificates, available at <http://www.mostostal.com.pl/>.

RATIONAL USE OF RESOURCES AND ENVIRONMENTAL PROTECTION

Summary of strategy objectives for 2016-2020

		2017	
Objectives	Indicator (KPI)	Objective	Completion
Effective use of energy and reduction of related emissions	%/1 m sales revenue	2.93	X
Optimum use of raw materials and materials and minimisation of waste generated	%/1 m sales revenue	0.466	X (a slight increase to 0.544)

103-1, 103-2, 103-3

Appropriate management of the demand for materials and raw materials is of great significance in the construction industry. It is extremely difficult to carry out an effectiveness analysis of the demand for materials and raw materials, but also for fuels and energy in the building industry.

Every project consists of a few stages and different types of materials may be used at each of the stages, therefore it is a large undertaking, also logistically, to deliver them in time and to a particular place. It is a similar case during demolition work in the course of which e.g. debris is collected. In this process, means of transport

which are not harmless to the environment are used. For example, during the first phase of building a road, sand is delivered in and at the next stage aggregates and bituminous mass for production of a transport pavement. In order to optimise the transport of materials and thereby minimise a carbon footprint of the entire project, Budimex has a network of bituminous mass factories. Furthermore, we can move such a factory and erect it anywhere in Poland within 5-6 weeks. The capacity of one factory is 320 tons per hour, which in turn involves the demand for electrical energy.

Materials and raw materials

Within the Budimex Group it is possible to effectively manage the demand for materials and raw materials as well as their recycling owing to having a consumption monitoring system in place, which is used to optimise material consumption and to reduce the amounts of waste generated. This process is called VE (value

301-1

The raw materials and materials the Budimex Group uses most frequently, depending on their operations, include plain and modified road asphalt, cement, concrete, steel, hydraulic binders, lime powder, asphalt aggregate (including sand and grit), construction aggregate (sand, gravel), road aggregate (sand, grit, etc.),

103-1, 103-2, 103-3, 301-1, 301-2, 306-2, CRE8

Construction companies' activities are correctly associated with a very large scale of materials and raw materials use. Waste is an inseparable element of construction business. Furthermore, most of it cannot be reused, as for example an bituminous mass is a mix of aggregates, binder and fillers, formed as a result of processing petroleum, 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. The life cycle of constructions is exceptionally long and we do not quite know how they will be managed in the future, in a several dozen years. In the case of their demolition, it is possible to recycle many materials, such as: metal, wood, glass, debris and breakstone. Similarly in the case of road pavements, it can be granulated and reused when replacing or renovating it. Only those materials that find no useful application in given construction work, and particularly

engineering) and facilitates the reduction of the costs and waste apart from using materials rationally. This, in turn, is of significance when limiting the adverse influence of a project on the environment, while deriving business benefits at the same time.

hydro-technical stone and crushed stone ballast. Whereas the following are re-processed: slag, rock winning, cement, crushed-stone aggregate for a bituminous mass, crushed-stone aggregate mixes, concrete, steel, wood.

hazardous materials, are counted among waste. The waste that is the greatest in quantity is earth, soil, stones, generated during earthworks and site excavations. The amount of waste depends on the number of contracts and their specification.

In 2017, we successfully recycled the following raw materials:

- 2,951 tonnes of metals,
- 167 tonnes of plastic,
- 86 tonnes of paper and cardboard,
- Almost 21 thousand tonnes of raw materials from waste generated by other industries (e.g. mining, steelworks, power engineering) was recycled,
- Nearly 1.4 million tonnes of excess soil and earth was reused.

Fuel, energy and CO₂ emissions

103-1, 103-2, 103-3, 302-1, 302-3¹⁰, 305-1, 305-2

The Budimex Group demand for fuels and energy is a result of the following processes:

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

Under the limitation of consumption of fuels and energy, the equipment is modernised and replaced with more economical and ecological pieces, educational campaigns, aimed at encouraging the employees to use the fuels and energy rationally, are conducted. The influence of consumption of these resources de-

¹⁰The intensity index for 2016 was corrected to include a corrected value of the thermal energy consumption.

depends on the nature of a given project. The limitation of consumption applies to Budimex's offices too, e.g. of computer hardware and paper used, which has to have suitable certificates. The car fleet is restocked on an ongoing basis as well. However, all of the activities mentioned are definitely of smaller influence on the limitation of a carbon footprint than the primary business activity compared with the scale of projects carried out. Carrying out investments is closely related with energy consumption and emissivity. One of the ways of restoring the balance of influence on the environment is purchasing the so-called green energy, generated in hydroelectric plants.

In 2017, the demand for electrical energy and thermal energy grew slightly within the Budimex Group. It is related to a greater scale and number of projects than in the previous year. Direct and indirect CO₂ emissions increased by 16.2% compared with 2016. Whereas the use of renewable energy confirmed with suitable certificates in 2017 accounted for as much as 23% of all the electrical energy purchased and increased by 193% compared with the previous year. However, the effectiveness analyses carried out annually due to a long production cycle, the size of a project and a given stage at which they are currently carried out are not reliable and do not cohere reporting periods.

NON-FINANCIAL DATA TABLES

102-45

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

Craft 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
Elektromontaż Poznań SA	Poznań / Poland	full	x
Elektromontaż Import Sp. z o.o.	Warsaw / Poland	full	x
Instal Polska Sp. z o.o.	Poznań / Poland	full	x
Elektromontaż Warszawa SA	Warsaw / Poland	full	x

201-1

Generated economic value (in PLN thousand)*

	2016	2017
Directly generated economic value	5 636 799	6 432 156
Revenue	5 636 799	6 432 156
Divided economic value	5 336 500	6 499 079
Operating costs	4 234 081	5 123 883
Salaries and employee benefits	745 215	869 193
Payments to investors	235 435	413 447
Payments to the state	120 770	91 050
Investments in communities	999	1 506
Retained economic value (calculated as the generated economic value after deducting divided economic value)	300 299	-66 923

*Capital group in such a context in which it is consolidated in the consolidated financial report

102-8

Number of employees as at the end of the year¹¹

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA	1009	3768	4777	1163	4200	5363
- Polish market	1003	2821	3824	1156	3187	4343
contract for a specified period	433	947	1380	508	1259	1767
contract for an unspecified period	570	1874	2444	648	1928	2576
full-time	991	2814	3805	1137	3181	4318
part-time	12	7	19	19	6	25
age under 30	361	616	977	438	687	1125
age 30-50	576	1747	2323	656	2008	2664
age over 50	66	458	524	62	492	554
- German market	6	947	953	7	1013	1020
contract for a specified period	0	926	926	1	991	992
contract for an unspecified period	6	21	27	6	22	28
full-time	6	947	953	7	1013	1020
part-time	0	0	0	0	0	0
age under 30	0	142	142	0	130	130

¹¹The data refers exclusively to employees employed in individual companies (without subcontractors).

age 30-50	2	536	538	2	610	612
age over 50	4	269	273	5	273	278
Budimex Nieruchomości Sp. z o.o.	75	49	124	77	56	133
- Polish market	75	49	124	77	56	133
contract for a specified period	32	19	51	29	22	51
contract for an unspecified period	43	30	73	48	34	82
full-time	71	47	118	73	55	128
part-time	4	2	6	4	1	5
age under 30	14	5	19	12	4	16
age 30-50	56	34	90	57	43	100
age over 50	5	10	15	8	9	17
Mostostal Kraków SA	22	493	515	28	711	739
- Polish market	22	369	391	28	567	595
contract for a specified period	8	63	71	9	253	262
contract for an unspecified period	14	306	320	19	314	333
full-time	22	365	387	28	563	591
part-time	0	4	4	0	4	4
age under 30	10	52	62	17	112	129
age 30-50	10	159	169	9	254	263
age over 50	2	158	160	2	201	203
- German market	0	124	124	0	144	144
contract for a specified period	0	124	124	0	144	144
contract for an unspecified period	0	0	0	0	0	0
full-time	0	124	124	0	144	144
part-time	0	0	0	0	0	0
age under 30	0	10	10	0	18	18
age 30-50	0	70	70	0	70	70
age over 50	0	44	44	0	56	56
Total - Budimex Group	1106	4310	5416	1308	5224	6235
Polish market	1136	3491	4627	1261	3810	5071
contract for a specified period	473	1029	1502	546	1534	2080
contract for an unspecified period	627	2210	2837	715	2276	2991
full-time	1084	3226	4310	1238	3799	5037
part-time	16	13	29	23	11	34
age under 30	385	673	1058	467	803	1270
age 30-50	642	1940	2582	722	2305	3027
age over 50	73	626	699	72	702	774
German market	6	1071	1077	7	1157	1164
contract for a specified period	0	1050	1050	1	1135	1136
contract for an unspecified period	6	21	27	6	22	28
full-time	6	1071	1077	7	1157	1164
part-time	0	0	0	0	0	0
age under 30	0	152	152	0	148	148
age 30-50	2	606	608	2	680	682
age over 50	4	313	317	5	329	334

