

# RESPONSIBLE BUSINESS REPORT 2014

GRI G4 (CORE) VERSION OF THE REPORT,  
VERIFIED BY AN INDEPENDENT AUDITOR

**budimex**





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GRI G4 (Core), verified

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dotyczący Raportu odpowiedzialnego biznesu 2014 Grupy Budimex

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# 1 LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD



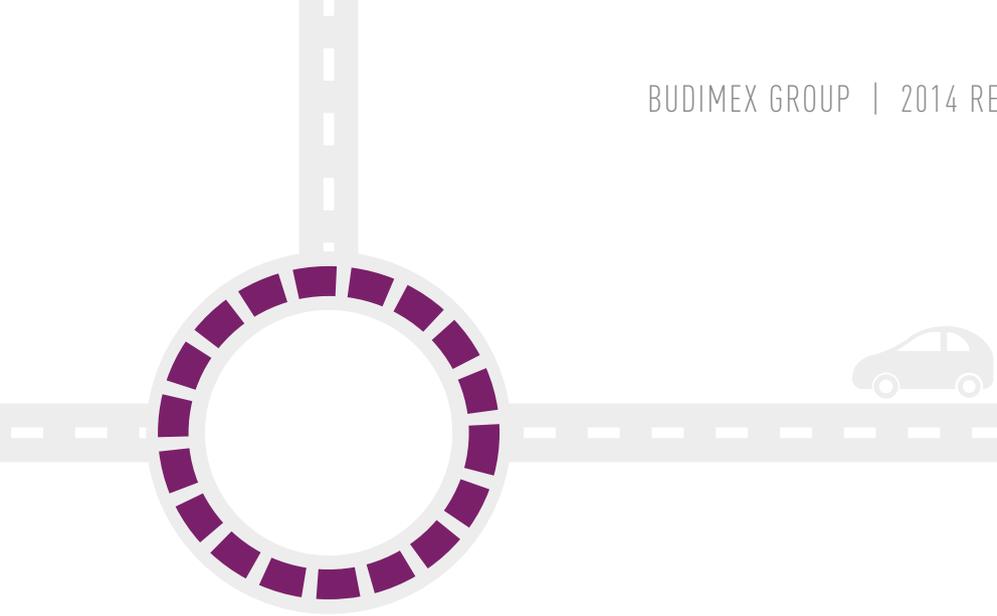
## LADIES AND GENTLEMEN

■ G4-1, G4-2

■ I am pleased to present you with the new social responsibility report of the Budimex Group. Our social reporting has been evolving for a few years. At the beginning it was a simple report at lowest level of advancement. In 2013, we chose to prepare the report based on the latest version of the GRI G4 guidelines, as one of only two companies in Poland. The report itself also seems to awake interest of our stakeholders.

Continuously more advanced social reporting is the most visible proof of responsible business management development in our company. Most of our daily activities are not that visible outside our organisation. Last year we appointed the CSR Committee, over which I have the pleasure to preside. We have also set measurable goals for the CSR Committee in the next few years to come. The CSR Committee is not just a formal body, but a real platform for sharing information and indicating processes that require improvement, so that our business could become more effective from the sustainable point of view. That platform should bear a smaller social and environmental risk, and therefore should be more effective from the shareholders' point of view.

I can see how substantially Budimex has evolved over the last few years and how our employees and counterparties change their understanding of business sustainability. Also the approach to responsible business in our industry and the market as such changes, however quite slowly. I can also remember that a few years ago our company was to be included in the RESPECT Index for the first time. We had initiated a supplier assessment process then, mainly in OHS and environmental areas.



It was quite a novel approach on the construction market. Still, it was a practice that awoke interest. At that time, in 2010, we made approximately 400 preliminary and approximately 800 final assessments. In 2013, these values raised to 1,589 preliminary and 7,722 final assessments. These are real tools, well accepted by contract managers, not just activities for the sake of appearances. One of the most positive aspects is the commencement of constructive dialogue on subjects connected with social aspects of our business. It is our new dimension of approach to responsible business. In the “Agreement for safety in the construction industry”, the most important companies in the industry decided to implement a common training system and an Attachment to subcontractor agreements regarding health and safety regulations. This standardisation constitutes a transition from individual competition to best practices in social solutions and to effective, common initiatives. Thanks to the scale effect, common activities of the companies involved in the Agreement are beneficiary for both ordering parties and the subcontractors.

In this year’s report, bearing the ISO 26000 and new GRI G4 guidelines in mind, we strove to highlight issues connected with the supply chain. We also wanted to demonstrate that we aim to have a real influence on our suppliers’ approach to key responsible business dimensions, i.e. OHS and environmental protection. We don’t forget about our responsibility towards counterparties, local communities and our employees. Finally, we don’t forget about final effects of our business, as we are fully aware that our responsibility is embedded in all Budimex constructions. There are tens of constructions that serve the whole community or protect our environment.

Yours faithfully,

Dariusz Blocher  
President of the Management Board,  
Chief Executive Officer of Budimex SA

# 2 | AWARDS AND DISTINCTIONS

## Awards and distinctions in 2013



### ■ G4-1, G4-2

■ In the 11th edition of the competition organised by the Builder magazine, Budimex was awarded the title of **Construction Company of the Year** in the General Contractor category, and our President Dariusz Blocher was awarded for effective company management and its success in 2013.

The Nowy Przemysł monthly magazine and wnp.pl portal awarded Budimex with the title of **"The One that Changes the Polish Industry"** for constant resistance against unfavourable trends in construction and stability on the challenging and fluctuating market.

The Business Superbrands Brand Council awarded Budimex with the titles of **Business Superbrands 2013/2014** and **Created in Poland Business Superbrands 2013/2014** in the construction category.

In the 4th edition of Eurobuild Awards, Budimex was awarded with the title of **Best construction company on the Warsaw Stock Exchange**.

Budimex was awarded in the **Great Pearls category of the "Perły Polskiej Gospodarki"** competition.



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In the 14th edition of the competition organised by Klub Sportowa Polska, Budimex was awarded with the title of **Constructor of the Polish Sport** for substantial achievements in the sports construction sector.

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In the competition organised under the auspices of the Business Centre Club, Budimex was among the first three **Most Desired Employers** in the construction and real estate category.

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In the prestigious **“Construction of the Year”** competition, organised by Polski Związek Inżynierów i Techników Budownictwa (Polish Union of Construction Engineers and Technicians), as much as 12 projects entered by Budimex Group companies won first and second prizes. Seven constructions were awarded the 1st degree prize and 5 were awarded the 2nd degree prize.

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Construction of the extradosed bridge over the Vistula river near Kwidzyn, pioneering on a European scale, was awarded with the special prize in **5th Edition of the Maksymilian Wolff Bridge Competition**, organised by Mosty magazine. Until now, bridges with similar span width had been built only in Japan (3 bridges) and Canada (1 bridge).

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The **Bridge of the Year 2013** award was granted to the flyover constructed by Budimex near the PGE Arena Stadium in Gdańsk.

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For reconstruction of the historical Wrocław Railway Station, Budimex was awarded with another prize, **i.e. the special prize for best historical object modernisation**. The award was granted in 23rd Edition of the “Piękny Wrocław” competition under the auspices of the President of Wrocław and Towarzystwo Miłośników Wrocławia.

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Budimex has improved its score in the Rzeczpospolita daily ranking of 500 biggest companies – in the **25th Edition of the List of 500 by Rzeczpospolita daily, the company took the 39th place**, improving its score from previous year by 2 places.

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Once again, Budimex was **included in the RESPECT** Index, in which it had been present since 2011. The Index includes stock of the most responsibly managed companies of the Warsaw Stock Exchange.

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Budimex was also found among 20 distinguished companies awarded with the **CSR Silver Leaf in the List of 500 by Polityka weekly magazine**.

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# 3 | ABOUT US

## Market activity and future prospects

■ G4-4, G4-6, G4-8

■ **Budimex Group is one of the strongest and most recognised brands on the construction market. Difficult years of economic slowdown clearly showed that this brand was stable, reliable and trustworthy for customers, subcontractors and suppliers as well as for local communities. Budimex is a brand that guarantees high-quality construction execution and minimisation of social and environmental arduousness, which may potentially accompany construction. Budimex has been present on the market for over 40 years and its projects can be found in several dozen countries on three continents.**

It is not by accident that such approach has been recorded in the company's Mission statement. The Mission is not just an unimportant declaration, but a business philosophy. It is a practice implemented for many years and one that lets business to be based on specific values. A philosophy which in hard times of economic slowdown not only provides survival of the company, but also appoints true leaders. It is not difficult to be developed quickly and spectacularly when the market grows, and to experience defeats later, when prosperity turns round. The challenge here is to capture the art of responsible management, which ensures continuous and stable growth. With

respect to the interest of customers, business partners, employees, local communities, nature and investors, whose assets we try to increase in a balanced but certain way. Responsible business means balancing expectations of all groups of stakeholders, and openness to listening intently to their expectations and anxieties. It also stands for sustainable development, that is the only permanent development, which is so very much expected by not only the environment, but first of all by shareholders thinking about building long-term value.

The key object of the Group's activity is to provide widely understood construction and assembly services under the system of general contracting at home and abroad, property development activities and property management, as well as, on a smaller scale, trade, production and transportation services. As in previous years, main markets for the Budimex Group were Poland (88% of income<sup>1</sup>) and Germany (11% of income). Income from other markets reached the level of 1% of overall Group turnover. In 2013, only technical works were performed on the German market. In the case of Budimex Nieruchomości, the property developer business pertains to three cities: Warsaw, Kraków and Poznań.

The basic business goal of Budimex SA, the dominant Company, beside

<sup>1</sup> Because of that the report is focused on social and environmental results of domestic activity.

rendering construction and assembly services and property developer activity, is the advisory, management and financial function for companies of the Group. Such model aims to achieve fast information flow within the structures of the Group, strengthening the efficiency of the financial and economic business of individual companies and further strengthening of the Group's market position.

Here we should mention several important changes in the structure of the capital group which happened in 2013. Most important ones were the takeover of Elektromontaż Poznań SA and its subsidiaries, and the sale of Budimex Danwood.<sup>2)</sup>



Akademia Muzyczna we Wrocławiu

## BUDIMEX MISSION

G4-56

„Our mission is to implement construction projects, including real estate development undertakings, in a manner worthy of a market leader, respecting the natural environment and ethics, with attention to customer satisfaction and user comfort, to be achieved thanks to our professionalism and passion for construction, high operating effectiveness and partner relations with suppliers and subcontractors.”

<sup>2</sup> Detailed information about the transaction and other organisational structure changes can be found in the "2013 Annual Report", available at [www.raportroczny.budimex.pl/2013/](http://www.raportroczny.budimex.pl/2013/).

### G4-9, G4-EC7

In 2013, there was a renewed slowdown of economic growth in Poland. A particularly strong inhibition could be observed in the construction industry. In 2013, gross added value in the construction industry dropped by 9.0%, as compared to a growth of 0.3% in 2012. While in 2012 construction and assembly works dropped only slightly (-1.1% in comparison to 2011), in 2013 the industry shrank by 13.6%. The observed decrease was a consequence of ending contracts and investments in the following segments: infrastructural (road-building) and residential. Really important for the industry were the substantially lower expenses of the General Directorate of Domestic Roads and Motorways, which dropped from PLN 22.6 billion in 2012 to about PLN 13 billion in 2013. This relatively small number of public investments (particularly the infrastructural ones) and the lengthening winter of 2012/2013 caused that the last year, especially its first half, had turned out to be particularly difficult for the industry.

It is expected that the year 2014 will be a period of stabilisation and inhibition of this strong decreasing trend. A series of new contracts financed partly from the European Union budget within the framework of the new financial perspective for the years 2014-2020 will also be settled. The General Directorate for National Roads and Motorways estimates that in the years 2014-2015 it will spend about PLN 31 billion on fulfilment of its statutory goals. By the end of 2013 it announced about 50 tenders for construction of domestic roads and bypass roads with total value exceeding PLN 35 billion. In the next years investments in railway infrastructure will gain momentum as well. In compliance with assumptions contained in the Long Term Programme of Railway Investments until 2015, prepared by the Ministry of Transport, Construction and Maritime Economy, the expenses of PKP PLK (main investor in this sector) necessary to execute 140 projects in the years 2013-2015 will be PLN

24.9 billion, where in 2013 it was PLN 4 billion, in 2014 it will be PLN 8.3 billion and in 2015 the amount of PLN 12.5 billion will be exceeded. One should not forget about the energy market, where investments also came to a halt, but which still has a huge potential. In the years 2014-2018 the company of Polskie Sieci Energetyczne alone plans to allocate PLN 8 billion to capital expenditure. 2014 may bring an increase in the number of investments in property development companies. Opportunities for new investments and contracts could also be found in public-private partnerships, especially in founding the Polskie Inwestycje Rozwojowe company.

As a consequence of unfavourable changes on the market in 2013, sales volume in the construction segment of the Budimex Group dropped by 26.1% in comparison to 2012. Sales in the infrastructural sector dropped by as much as 30.9%. In the case of the infrastructural segment, the decrease of sales of PLN 3.6 billion in 2012 to PLN 2.5 billion in the last year was observed. In 2013, sales revenue from property developer activity dropped in comparison to the previous year by over 30%. However, it should be reminded that accountancy-based sales revenue is recognised during the transfer of property/flat to the purchaser after the technical acceptance of the entire building. Therefore the sale of real estate concluded in the form of a notarial deed depends on construction project completion date and transfer of finished flats to customers. It is not a seasonal phenomenon nor could it be compared year-after-year.

In 2013, the entire property developer market observed the recovery that was reflected by a very high level of flat pre-sales. The net pre-sales of new flats in 2013 were 742, in comparison to 515 flats in the previous year. To ensure the stability of sales revenue in the following years, in 2013 the construction of over 750 new flats was commenced within 6 new property





Muzeum Śląskie w Katowicach

developer projects located in Warsaw, Kraków and Poznań. As of 31 December 2013, 1,071 flats were under construction. At the same time, the Group has at its disposal an extensive land bank, providing areas for the construction of over 7 thousand new flats..

#### G4-9

Next year the Budimex Group will work in all the most important sectors of the construction market in Poland as well as on the German market. New planned infrastructural investments (particularly in roads) create an opportunity for the Budimex Group to win contracts in this segment. The Group also plans to win contracts in the building, energy and hydro-technical construction segment. It is also planned

to enter the public utilities market and to commence new projects based on public-private partnership.