Newly recruited employees

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA	274	1438	1712	288	1747	2035
- Polish market	274	570	844	287	811	1098
age under 30	153	254	407	168	335	503
age 30-50	117	278	395	114	398	512
age over 50	4	38	42	5	78	83
- German market	0	868	868	1	936	937
age under 30	0	159	159	0	174	174
age 30-50	0	494	494	1	549	550
age over 50	0	215	215	0	213	213
Budimex Nieruchomości Sp. z o.o.	20	13	33	7	12	19
- Polish market	20	13	33	7	12	19
age under 30	9	3	12	2	2	4
age 30-50	11	8	19	4	9	13
age over 50	0	2	2	1	1	2
Mostostal Kraków SA	6	165	171	13	435	448
- Polish market	6	62	68	13	293	306
age under 30	4	24	28	10	92	102
age 30-50	2	31	33	3	144	147
age over 50	0	7	7	0	57	57
- German market	0	103	103	0	142	142
age under 30	0	8	8	0	30	30
age 30-50	0	61	61	0	70	70
age over 50	0	34	34	0	42	42
Total - Budimex Group	300	1616	1916	308	2194	2502
- Polish market	300	645	945	307	1116	1423
age under 30	166	281	447	180	429	609
age 30-50	130	317	447	121	551	672
age over 50	4	47	51	6	136	142
- German market	0	971	971	1	1078	1079
age under 30	0	167	167	0	204	204
age 30-50	0	555	555	1	619	620
age over 50	0	249	249	0	255	255

Employee leaves

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA	90	974	1064	134	1314	1448
- Polish market	90	266	356	134	444	578
age under 30	25	77	102	51	150	201
age 30-50	55	145	200	71	226	297
age over 50	10	44	54	12	68	80
turnover ratio	8.9%	9.4%	9.3%	11.6%	13.9%	13.3%
- German market	0	708	708	0	870	870
age under 30	0	88	88	0	163	163
age 30-50	0	434	434	0	473	473
age over 50	0	186	186	0	234	234
turnover ratio	0.0%	74.8%	74.3%	0.0%	85.9%	85.3%
Budimex Nieruchomości Sp. z o.o.	8	4	12	5	5	10
- Polish market	8	4	12	5	5	10
age under 30	4	1	5	2	1	3
age 30-50	4	3	7	3	2	5
age over 50	0	0	0	0	2	2
turnover ratio	10.7%	8.2%	9.7%	6.5%	8.9%	7.5%
Mostostal Kraków SA	2	170	172	7	216	223
- Polish market	2	58	60	7	94	101
age under 30	1	20	21	2	28	30
age 30-50	1	23	24	5	38	43
age over 50	0	15	15	0	28	28
turnover ratio	9.0	15.7%	15.3%	25.0%	16.6%	17.0%
- German market	0	112	112	0	122	122
age under 30	0	8	8	0	22	22
age 30-50	0	66	66	0	64	64
age over 50	0	38	38	0	36	36
turnover ratio	0	90.3%	90.4%	0	84.7%	84.7%
Total - Budimex Group	100	1148	1248	146	1535	1681
- Polish market	100	328	428	146	543	689
age under 30	30	98	128	55	179	234
age 30-50	60	171	231	79	266	345
age over 50	10	59	69	12	98	110
turnover ratio	8.8%	9.4%	9.2%	11.3%	14.3%	13.6%
- German market	0	820	820	0	992	992
age under 30	0	96	96	0	185	185
age 30-50	0	500	500	0	537	537
age over 50	0	224	224	0	270	270
turnover ratio	0.0%	76.6%	76.1%	0.0%	85.7%	85.2%

Percentage of employees covered by collective agreements

	2016	2017
Budimex SA	99,5%	99,5%
Budimex Nieruchomości Sp. z o.o.	-	-
Mostostal SA	99,6%	99,7%
Average in the Budimex Group ¹²	99,5%	99,6%

Ratio of remuneration for men to the remuneration for women (in the same employee category)¹³

	2016	2017
Budimex SA		
Blue-collar workers	17,80%	17,00%
White-collar workers*	15,93%	16,00%
Managers	9,35%	6,00%
Executives	9,85%	9,00%
Budimex Nieruchomości sp. z o.o.		
Blue-collar workers	._**	._**
White-collar workers	-9,92%	-1,00%
Managers	29,30%	20,00%
Executives	1,10%	3,00%
Mostostal Kraków SA		
Blue-collar workers	._**	._**
White-collar workers	7,30%	14%
Managers	._**	28%
Executives	._**	._**

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

** No women employed in the position.

Definition: remuneration for men / remuneration for women – 1; Note: categories without representation by both genders were omitted

¹²Data refer to Budimex SA, Budimex Nieruchomości, and Mostostal Kraków SA. jointly

¹³Data refer only to the Polish market.

202-1

Lowest remuneration in the company in relation to the minimum wage in the country¹⁴

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA (Polska)	128%	139%	138%	132%	143%	142%
Budimex Nieruchomości Sp. z o.o.	243%	205%	231%	210%	220%	215%
Mostostal Kraków SA	184%	137%	137%	163%	170%	164%

401-3

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

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA	61	9	70	68	6	74
- Polish market	61	7	68	68	4	72
- German market	0	2	2	0	2	2
Budimex Nieruchomości Sp. z o.o.	0	2	2	3	0	3
Mostostal Kraków SA	3	0	3	2	0	2
- Polish market	3	0	3	2	0	2
- German market	0	0	0	0	0	0
Budimex Group	64	9	73	75	6	81
- Polish market	61	7	68	75	4	79
- German market	3	2	5	0	2	2

¹⁴Data refer only to the Polish market.

401-3

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

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA	45	176	221	66	204	270
- Polish market	45	153	198	66	184	250
- German market	0	23	23	0	20	20
Budimex Nieruchomości Sp. z o.o.	4	3	7	2	6	8
Mostostal Kraków SA	0	14	14	4	13	17
- Polish market	0	12	12	4	11	15
- German market	0	2	2	0	2	2
Budimex Group	49	193	242	74	223	297
- Polish market	49	168	217	74	201	275
- German market	0	25	25	0	22	22

401-3

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

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA	0,00%	14,77%	11,76%	19,70%	9,31%	11,85%
- Polish market	15,56%	6,54%	8,59%	19,70%	8,70%	11,60%
- German market	0,00%	69,57%	69,57%	0,00%	15,00%	15,00%
Budimex Nieruchomości Sp. o.o.	50,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Mostostal Kraków SA	0,00%	0,00%	0,00%	25,00%	0,00%	25,00%
- Polish market	0,00%	0,00%	0,00%	25,00%	0,00%	25,00%
- German market	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Budimex Group	20,00%	13,47%	14,81%	19,72%	8,97%	11,56%
- Polish market	20,00%	5,95%	9,17%	19,72%	8,46%	11,40%
- German market	0,00%	64,00%	64,00%	0,00%	13,64%	13,64%

Diversity in the management

	2016			2017		
	Female	Male	Total	Female	Male	Total
Budimex SA						
Management Board	0	7	7	0	8	8
age under 30	0	0	0	0	0	0
age 30-50	0	4	4	0	4	4
age over 50	0	3	3	0	4	4
Including foreigners	0	1	1	0	1	1
Supervisory Board	1	8	9	1	8	9
age under 30	0	0	0	0	0	0
age 30-50	0	3	3	0	2	2
age over 50	1	5	6	1	6	7
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	2	2	0	1	1
age over 50	0	1	1	0	2	2
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

Accidents at work

	Among own Budimex SA workers		Among subcontractors' workers	
	2016	2017	2016	2017
Number of accidents (total)	46	42	80	89
Number of fatal accidents	0	0	2	2
Accident frequency rate	12,82	10,27	no data	no data
Accident severity rate	37,85	37,79	no data	no data

	Accident frequency rate		Accident severity rate	
	2016	2017	2016	2017
Budimex SA	12,82	10,27	37,85	37,79
Budimex Nieruchomości	0	0	0	0
Mostostal Kraków	36,18	24,39	40,29	56,83
Agreement for Safety in Construction	8,41	11,05	38,43	35,95

	Budimex SA		Budimex Nieruchomości Sp. z o.o.		Mostostal Kraków SA	
	2016	2017	2016	2017	2016	2017
Injury rate (IR)	1,28	1,03	0	0	3,62 K: 0,0% M: 3,8%	2,64 K: 0,0% M: 2,73%
	K: 0,1%	K: 0,34%				
	M: 1,58%	M: 1,26%				
Occupational disease rate (ODR)	0	0	0	0	0	0
	K: 0%	K: 0%				
	M: 0%	M: 0%				
Lost day rate (LDR)	41,87	38,8	0	0	145,74 K: 0,0% M: 153,26%	138,62 K: 0,0% M: 143,3%
	K: 1,29%	K: 11,07%				
	M: 52,39%	M: 48,18%				
Absence rate (AR)	4,98%	5,20%	5,34%	5,29%	5,95%	6,09%
	K: 5,95%	K: 6,39%	K: 8,08%	K: 7,98%	K: 6,61%	K: 7,08%
	M: 4,70%	M: 4,77%	M: 1,12%	M: 1,49%	M: 5,92%	M: 6,04%

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

**W – women; M – men

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

Raw material / material		unit of measurement 2015			
			2016	2017	
Budimex SA					
	paper	thousand tonnes	-	-	0.09
	wood	thousand m ³	-	-	14.15
	Asphalt	thousand tonnes	37.26	63.13	69.84
	Cement	thousand tonnes	117.67	144.18	207.48
	Concrete	thousand m ³	825.77	963.19	1,112.33
	Hydraulic binders	thousand tonnes	165.03	285.85	182.13
	Lime dust	thousand tonnes	14.05	26.81	35.72
	Steel	thousand tonnes	38.80	41.79	128.33
Asphalt aggregate	Sand	thousand tonnes	180.09	77.17	104.57
	Grit	thousand tonnes	664.03	968.57	1,140.14
	Other aggregate	thousand tonnes	73.67	93.21	176.53
Construction aggregate	Sand	thousand tonnes	45.94	6.85	73.90
	Gravel	thousand tonnes	546.89	1,123.65	1,550.74
Road aggregate	Sand	thousand tonnes	9,356.52	12,518.81	10,819.32
	Grit	thousand tonnes	284.72	503.36	625.43
	Other aggregate	thousand tonnes	3,336.33	4,620.22	5,321.02
Hydro-technical aggregate	Hydro-technical stone	thousand tonnes	477.74	7.34	21.88
Railway aggregate	Railway breakstone	thousand tonnes	47.97	12.22	141.75
Mostostal Kraków SA					
	paper	thousand tonnes	-	-	0.003
	Steel	thousand tonnes	4.83	5.81	8.72

¹⁵Due to the necessity of using another range of data sorting filters and harmonising measurement units, the selected values for raw materials consumption for 2015 and 2016 have been changed.

301-2

Consumption of raw materials as reuse¹⁶

Category of recovered raw material	unit of measurement			
		2015	2016	2017
combustion by-products	thousand tonnes	44,01	37,61	20,07
Soil	thousand tonnes	336,23	1686,73	1380,20
rubble	thousand tonnes	57,05	-	91,99
crushed asphalt	thousand tonnes	-	-	66,05
aggregates	thousand tonnes	-	-	8,69
track ballast	thousand tonnes	-	-	65,79
loose material reused as % of purchased aggregates		2,91%	1,83%	8,17%

302-1, 303-3

Fuel and electricity consumption¹⁸

Source of energy and energy raw materials	unit of measurement			
		2015	2016	2017
Diesel oil	GJ	180595	193,383.00	251,241.95
	tonnes	4199.89	4,497.29	5,842.84
Gasoline	GJ	7788	8,498.00	13,512.02
	tonnes	175.80	191.83	305.01
Light fuel oil	GJ	19070	35,380.00	39,086.98
	tonnes	443.49	822.78	909.00
Heavy fuel oil	GJ	2,747.00	55,184.00	4,113.89
	tonnes	68.00	1,365.94	101.83

¹⁶Due to the necessity of using another range of data sorting filters and harmonising measurement units, the selected values for raw materials consumption for 2015 and 2016 have been changed.

¹⁷Budimex SA treats all purchased energy as direct consumption. Ass 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 were introduced.

Electricity	GJ	86,587.00	101,454.00	105,955.31
	MWh	24,051.92	28,181.63 (including 2302.684 MWh certified green energy)	29,432.03 (including 6740.37 MWh certified green energy)
Heat energy	GJ	-	28,726.36	32,876.52
	MWh	-	7,979.55	9,132.36
Coal dust	GJ	167,561.00	230,078.00	322,847.36
	tonnes	8,094.73	11,114.89	15,596.49
Natural gas	GJ	-	4,254.13	2,962.24
	tonnes	-	88.63	61.71
LPG	GJ	-	51.56	755.35
	tonnes	-	1.09	15.97
Propane gas	GJ	90.13	1,108.70	922.45
	tonnes	1.91	23.44	19.50
Total	GJ	464438.13	658,117.75	774,274.08
	Toe: /tonne of equivalent oil/	11092.91	15,718.87	18,493.22
Energy efficiency**	GJ/million PLN	90.45	111.98	131.48
	Toe/million PLN	2.16	2.67	3.14

* all values refer to internal consumption within the organisation (Scope 1, Scope 2)

** calculations take into account all energy media mentioned in the table, but the relatively small impact of Budimex Nieruchomości and Mostostal Kraków was not taken into account

302-1

Purchase of energy from renewable sources

Consumption of renewable energy	unit of measurement	Budimex SA		
		2016	2017	Change year-to-year
Purchase of renewable energy	GJ	8,289.66	24,265.33	193%
Production of renewable energy	GJ	-	11.45	-
Total:		8,289.66	24,276.78	193%
CO ₂ emission reduction from purchased renewable energy	Tonnes	1,869.32	5,469.25	193%
CO ₂ emission reduction from produced renewable energy	Tonnes	-	2.58	-
Total:		1,869.32	5,471.83	193%
Efficiency	tonnes/million PLN	0.35	0.93	167%

305-1¹⁸, 305-2, 305-4

CO₂ emissions¹⁹

CO ₂ emissions	unit of measurement	Change year-to-year				
		2015 ²⁰	2016 ²¹	Change year-to-year	2017	Change year-to-year
Direct emissions (Scope 1)	tonnes	31,083.09	44,456.00	43.02%	54,545.08	22.69%
Indirect emissions (Scope 2)	tonnes	19,530.16	18,330.43	-6.14%	18,418.51	0.48%
Total:	tonnes	50,613.25	62,786.43	24.05%	72,963.59	16.21%
Efficiency	tonnes/million PLN	11.12	11.71	5.31%	12.39	5.81%

* all values refer to internal consumption within the organisation (Scope 1, Scope 2)

**relatively small impact of Budimex Nieruchomości and Mostostal Kraków was not taken into account

¹⁸No biogenic CO₂ emission took place in Budimex SA, whether within Scope 1 or Scope 2

¹⁹ Estimates obtained using the common methodology applied in the Ferrovial Group, based on the GHG Protocol and actual consumption of basic fuels and electricity.

²⁰Calculating error correction.

²¹Data verified with avoided emissions from the purchase of renewable energy.