#### G4-9, G4-EC7

In 2013, the Budimex Group companies signed construction contracts worth PLN 3.3 billion (including annexes). The construction order portfolio of the Budimex Group as of 31 December 2013 was PLN 4.3 billion, which is a decrease by 11% in comparison with the end of 2012. The order portfolio structure is as follows:

- infrastructure – 26%
- non-residential segment – 38%
- railway segment – 22%
- residential segment – 6%
- industrial construction – 4%
- hydro-technical construction – 4%



## G4-9, G4-10, G4-21

The basic economic values that characterise the Budimex Group were:

	2012	2013
Net revenues from sales of products and services, goods and materials (million PLN)	6,077.66	4,749.46
Profits (million PLN)	185.98	301.30
Equity (million PLN)	433.13	645.18
Liabilities (million PLN)	3,015.08	3,041.58
Assets (million PLN)	3,448.21	3,686.75
Number of employees	4,260*	3,983
Number of subcontractor employees under supervision of the Budimex Group	n/a**	n/a**

\* The number does not include employees of Budimex Danwood

\*\* Construction works are characterised by large seasonality of the employment of subcontractors, and the specificity of subsequent stages of executed works means rotation of subcontractors and changing number of workers on Budimex contracts. Currently on each day the employee data, including the subcontractors' employees, are registered directly on construction sites. Those registers are critical for the sake of OHS, especially in emergency situations (e.g. evacuations). The registers are not centrally consolidated.

## G4-12

The Budimex Group activities mean income for the capital group itself and for many companies whose services and products are used. Budimex cooperates annually with 12 thousand counterparties, whose employees execute particular construction and assembly works. The business model in which subcontractors work determines the approach to socially responsible management. The main goal is the subcontractor qualification system and the final score system. The scores mentioned later in this report include typical social factors, such as following environmental protection rules and OHS. When describing the supply chain, we should also mention the basic materials and raw materials. Among Budimex suppliers are the biggest road construction bitumen producers (Orlen Asphalt, Lotos Asphalt), manufacturers of reinforced steel, concrete reinforcing bars and metallurgical products (ThyssenKrupp

Energostal SA, CMC Poland Sp. z o.o., ArcelorMittal Distribution Solutions Polska Sp. z o.o. Konsorcjum Stali Sp. z o.o., Bowim SA, Francisco Ros Casares Polska Sp. z o.o.), aggregate and concrete (Kopalnia Granitu Kamienna Góra Sp. z o.o., ZPK Rupińscy Sp.j., Góraźdze Beton Sp. z o.o., Lafarge Kruszywa i Beton Sp. z o.o., Cemex Polska Sp. z o.o., Kopalnie Dolomitu w Sandomierzu SA, Nordkalk Sp. z o.o., Mineral Polska Sp. z o.o.), road and bridge barriers (Stalprodukt SA), fuels (heating oil, mazut)( Lotos Paliwa Sp. z o.o., Mał-Sped Sp. z o.o.), precast concrete (cubes, edges) (Libet SA), pipes and plastic wells (Hobas System Polska Sp. z o.o.) and shuttering renters (Peri Polska Sp. z o.o.). In addition to the aforementioned raw materials, materials and construction services, the Budimex Group purchases many more. Some of them are processed by Budimex (bitumen, aggregates) in its own factories of bituminous mass.



Libra Business Centre w Warszawie

## BUDIMEX MEMBERSHIP IN ORGANISATIONS AND SOCIAL INITIATIVES:

### 64-16

- Business Centre Club
- Poland – Russia Commercial Society Chamber
- POLLAB Polish Research Laboratory Club
- Polish Chamber of Road Engineering
- Polish Association of Construction Industry Employers
- Polish Asphalt Pavement Association
- Polish-Spanish Chamber of Commerce
- Railway Business Forum
- Association of Stock Exchange Issuers
- Accountants Association in Poland
- UN Global Compact
- Polish Society of Bridge Engineers

## Contribution to infrastructural development

### G4-9, G4-EC7

Budimex Group activities may also be seen differently. The same investments whose execution brings income to the companies, and increased values of capital to shareholders, also mean social benefits. They translate into infrastructure the presence of which supports social development. It is not only about road and railway infrastructure or new airports. Social development with accompanying infrastructure also means hospitals, theatres, museums and higher education. Obviously it also means new flats, but non-residential construction as well. Last year's projects included, among others, the construction of an access road to Dąbrowica junction of the Lublin ring road, Stawiski ring road, reconstruction of the tramline together with the traffic control system in Kraków, construction of the new runway at the Pyrzowice International Airport and ferry quay No 1 at Świnoujście port. Investments not connected with transport included construction of the Educational Centre of the Faculty of Chemistry at Poznań University

of Technology and construction of the Centre for the Meeting of Cultures and modernisation of the building of the Musical Theatre and the Henryk Wieniawski Philharmonic in Lublin, construction of the Municipal Waste Treatment Plant in Białystok and of coastal defences for the Darłowo Harbour.

Also the order portfolio of contracts signed in 2013 contains many investments that would play important social roles. From among road investments it is worth to mention the continuation of construction of the Rzeszów Zachód – Rzeszów Centralny part of the A4 motorway or continuation of construction of the Tarnów – Rzeszów A4 motorway section between the Krzyż junction and the Dębica Pustynia junction. We also signed a contract for extension of the landing area of the Frederic Chopin Airport in Warsaw and designing and construction of the Pomeranian Metropolitan Railway (Stage One: revitalisation of "Kokoszkowska Railway".) Budimex Group was engaged

in reconstruction and extension of the Clinical Hospital of the Medical University in Białystok, construction of a group of clinics for the University Hospital in Bydgoszcz, construction of the building for the needs of the Department of Chemistry of Jagiellonian University and restoration of the Pawilon Czterech Kopuł building in Wrocław. An important project is also connected with assurance of protection of seacoasts within the Central Air Force Range in Wicko Morskie.

Additionally, Mostostal Kraków, contractor for many unique constructions, has executed or continues to execute orders for environmental protection for the industry (e.g. industrial electro-filters and sack filters), sewage plants, waste treatment plants, construction of water dams as well as many other kinds of public utility buildings. Still, probably the most unique project, standing as proof of the Company's craft and professionalism, is the execution of construction of the new steel dome protecting the ruins after the atomic reactor in Chernobyl, whose two parts will be slid over radioactive ashes. The construction will be 105 m high, 150 m long and 257 m wide. As the Novarka consortium, who ordered the construction from Mostostal Kraków, announced, this will be the greatest sliding construction in the history of mankind.

Budimex Group is not an investor, but only a contractor, possibly also a designer of those aforementioned objects. Nevertheless, without engagement of our employee teams and without their professionalism, such objects would never have come to life. Transferring ideas and projects into particular objects and the satisfaction coming from awareness that they often serve thousands of people, is what motivates to work even harder.



Osiedle Smolna w Poznaniu

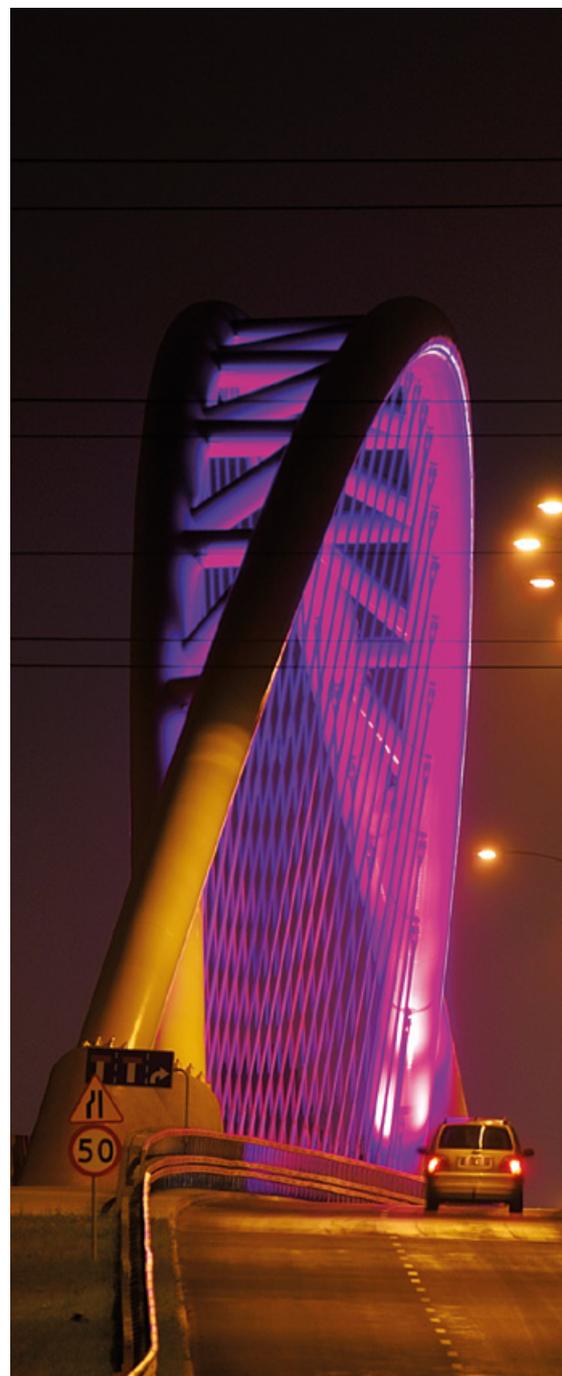
## Sustainable growth management

### PR DMA, LA DMA, EN DMA

Operational management in Budimex is regulated by procedures and processes which very often define behaviour in situations related to quality, safety and occupational health as well as to the influence on social and natural environment. Those improved processes let us achieve continuously better results, not only from their economic but also social and environmental point of view.

The abovementioned procedures and processes constitute the Integrated Management System, including: quality management system according to PN-EN ISO 90001, environmental management system according to PN-EN ISO 14001, OHS management system according to PN-N-18001 and quality assurance system based on requirements of NATO standard AQAP 2110. These systems' effectiveness is confirmed with the certificates granted and with constant supervision over external certification units. Mostostal Kraków also works by the rules of the Integrated Quality Management System, environmental management and OHS within the range of comprehensive investment execution, deliveries and assembly of objects of general, industrial and transport construction in compliance with the following standards: PN-EN ISO 9001:2009, PN-EN ISO 14001:2005, PN-N 18001:2004. Furthermore, the company holds many other highly respected certificates for welding technology, bridge construction, steel construction producer and certificates granted by the Office of Technical Inspection<sup>3</sup>.

For a few years now the existing solutions, according to rules described in PD standard, have been: ISO 26000, consistently supplemented at the Group level by organisational solutions enabling effective and comprehensive responsible business management. Company operations in this area are designated by CSR Policy adopted in 2010 along with measurable goals for the years 2011-2012. Although the original policy and goals were accepted by the company authorities, 2013 had a key meaning for systematised approach to CSR. Formally the CSR Committee was appointed, with members of the management board and key managers. This allowed to not only comprehensively divide responsibility for individual measurements of influence, but first of all an effective cooperation platform was created with holistic approach to sustainable development. Moreover, the CSR Committee, in whose works and cyclic meetings the management board is directly involved, is very important for responsible business management. The Committee gives opinion and confirms goals appointed within the CSR Policy, periodically monitors the degree of their achievement and approves initiation of new projects from the responsible management area. After initiation of the Committee works, a technical training for persons responsible for individual CSR actions was organised. As a result, new goal proposals were established for Budimex. Ultimate goals for the years 2014-2015 were accepted by the Committee, then accepted formally by the management board as a resolution.



Most na Trasie Słowackiego w Gdańsku

<sup>3</sup> More information on Mostostal Kraków SA certificates can be found on the following website: <http://www.mostostal.com.pl/?pid=25>.

**CSR goals for Budimex for the years 2014-2015 (Appendix to the CSR Policy):**

	Goal	Time limit
1	Ensuring safe organisation and implementation of particularly dangerous works by preparing an Instruction of Safe Execution of Works – 100% of works determined in BIOZ plans as particularly dangerous.	2014
2	Training and communication activities within the range of good OHS practices for 80% of constructions executed in 2014.	2014
3	Implementation of standard of organisation and provision of hygiene and health resources at all construction sites planned in Q3 2014.	2015
4	Implementation of standard of organisation and implementation of work at height – 100% of sites where construction shall begin in Q3 2014.	2015
5	Implementation of standard equipment for workers and persons performing works on construction sites – basic personal protective equipment, i.e. protective helmets, goggles, protective shoes and reflective clothing (2nd class reflectance) or reflective vests – 100% of sites where constructions shall begin in Q3 2014.	2015
6	Creation of quantitative and qualitative record of materials reused from demolitions, disassembles and earthworks.	2014
7	Manufacturing processes review for the purpose of their optimisation within the range of fuel consumption and related environmental pollution, preparation of activity plan and commencement of its execution. 5% decrease in fuel consumption.	2014
8	Improvement of manufacturing processes review for the purpose of their optimisation within the range of energy consumption and related environmental pollution, preparation of activity plan and commencement of its execution. 5% decrease in energy consumption.	2014
9	Optimisation of energy consumption by replacing existing lighting with LEDs in three Budimex offices – in Poznań, Kraków and Warsaw.	2014
10	Providing first aid kits to all construction sites – 100% of sites where constructions shall begin in Q2 2014.	1Q 2015
11	Successive replacement of paper newspapers with electronic ones. Reduction of purchases of paper newspapers by 15%.	2Q 2015
12	Providing proper hazardous waste disposal on 100% of construction sites, i.e. signing of contracts with companies holding appropriate permissions within the range of hazardous waste management.	2015

13	Increase in quantity of segregated waste generated on construction sites by approximately 30% in relation to the year 2013.	2015
14	Increase in quantity of waste transferred to natural persons or non-commercial organisational units to be used for own purposes by approximately 30% in relation to the year 2013.	2015
15	Promoting energy, water and paper saving. Employee education with the use of the Budinet internal information portal. Publications: once a quarter.	2015
16	Changes in procedure 06-02 (Procedure for purchases and supplier qualification): introduction of a negotiation protocol template in which one of the points pertains to OHS.	2014
17	Preparing a report in CBD, which will permit to list companies negatively (score 1, from 1 to 5) when evaluated in the area of fulfilment of safety conditions and hygiene (OHS) by the subcontractor and within the range of proceedings in environmental protection and ecology.	2014
18	Verification of Budimex agreement standards and adjustment of regulations to ensure more partnership relations with company counterparties.	2014
19	Extension of the report functionality in CBD by mail notifications to the OHS Department with information about a supplier who received negative evaluation in the area of OHS and environmental protection.	2015
20	Introduction of a CSR module into the "Welcome to the Group" training in 2014.	2014
21	Creating the "Risk management policy in Budimex SA" document (working title).	1H 2015
22	Creating the "Policy of cooperation with local communities in Budimex SA construction contracts being implemented" document (working title).	2015

Organisation of management structure, company operation methods and references to the corporate governance rules are exhaustively described in publicly available reports<sup>4</sup>. Current information on members of the Budimex management bodies and individual person résumés are available on the company websites<sup>5</sup>.

4 Detailed information about formal management structures can be found in the "2013 Annual Report" available at [www.raportroczny.budimex.pl/2013/](http://www.raportroczny.budimex.pl/2013/).  
5 [http://www.budimex.pl/subpage.asp?idbup=2&idmenuleftcat=7&start\\_url=publication\\_list\\_0.asp?idcategory=12;listactiontype=0;menutype=2;idmenu=10](http://www.budimex.pl/subpage.asp?idbup=2&idmenuleftcat=7&start_url=publication_list_0.asp?idcategory=12;listactiontype=0;menutype=2;idmenu=10)

# 4 ABOUT THE REPORT



## ■ G4-32

■ This report describes activities and results for three key Budimex Group companies, i.e.:

- Budimex SA,
- Budimex Nieruchomości Sp. z o.o.,
- Mostostal Kraków SA.

## ■ G4-13, G4-21

■ As opposed to reports from previous years, it does not take into account the Budimex Danwood Sp. z o.o. company, which was sold at the end of 2013.

The report also excluded Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. (PNI) even though, considering its size, the public reporting of social and environmental performance would be justified. This is caused by the lack of effective control by Budimex Group over the activities of PNI. The company was acquired in November 2011, but in September 2012 the court announced its bankruptcy. The Budimex Group lost its control over the company in November 2012 as a result of the withdrawal of the company's own board and the appointment of an administrator by the court. This meant that as of this date the company was excluded from consolidation in Budimex Group reporting.

Smaller companies, which are consolidated in the financial statements, have been omitted in this report, due to the significantly smaller scale of their operations and, consequently, the limited social and environmental impact<sup>6</sup>.

## ■ G4-32, G4-33

■ This sixth annual responsible business report published by the Budimex Group was once again prepared in accordance with GRI guidelines in their latest G4 version in core option. Due to lack of sector supplement for the G4 version, the supplement for GRI G3.1 guidelines was used to prepare the report. Reliability and conformity of the report with the Guidelines, as in three previous ones, was verified and confirmed by an independent auditor (Deloitte Advisory sp. z o.o.).

## ■ G4-18, G4-19

■ When defining the report contents, Budimex followed the reporting rules defined in GRI Guidelines. Essential areas of responsibility which became originally defined in accordance with the ISO26000 standard and with the dialogue from 2012 with over a dozen key managers (interview surveys) in 2013 became the subject of CSR Committee discussion and verification.

<sup>6</sup> Full list of consolidated companies in financial reports along with the consolidation method can be found in the "2013 Annual Report" available at [www.raportroczny.budimex.pl/2013/](http://www.raportroczny.budimex.pl/2013/).



Domofon ICE w Nowej Soli

This supplementary process enabled the score update for individual key areas in compliance with materiality and completeness principles and taking into account its stakeholders. In turn, reference to the ISO 26000 standard ensures that the context of sustainable development is preserved. Due to unchangeable character of our business, areas important from the social responsibility point of view were unaffected.

They are:

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



**G4-20**

**The importance of individual aspects for individual companies is not equal, though it has not changed significantly in relation to the previous report and is as follows:**

Social or environmental aspect	Impact aspects and GRI indicators	Budimex SA	Budimex Nieruchomości Sp. z o.o.	Mostostal Kraków SA
conditions, occupational health and safety (OHS),	Workplace: occupational health and safety (G4-LA-DMA, G4-LA5, G4-LA6, G4-LA7 G4-LA8) Supplier assessment (G4-LA14, G4-LA15) Complaint transfer procedure (G4-LA16)	high*	high*	high*
impact on local environment and biodiversity	Biodiversity (G4-EN11, G4-EN12, G4-EN13, G4-EN14) Supplier environmental assessment (G4-EN32, G4-EN33) Complaint transfer procedure (G4-EN34) Local community (G4-SO1, G4-SO2)	high*	low*	low
non-ethical behaviour prevention	Human rights: investments (G4-HR1) Human rights in the supply chain (G4-HR10, G4-HR11) Human rights: complaint transfer procedure (G4-HR12) Anti-corruption (G4-SO3, G4-SO4, G4-SO5)	high*	high*	high*
quality and safety of constructions	Customer health and safety (G4-PR1, G4-PR2)	high*	high*	high*
reasonable resource use and environmental pollution	Raw materials and materials (G4-EN1, G4-EN2) Energy (G4-EN3, G4-EN5) Emissions (G4-EN15, G4-EN16, G4-EN18, G4-EN21) Effluent and wastes (G4-EN23, G4-EN24) Compliance with regulations (G4-EN29) Supplier environmental assessment (G4-EN32, G4-EN33) Other (industry) (CRE2, CRE8)	average*	average*	average*



## G4-12

For most of these areas and companies, responsibility for a given aspect is not only direct but also indirect responsibility i.e. goes beyond the Budimex Group and substantially relates to suppliers and subcontractors. These aspects in the table above are marked with an asterisk (\*). For example, corruption and unethical behaviour are always relative and relate to both sides. For this reason, in addition to measures aimed at Budimex employees, clear messages to business partners are important. As the business model is based on the execution of construction work by external subcontractors, Budimex Group's responsibility in terms of the impact on local biosphere, OHS or quality and accuracy of the performance expands, providing for safe use of premises. Hence, the growing importance of business partner monitoring in these dimensions of activity. Shifting the burden of some of the work to a third party causes correspondingly that the greater part of consumption of raw materials, including fuel, also lies with that side. In the case of certain key raw materials such as steel, responsibility for its production, which affects the environment, lies entirely beyond the Budimex Group, including Mostostal Kraków, for which steel is the main material.

## G4-24, G4-25, G4-26, G4-27

Similarly, during the CSR Committee meeting the stakeholder map was verified. The map had been originally defined by the aforementioned group of key managers that was surveyed in May 2012. The current map is not different from the original and specifies 26 main stakeholders within bigger categories:

- **Employees** (full-time employees, students and potential employees, former employees, trade unions, employees of subcontractors and suppliers, labour inspection and other similar supervision authorities),
- **Investors** (strategic investor, institutional investors, individual investors, Warsaw Stock Exchange, brokerage houses, banks),

- **Customers** (GDDKiA, corporate customers, individual customers, business partners, key suppliers, subcontractors, local self-government and government administration),
- **Society** (local communities in the area of an investment, residents and community leaders, media, universities and academics, technical and professional organisations),
- **Natural environment** (environmental organisations, environmental supervision inspectors, State Forests).

Dialogue with various groups is conducted on an ongoing basis throughout the year, in the form and at a frequency tailored to the specific relations. For example, once every two years, all employees of the Group undergo a comprehensive satisfaction study. The goal of the company for 2011-2012 was to create mechanisms allowing for regular dialogue with individual groups of stakeholders. This dialogue would be a source of business value, such as knowledge about future opportunities and threats, as well as a tool for catching the first weak signals of new market trends. Unfortunately, past experience does not encourage optimism, due to the limited willingness of individual stakeholders to cooperate. The limited confidence of stakeholders in such solutions may constitute the reason for this situation. In the opinion of Budimex, a stakeholder panel organised at this stage will not bring the expected business value. It will be more efficient to conduct a dialogue based on trust which was built over the years by managers and executives. This process will be centrally monitored and the information coming from managers will be combined cumulatively. Scale of the dialogue will also be correspondingly greater, so that the statistical significance of obtained information would increase.

As a consequence of the above-described limitations, in the process of

defining the content of the report, we based on the managerial expertise regarding the expectations of stakeholders. Information presented in the report reflects this long-term process of gathering knowledge about expectations of the environment.



# 5 CONDITIONS, OCCUPATIONAL HEALTH AND SAFETY (OHS)



## ■ LA DMA, G4-LA5, CRE6

■ For several years now, the Group has attached great importance to ensuring safe working conditions (OHS). Both in Budimex and Mostostal Kraków, i.e. in the companies where the majority of the capital group's workers are employed, the occupational health and safety management systems were implemented as a part of the integrated management systems. In the case of Mostostal the system is PN-N-18001 compliant. Budimex, where the safety management and OHS system is compliant with the same PN-N 18001 standard, was audited against the OHSAS standard certificate and granted OHSAS 18001 certificate in July 2013. In these companies there are health and safety committees.<sup>7</sup> They consist of the representatives of employees and an employer. The Committees represent all employees (100%). For example, in Budimex the OHS Committee had 7 members at the end of 2013: 1 employer representative, 4 employee representatives, OHS Department Manager and an occupational medicine physician.

In 2013, the Budimex management board adopted the "Safety First" policy to ensure constant increase in safety level. The policy was designed on the basis of the strategic investor experience. It is based on 4 basic safe work rules (Planning, Organisation and co-ordination, Following rules and provisions, Improvement) and includes 18 activity areas.

Last year the new standard of the Safety and Health Protection Plan (BIOZ) was implemented. Standardised BIOZ Plan consists of permanent elements that include processes during constructions. Its integral part are the appendices that define individual procedures and most important processes connected with co-operation with the subcontractor. The employees that rotate between contracts find the same template at each construction site, which is facilitated by reading this document. The BIOZ Plan must be accepted by the OHS specialist and by the Site Manager. Participation in this process enables interception of

Mostostal Kraków was granted a Certificate for Best Company in OHS at the 300 MW Energetic Block construction in Narva for September and October 2013 (granted by Alstom Power)

possible lacks and shortcomings and correcting them before the BIOZ Plan is implemented within the contract.

As the work organiser, Budimex is responsible for informing all members participating in contract execution about conditions and dangers at the construction site. During trainings, the most important BIOZ Plan clauses are discussed: project site plan, site traffic rules, strategic points indication (fire fighting, first aid, depots), procedures in case of accident, fire and other emergency situations, rules of safe work exercise, co-operation and co-ordination rules and supervision methods. The training is obligatory for all people who execute works at Budimex construction sites.

An important last year' achievement is the implementation of "Contract commencement". It is an obligatory element at the beginning of every investment and it takes the form of a meeting of the OHS specialist with construction site managers, during which the OHS procedures, legal requirements, Budimex standards and obligations coming from participation of the company in the Safety Agreement in Construction Industry, most important during organising and executing safe work at the construction site, are all discussed.

Operations undertaken in earlier years were continued. The goal was to increase occupational health and safety. Continuously improved procedures for work safety management with contracts support construction site managers in efficient danger elimination. Any modifications aim to effectively monitor subcontractors within OHS, and in consequence to reduce the number of accidents among employees who are not em-

ployed directly by Budimex. Activities in 2013 were focused on manual workers, as they are most endangered.

In 2012, new working clothes were introduced at construction sites. They have been systematically distributed among employees of individual subcontractors since August 2013. The process is still continued. These new clothes, thanks to their bold colours, make the employees more clearly visible, which reduces the risk of accidents. The clothing is made using the latest technology fabrics, providing protection against harmful and dangerous factors. Additionally, the use of modern fabrics with much better functional properties (such as heat absorption, resistance to weather conditions) significantly increases the comfort of work. It is also worth noting that some of the clothing was tailor made (currently the standard sizes are used: S, M, L, XL). From 1 August to 31 December 2013, 456 workers were given new clothing sets.



## OHS Training and Prevention

For many years the training system has been going significantly beyond legal requirements. Just to mention training for employees, which the company is obliged to carry out every three years but which it carries out annually. Similarly, training for executives, required every five years, is carried out every three years. As a rule, all persons executing a given contract, including employees of subcontractors, are trained in internal safety procedures. Last year brought significant achievements in this area. According to the "Agreement for safety in the construction industry" signed by Budimex and in co-operation with Budimex, in 2013, new special OHS training programmes were introduced for manual workers. The training material used during obligatory trainings is different from the universal programme. One of the benefits is its reference to particular examples and dangers present at construction sites. These are often real-life examples, based on real accident analysis. In the Budimex Group, training activities based on the new programme began in January 2014.

An important achievement in 2013 was the project of "Manuals for health and environmental protection". They were transferred to contract sites (1,200 copies). The Manual consists of modules that describe all possible kinds of work that an employee can find at a construction site. Each module describes specifics of given work, dangers, expected and prohibited behaviour and series of other information required for safe work execution.

Both the new training programme and "Manuals for health and environmental protection" highlight our approach to OHS binding in the Budimex Group for many years. It is important to emphasize the awareness of real accident risk. Demonstration of real life situa-

tions and real dangers. Only correct behaviour habits make it possible to limit routine-related threats. It is routine, haste and lack of imagination that are the most common causes of accidents at work. Hence, we care for procedures and consistent monitoring of their compliance by all employees on the site, but also for striving for effective realisation of the danger connected with work on the site – whether for our or external employees.

In 2013, we initiated a new training programme for OHS coordinators. The training includes procedures of the integrated management system within the range of OHS and environmental protection, BIOZ Plan guidelines and Instructions for the Safe Execution of the Works (IBWR), the identification of risks on site and demonstration of the "Agreement for safety in the construction industry" initiative to coordinators. During training the participants are given a "Coordinator case" – a set of policies, internal procedures and documents connected with work safety and environmental protection, all put inside a handy binder. 10 trainings in 2013 were attended by 134 people. The training is obligatory for future coordinators.

In 2011, each of the contract sites was equipped with the necessary equipment to save lives. In 2012, we conducted in-depth training in first aid, which continued in 2013. The training scheme was written with the regard to: specificities of work at a construction site, typical threats in the construction industry, most frequent traumas of workers during events at work, also sudden medical states. The training comprises short lectures with simulated events, during which participants play roles in accidents and rescue operations. First aid trainings are organised on construction sites.



Thanks to this, workers have an opportunity to train their reactions and behaviour in difficult situations in their “natural environment”, in places where the probability of accidents and necessity of appropriate actions is the greatest. Trainings are done in small groups (8-15 participants), which enables active participation in classes.

In October 2013 Budimex SA employees delegated to the German market underwent an extended, weekly first aid training – Qualified First Aid. The training was organised on the basis of the Act on the National Emergency Response Plan. According to the Act, the training programme is based on the Regulation of the European Resuscitation Council (RRC) with guidelines that apply to the whole European Union. The course participants are granted a “Paramedic” title – the highest possible degree in life rescue for persons without medical education. Including the QFA course in the provisions of the Polish law enabled qualified construction staff to carry out further first aid trainings on contract sites at the German market with own efforts.