Operations performed within valuable natural areas or in their proximity

Contract name	Works commencement date	Protected areas
Construction of the S51 Olsztyn – Olsztynek expressway within the Olsztyn Wschód – Olsztyn Południe section (formerly: Construction of the Olsztyn ring road in the route of 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)”)	29/03/2016	Natura 2000 “Puszcza Napiwodzko-Ramucka” (PLB 280007) area, Protected Landscape Area of Napiwodzko-Ramucka Forest
Designing and construction of the S5 Korzeńsko - Widawa expressway, Task 1: section from Korzeńsk (approx. km 108+758) to km 123+700	31/07/2014	“Barycz River Valley” Landscape Park, “Trzebnickie Hills” Protected Landscape Area, special protection of habitats Natura 2000 “Dolina Baryczy” PLB020001 area, designed special protection of habitats Natura 2000 “Ostoja and Baryczą” PLH020041, designed special protection of habitats Natura 2000 “Dolina Widawy”
Construction of the S7 expressway within the Miłomłyn-Olsztynek section, Ostróda Północ – Ostróda Południe sub-section, within the route of the S7 expressway, including construction of the Ostróda ring road	15/06/2015	“Dolina Drwęcy” PLH280001, Drwęca River nature reserve, Upper Drwęca River Valley Protected Landscape Area, Elbląski Canal Protected Landscape Area, Taborskie Forests Protected Landscape Area, “Dolina Drwęcy” PLH200001
Construction of the S7 Gdańsk (A1) - Elbląg (S22) expressway within the Koszwały - Elbląg section (after the Kazimierzowo junction)	11/04/2016	Nogat River Protected Landscape Area
Construction of Jarocin ring road within the route of the S11 expressway	18/11/2014	Żerkowsko-Czeszewski Landscape Park, “Szwajcaria Żerkowska” Protected Landscape Area, “Dwunastek” nature reserve, “Dębno and Warta” nature reserve, “Czeszewski Las” nature reserve
Construction of the Żnin-Gniezno expressway, “Mielno” junction - “Gniezno” junction section	03/12/2014	“Pojezierze Gnieźnieńskie” PLH300026, Królewski Forest
Construction of the S5 expressway within the Wronczyn-Kościan section	13/04/2016	Natura 2000 areas (natural habitat 91F0 - direct neighbourhood)
Completion of the construction of the Racibórz Dolny Flood Protection Reservoir	04/12/2017	Special protection area of Natura 2000 Wielikąt Ponds and Tworkowski Forest (PLB 240003), Natura 2000 area Forest near Tworków (PLH240040)
Designing and construction of the S3 Nowa Sól - Legnica expressway (A4), task V from Lubin Południe junction / without the junction/ to Legnica II junction (A4).	27/02/2015	Habitats of protected species: edible frog
Design and build: “Construction and expansion of the regional road no. 678 within the section from Horodniany to intersection with the regional road no. 682 in Markowszczyzna”.	15/12/2016	Habitats of protected species: common toad, green frog, European fire-bellied toad, smooth newt
Design and construction of the S17 Garwolin-Kuurów expressway within the section Garwolin (end of ring road) - border of Masowieckie and Lubelskie Voivodeships: Part 1: within the section Garwolin (end of ring road) - Gończyce (end of ring road) from approx. km 49+973 to approx. km 62+200 length approx. 12.227 km	22/09/2015	Habitats of protected species: among others, common 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 polyctena, Roman snail, edible frog, song thrush
Design and construction of Suwałki ring road within the S61 expressway - Section A and Section B.	29/09/2015	Habitats of protected species: moor frog, common frog, brown frog, common toad (Bufo bufo), Pelobates fuscus, green frog, European fire-bellied toad, pool frog, edible frog, smooth newt, natterjack toad, northern crested newt, Eurasian green toad
Construction of Maciejowa ring road in Jelenia Góra - construction of the south part of the ring road under the Project: “Jelenia Góra ring road - stage II”	28/09/2017	Habitats of protected species: Eurasian blue tit

Design and construction of the S17 expressway Warsaw (Zakręt) - Garwolin within the Junction section	27/01/2016	Habitats of protected species: among others, Formica polycтена, 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 Św. Marcina Street within the section between Gwarna Street and Ratajczaka Street in Poznań	04/09/2017	Habitats of protected species: Eurasian collared dove
Construction of the S5 Poznań - Wrocław expressway, section Radomicko - Kaczkowo, stage II section Leszno Płd. (with junction) - Kaczkowo	05/05/2016	Habitats of protected species: common toad, Eurasian green toad, common frog, Rana esculenta complex, moor frog
Design and construction of the S6 expressway within the section Goleniów - Nowogard (S3 Goleniów Północ junction /with junction/ - beginning of Nowogard ring road	29/09/2015	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
Design and construction of the S6 expressway within the section end of Płoty ring road - junction	05/10/2015	Habitats of protected species: dwarf everlast, red-stemmed feathermoss, broom forkmoss, sand martin, red wood ant
Construction of Trasa Niepodległości (the Independence Route) in Białystok Stage II: Construction of Niepodległości Avenue in Białystok within the lane of regional road no. 669 within the section from Narodowych Sił Zbrojnych Street to I. J. Paderewskiego Avenue	03/12/2016	Habitats of protected species of amphibians and birds
Construction of Trasa Niepodległości (the Independence Route) in Białystok Stage III: Construction of I.J. Paderewskiego Avenue in Białymstok within the lane of regional road no. 669 within the section from Niepodległości Avenue to the regional road	03/12/2016	Habitats of protected species of amphibians and birds
Construction of K. Ciołkowskiego Street in Białymstok within the section from Mickiewicza Street to the city borders together with technical infrastructure	24/11/2016	Habitats of protected species of amphibians and birds

305-7

Air emissions of pollutants, main sources (in kg/year)

Pollutant	unit of measurement	2016	2017	Change year-to-year
		20,65	68,18	230,24%
Nitric oxide	tonnes	21,98	53,51	143,45%
Carbon monoxide	tonnes	69,59	69,4	-0,37%
TPM	tonnes	22,47	30,89	147,91%
Aromatic hydrocarbons	tonnes	0,03	9,56	31 866,67%
Acyclic hydrocarbons	tonnes	0,04	4,66	11 650,00%
Total		124,75	236,20	89,34%

Odpady

Main waste by type weight (tonnes)		2016	2017
		weight (tonnes)	
Hazardous waste, including:		25.270	144.248
Waste code	Waste type	-	-
07 01 03	Organic halogenated solvents, washing liquids and mother liquors (07 01 03)	0.153	0.378
08 01 11	waste paint and varnish containing organic solvents or other dangerous substances	0.520	-
09 01 01	water-based developer and fixer solutions	-	-
09 01 04	Fixer solutions	-	-
12 01 09	Waste machining emulsions and solutions free of halogens	-	-
13 01 10	Mineral-based non-chlorinated hydraulic oils	0.620	-
13 01 13	Other hydraulic oils	-	-
13 02 05	Mineral engine oils, gear oils and lubricating oils	0.360	-
13 02 08	Other engine oils, gear oils and lubricating oils	1.655	1.600
13 05 08	Mixtures of waste from grit chambers and oil/water separator	-	-
13 07 03	Other fuels (including mixtures)	0.040	-
13 05 07	Sludges from oil/water separators	-	0.060
14 06 03	Other solvents and solvent mixtures	0.150	0.134
15 01 10	Packaging containing residues of or contaminated by dangerous substances	16.170	23.216
15 01 11	High pressure packaging	0.140	0.350
15 02 02	Absorbents, filter materials and protective clothing contaminated by dangerous substances	2.809	4.376
16 01 07	Oil filters	0.210	0.450
16 02 13	Discarded equipment containing hazardous elements	0.042	-
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 dangerous substances (e.g. sleepers of wood)	-	4.070
17 05 03	Soil and earth (including stones) containing hazardous substances	1.820	109.205
17 05 05	Dredging spoil containing or contaminated with dangerous substances	-	-
17 06 01	Insulation materials containing asbestos	-	-
17 06 05	Building materials containing asbestos	0.580	-
17 09 03	Other construction and demolition wastes (including mixed wastes) containing dangerous substances	-	-
Non-hazardous waste, including:		198,162.870	107,388.772
01 04 12	Wastes from washing and cleaning of minerals	2,864.060	1,331.340
01 05 99	Wastes not otherwise specified	-	-
02 01 03	Plant-tissue waste	237.400	14,726.400
07 02 99	Wastes not otherwise specified	-	-