In 2013, Budimex equipped contract sites with 100 first aid kits within the continuing process of providing equipment and personnel capable of participating in emergencies and help the victims. 10 more kits were purchased by Mostostal Kraków. The bag contents were prepared with regard to dangers that may happen on construction sites. The contents were gathered in cooperation with a physician qualified in paramedic trainings. Additionally, one of the contract sites (Pomeranian Metropolitan Railway) was given 4 orthopaedic boards with belts and 4 defibrillators. 57 contract workers underwent 2-day first aid training. Each of them wears a hard hat with proper marking (green cross in a white circle).

Another solution practical from the safety point of view, which was also initiated by Budimex, is the introduction of two sections on information

boards: so-called reaction sequence and access plan. Reaction sequence – it is an updated list of people who have been trained and designated to provide first aid and people who are entitled to manage a rescue action and evacuation. It contains such data as: first and last name of a person designated to provide first aid, position and company phone number. Access plan is a short and simple description of access to the accident site. The description takes into account characteristic objects near the construction site, GPS data and other information facilitating identification of the site and the rescue access operation, especially when the construction office address is different than the construction site address, when built objects are dispersed or when the construction site is located in a place with difficult access. The description prepared earlier facilitates providing necessary information do the emergency service dispatcher in a stressful situation such as an accident, medical event or fire.



## BUDIMEX: AGREEMENT FOR SAFETY IN THE CONSTRUCTION INDUSTRY

Agreement for safety in the construction industry is an initiative of seven construction companies that signed a joint declaration in August 2010. The companies are Bilfinger Infrastructure, Budimex, Hochtief Polska, Mostostal Warszawa, Polimex Mostostal, Skanska and Warbud. In October 2013 the group was joined by Mota-Engil. The goal of this Agreement is the improvement of safety on Polish construction sites.

The Agreement's signatories already use high OHS standards and continuously raise the bar and transfer standards to subcontractors, as this is the group under the gravest threat of accidents. The construction site must be a safe place for everyone.

All signatories place the same OHS demands in front of subcontractors. For that purpose, a common attachment was designed and implemented for subcontractor contracts under the title of "Requirements for occupational health and safety", which obliges subcontractors to organise and conduct works in a way that guarantees safe and hygienic work conditions and imposes an obligation of cooperation with signatories of the Agreement within the OHS range.

The Agreement has also designed and implemented the "Guidelines for Instructions for the Safe Execution of the Works". The risk assessment refers to a particular task, IBWR preparation and, in consequence, to activities that minimise risk already at work planning stage.

The next step in the safety improvement process on construction sites are OHS trainings among employees and subcontractors.

Effects of initiatives and operations undertaken by the signatories of the Agreement for safety in the construction industry have been noticed by public institutions, e.g. the National Labour Inspectorate, which now wish to engage in a dialogue about implementation of high OHS standards and which see the Agreement as a social partner.



## Accident rates

### ■ G4-LA6, G4-LA7

■ Budimex Group has adopted a double accidents at work classification system. Each accident is classified in compliance with the Polish legal classification and with procedures and classification adopted by the strategic investor (Ferrovial). Along with the differences regarding the accident assessment process itself, the definition of a serious accident is also different. Internally adopted solutions are much more restrictive in this area. Although the statutory system states that a serious accident means a long term health effect or permanent damage in a particular life area (health, mental, reproductive, etc.), the solutions adopted internally de-

fine a serious accident as e.g. a bone fracture, knee joint dislocation or an event resulting in hospitalisation exceeding 24 hours. As a result, the non-obligatory classification provides better possibilities of post-accident statistical analyses because of more stringent criteria and greater accident differentiation. In statutory solutions many serious events are found in one category with insignificant events, which makes analysis more difficult. It should be mentioned here that in 2013 the number of serious accidents (internal classification) dropped by as much as 47%, together with accidents registered at subcontractors, not only among own workers.

The number of accidents and its basic indicators in Budimex are as follows:

	Among own workers		Among subcontractor workers	
	2012	2013	2012	2013
Number of accidents (total)	64	36	56	59
Number of fatal accidents	0	0	4	1

More numeric data is provided in the tables at the end of the report.

In 2013, the monitoring of harmful factors in the workplace did not confirm that highest permissible concentrations and intensities (NDS, NDN) of harmful and dangerous factors were exceeded. There was just one incident of an occupational disease, which pertains to a situation from many years ago and cannot be considered equivalent to the work conditions offered by the Budimex Group.

The accident statistics reporting formula for top management was also changed. Currently they are the subject of analyses at monthly management board meetings and illustrated by factors that refer them to the scale of executed contracts. In 2013, we also started registering events that may

turn into accidents (9 reported events). What is more, within the cooperation of enterprises participating in the "Agreement for safety in the construction industry" it was decided to provide greater mutual transparency regarding analyses of accident rates and, as a result, to provide a possibility of comparison with competitors being the signatories of the document. Currently Budimex results are better than results registered by all signatories.

#### SO DMA, SO2

Another universal aspect of security is the issue of outsiders who may find themselves in the impact zone of an investment and may, potentially, be injured. Of course, all rules concerning the fencing and marking of the

construction site are strictly observed, which reduces the likelihood that an unauthorised person can enter. Preventive measures are also taken by the employees, and especially by the security staff, who – of which not everyone is aware – not only protect the property, but also indirectly contribute to the elimination of danger which may threaten, for example, children who would like to "explore" the site unnoticed, unknowingly exposing themselves to great danger.



## OHS AND SUBCONTRACTORS

### G4-LA14, G4-LA15, G4-LA16

In 2013, 1,589 contractors (100%) underwent pre-qualification regarding, among others, compliance with occupational health and safety (OHS). 7,722 assessments summarising cooperation were also conducted; they contain, among others, elements related to OHS. A negative assessment may result in terminating cooperation with a given subcontractor.

All employees of subcontractors working on Budimex construction sites undergo training in internal OHS procedures and are obliged to comply with them. Apart from a register of own employees' accidents, Budimex also keeps a record of occupational accidents that occurred on construction sites among employees of subcontractors for whom Budimex acts as the main contractor. All of them are analysed in terms of causes and circumstances in which they occurred, as well as responsibilities of supervisors.

Ongoing observation of the work of subcontractors, which is reflected in final assessments of the suppliers, led to the identification of 362 irregularities, of which 23 were related to OHS. Therefore we can note a substantial result improvement – one year earlier out of 118 inspections as much as 58 referred to OHS. Among cases reported to the Ethics Committee, no reports regarding OHS were recorded. Based on 7,722 final assessments, it can be estimated that irregularities related to OHS may occur in the case of 0.3% of subcontractors.

It should also be reminded that in 2011 within the “Agreement for safety in the construction industry”, with leading Budimex participation, a template of an Attachment to a standard subcontractor agreement, pertaining to OHS, was designed. The Attachment has been implemented since May 2013. Agreements signed by Budimex before that date were annexed, while new agreements are signed with the OHS Attachment. The Attachment defines responsibilities and rights of an ordering party and a contractor and regulates cooperation rules referring to workplace safety. The document was beneficial to both parties. Due to the fact that the Attachment has the same form and content for all signatories of the Agreement, it is easier for contractors to prepare for cooperation with the general contractor. No matter which Agreement signatory executes the works, it always has the same, precise, standard requirements referring to preparation and work execution as concerns OHS. In turn, it is easier for general contractors to maintain cooperation with a subcontractor that will assure meeting OHS requirements at a constant level.

At the same time, Budimex is a partner which supports, along with other leading construction companies, the social campaign of the National Labour Inspectorate and the Social Insurance Company (ZUS), entitled: “Szczepnij życie! Bezpieczna praca na wysokości” (“Respect life! Safe work at heights”).



Budowa Pomorskiej Kolei Metropolitalnej w Gdańsku

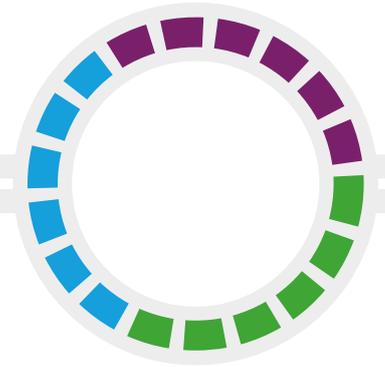
# 6 IMPACT ON THE LOCAL ENVIRONMENT AND BIODIVERSITY

## Reducing impacts on valuable natural areas

### ■ EN DMA

■ The scale of construction industry potential impact on the environment is influenced by the character of the investment project itself, and most importantly its location. First of all, we can note the potentially big impact of infrastructural investments. Road and railway investments often run across or in the neighbourhood of valuable natural areas, which can affect the local biosphere at the stage of the investment execution and later exploitation of objects. The implementation of residential investments, especially those located in urbanised areas, has a significantly smaller influence on the environment. Also the construction of industrial facilities is not indifferent for the environment, though one should pay attention to the fact that a series of Budimex and Mostostal Kraków investments are directly or indirectly related to environmental protection. Along with the Mostostal Kraków flagship project, i.e. the construction of the steel dome protecting the remains of the atomic reactor in Chernobyl, which will help

to replace the previous “sarcophagus”, one can speak about many others. The investments contribute to restriction of negative human influence on the environment (e.g. desulphurising installations, filters and electro-filters assemblies). As far as such installations are concerned, in the last few years Mostostal Kraków was engaged in investments whose beneficiaries included: GEA Process Engineering, Torgau (Germany), Huta Szkła SGG Polska- Dąbrowa Górnicza, Cementownia Góraźdże S.A., EC Częstochowa – Fortum Częstochowa S.A., Elektrociepłownia Łódź, Alstom Power, Lafarge Cement – Cementownia Małogoszcz, Cementownia Góraźdże S.A., Elektrownia Kozienice S.A., Elektrociepłownie Wybrzeże S.A., Elektrociepłownia Kraków S.A., Salzgitter Steelworks (Germany), Duisburg – Schweglern – Thyssen Stahl AG Steelworks and Elektrownia Siersza S.A. w Trzebini (PKE). Considering sewage treatment plants only, where Budimex was engaged in construction, extension or modernisation, we should



mention sewage treatment plants in Wrocław, Jastrzębie Zdrój (Rupawa), Brzeg, Łódź, Kutno, Krynica Morska, Iława, Pasłęk, Gryfino, Gdynia (Gdynia-Dębogóra), Kozięłowy near Poznań, Nowy Dwór Gdański, Pruszków and Gdańsk (Wschód). In previous years the Company was engaged in construction and modernisation of various waste disposal facilities, such as: Municipal Waste Disposal Facility in Toruń, Composting and Waste Sorting Plant in Prażuchy Nowe, Sorting Plant and waste transfer station in Łódź, Municipal Waste Landfill Lipówka II in Dąbrowa Górnicza, Waste Sorting Plant in Bierkowo, Composting Plant in Łódź, Municipal Waste Landfill Barycz Kraków, the Municipal Solid Waste Treatment Plant in Warsaw. Budimex pro-environmental activity also includes hydraulic engineering works that protect sea shores against erosion and destructive wave activity.



Wrocławska oczyszczalnia ścieków

## MOSTOSTAL KRAKÓW SA:

„Construction of a selective, non-catalytic nitrogen oxides reduction system / sn-cr / in clinker burning process for w-1 furnace” – contract signed with grupa ożarów s.a.

In June 2013 Mostostal Kraków S.A. signed a contract with Grupa Ożarów S.A. for construction of a selective, non-catalytic nitrogen oxides reduction system in the Ożarów Cement Factory.

The task includes among other things the execution of construction elements with earthworks, sub-bases, foundations, insulations, expansion joints and resin floors; realisation of a brick electrical room; execution, delivery and assembly of a steel structure; realisation of an electrical room for the FLS local panel (sandwich panel on steel structure) on the platform of the exchangers tower; assembly of a discharge pump, ammonia water tanks, an industrial pump, PMT assembly of a transfer pump, PMR-1 assembly of a transfer pump, valves and pipes, mechanical accessories, purchase, delivery and assembly of stainless steel pipes.



## Approach to environmental protection at construction sites

### ■ G4-EN11, G4-EN12, G4-EN27

■ A mandatory environment impact report is prepared for ongoing and planned investments which may potentially affect biodiversity. The report is prepared in cooperation with external specialists of various fields (ex. ornithologists, herpetologists, ichthyologists, entomologists, botanists, etc.). Proposed are solutions that could minimise or eliminate negative influence of investments to environment. It is worth noting that often, in

agreement with the investor, solutions are adopted that exceed law requirements and limit risks. In 2013, several projects in areas of high natural value were executed. The projects are described later in this document.

Budimex, as a contractor of ready projects, usually does not have a direct influence on the form of the project itself, i.e. on the way in which designers of the route have taken into



Elektrownie wiatrowe

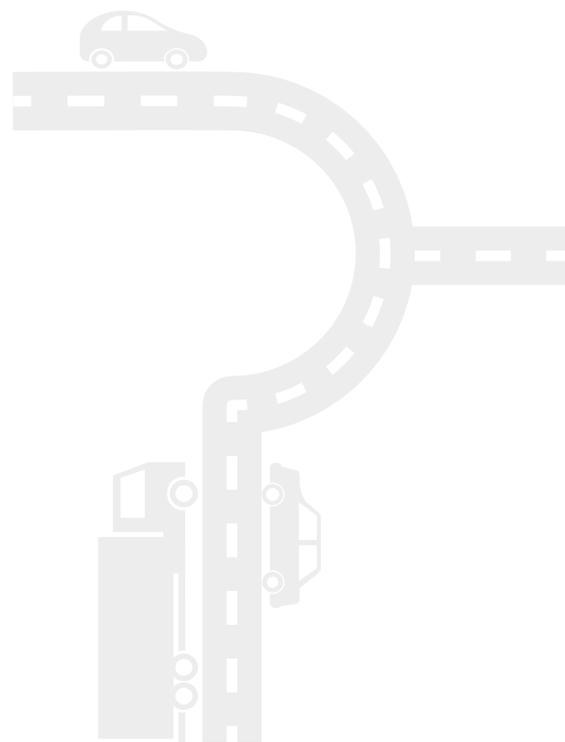
account the needs of the natural environment. This applies to the course of the planned road, which should be routed in the least disruptive way for the local biosphere and omit particularly valuable natural areas. A suitable planning of the infrastructure should be added here, such as animal passages which should coincide with their migration paths. The passages, in turn, should be consistent with planting of trees and shrubs. The plantings should be planned in a way which directs animals to the passages. It is important to create ecotone zones in the forests along the routes, in order to protect the ecosystem from the effects of a rapidly exposed forest wall. An adequate drainage system, which will protect subterranean streams and surface waters from contamination with petroleum substances, should be foreseen, as well as noise barriers or appropriate lighting of bridges, limiting the number of bird collisions. In the cases where Budimex is also a designer, the Company is responsible for preparation of an optimum solution from the social and environmental point of view. Most frequently, however, the company is responsible for the construction of an already planned road in a manner consistent with the design prepared by the investor.

#### CRE5

Some environmental risks are associated with the investment implementation stage, which requires maintaining utmost diligence by the contractor, which is usually Budimex. Seemingly simple activities can, in fact, be very important. This should include proper construction site and facility organisation. Technological routes should be routed in a way ensuring an efficient use of land and minimal transformation of its surface and, after the completion of works, the area should be restored to its previous state. Such an approach minimises deforestation. Regardless, valuable trees located in the impact zone of the construction site, must be properly protected against mechanical damage. Similarly, e.g. anthills are protected against the effects

of the work of heavy construction equipment. Construction facilities, especially the depots, warehouses and transportation bases are mainly localised on 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. Wherever it is possible, the works do not go outside the designated lane road. Transportation of materials necessary for the construction takes place primarily within the designated road, so as not to cause an unnecessary transformation of other areas. Solutions for protection against pollution with chemical substances coming from the construction sites, are introduced on sections where earthworks and construction works are conducted near water reservoirs. Special attention is paid to environmental protection against oil derivatives from cars and construction machinery. Therefore, the construction site and its facilities (places of equipment/material storage, etc.) are protected against contamination of groundwater, by applying a system to collect polluted rainwater.

Because part of the vegetation, located directly below the planned route, will be irrevocably destroyed, compensatory planting is carried out. For inventoried habitats of valuable plants which would be destroyed by the constructed route, metaplantation is carried out, i.e. the plants are carried to new places. When a small water reservoir (pond) is to be filled in (destroyed) during construction, its amphibians and reptiles are harvested and transferred to new localities. The nature itself is also monitored during the construction process. Construction works are conducted under the supervision of naturalists, often of different specialties. In the case of some contracts that run through nature valuable areas, there were sometimes as many as seven experts of different specialties (e.g. an ornithologist, an ichthyologist, a herpetologist, an en-





Autostrada A4 Dębica-Rzeszów

tomologist and a botanist) involved. Construction works were sometimes temporarily suspended, when rare animals appeared in the impact zone of investment. The schedule and cycle of works are closely correlated with the cycle of nature. Some works are temporarily held up due to periodic migration or the breeding season of birds. Periodic migrations do not apply only to birds, but also for example, to amphibians or fish. Construction works in the vicinity of noise-protected areas are carried out only during the day.

During works it is also required that the covering soil (humus) used in finishing works (riverbank reinforcing, etc.) be of local origin. Thus, the soil humus removed from the surface is stored in heaps and then used in developing land at the end of the investment. The earth material used for finishing works is most often of local origin, so that it would not contain the base of species seeds alien to that region. The point is that implementation of investment projects should not result in introduction of

invasive species, pests, and pathogens to the biosphere.

What also helps to reduce the negative impact on the environment is a series of very simple rules for conducting the work, such as: spraying the site with water in the case of draught, reduction to a minimum of working time for internal combustion engines of construction equipment and vehicles at idle, careful loading of loose materials onto vehicles and the use of tarpaulins or simply reducing speed within the site and in the surrounding area.

The procedures described above correspond closely with national and European regulations, including regulations concerning Natura 2000 sites. The adopted solutions ensure compliance with legal requirements and often exceed the regulatory minimum. The monitoring (nature control) of the impact zone and its habitats is conducted during the implementation of the project and after its completion, in accordance with the recommenda-

tions of the environmental impact report of the project and legal decisions issued by the environmental protection offices.

#### G4-14, G4-EN24, G4-EN29

Construction sites and particular investments are well prepared for unforeseen emergencies. Each contracted investment implemented by Budimex has instructions for dealing with an emergency situation, and is equipped with the necessary equipment needed in case of contamination, including sorbent, absorbent sleeve, absorbent mats and personal protection equipment ("ecology kit"). Furthermore, any contamination is treated as threatening to the environment, until its type and source is determined. Additionally, construction site managers undergo specialist trainings connected with environmental protection, including emergency situations. In 2013, no accidents or other serious incidents that would lead to significant water and soil contamination, were reported. Also there were no reports of penalties connected with breaching regulations referring to environmental protection.



## BUDIMEX SA:

G4-EN11, G4-EN13, G4-EN14

## Budowa i modernizacja obwałowań Wrocławskiego construction and modernisation of embankments of the Wrocław Water Junction above Wrocław

Individual facilities of the modernised part of the Wrocław Water Junction fully or partially border naturally valuable areas covered by the Natura 2000 Programme and some of them are located within these areas.

These are two sites:

- “Grądy w Dolinie Odry” (code PLH020017, 8,348.90 ha)
- “Grądy Odrzańskie” (code PLB020002, 19,999.28 ha)

The “Grądy w Dolinie Odry” site hosts 11 types of habitats listed in Appendix 1 to the Regulation of the Minister of the Environment of 16 May 2005 on types of habitats and plant and animal species requiring protection in the form of establishing Natura 2000 protected sites. Moreover, the site hosts 7 species of protected insects (including *Eriogaster catax*, hermit beetle and Great Capricorn beetle), 6 species of fish and lampreys, 2 species of amphibians (Northern crested newt and European firebellied toad) and 5 species of mammals from Annex II to Council Directive 92/43/ECC, as well as 9 species of amphibians and 4 species of reptiles from Annex IV to Council Directive 92/43/ECC.

The “Grądy Odrzańskie” site hosts 22 species of birds listed in Annex I to Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds and 11 species of migratory birds not listed in Annex I. During the breeding season the site is inhabited by at least 1% of the national population of the following species of birds: grey-headed woodpecker, black kite, collared flycatcher, grey heron; there is a relative density of: white stork, black stork, red kite, European honey buzzard, white-tailed eagle, little ringed plover, great grey shrike and middle spotted woodpecker.

The environmental supervision team was composed of a botanic-entomologist, herpetologist and chiropterologist, who ensure the safety of natural environment at the investment implementation stage.

After completion of the modernisation of embankments, no negative impact on the soil environment is expected, and there will be no risks to surface, ground or underground waters, nor will there be any risks to fauna and flora.

(more information on individual naturally valuable areas, including species subject to protection, is available at <http://obszary.natura2000.org.pl>)

## BUDIMEX SA:

G4-EN11, G4-EN13, G4-EN14

### Construction of a bridge over the Vistula River near Kwidzyn (DK 90)

Construction of a bridge over the Vistula, completed in 2013, was associated with certain environmental costs, especially as a result of work carried out in the riverbed, which meant losses in habitats of fish and lampreys. The investment related to the intersection of the Area of Special Protection of Birds "Dolina Dolnej Wisły" (PLB040003, 33,559 ha), the Refuge "Dolna Wisła" (PLH220033, 10,374.2 ha) as well as the Vistula Protected Landscape Area and the Protected Landscape Area of the Kwidzyn Valley. The following nature reserves: "Opalenie Dolne", "Opalenie Górne", "Wiosło Duże" and "Wiosło Małe" are also located in close proximity.

As a result of the investment, the following habitats were partially occupied: extensively used hay meadows, lowland riverside herbs and flooded muddy river banks. In the area in which the investment was carried out, there were valuable species, including:

- protected species of plants: *Pulsatilla patens*, *Thesium ebracteatum* Hayne and *Cypripedium calceolus*,
- Protected species of animals: otter, beaver, Northern crested newt, fire-bellied toad, spined loach, loach, bitterling, Atlantic salmon, asp, European river lamprey, hermit beetle,
- protected birds: common merganser, common shelduck, little tern, common tern, kingfisher, oystercatcher, corncrake, Mediterranean gull, little ringed plover, white-tailed eagle, common goldeneye, smew, red-backed shrike.

The action plan envisaged both minimising impacts on existing habitats and compensating for the loss of nesting habitat of terns – for that purpose, replacement habitats on two barges anchored in the river have been designed. Experts reckon that within 2-3 years the natural regeneration of habitats of fish and lampreys species should take place.

The investment led to irreversible destruction of the territories occupied for road purposes as well as of places and surfaces occupied for drainage facility purposes. As a result of construction works, the area of agricultural crops decreased as well. The total area that has been occupied amounts to approx. 715 ha.

(more information on individual naturally valuable areas, including species subject to protection, is available at <http://obszary.natura2000.org.pl>)



## BUDIMEX SA: |

G4-EN11, G4-EN13, G4-EN14

## Construction of Pomeranian Metropolitan Railway (Revitalisation of Kokoszkowska Railway)



Most przez Wisłę koło Kwidzyna

The following sites subject to legal protection are located within the area of the investment: Tri-City Landscape Park, Strzyża Valley Wildlife and Landscape Complex, Nature Reserve “Dolina Strzyży”, Nature Reserve “Źródłiska w dolinie Ewy”, Nature Reserve “Wąwóz Huzarów”, Natura 2000 site “Bunkier w Oliwie” (PLH220055, 0.1 ha).

In the vicinity of the investment project, other forms of nature protection are also planned, including: Nature Reserve “Dolina Radości”, Nature Reserve “Dolina Samborowo i Dolina Zielona”, Nature Reserve “Wąwóz Huzarów” (planned extension), ecological site — Skarpy nad Strzyżą, ecological site — Morena, ecological site — Jaśkowe Parowy, ecological site — Jaśkowe Bluszcze.

In the case of the “Dolina Strzyży” Nature Reserve, special attention should be paid to rich vascular flora, represented by at least 185 species of plants, including 14 protected plants (strictly: *Lycopodium annotinum*, *Lycopodium clavatum*, *Huperzia selago*, *Polypodium vulgare*, *Anemone hepatica*, *Aconitum variegatum*, *Digitalis grandiflora*, *Daphne mezereum*; partially: *Hedera helix*, *Asarum europaeum*, *Convallaria majalis*, *Galium odoratum*, *Viburnum opulus* and *Rhamnus frangula*) and a number of rare ones. Species with a sub-mountain and mountain distribution pattern constitute a relatively large group. Particular attention should be paid to the locality of *Aconitum variegatum*.

In turn, the “Źródłiska w dolinie Ewy” Nature Reserve hosts plant communities and flora typical both for the region as well as for sub-mountain and mountain areas. 194 species of vascular plants were found in the nature reserve. The nature reserve flora contains several protected species: *Daphne mezereum*, *Hedera helix*, *Listera ovata*, *Galium odoratum* and *Convallaria majalis*. The value of the nature reserve is also determined by the presence of a number of sub-mountain and mountain species in the flora, such as: *Ajuga genevensis*, *Campanula trachelium*, *Epilobium roseum*, *Glyceria nemoralis*, *Lysimachia nemorum*, *Viola mirabilis*, *Alnus incana*, *Valeriana sambucifolia* and *Veronica montana*.

117 species of vascular plants were found in the “Wąwóz Huzarów” nature reserve. Three of them are subject to strict protection (*Blechnum spicant*, *Hepatica nobilis* and *Lycopodium annotinum*) and four to partial protection (*Hedera helix*, *Convallaria majalis*, *Rhamnus frangula* and *Galium odoratum*). It is interesting to note the presence of several species with sub-mountain and mountain geographical distribution pattern, e.g. *Sambucus racemosa*, *Glyceria nemoralis*, *Alnus incana*, *Veronica montana* and *Lysimachia nemorum*. The identification of 9 species of plants listed on the list of endangered

or threatened vascular plants of the West Pomerania proves the high quality of the nature reserve. These are the following plants: *Actaea spicata*, *Ajuga pyramidalis*, *Moneses uniflora*, *Stellaria uliginosa*, *Glyceria nemoralis*, *Blechnum spicant*, *Veronica montana*, *Bromus* and *Vicia sylvatica*.

In turn, an old bunker, protected as “Bunkier w Oliwie”, is one the three largest wintering site for bats in the Pomeranian voivodeship (up to 103 individuals of 4 species: mouse-eared bat, Daubenton’s bat, Natterer’s bat and brown long-eared bat).

The analyses conducted did not confirm a significant impact of the investment project on the naturally valuable areas listed above.

(more information on individual naturally valuable areas, including species subject to protection, is available at <http://obszary.natura2000.org.pl>).

## BUDIMEX SA:

G4-EN11, G4-EN13, G4-EN14]

### Continuation of the construction of the A4 motorway section between the Rzeszów Zachód interchange and the Rzeszów Centralny interchange.

The investment project does not run directly through areas included in the European Ecological Network Natura 2000. The closest naturally valuable area is “Puszcza Sandomierska” (PLB180005; 129,115.6 ha).

The area is a refuge for many bird species. Annex I of the Birds Directive lists species of birds occurring here: red-throated loon, black-throated loon, bittern, little bittern, black-crowned night heron, great egret, purple heron, black stork, white stork, ferruginous duck, honey buzzard, black kite, white-tailed eagle, short-toed snake eagle, western marsh harrier, lesser spotted eagle, osprey, red-footed falcon, peregrine falcon, spotted crane, little crane, corn crane, common crane, ruff, great snipe, common tern, whiskered tern, black tern, European nightjar, kingfisher, roller, grey-headed woodpecker, black woodpecker, middle spotted woodpecker, white-backed woodpecker, woodlark, tawny pipit, bluethroat, barred warbler, red-breasted flycatcher, red-backed shrike, ortolan, black grouse, Syrian woodpecker. The group of migrating birds that occur regularly here and are not listed in Annex I of the Birds Directive include: little grebe, red-necked grebe, greylag goose, northern shoveler, common goldeneye, common merganser, common kestrel, Eurasian hobby, common snipe, Eurasian woodcock, black-tailed godwit, whimbrel, Eurasian curlew, green sandpiper, European turtle dove, hoopoe, Eurasian wryneck, European green woodpecker, thrush nightingale, common grasshopper warbler, river warbler, Savi’s warbler, bearded reedling, great grey shrike, corn bunting.





## BUDIMEX SA:

The motorway will run parallel to the border of the Jastrzębie and Żdźary Protected Landscape Area, which hosts particularly valuable species of plants protected in the “Torfy” and “Stołownia” nature reserves. In the section between Ropczyce and Reszów, the route will additionally cross the Mielec, Kolbuszowa and Głogów Protected Landscape Area. The “Zabłocie” nature reserve was established there to protect rare species of nesting birds.

The implementation of the planned project, due to the scope of works and designed environmental safeguards, will not have a significant adverse impact on the above areas.