10 06 80	Lump copper slag and granulated slag	55,000.000	0.000
12 01 01	Ferrous metal filings and turnings	-	-
12 01 02	Ferrous metal dust and particles	-	-
12 01 03	Non-ferrous metal filings and turnings	-	-
12 01 13	Welding waste	-	0.280
12 01 21	Spent grinding bodies and grinding materials	-	-
15 01 01	Paper and cardboard packaging	55.170	86.442
15 01 02	Plastic packaging	61.610	145.637
15 01 03	Wooden packaging	9.500	10.300
15 01 04	Metal packaging	0.080	-
15 01 06	Mixed packaging	68.070	94.385
15 01 07	Glass packaging	0.140	-
15 02 03	Absorbents, filter materials, wiping cloths	0.150	1.850
16 01 03	End-of-life tyres	8.800	14.800
16 01 15	Antifreeze fluids	-	-
16 01 17	Ferrous metals	0.200	-
16 01 19	Plastics	0.100	-
16 02 14	Discarded equipment	2.730	0.108
16 02 16	Components removed from discarded equipment	0.050	0.028
16 06 05	Other batteries and accumulators	0.500	-
16 07 99	Wastes not otherwise specified	9.000	-
17 01 01	Concrete	78,454.280	32,738.370
17 01 02	Brick rubble	6,291.400	8,332.460
17 01 03	Tiles and ceramics	9.600	10.600
17 01 07	Mixture of concrete, bricks, tiles and ceramics other than those mentioned in 17 01 06	15,068.460	29,660.325
17 01 81	Waste from road repairs and reconstructions	15,475.300	1,645.510
17 01 82	Wastes not otherwise specified	-	-
17 02 01	Wood	2,695.050	4,174.525
17 02 02	Glass	-	-
17 02 03	Plastics	11.490	21.687
17 03 02	Bituminous mixtures	2,544.860	777.380
17 03 80	Waste tar	0.580	48.671
17 04 05	Iron and steel	632.690	2,945.202
17 04 07	Mixed metals	22.080	3.040
17 04 11	Cables	-	1.915
17 05 08	Track ballast	0.860	370.660
17 06 04	Insulation materials	541.270	242.687
17 09 04	Mixed construction and demolition wastes	9,199.530	10,004.170
19 12 12	Waste from mechanical treatment of wastes	8,897.860	0.000

COMPLETION OF STRATEGY OBJECTIVES FOR 2016-2020

Summary of strategy objectives for 2016-2020

Objectives	Indicator (KPI)	2017	
		Objective	Completion
Improving occupational health and safety standards			
Zero work-related fatalities among company's personnel and persons employed by sub-contractors operating on site	Number of fatalities	0	X (2 fatal accidents on the part of subcontractors)
Lowering the value of the accident frequency index for Budimex's personnel	level of the accident frequency index for Budimex's personnel	<100% of the last year's index value	V
Lowering the value of the accident severity index for Budimex's personnel	level of the accident frequency index for Budimex's personnel	<100% of the last year's index value	V
Limiting impact on the natural environment			
Effective use of energy and reduction of related emissions	%/1 m sales revenue	2.93	X (slight increase – 3.14)
Optimum use of raw materials and materials and minimisation of generated waste	%/1 m sales revenue	0.466	X (increase – 0.544)
Controlling environmental risks and preventing environmental damage and malfunctions	number of malfunctions	0	v
Being a good neighbour and guest for local communities			
Zero environment-related conflicts which might result in discontinuing any construction work	number of environment-related conflicts which might result in discontinuing any construction work	0	V
Eliminating the unethical conduct risk			
Zero unverified cases of potential unethical conduct	number of unverified cases of potential unethical conduct	0	V
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
Ensuring highest quality of performance			
Maximising the value of the Quality Conformance (QC) index	value of the Quality Conformance (QC) index	<100% of the last year's value	V

Supporting 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 year’s value	V
Providing methods of supervision over social and environmental results of our operation			
Ensuring reliable financial and non-financial reporting	Social reporting	V	V

ABOUT THE REPORT

102-45, 102-52

The presented report is the tenth annual report of sustainable development in the Budimex Group and, like the previous reports, it focuses on activities and perfor-

mance of three key companies, i.e.: Budimex SA, Budimex Nieruchomości sp. z o.o., Mostostal Kraków SA

102-10, 102-45

It is also the second integrated report. Simultaneously, as compared with the year before, there are no material changes within the scope of reporting. The report does not include the following companies: Budimex Parking Wrocław Sp. z o. o., FB Serwis SA. The latter is recognised in the non-financial report and the consolidated financial report of the Capital Group due to the level of Budimex's capital participation (ownership

structures) in the company. On the other hand, the social and environmental impact exerted by the Budimex Parking Wrocław company is limited and does not play any important role in the background of the capital group's activity. The same applies to all the other small companies, whose operation is less significant. As far as special purpose vehicles are concerned, their impact is analogous to Budimex's impact and is contained in it.²²

102-54, 102-56

This report has been prepared for the first time in accordance with the updated GRI guidelines version in the Core option. The report refers also to the industry indicators presented in the respective sector supplement.

Reliability and conformity of the report to the Guidelines were verified and confirmed by an independent auditor (Deloitte Advisory Sp. z o.o.).

102-10, 102-43, 102-46

The Budimex Group revises key issues in 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 management board of Budimex SA decided that there is no need to repeat the significance tests for the purposes of this report, since, compared to the previous year, no important changes in this respect occurred. This results from the unchanging scope of the business activity and environmental and social impact.

In 2012, the Budimex Group conducted its first comprehensive survey among over a dozen key managers, based on the guidelines of standard PN-ISO 26000. The

survey concerned the analysis and definition of the Group's areas of responsibility. In the next year, those areas were reviewed and expanded by Budimex's newly formed CSR Committee, which defined the areas important from the environmental and financial perspective of the Group, and these were:

- conditions, occupational health and safety (OHS);
- influence on local environment and biodiversity;
- non-ethical conduct prevention (bribery, corruption);
- quality and safety of constructions;
- reasonable use of resources and environmental pollution.

²² The list of companies consolidated in financial reporting, but not taken into account in this report, can be found in the Appendix to the report ("Tables with non-financial data").

On the basis of the survey, the above list of key issues was prepared, indicating the degree of importance of a given aspect to a given company within the Budimex Group and outside. The above-mentioned survey of the importance of non-financial issues in the view of

The stakeholders map features 26 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 (the strategic investor, institutional investors, individual investors, Warsaw Stock Exchange, brokerage houses, banks);
- Customers (GDDKiA, corporate customers, individual customers, business partners, key suppliers, subcontractors, local self-government and government administration);
- Society (local communities in the area of an investment project, residents and community leaders, media, universities and academics, technical and professional organizations);
- Natural environment (environmental organizations, environmental supervision inspectors, State Forests).

In 2017, no significant changes occurred in the dialogue with the respective stakeholder groups or in the use of communication channels, whilst as regards the key areas, the results of previous surveys and talks with stakeholders were used; thus, holding a separate stakeholders' panel was not deemed necessary by the Group for the purposes of this report. The key aspects defined in the report were developed on the basis of the mana-

stakeholders and in relation to respective companies in the Group was used for the purposes of this report. This survey also allowed to identify key non-financial risks.

gers' knowledge, supported by many years' experience. In light of the above, the Group is convinced that the needs of key stakeholder groups and expectations towards the Budimex Group are addressed adequately. For over 5 years, the dialogue with the stakeholders has been operated by the CSR Committee. The defined key issues are analysed and updated on an ongoing basis by the Committee, in respect of both external and internal factors. The dialogue in the Group is decentralised, which means that direct relationships with different stakeholder groups are prevalent, as long as the nature of a given group and its needs require it so. Information about the importance of individual aspects of the Group's business activity is collected on an ongoing basis. For example, due to the nature of the business activity, occupational health and safety is an important area. Therefore, another significant form of dialogue concerning improving safety on construction sites in a continuous and ordered manner is the "Agreement for Safety in Construction" initiative, with Budimex as its signatory.

Social or environmental aspect	Impact aspects and GRI indicators	Budimex SA	Budimex Nie- ruchomości Sp. z o.o.	Mostostal Kra- ków SA
Conditions, occupational health and safety (OHS)	<ul style="list-style-type: none"> - Workplace: occupational health and safety (103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4) - Supplier assessment (414-1, 414-2) - Complaint transfer procedure (103-3) 	high*	high*	high*
Impact on the local environment and biodiversity	<ul style="list-style-type: none"> - Biodiversity (304-1, 304-2, 303-3, 304-4) - Environmental assessment of suppliers (308-1, 308-2) - Complaint transfer procedure (103-3) - Local community (413-1, 413-2) 	high*	low*	low*
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 construction	<ul style="list-style-type: none"> - Client health and safety (416-1, 416-2) 	high*	high	high
Rational use of resources and environmental pollution.	<ul style="list-style-type: none"> - Raw materials and materials (301-1, 301-2) <ul style="list-style-type: none"> - Energy (302-1, 302-3) - Emissions (305-1, 305-2, 305-4, 305-7) - Sewage and waste (306-2, 306-3) <ul style="list-style-type: none"> - Compliance (307-1) - Environmental assessment of suppliers (308-1, 308-2) - Other (industry) (CRE2, CRE8) 	medium*	medium*	medium*

*aspects in case of which we may refer to the extended responsibility, i.e. taking into account the activities of suppliers and subcontractors in the supply chain