(more information on individual naturally valuable areas, including species subject to protection, is available at <http://obszary.natura2000.org.pl>)

G4-EN11, G4-EN13, G4-EN14

### Continuation of the construction of the Tarnów – Reszów part of the A4 motorway for the section between the Krzyż junction and the Dębica Pustynia junction

Part of the implemented investment project runs through the area subject to legal protection due to its high natural value, or in the immediate proximity of that area. Attention should be drawn to a special site of habitat conservation Natura 2000 “Dolny San i Wisłok” (pltmp211; 1,192.8 ha), Sokołów and Wilczowola Protected Landscape Area and the planned ecological site of “Stary Wisłok”.

The protected sites host valuable, diversified fish fauna (“Dolny San i Wisłok”) — 29 fish species including, among others, nase, barbel, chub, bleak, roach and asp — a species declining in many European rivers. This site hosts or may host the following fish species listed in Annex II of the Habitats Directive: barbel, bullhead, spined loach, Amur Bitterling, European brook lamprey, Kessler’s gudgeon and spirlin, Eurasian minnow, vimba. This site is also inhabited by otters and beavers. Due to the large number of valuable fish species, any works that may cause murkiness in the water will be carried out outside their spawning season.

The route of the investment project runs at some distance from the smallest Polish Natura 2000 site “Kołacznia” (PLH180006, 0.1 ha), in the vicinity of the “Puszcza Sandomierska” site (PLB180005, 129,115.6 ha) and 8 km from the “Wisłok Środkowy z doływami” site (PLH180030, 1,064.6 ha). The first site is the only, apart from Volhynia and Polesia, Polish and European habitat of *Rhododendron luteum*. The second site is a valuable refuge for many birds. The “Wisłok Środkowy z doływami” site is particularly valuable due to the protection of the Romanian barbel.

According to an independent assessment, provision of appropriate solutions will ensure that the project does not pose a threat to the above sites.

(more information on individual naturally valuable areas, including species subject to protection, is available at <http://obszary.natura2000.org.pl>)



Autostrada A4 Dębica-Rzeszów



## ECOLOGY AND SUBCONTRACTORS

G4-EN32, G4-EN33, G4-EN34

In 2013, 1,589 contractors (100%) underwent pre-qualification regarding, among others, compliance with environmental rules. 7,722 assessments summarising cooperation were also conducted; they contain, among others, elements related to environmental protection.

Specific risks are associated with work of subcontractors on construction sites and a threat that their activity may contribute to losses in the local biosphere or, in extreme cases, to environmental contamination (e.g. contamination of soil and groundwater with petroleum substances, paints and solvents) or fire. Therefore, it is extremely important that they follow their procedures, have relevant experience and fully functional equipment. Subcontractors (100%) entering construction sites receive appropriate training in applicable procedures in the field of environmental protection, including rules of conduct in the event of failure. Contractors' equipment (in relation to e.g. the issue of leakage of fuel) is assessed to check its technical efficiency.

Among cases reported to the Ethics Committee, no reports regarding environment were recorded. There were no significant incidents related to suppliers and subcontractors. However, ongoing observation of the work of subcontractors, which is reflected in final assessments of the suppliers, led to the identification of 362 irregularities, of which 23 were related to environmental protection. In the preceding year, 118 irregularities were identified, including 71 related to environmental protection.

Based on 7,722 final assessments, it can be estimated that irregularities related to environmental protection may occur in the case of 0.3% of subcontractors.



DoubleTree by Hilton w Łodzi

# Waste management



## G4-EN23

An important area of management associated with the potential impact on the environment is waste management. Incorrectly stored, improperly treated wastes generated on construction sites may adversely affect the local biosphere. Also, if not treated properly, they always mean a loss of resources valuable for the economy (see chapter "Materials and raw materials"). In the case of business activity conducted by the Budimex Group, in particular by Budimex itself, these are mainly typically construction waste: earth and rubble as well as waste from repair and demolition of buildings and road infrastructure. It is also worth noting that there are site offices and laboratories on construction sites. Their operation may generate some amounts of wastes that may contain residues of hazardous substances.

The volume of waste and its composition depends strongly on the number of contracts and their progress (stage). It is also worth mentioning that the volume of waste often does not depend on the company itself, but on the specific nature of a contract. The key category of waste consists of various kinds of brick and concrete rubble, often mixed with other materials originating from the demolition of buildings and infrastructure facilities, which have to be removed so that an investment project can be implemented. Last year, removed asphalt was also one of the major items. A good example of waste that is dangerous to the environment and that occurs among wastes formally generated by Budimex is

asbestos. This includes mainly asbestos-cement tile roofing coming from demolished buildings. Budimex and its companies guarantee that such works are carried out with the utmost care, and that hazardous material is properly managed by an entity holding the appropriate permissions. As a result, there is no risk to people and the local biosphere.

The occurrence of wastes, such as those that are generated during the removal of hazardous asbestos-cement, properly illustrates stages of work — in 2011, it was the most frequent item among the hazardous waste reported by Budimex (76.0 tonnes), while in 2012 there was almost no waste of this type (3.3 tonnes). In turn, in 2013 hazardous waste again included materials containing asbestos (55.1 tonnes).

Soil, earth, stone, and all excavated material generated during excavations are specific wastes, with key significance for waste management. Each year, they represent the largest volume of wastes. Earth removed is then reused directly on the construction site or — if for some reason its excess has to be removed — it is used elsewhere. From the formal point of view, it is recognised as waste in the latter case; however, in practice, it is a reutilised raw material of full value<sup>8</sup>.

Execution of contracts, especially road contracts in forest and woodland areas, involves logging trees and removing shrubs. As it was mentioned before, such actions which in-

terfere with the biosphere are limited to the necessary minimum, however, logging often cannot be avoided (e.g. to clean the lane for a future road). This also applies, on a smaller scale, to industrial and residential construction. In practice, because of economic attractiveness, wood is usually managed by the investor who commissioned the execution of works by the Budimex Group. The tasks of contractor include the removal of rootstocks, boughs and remnants of shrubs. They can be utilised for the benefit as well. Most often they are handed over to other entities and used as fuel. The chipping process, i.e. clear-cutting by special machines, also makes them a valuable gardening material. In 2013, due to the nature of carried out works, the volume of wastes formally classified as wastes from forestry and waste plant matter increased from approx. 0.5 thousand tonnes in 2012 to approx. 11 thousand tonnes.

In conclusion, less than 0.004% of the waste produced by the company is considered dangerous (if we exclude from the volume of wastes the amount of soil, earth and dredge spoil from excavations, this percentage is less than 0.047%).

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

<sup>8</sup> W niniejszym raporcie gleba i ziemia są w tabelach pokazywane odrębnie, żeby ze względu na znaczący wolumen nie dominować reszty odpadów.

# 7 | RELATIONS WITH LOCAL COMMUNITIES

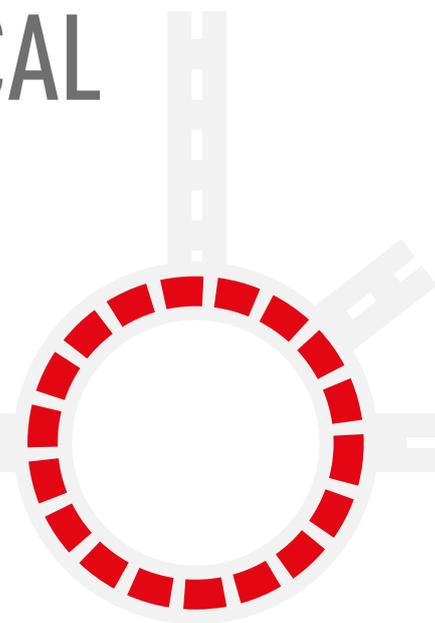
## Reducing nuisance

### SO DMA, G4-S01, G4-S02

The implementation of investment projects, including infrastructural projects, translates into tangible and measurable social and economic benefits. Roads, railways and airports are the bloodstream of the economy and determine its development. New schools, universities, hospitals and other public facilities translate into an increase in the level of social life. They often have a crucial importance for people living nearby, i.e. for the local community. Although much is said about the importance of road and rail infrastructure for the national economy, the perspective of a particular municipality or municipalities allows us to see what great value such investments bring into their lives; as sometimes they create new opportunities and possibilities for them. A striking example of the above was the commissioning of a bridge over the Vistula River near Kwidzyn in 2013. Two Pomeranian regions, Powiśle and Kociewie, two separated communities living along the Vistula River, waited 20 years for this crossing that brought them closer to each other.

Over the years, the Budimex Group has contributed directly to the creation of hundreds of kilometres of roads, many bridges, industrial facilities, as well as theatres, concert halls and hospitals.

However, investments in the implementation phase generate not only positive effects such as jobs and orders for local entrepreneurs. Construction works also mean the occurrence of nuisance. The potential impact on neighbouring areas of an investment project is also a matter of analysis at the stage of issuing relevant administrative decisions authorising the commencement of works. Administrative processes are transparent and representatives of local communities are considered a party to the administrative proceedings. During the implementation phase, actions are undertaken to reduce the nuisance of investment for residents. Building materials, including thousands of tonnes of soil, aggregates, concrete or bitumen, must be delivered to the construction site, which means increased



traffic and noise. Another frequent issue is the change of road markings and traffic obstructions, which impede the daily lives of residents. The company responds to any worrying signals and complaints. It is aware of being only a guest in the community for which it operates. This means a responsibility.

Unfortunately, sometimes unintentional damages occur, despite executing the construction works with utmost care and despite the attention paid by the company to reducing the

impact on environment. The company feels responsible for incidents caused by it, affecting the property of local residents. In 2013, the insurer paid, on behalf of the company, 7 compensations for damage to buildings adjacent to Budimex construction sites. Total payments amounted to almost PLN 117 thousand.



## COMMUNITIES AND SUBCONTRACTORS

### ■ G4-S09, G4-S010

■ In 2013, 1,589 subcontractors (100%) underwent pre-qualification regarding, ■ inter alia, elements of the assessment in terms of technical capacity, ■ meeting the quality requirements, occupational health and safety, respect for workers' rights and environmental protection. Although, among these criteria the aspect of impact on the local community was not defined explicitly, it is included in other activities.

Minimising disturbance to the local community is directly related to compliance with fixed hours of work and moving only on designated access roads, and this, in turn, is associated with the fulfilment of quality requirements and compliance with employment laws. Noise that irritates people or dust from the construction site is nothing but a violation of the principles relating to the environmental protection. One could cite numerous examples, but all these aspects are an element of the assessment of subcontractors, who may directly cause disturbances for the residents. These issues are assessed during both the prequalification and final evaluations.

All incidents and complaints of residents are reported directly to contract managers. This allows us to immediately diagnose the problem and undertake corrective actions. Due to the lack of specification of the category of impact on the local community in qualification surveys and surveys summarising cooperation, possible violations are recorded statistically in other categories.

## Compensating communities for nuisance



Domofon ICE w Sokolnikach

### ■ G4-S01

■ In most cases, by paying significant attention to the needs and concerns of communities, it is possible to significantly reduce the nuisance. It, however, cannot be completely eliminated. Therefore, Budimex feels compelled to compensate for the disadvantages to communities in a different way. As a result, it initiates, gets involved in and implements a number of social activities.

Under the above assumption, the target beneficiaries of the company's long-term activities are mainly communities living close to the implemented investment projects. In some cases these are large cities, while in other cases — small villages. The foundation of activities addressed to local communities are two parallel programmes addressed to children. The first one, "Domofon ICE", has been implemented since 2010. The second one, "Strefa Rodzica. Budimex Dzieciom" (Parent Zone. Budimex for Children), was started in 2012. At

the same time, for several years the company has been implementing a social project of an entirely different nature, addressed to students of technical universities, called "Akademia Budimex" (Budimex Academy).

Although these two programmes constitute the core of the carried out social activities, the company tries, as far as possible, to provide support by collaborating with recognised NGOs.

In 2013, the company donated money to the "Na Ratunek Dzieciom z Chorobą Nowotworową" Foundation for the treatment of children and to the construction of "Przylądek Nadziei" – Clinic of Bone Marrow Transplantation, Oncology and Children's Haematology of the Wrocław Medical University. The "Wróc" Foundation for Children Injured in Transportation Accidents received funds from Budimex for the purchase of paediatric Lokomat – a modern device for walking therapy and evaluation.

## BUDIMEX SA:

### Domofon ICE

"Domofon ICE" is a programme launched in 2010. It involves providing grade 0-3 schoolchildren with plastic cards with contact details of their next of kin to be contacted in the event of an emergency. Additionally, the campaign has a broader educational dimension as it promotes the principles of road safety and first aid among young people. All children participating in the programme receive mobile phone-shaped cards together with a fluorescent holder that can easily be fixed to a backpack. Thus far, the programme has included over 12 thousand children from 92 schools nationwide. In 2013 alone, 4,095 children from 18 schools joined the programme.

More on: [www.domofonice.pl](http://www.domofonice.pl).



Agnieszka Grochowska Ambasadorka Strefy Rodzica

Budimex has also been helping Jacek Gaworski, a prominent Polish fencer suffering from multiple sclerosis. In 2013, the company helped to cover the costs of experimental treatment of a spinal tumour he had been diagnosed with.

In response to social demand, the company became a partner of the "Budimex Półmaraton Augustowski", a half marathon race organised to promote healthy lifestyle. It is the largest running event in the region, and its 2013 edition drew a record-breaking number of participants.

As in previous years, the company remains involved in the organisation of the Polish Sailing Championship for the Disabled. The year 2013 witnessed the 19th edition of this event.

Budimex, whose registered office is located close to one of the most beautiful Polish necropolises, has been a long-time supporter of the J. Włodzki Social Committee for the Stare Powązki Cemetery in Warsaw. In 2013, the company provided funds to save historical chapels and tombstones.

Apart from community, charity and sponsoring initiatives, the company also carried out educational activities, supporting the organisation of professional and industry conferences, congresses and seminars. Budimex representatives participated in many of those as experts.

Last year, Budimex Group made multiple donations totalling over PLN 585 thousand, of which PLN 548 thousand was provided by Budimex.



## BUDIMEX SA:



Strefa Rodzica w Katowicach

## Strefa rodzica. Budimex Dzieciom (Parent Zone. Budimex for children)

Strefa Rodzica. Budimex Dzieciom (Parent Zone. Budimex for children) is a programme aiming to provide children's departments at hospitals with isolated zones, where parents can spend time with their sick children in decent conditions. Depending on the needs and conditions in individual hospitals, this can involve refurbishing an unused space or part of a corridor, equipping the hospital with an appropriate number of folding beds or sanitary devices, and organising a place to rest and play with the children. "Parent Zone" also involves the personal engagement of Budimex employees, who volunteer to outfit renovated spaces, help in the assembly and placing of furniture, and do small finishing works. They also organise private fundraising events to purchase toys that will stay in the Parent Zones. In 2013, Budimex launched four Parent Zones in children's hospitals in Lublin, Białystok, Łódź and Katowice. All Zones launched in 2013 can be used by approx. 11,000 children a year.