GRI Index

102-55

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
Profile indicators								
102-1*	G4-3	Name of the organisation	Comprehensive					Budimex SA
102-2*	G4-4	Primary brands, products and/or services	Comprehensive					[Market activity] [Results for the last year] More on www.budimex.pl
102-3*	G4-5	Location of the organisation's headquarters	Comprehensive					40 Stawki Street 01-140 Warsaw Poland www.budimex.pl
102-4*	G4-6	Number of countries where the organisation operates, and names of countries with either major operations or specifically relevant to the issues covered in the report	Comprehensive		06/03/2010			[Results for the last year]
102-5*	G4-7	Nature of ownership and legal form	Comprehensive		6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8			Spółka Akcyjna (joint-stock company) listed on the Warsaw Stock Exchange (indices: WIG, WIG-BUDOW, WIGDIV, WIG-PL, mWIG40, RESPECT)
102-6*	G4-8	Markets served, including geographic breakdown, sectors served, and types of customers/ consumers and beneficiaries	Comprehensive					[Results for the last year] Detailed information on this subject can be found in the "Report on operations for 2017" available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe
102-7*	G4-9	Scale of activity	Comprehensive					[Results for the last year] [Infrastructural development]
102-8*	G4-10	Number of the Company's employees and employees under the Company's supervision broken down by gender and type of contract	Comprehensive		06/03/2010		8	[Results for the last year] [Managing responsibility in the supply chain] [Tables with non-financial data]
102-9*	G4-12	Supple chain	Comprehensive	8				[Business model]
102-10*	G4-13	Significant changes during the reporting period, regarding size, structure, form of ownership, or value chain	Comprehensive	7				[Market activity] [About the report] A detailed description of changes in the organisational structure of the Budimex Group can be found in the "Report on operations for 2017" available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
102-11*	G4-14	Explanation of whether and how the precautionary principle is applied by the organisation	Comprehensive	6			7	[Environmental concerns on a construction site] [Ethics and honesty in business] The “Environmental management on contract sites” and “HSE organisation and management in a 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. The cover every actual and potential type of impact. In addition, the Group undertook to comply with the precautionary principle by joining the UN Global Compact
102-12*	G4-15	External, adopted are advocated by the organisation, economic, environmental and social declarations, principles and other initiatives	Comprehensive				1-10	<ul style="list-style-type: none"> • UN Global Compact • Diversity Charter (since 2016) • Agreement for Safety in Construction (see: [OHS Training and Prevention])
102-13*	G4-16	Memberships in associations (such as industry associations) and/or national/ / international organisations	Comprehensive				1-10	[Results for the last year]
102-14*	G4-1	Representations of the executive management concerning the importance of sustainable development to the organisation and its strategy	Comprehensive	11				Letter from the President of the Management Board
102-15*	G4-2	Description of key impacts, opportunities and risks	Comprehensive		4.7 6.2.7 4.2 6.2			Letter from the President of the Management Board [Market situation and prospects] [Value model] Business risks are described in the “Report on operations for 2017” available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty-okresowe .
102-16*	G4-56	Wartości organizacji, zasady, kodeks i normy zachowań i etyki.	Pełny		4.4 6.6.3		1-10 16	[Działalność rynkową] [Zarządzanie etyką]

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
102-18*	G4-34	Structure and composition of the organisations' management body	Comprehensive		6.2 74.3 7.75	1-10		[Management governance] [Composition of the Management Board and the Supervisory Board] [Management approach] Detailed information can be found in the "Report on operations for 2017" available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe . Moreover, information about the current composition of the Management Board, Supervisory Board and its Committees, including biographies of individual persons, is available at: http://www.budimex.pl/o-budimex/wladze.html .
102-40*	G4-24	List of stakeholder groups engaged by the organisation	Comprehensive		5.3			[About the report]
102-41*	G4-11	Percentage of employees under collective agreements	Comprehensive		6.3.10		8	[Tabele z danymi niefinansowymi]
102-42*	G4-25	Basis for identification and selection of stakeholder groups engaged by the organisation	Comprehensive					[Tables with non-financial data]
102-43*	G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Comprehensive		5.3			[About the report]
102-44*	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including their reporting	Comprehensive					[CSR strategy] [About the report] [OHS Training and Prevention]
102-45*	G4-17	Entities included in the consolidated financial statements	Comprehensive		5.2 73.2 73.3 73.4			[Market activity] [About the report] [Tables with non-financial data]
102-46*	G4-18	Process for defining the report content	Comprehensive					[About the report]

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
102-47*	G4-19	Identified important aspects of social and environmental impact	Comprehensive					[About the report]
102-48*	G4-22	Explanation of the effect of any adjustments of information provided in previous reports, reasons for such adjustments and their impact (e.g. mergers, acquisitions, change of a base year/period, nature of business activity, measurement methods)	Comprehensive	-	73.2 73.3 73.4			Due to the necessity of using another range of data sorting filters and harmonising measurement units, the selected values for raw materials consumption presented under 301-1 and 302-1 for 2015 and 2016 have been changed. Under 305-1, data were verified with avoided emissions from the purchase of renewable energy.
102-49*	G4-23	Significant changes in relation to the previous report regarding the scope, range, or measurement methods applied in the report	Comprehensive	-				No significant changes
102-50*	G4-28	Reporting period (e.g. fiscal/ /calendar year)	Comprehensive					Fiscal/calendar year: 01.01.2017-31.12.2017
102-51*	G4-29	Publication date of the last report (if any)	Comprehensive					04/07/2017
102-52*	G4-30	Reporting cycle (annual, biennial, etc.)	Comprehensive					[About the report]
102-53*	G4-31	Contact person	Comprehensive		5.3 7.5.3 7.6.2			Krzysztof Koziol Director of the Budimex SA Office of External Communication 40 Stawki Street 01-040 Warsaw krzysztof.koziol@budimex.pl phone: (+48) 22 623 61 12]
102-54*	G4-32a	Compliance with GRI Standards	Comprehensive					[About the report]
102-55*	G4-32b	CSR Index	Comprehensive					[GRI Index]
102-56*	G4-33	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s)	Comprehensive					[About the report] The report was prepared by an external entity on the basis of data provided by Budimex SA, and then subjected to verification by an independent auditor.

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
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Indicators by aspect

Economic impacts

103-1*	G4-20, G4-21	Nature of important area						[Infrastructural development] [Financial results]
103-2*	G4-DMA	Disclosure on Management Approach (DMA)						
103-3*		Measurement and evaluation						
201-1*	G4-EC1	Direct economic value generated and divided, including revenue, operational expenses, employee remuneration, subsidies and other investments in the communities, non-distributed benefits and shares payable to the owners of capital and State institutions.	Comprehensive		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]

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 asphalt and fuels, cement production, steel industry). Thus, changes in regulations and additional burdens of these industries in relation to greenhouse gas emissions, could adversely affect the company's costs. Climate change in a broader sense, i.e. intensity of extreme weather events, may influence the process of execution of contracts. On the other hand, the company's offer responds to expectations indirectly related to climate change. Budimex has adequate resources allowing it to be included in the restructuring processes for power plants (construction of production facilities). In the company's offer there are facilities where power loss was reduced to a minimum and which meet the demands of climate-aware customers.

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
202-1*	G4-EC5	Ratio of the lowest level wage compared to the local minimum wage at significant locations of the organisation	Comprehensive		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	G4-EC6	Percentage of senior management hired from the local market	Comprehensive		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. A few foreigners, representing the main shareholder, are in the governing bodies of companies. Their number is given in the table illustrating the composition of management and supervisory boards.
203-1*	G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement Impact of these activities on society	Comprehensive		6.3.9 6.8.1 6.8.2 6.8.7 6.8.9		2, 5, 7, 9, 11	[Infrastructural development]
Anti-corruption (GRI 205, 206)								
103-1*	G4-20, G4-21	Nature of important area			5.2			[Ethics and honesty in business]
103-2*	G4-DMA	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						

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
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205-1*	G4-S03	Percentage and total number of business units analysed for risks related to corruption	Comprehensive		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, according to the company could contribute to reducing their effectiveness and increasing the risk of unethical conduct.
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205-2*	G4-S04	Percentage of employees trained in anti-corruption policies and procedures	Comprehensive		6.6.1 6.6.2 6.6.3 6.6.6	10	16	[Monitoring of threats] Due to the nature of the business, in particular the staff turnover between contracts, the division into regions was omitted in the indicator's description
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205-3*	G4-S05	Actions taken in response to incidents of corruption	Comprehensive		6.6.1 6.6.2 6.6.3	10	16	[Code of Ethics]
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206-1*	G4-S07	Total number of legal actions against the organisation for anti-competitive conduct, anti-trust, and monopoly practices and their outcomes	Comprehensive		6.6.1 6.6.2 6.6.5 6.6.7		16	[Compliance with law]
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Environmental impacts

The environment: Raw materials and materials (GRI 301)

103-1*	G4-20, G4-21	Nature of important area			5.2			
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103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9		[Rational use of resources and environmental protection]
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103-3* Measurement and evaluation

301-1*	G4-EN1	Raw materials / materials used by weight and volume	Comprehensive		6.5.4	8	8, 12	[Materials and raw materials] [Tables with non-financial data]
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GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
301-2	G4-EN2	Percentage of materials used that are recycled input materials	Comprehensive		6.5.4	8,9	8, 12	[Rational use of resources and environmental protection]
The environment: Energy (GRI 302)								
103-1*	G4-20, G4-21	Nature of important area			5.2			
103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 74.3 7.7.3 7.7.5	7, 8, 9		[Rational use of resources and environmental protection]
103-3*		Measurement and evaluation						
302-1*	G4-EN3	Direct and indirect energy consumption by primary energy source	Comprehensive		6.5.4	8	7, 8, 12, 13	[Fuel, energy and CO2 emissions] [Tables with non-financial data]
303-3	G4-EN5	Energy efficiency	Comprehensive				7, 8, 12, 13	[Fuel, energy and CO2 emissions] [Tables with non-financial data]
The environment: Biodiversity (GRI 304)								
103-1*	G4-20, G4-21	Nature of important area			5.2			
103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6, 7.3.1 74.3 7.7.3 7.7.5	7, 8, 9		[Limiting impact on the local natural environment]
103-3*		Measurement and evaluation						

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
304-1*	G4-EN11	Location and area of the land owned, leased, or managed located in or adjacent to protected areas	Częściowo		6.5.6	8	6, 13, 14, 15	[Environmental concerns on a construction site] [Impact on the local environment and biodiversity] [Tables with non-financial data] Under the indicator, Budimex recognised identified areas and protected species occurring in the areas of its activity, without definite numbers, since these are difficult to estimate. The previous report for 2016 had individual numbers presented, because Budimex was in their possession – they were provided by the investor. Under the currently performed contracts, Budimex only has environmental decisions with figures presented in a limited scope.
304-2*	G4-EN12	Description of significant impact of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Comprehensive	16	6.5.6	8	6, 13, 14, 15	[Environmental concerns on a construction site] [Impact on the local environment and biodiversity]
304-3*	G4-EN13	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 the impact of individual investments on the environment, with an indication of the exact location in relation to the investment. [Impact on the local environment and biodiversity] [Tables with non-financial data]
304-4*	G4-EN14	Number of species included in the Red List of the International Union for Conservation of Nature (IUCN) and national conservation list, with habitats in areas affected by operations, by level of extinction risk	Comprehensive		6.5.6	8	6, 13, 14, 15	[Environmental concerns on a construction site]
The environment: Emissions (GRI 305)								

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
103-1*	G4-20, G4-21	Nature of important area			5.2			
103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9		[Rational use of resources and environmental protection]
103-3*		Measurement and evaluation						
305-1*	G4-EN15	Direct greenhouse gas emissions (Scope 1)	Comprehensive		6.5.5	8	3, 12, 13, 14, 15	[Fuel, energy and CO2 emissions]
305-2	G4-EN16	Total indirect greenhouse gas emissions by weight (Scope 2)	Comprehensive		6.5.5	8	3, 12, 13, 14, 15	[Fuel, energy and CO2 emissions] Non-financial data tables]
305-4	G4-EN18	Efficiency associated with greenhouse gas emissions	Comprehensive		6.5.5		13, 14, 15	[Tables with non-financial data]
305-7*	G4-EN21	NOx, SOx and other significant air emissions by type and weight	Comprehensive		6.5.5	8	3, 12, 13, 14, 15	[Tables with non-financial data] Individual bituminous mixing plants, whose locations are indicated in the table along with emission values of the individual compounds, are the source of emissions. Emissions are related to the work of paving plants and aggregate dryers, as well as tanks of bitumen, asphalt, limestone and stone dust. Different asphalt plants, whose locations are indicated in the table along with emission values of the individual compounds, are the source of emissions
The environment: Sewage and waste (GRI 306)								

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
103-1*	G4-20, G4-21	Nature of important area			5.2			
103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5			[Limiting impact on the local natural environment]
103-3		Measurement and evaluation						
306-2	G4-EN23	Total weight of waste by type and disposal method	Comprehensive		6.5.3	8	3, 6, 12	[Waste management] [Materials and raw materials] [Tables with non-financial data]
306-3*	G4-EN24	Total number and volume of significant spills	Partially		6.5.3	8	3, 6, 13, 14, 15	[Environmental concerns on a construction site] [Waste management]
The environment: Compliance (GRI 307)								
307-1*	G4-EN29	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Comprehensive		4.6	8	16	[Environmental concerns on a construction site] [Compliance with law]
The environment: Environmental assessment of suppliers (GRI 308)								
103-1*	G4-20, G4-21	Nature of important area			5.2			
103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9		[Environmental concerns on a construction site] [Ethics and honesty in business] [Impact on the local environment and biodiversity] [Code of Ethics]
103-3*		Measurement and evaluation						
308-1*	G4-EN32	Percentage of suppliers who were assessed against the environmental criteria	Comprehensive		6.3.5 6.6.6 7.3.1			[Monitoring of threats] [Environmental concerns on a construction site]
308-2*	G4-EN33	Significant current and potential environmental risks in the supply chain	Partially		6.3.5 6.6.6 7.3.1			[Environmental concerns on a construction site] [Monitoring of threats]
Social impacts								
Place of work: Employment (GRI 401)								

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
103-1*	G4-20, G4-21	Nature of important area			6			[Ethics and honesty in business]
103-2*	G4-DMA	Disclosure on Management Approach (DMA)						
103-3*		Measurement and evaluation						
401-1*	GRI-LA1	Total number of resignations and employee turnover rate by age group, sex and region	Comprehensive		6.4.3	6	5, 8	[Tables with non-financial data]
401-2	GRI-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by main organisational units	Comprehensive		6.4.4 6.8.7		8	<p>The benefits are the same, regardless of whether the person is a full-time or part-time employee. Among non-mandatory benefits, the following benefits should be mentioned here: medical</p> <p>insurance (Budimex SA, Budimex Nieruchomości, Mostostal Kraków), life insurance (Budimex SA, Budimex Nieruchomości, Mostostal Kraków) and the cafeteria-system within which employees can select benefits related to culture, tourism, sports and leisure (Budimex SA, Budimex Nieruchomości). 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's objectives" consisting in conditional granting of rights to buy shares of the strategic investor's company.</p>
401-3	GRI-LA3	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 (GRI 402)

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
402-1	GRI-LA4	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Comprehensive		64.3 64.5	3	8	In accordance with the requirements of the Polish Labour Law (i.e. 30 days, unless provided otherwise by the Labour Law in a given case)
Workplace: occupational health and safety (OHS) (GRI 403)								
103-1*	G4-20, G4-21	Nature of important area			6 73.1 74.3 77.3 77.5	1, 3, 6		[Conditions, occupational health and safety (OHS)]
103-2*	G4-DMA	Disclosure on Management Approach (DMA)						
103-3*		Measurement and evaluation						
403-1*	G4-LA5	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 supervise them	Comprehensive		64.6	1	8	[Conditions, occupational health and safety (OHS)]
403-2*	G4-LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and a total number of work-related fatal accidents by region	Partially		64.6 68.8	1	3, 8	[Accident rates] [Tables with non-financial data]
403-3*	G4-LA7	Employment at high risk of occupational diseases	Comprehensive		64.6 68.8	1	3, 8	[Accident rates]
403-4*	G4-LA8	OHS in collective agreements	Comprehensive		64.6	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.
Place of work: Diversity and equal opportunities (GRI 405)								
103-1	G4-20, G4-21	Nature of important area			5.2			
103-2	G4-DMA	Disclosure on Management Approach (DMA)			6.2.3 6.3.7 6.3.10 6.4.3	1, 6		[Code of Ethics]
103-3		Measurement and evaluation						