More on: [www.strefarodzica.budimex.pl](http://www.strefarodzica.budimex.pl)

## BUDIMEX NIERUCHOMOŚCI:

### Collaboration with local communities in Poznań

Next to the currently developed "Na Smolnej" estate in Poznań, there is the Parish of Our Lady of Immaculate Conception. It provides its premises for the needs of a community centre that takes care of children and youth. Rent is free, so the parish does not have the resources to equip the premises.

As part of the actions taken, Budimex Nieruchomości equipped the premises used by the community centre with a set of furniture and modern lighting.

## BUDIMEX NIERUCHOMOŚCI:

### Support by employing unemployed single mothers

In 2013, Budimex Nieruchomości established cooperation with residents of the Crisis Intervention Centre “Dom Otwartych Serc” in Otwock, run by Caritas.

Two women were employed to clean service premises in Apartamenty Murano (approx. 1,500 m<sup>2</sup>).

Budimex Academy, established in collaboration with Polish technical universities, is another dimension of Budimex social activity. It can be said that this programme is a social investment of the Group and helps to provide young, well-educated engineers to the whole construction industry. It is a free educational initiative, launched in spring 2009. It consists of a series of professional workshops addressed to students of building, road, bridge and railway construction, as well as environment engineering studies. Training includes the use of modern technologies and advanced solutions in civil and transport engineering, discussed based on the example of contracts executed by the Budimex Group. At the same time, the annual Summer Internship Programme is conducted, addressed mainly to students of technical universities. On the other hand, the goal of the Scholarship Programme is to

establish cooperation with top students who undertook apprenticeships in Budimex, completing the fourth year of study, and who would like to work for the Budimex Group. Its participants receive a monthly scholarship throughout the academic year (i.e. the last year of their studies) and have a guarantee of employment after graduation. Promoting the best students of technical faculties also includes the “Build your future” competition. It is the competition for the best and most interesting master’s thesis, addressed to students in their final year of full-time Civil Engineering, Transport and Environmental Engineering of the Technical University of Warsaw, Kraków, Poznań, West Pomeranian University of Technology and University of Warmia and Mazury. A total of 6,000 students have participated in the four previous editions of the Budimex Academy.



Strefa Rodzica w Łodzi

# 8 PREVENTION OF UNETHICAL BEHAVIOUR AND INTEGRITY IN OPERATIONS



## SO DMA

The nature of the company's business activity, i.e. implementation of high-value contracts, entails a potential risk of unethical behaviour of a corrupt nature. Additionally, the fact that most of them are financed with public funds creates particular commitment towards society to ensure that all processes are carried out in a transparent manner, are monitored and controlled and that even the smallest doubts are analysed. A risk map, updated on an annual basis, identifies, among other things, risks associated with unethical behaviour and the threat of fraud. All business risks, including those mentioned above, are monitored. Procedures are streamlined and actions are taken to eliminate or minimise the likelihood of occurrence of specific threats. The goal is to prevent any forms of bribery or corruption. Integrated management system, in the procedure of "Protecting the interests of the Budimex Group" (05-08), defines a set

of rules for dealing with suspected abusive acts or omissions, including allegations of corruption. Proceedings resulting from the procedure are coordinated by the Office of Internal Audit supervised by the CEO.

## G4-S04

Budimex Executives participate in special training concerning issues of ethics in business operations and their impact on building relations with different groups of stakeholders. They also relate to the subject of corruption, attempts at corruption and intimidation, and broadly understood safety. The last training of this kind, attended by 57 persons: directors from the production division and contract managers (i.e. 1.9% of all employees), was held fairly recently — in 2012. Due to the staff having already been trained, these trainings were not planned in 2013. They were resumed, i.e. another edition of these trainings was commenced, in 2014.

## G4-LA10

These trainings are perfectly compatible with other comprehensive development measures, the goal of which is to provide Budimex with staff with the highest qualifications and systematise the knowledge of management. They supplement the competence development programme of "Project Management Academy", which enables managers to acquire the skills of effective management of existing and new contracts in a changing market environment. At the same time, the Group runs other managerial programmes, e.g. the Leadership Development Program (within the Ferrovial Group).



## Monitoring of threats

### SO-DMA, G4-S03

All contracts (100% of construction projects) are constantly monitored for proper implementation, including the risk of corruption. Monitoring of the progress of selected contract works was made on a monthly, bi-weekly or even weekly basis. At the same time, independent inspections are carried out, supervised by the Office of Internal Control. It is an interdisciplinary team, consisting of experts in the fields of economics and finance, as well as construction experts: a general construction engineer, construction and engineering structures engineer, structural engineer and environmental engineer. They all are highly qualified internal auditors holding professional competencies and psychologically prepared to conduct inspections.

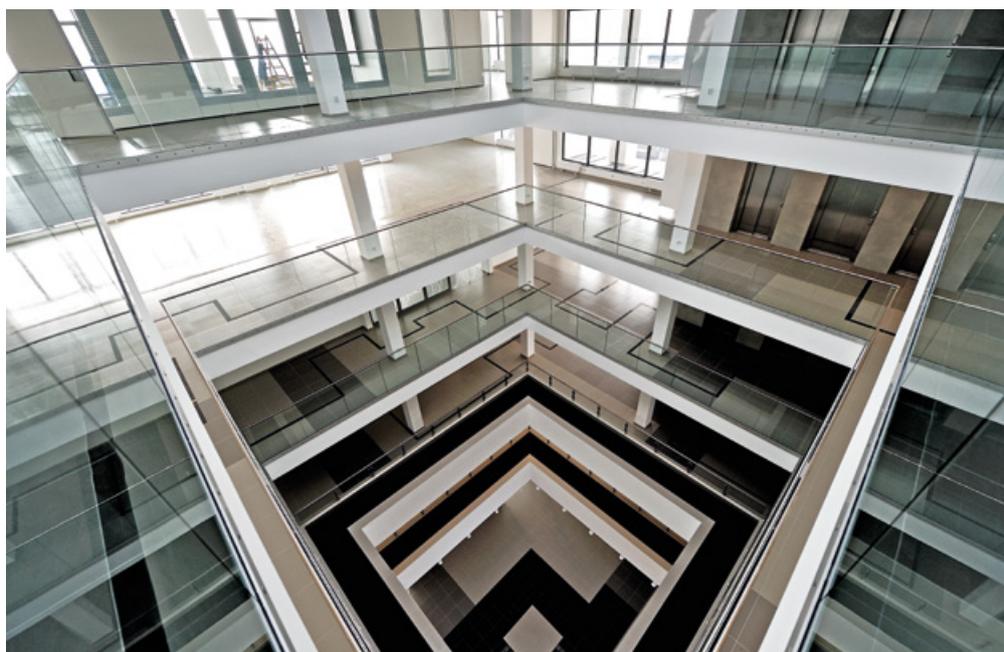
In 2013, employees of the Office completed all audits approved in the annual audit plan. A total of 63 reports of audits performed were prepared, containing approx. 100 follow-up recommendations. All these recommendations were implemented by the end of 2013, contributing to the reduction of operational risk. Such measures are a highly effective organisation improvement tool. Thanks to them, Budimex can quickly adapt to changing market conditions, including the possible new types of threats. As a result, identified irregularities don't include irregularities with a very high importance to the interests of the Budimex Group.

In addition to planned audits, employees of the Office of Internal Control also conducted a number of other audits, including audits concerning cooperation with subcon-

tractors and support services. For over a dozen contracts, the Office carried out random inspections of, e.g. measurements of completed production and settlement of purchased and incorporated materials. An inspection of the final settlement of purchased and incorporated building materials for completed contracts was also carried out. The value of identified excessive shortages in absolute terms was immaterial.

The issue of corruption and bribery can, however, be viewed from a broader perspective, i.e. not only through the transparency of processes and firm reactions to all dangerous incidents. In the opinion of the Budimex Group, corruption and bribery are part of a wider phenomenon, related to values, ethics and integrity in business. The crisis of

values in business itself results in an increasing number of reprehensible phenomena in the modern world. On the other hand, when people act based on ethical values, the threat is much smaller. That is why companies attach much importance to value management and ethical behaviour. There is a reason for ethical actions to be so strongly reflected in the Mission of the Budimex Group. Bribery and corruption are unambiguously stigmatised in the organisational culture of the Group, and any unethical behaviour must be strictly punished, in full cooperation with competent authorities of the state administration.



Wschodnie Innowacyjne Centrum Architektury Politechniki Lubelskiej w Lublinie

## Clear and fair principles in relations with counterparties

Budimex is a reliable and trustworthy business partner. It cooperates annually with approx. 12 thousand counterparties, who value the company for meeting its obligations. To expect a partner to keep their word, one must also be honest. Honest relations are nothing more but just keeping promises, including such

seemingly prosaic issue as the observance of dates of payments to suppliers and subcontractors. The timely settlement of payments, especially in difficult times for the construction market, has become a distinguishing feature of the Budimex Group, valued by its suppliers and subcontractors.

trade liabilities (gross)	structure as at 31.12.2013 (%)
a) current	87,2%
b) overdue:	12,8%
– up to 1 month	1,2%
– 1–3 months	2,5%
– 3–6 months	1,6%
– over 6 months	7,5%
Total trade liabilities	100,0%

The above overdue payments don't result from unjustified retaining of funds by Budimex. Outstanding payments usually result from such events as a delay in the performance of services by a supplier due to which the acceptance of works cannot be completed. This results in an automatic suspension of the payment.

■ HR DMA, G4-HR1, G4-HR10, G4-HR11,  
■ G4-HR12

■ Reliability should be expected from both parties to a relation. Therefore, in exchange for its honesty, Budimex also expects honesty from its counterparties. A "Code of conduct for coun-

terparties" attachment is appended to contracts with suppliers. It specifies expectations related to:

- compliance with the law,
- business ethics,
- respect for Human Rights,
- relations with and between employees, obligations to third parties and the market,
- respect for the environment

Assuming that a new supplier is considered to be an entity which is chosen for the first time from the purchasing table as a

counterparty, it is always assessed on the basis of a pre-qualifying questionnaire. The questionnaire consists of a supplier's declaration of compliance with applicable regulations in such areas as: labour law, OHS and environmental protection. The condition for supplier's pre-qualification is the approval of the declaration. Thus, all key suppliers and subcontractors (100%) were subjected to the evaluation (pre-qualification). At the end of the cooperation they were also subjected to final



evaluation. The evaluations do not only apply to key suppliers. The company particularly seeks that significant agreements with key counterparties, often despite of weaker bargaining power of Budimex, are supplemented with a special appendix related to ethical issues — their number was as follows:



Wola Center w Warszawie

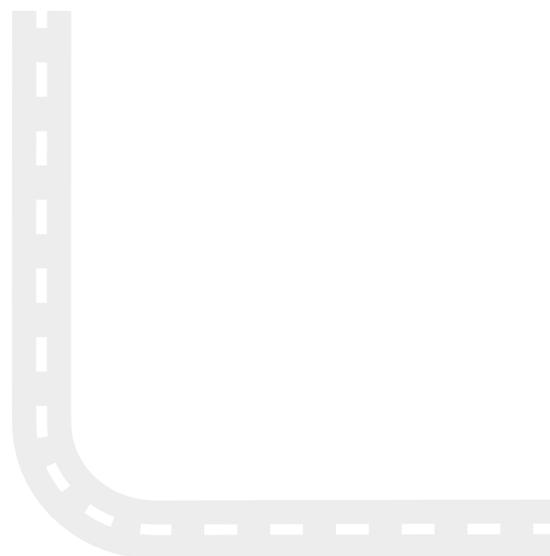
	2012	2013
Significant framework agreements concluded in the calendar year	27	25
Including agreements containing the ethical clause	21	19
% of significant agreements with ethical clause	77,8%	76,0%

Taking into account all subcontractors, not just the most important ones, increasing numbers of pre-qualifications (pre-qualifying questionnaires) and final evaluations are made with each passing year:

	2012	2013
Number of qualifying questionnaires	1471	1589
Number of final evaluations	2194	7722
Number of identified irregularities	118	362
% of final evaluations during which irregularities were identified	5,4%	4,7%

Compared to the previous year, the number of final evaluations has increased significantly, which resulted in a greater number of identified irregularities. However, their relative number has slightly decreased, which confirms the improving quality of cooperation. The significant decline in the share of irregularities related to OHS and the environment is important, especially in the context of other aspects of sustainable development. While in the previous year these categories of irregularities dominated the final evaluations, in 2013 only 23 irregularities related to OHS and, similarly, 23 irregularities related to envi-

ronmental protection were identified. This means that such irregularities were identified only in the case of 0.3% of all evaluated counterparties and suppliers, despite the fact that the monitoring conducted by OHS and environmental protection coordinators working directly on contract sites has been significantly tightened. In 2013, most objections were raised in connection with failures to meet deadlines, insufficient quality of offered products and the associated unsatisfactory technical potential. No cases of human rights violations were identified at the evaluated entities.



## Code of Ethics

### ■ G4-SO-DMA, G4-56

Provisions that strongly condemn any form of unethical behaviour, including corruption and bribery, were also included in the Code of Ethics of the Budimex Group. The Code also clearly condemns all forms of discrimination. In the chapter "Obszary szczególnego przestrzegania wartości etycznych" (Areas of Special Observance of Ethical Values), it states that it "does not tolerate discrimination and imposition of views, especially due to gender, origin, religion, age, political views and the position held; in daily relations with employees it does not accept violation of privacy or abuse of professional position for private goals; the company ensures good employment conditions for their employees and it creates an environment that gives considerable possibilities of professional development and promotion and it does its best to employ people with varied level of experience in the organisation". The Code of Ethics applies to all companies covered by this report.

Compliance with the provisions of the Code of Ethics is monitored by the Ethics Committee, comprising:

- Member of the Management Board, Human Resources Manager,
- Member of the Management Board, Chief Legal Officer,
- Director of the Office of Internal Audit.

### ■ G4-HR3, G4-HR10, G4-HR11, G4-HR12

The Committee monitors the compliance of applicable standards of professional ethics with the rules of the Code of Ethics. Every employee can anonymously inform the Committee about identified violations of the Code. All cases reported to the Ethics Committee are analysed by employees of the Office of Internal Control or by employees of the Human Resources Management Division. Following the inspection of each report, written information is prepared along with recommendations or guidelines for further action for relevant organisational units. The Committee considers cases of Code violation and it provides guidelines regarding the rules set forth therein, adhering to confidence standards.