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
405-1	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other diversity indicators	Comprehensive	23	6.2.3 6.3.7 6.3.10 6.4.3	1, 6	5, 8	[Tables with non-financial data]
405-2	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	Partially	24	6.2.3 6.3.7 6.3.10 6.4.3	1, 6	5, 8	[Tables with non-financial data]
Human rights: Management of aspect (GRI 406-409)								
103-1	G4-20, G4-21	Nature of important area			5.2			
103-2	G4-DMA	Disclosure on Management Approach (DMA)			6.3.6 6.3.7 6.3.10 6.4.3	1, 2, 6		[Code of Ethics]
103-3		Measurement and evaluation						
406-1	G4-HR3	Total number of incidents of discrimination and corrective actions taken	Comprehensive		6.3.6 6.3.7 6.3.10 6.4.3	1, 2, 6	5, 8, 16	[Code of Ethics] [Compliance with law]
407-1	G4-HR4	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Comprehensive		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]
408-1	G4-HR5	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Comprehensive		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	G4-HR6	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to eliminate such incidents	Comprehensive		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 (GRI 412)								

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
103-1*	G4-20, G4-21	Nature of important area						
103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	1-6		[Ethics and honesty in business] [Code of Ethics]
103-3*		Measurement and evaluation						
412-3*	G4-HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses, or that have undergone human rights screening	Comprehensive		6.3.3 6.3.5 6.6.6	1-2		[Monitoring of threats]
Local community (GRI 413)								
103-1*	G4-20, G4-21	Nature of important area			5.2			[Accident rates] [Reducing nuisance]
103-2*	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	10		
103-3*		Measurement and evaluation						
413-1*	G4-SO1	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 market, operating and cessation of activities	Partially		6.3.9 6.5.1 6.5.2 6.5.3 6.8			[Reducing nuisance] [Compensating communities for nuisance] [Environmental concerns on a construction site]
413-2*	G4-SO2	Activities with significant potential or existing negative impact on the local community	Comprehensive		6.3.9 6.5.3 6.8		1, 2	[Reducing nuisance] [Environmental concerns on a construction site] [Accident rates]

Place of work: Assessment of suppliers (GRI 414)

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
103-1*	G4-20, G4-21	Nature of important area			5.2			[Accident rates] [OHS and subcontractors]
103-2	G4-DMA	Disclosure on Management Approach (DMA)			6 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6		
103-3*		Measurement and evaluation						
414-1*	G4-LA14	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	
414-2	G4-LA15	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	[OHS and subcontractors]
Participation in public life (GRI 415)								
415-1*	G4-S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Comprehensive		6.6.1 6.6.2 6.6.4	10	16	[Compliance with law]
Product liability: Client health and safety (GRI 416, 417, 419)								
103-1*	G4-20, G4-21	Nature of important area						[Quality and safety of constructions]
103-2*	G4-DMA	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		
103-3*		Measurement and evaluation						

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
416-1	G4-PR1	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	Comprehensive		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 content of the report are generally applicable and apply to all (100%) ongoing contracts.
416-2*	G4-PR2	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, by type of outcome	Comprehensive		4.6 6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	16	[Quality management]
417-1	G4-PR3	Type of product and service information required by organisation's procedures, and percentage of significant products and services subject to such requirements	Partially		6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9	8	12	Due to the specificity of construction projects, their implementation is accompanied by very detailed construction documents from the earliest stage. The requirements are specified by regulations and standards. These documents include not only the relevant consents, permits or confirmations of acceptance by different offices and departments. Individual raw materials and materials are accompanied by certificates and declarations of conformity, safety marks, or hygiene certificates. This ensures widely understood safety for people and the environment. Rules related to approving construction product for marketing are regulated by applicable laws. Apart from the Act of 7 July 1994, i.e. Construction Law, the legal basis for the above is formed by two subsequent laws: the Act of 16 April 2004 on construction products and the Act of 30 August 2002 on the conformance assessment system. Thus their application is obligatory and includes all (100%) contracts. They are also supported by the Integrated Management System, which guarantees usage of correct construction products and materials.

GRI S	GRI G4	GRI guidelines	range overall partial not reported/ not applicable	p.	Area according to ISO 26000	UN Global Compact principle	SDGs	Comment / description
Compliance (GRI 419)								
419-1*	G4-S08, G4-PR9	Non-compliance with law and social and economic regulations	Comprehensive		4.6 6.7.1 6.7.2 6.7.6.		16	No penalties were imposed [Compliance with law]
Sector indicators								
CRE6*		Percentage of the organisation operating in verified compliance with internationally recognised health and safety management systems (e.g. ISO 18000)	Comprehensive	25				[Health and safety conditions] In the case of Budimex SA and Mostostal Kraków, the implementation of ISO 18000 and OHSAS 18000 was confirmed with relevant certificates. A total of 83.2% of all Budimex Group employees were employed in the two above-mentioned companies at the end of 2017.
CRE8*		Sustainability certification for new constructions, operation of existing constructions and dismantling of demolished constructions	Partially	16			7, 8, 10, 11, 12	[Materials and raw materials] • Office building with infrastructure in Wrocław: LEED GOLD (April 2017) • Construction of the Lidl Distribution Centre Będzin in Psary: LEED GOLD (March 2017) • Business Garden Wrocław, Building 4 (March 2017): LEED Platinum

Indicators marked with an asterisk „” were verified by an independent auditor.

Independent Limited Assurance Report on Indicators Presented in the Integrated Report of Budimex Group for the year ended 31 December 2017.

To the Management Board of Budimex S.A.

Stawki 40
50-950 Wrocław

Scope of work performed

We have undertaken a limited assurance engagement on the indicators presented in the **Integrated Report of Budimex Group for the 1st January 2017 – 31st December 2017** (the "Integrated Report"), developed by Budimex S.A. (the "Company") and marked with "*" symbol in a column "GRI S" in a table GRI Content Index that is a universal disclosures and selected, material topic indicators: 201-1, 201-2, 202-1, 203-1, 205-1, 205-2, 205-3, 206-1, 301-1, 302-1, 304-1, 304-2, 304-3, 304-4, 305-1, 305-7, 306-3, 307-1, 308-1, 308-2, 401-1, 403-1, 403-2, 403-3, 403-4, 412-3, 413-1, 413-2, 414-1, 415-1, 416-1, 416-2, 419-1, CRE6 and CRE8 („Selected indicators"). The indicators have been reported on the basis of GRI Standards Sustainability Reporting Guidelines for "Core" option, issued by Global Reporting Initiative (GRI) and they have been selected by our professional judgment and basing on consultation with the Company.

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the indicators presented in the Integrated Report in accordance with GRI Standards Sustainability Reporting Guidelines for "Core" option, issued by Global Reporting Initiative (GRI). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for reliable, correct and fair information and for correct preparation of the documentation provided to us.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In compliance with International Standard on Quality Control No 1, issued by International Federation of Accountants Deloitte maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Selected indicators as marked in the GRI Content index presented in the Integrated Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected indicators presented in the Integrated Report are free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

In order to form our conclusion on the Selected indicators as marked in the GRI Content index presented in the Integrated Report, we undertook in the period 3 April 2018 – 30 April 2018 the following procedures:

- Through inquiries, obtained an understanding of Budimex S.A. control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Obtained an understanding through inquiries, analytical procedures, observation and other applicable evidence gathering procedures on a sample basis on the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Evaluated whether Budimex S.A. methods for developing estimates are appropriate and had been consistently applied. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Budimex S.A. estimates.
- Compared the information included in the Integrated Report to internal documentation of the Company.
- Undertook site visits to assess the completeness of the indicators under review, data collection methods, source data and relevant assumptions applicable to the indicators.

Limitations

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Our limited assurance engagement has been limited to the Selected indicators as marked in the GRI Content index presented in the Integrated Report and does not extend to the rest of the information included in the report nor the report as a whole. Accordingly, our conclusion below covers only these indicators and not all data presented or any other information included in the Integrated Report.

The process the organization adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Integrated Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information.

Conclusion

Based on our work we have obtained limited assurance that the information concerning the Selected indicators as marked in the GRI Content index included in the Integrated Report developed by the Budimex S.A. are not incompliant with GRI Standards Sustainability Reporting Guidelines for 'Core' option issued by Global Reporting Initiative and no matters has come to our attention to cause us to believe that the Selected indicators presented in the Integrated Report are materially misstated.

Deloitte Advisory

Deloitte Advisory Sp. z o.o.
Warsaw, 30 April 2018