The importance that the authorities of Budimex attach to the prevention of unethical behaviour and all forms of discrimination is best evidenced by the fact that the report on the operations of the Ethics Committee is submitted every year to the Management Board and Audit Committee of the Supervisory Board. In 2013, the Ethics Committee received only one anonymous notification concerning an employee of one of the company's branches. Case analysis did not confirm the allegations mentioned in the notification. In addition, it unambiguously indicated that this was a deliberate false accusation of embezzlement. The Committee's opinion on that case was submitted to the President of the Management Board of

Budimex SA and to the director of the branch. Thereby, last year there were no cases of complaints related to employee relations, corruption or bribery and violation of human rights.

The Ethics Committee, during its meetings in 2013, analysed the possibility to increase the number of ways of notifying the Committee of identified irregularities. In April 2013, on its initiative, information on the Code of Ethics was published in the new version of the Budinet intranet portal (including a reminder of unethical activities that should be reported to the Ethics Committee). Employees are also reminded, on an ongoing basis, of the e-mail addresses that can be used to send information to the Ethics Committee.

In 2013, employees of the Office of Internal Control organised and conducted several internal trainings on construction sites during which, in addition to discussing production-related matters, they also reminded employees about respecting the rules of ethics and conducting operations in accordance with the Code of Ethics. Additionally, during the meetings with the directors of the General Construction East region, General Construction West region and Transport Infrastructure, the issue of ethics in the collaboration with suppliers and subcontractors were also addressed, as well as execution of construction investment projects with respect to the environment.



# Human rights and compliance with law

**G4-S06, G4-HR3, G4-HR4, G4-HR5, G4-HR6**

The Budimex Group does not employ children, as declared in chapter XIV of the Work Regulations. No cases of compulsory labour or child labour were noted in the Budimex Group or the reviewed counterparties in 2013. These aspects, along with the matter

of freedom of association and avoidance of all forms of discrimination, are defined in a standard ethical attachment to contracts and constitute their integral part. None of the Budimex Group companies financed political parties.

	Budimex SA	Budimex Nieruchomości	Mostostal Kraków	Counterparties
[G4-HR3] Total number of reported cases of discrimination and actions taken in this regard	None	None	None	None
[G4-HR4] Identified activities that could pose a threat to the freedom of association and the right to collective disputes	None	None	None	None
[G4-HR5] Identified incidents of use of child labour	None	None	None	None
[G4-HR6] Identified incidents of use of forced and compulsory labour	None	None	None	None

**G4-S07**

Since 2013 Budimex Nieruchomości has been a subject of proceedings on the company's use of practices that infringe collective consumer interests within the meaning of Article 24 section 2 item 1 of the Act on competition and consumer protection (pending). Second investigation proceedings have also been initiated to establish whether the actions of Budimex Nieruchomości justify

the opening of proceedings on the ban on practices that infringe collective consumer interests within the meaning of Article 24 of the Act on competition and consumer protection, and whether there was a violation of the interests of consumers that would justify actions specified in relevant Acts (pending). As at the time of drawing up this report, no administrative decisions prohibiting

specific actions or ordering certain actions have been made.

**G4-PR9**

In 2013, there were no fines for non-compliance with laws or regulations concerning the provision and use of products and services.

# 9 QUALITY AND SAFETY OF CONSTRUCTION SITES

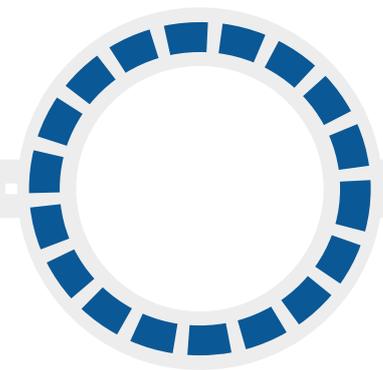
## Quality management

### ■ PR DMA, G4-PR1

■ To ensure the highest quality and, consequently, safety of constructions, companies of the Budimex Group implement investment projects based on procedures. Their observance not only guarantees a consistently high quality of work, but also ensures the improvement of processes. Integrated Management System has been implemented in Budimex, 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 requirements of the NATO standard AQAP 2110. All these systems are certified by external entities. As in the case of Mostostal Kraków, the Integrated Quality Management System includes the systems of environmental management and OHS within the range of comprehensive investment execution,

deliveries and assembly of objects of general, industrial and transport construction in compliance with the following standards: PN-EN ISO 9001, PN-EN ISO 14001, PN-N 18001. Budimex Nieruchomości is the only company that doesn't have any officially certified management systems.

Mostostal Kraków, due to the nature of its activities, holds numerous certificates and permits for manufacturing, assembly and repairs to steel structures, pressure and lifting equipment, construction of road and railway bridges and for carrying out welding works, conducting destructive and non-destructive research, training and examining of welders; issued by, among others, the Office of Technical Inspection, Universität (TH) Karlsruhe, Institute of Welding Technology, Ministry of Infrastructure and the Polish Chamber of Steelworks. In



February 2013, the Office of Technical Inspection, branch in Kraków, granted to Mostostal Kraków licence UC-12-90-W/1-13 for manufacturing: combustible material transmission pipelines, toxic or caustic material transmission pipelines, non-pressure and low-pressure tanks for combustible liquids, non-pressure and low-pressure tanks for toxic and caustic material.

In turn, Budimex Nieruchomości has received the Developer Certificate, awarded by the Polish Association of Construction Industry Employers, for over 10 years. The certificate is awarded to companies which are considered credible and reliable partners by the independent experts composing the panel of the Developer Certificate. The best measure of the reliability of Budimex Nieruchomości is that although the company has built several thousand apartments, it has never exceeded a deadline for their commissioning.

Solutions adopted by Budimex are a good example of the operation of the process approach in quality management. At the same time, the operation of this company is of utmost importance for the image of the Group, both due to the volume of turnover, as well as due to its superior role in relation to other entities of the Budimex Group. The procedures applicable in Budimex define in great detail the process of quality management in the Company, with particular emphasis on construction processes. It specifies the procedures for quality control on construction sites, including managing the quality of mineral-asphalt mixes, concrete mixes and aggregates. They define very precisely the responsibility of individuals, including technicians and laboratory (as well as field laboratory) staff for quality control and responsibility of contract directors and contract managers for the quality of implemented investment projects. They define the way of monitoring and laboratory testing raw materials used. The procedures describe the actions globally: from the criteria and

methods of obtaining materials, to the steps to be taken in case of deviations from the requirements of the standard. They specify patterns of operation in the case of identifying irregularities at various stages of the construction process, implementation of preventive or corrective measures. They define the method of controlling construction investment projects in order to ensure high quality of works.

In 2013, as part of protective measures, the company implemented a system to record repair costs incurred during the warranty period. Analysis of causes of faults will enable the company to take measures in order to minimise them. As a result, not only will it be possible to further improve performance in terms of quality, but this will also contribute to better control and cost reduction.



Centrum Biologii Medycznej w Poznaniu

## Research laboratories and reliable quality control

Budimex has its own, extensive laboratory and technological facilities. This allows for the performance of efficient ongoing control of quality of construction works and follow-up analysis. In 2013, the company's laboratories were located in 18 regions of Poland. An important achievement in 2013 was the extension by the Central Laboratory of Budimex of the scope of accreditation of the Polish Centre for Accreditation (PCA) (accreditation number AB1414) granted in 2012. The scope of accreditation included mechanical tests and physical properties of building materials, buildings and sampling of concrete, aggregate and

mineral-asphalt mixes. The verification and reassessment carried out by the auditors during the accreditation process covered, among others, the following aspects: assurance of quality of results of laboratory tests, competency of staff, equipment and assurance of measurement traceability, impartiality and independence, implementation of research and measurement processes.

Accreditation is a formal acknowledgement of the competence in the scope of assessment of compliance by a statutory authorised administrative body. It directly translates into stronger confidence in the results of tests and inspections. Increased reliability of assessments carried out by Budimex directly contributes to the reduction of risk in business relations. Accreditation is an objective and undisputable proof that the organisation operates in accordance with the best practice, limits the number of defective products, reduces costs of control and production and enables the implementation of innovative solutions.

With its own laboratories, Budimex collaborates with renowned research and scientific institutions. It participates, on a regular basis, in comparative laboratory tests and proficiency tests, bearing in mind the need to constantly improve research methods and, as a result, increase customer satisfaction.

As part of the activity related to increasing the level of quality in the company and constant improvement, Budimex is a member of the Polish Asphalt Pavement Association and Pollab.

Membership and participation in the activities of these organisations enables the development of processes and technological trainings.



Laboratorium

# Quality performance

## G4-PR2

Ever since the time when in 2011 the Department of Technology of GDDKiA for the first time published the results of its analyses of quality of works of individual contractors, Budimex has always been ranked as one of the best rated contractors. It is worth noting that every year Budimex provided a large number of samples. For example, in 2012 7.7 thousand samples out of all 44 thousand tested samples (17.4%) came from Budimex. Last year, 4.7 thousand samples out of 23 thousand samples tested during the first three quarters were provided by Budimex (20.2%). Most importantly,

Budimex results are constantly not only good, but also much better than the average result for the market: last year the percentage of challenged samples in Budimex was 11.4%, while for all tested samples from the market this ratio was 16.6% (without Budimex, i.e. for the competitors of Budimex — 17.9%). This means that for the entire market, samples were challenged 46% more often (without Budimex — 57% more often). Most importantly, thanks to the approach of the organisation to quality management, the results of Budimex are gradually improving.

From the management point of view, the Quality Conformance (QC) ratio, calculated for internal needs, has key importance for quality assessment. It defines the compliance of results with the applicable quality standards. In the entire 2013, this ratio amounted to 93%, i.e. only 7% of results was negative. It should be noted that tests conducted during GDDKiA's analyses constitute only approx. 10% of tests conducted by Budimex. This result confirms, even more clearly, the high quality of investment projects implemented by the company.

	2012	2012	2013*
% of challenged samples — Budimex	12.6%	12,6%	11,4%

## G4-PR1

Speaking of quality of workmanship, one cannot forget about its impact on the safety of users. In this case, the quality of workmanship or materials used is essential. Speaking of the safety of users, one should consider the different stages of life of a product — a motorway, flyover, bridge, industrial structure or a flat in an apartment block. Responsibility for safety begins at the design stage and extends further to the stage of construction and further maintenance of the facility. Although the role of the Group's companies is often limited to the mere execution, especially in the case of infrastructure, the designers' work is extremely important for the Group. Budimex Technical Depart-

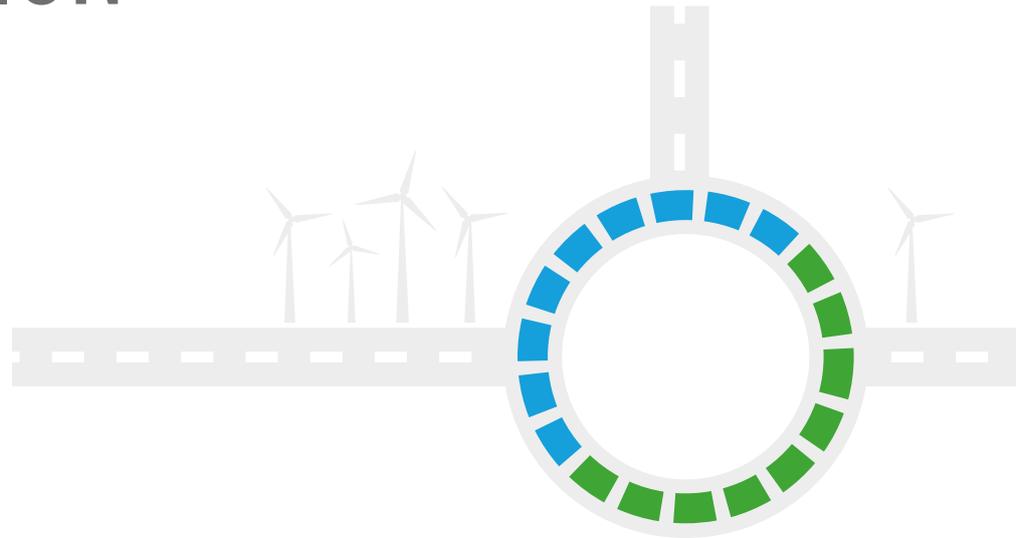
ment also acts as a research and development unit. This is where new, innovative ideas are created. The department also decides on the use of specific materials and raw materials, so that they ensure safety of the facility under construction. At the stage of execution, as mentioned above, the quality of used materials and raw materials and their compliance with the project requirements and the accuracy of workmanship is supervised by, among others, Budimex mobile laboratories. They collect samples from already constructed sections of roads and analyse their compliance with the standards.

## G4-PR2

All the above certificates, management systems, procedures and the daily efforts of many people allow us to maintain the highest quality and accuracy. The Budimex Group means a professional, experienced team with unique skills and responsible people, allowing us to provide safe premises. The best proof of this is the absence of incidents, not to mention construction disasters, for any of the facilities built by the Budimex Group. Another proof consists of the numerous awards. Our concern for quality is confirmed by the fact that Budimex Nieruchomości has delivered over 7,000 apartments — all completed on time.

\* W chwili opracowywania raportu dostępne były wyłącznie wyniki dla trzech kwartałów 2013 r.

# 10 RATIONAL USE OF RESOURCES AND ENVIRONMENTAL POLLUTION



## ■ EN DMA

■ The production cycle, i.e. the lead time, usually substantially exceeds the 12-month reporting period. A demand for specific materials and raw materials is highly variable, depending on the stage of the given construction site. Additionally, cash flows are not necessarily correlated with the demand for raw materials and energy. Moreover, due to the cyclical nature of some orders, some investment projects are at the same stage at the same time. As a result, the analysis of consumption of individual materials, fuels and energy on a period to period basis is very difficult in the construction industry. When analysing the dynamics, we should be aware of that volatility.

In the case of road construction, many materials classified as waste (concrete and brick rubble from the demolition of existing buildings, plant matter and soil) can appear at the initial stage. Lat-

er the raw materials for the construction of foundation, or embankments, will be used, as well as the concrete and reinforcing steel necessary for the construction of certain elements of infrastructure (such as flyovers). In turn, the aggregate and bituminous mixtures, required for the production of asphalt surface, will be needed at the later stages of construction. In addition, the operation of bitumen plants owned by Budimex is associated with an increased demand for heat generated by the combustion of fuel oil. As a result, the analysis of effectiveness of the demand for materials, raw materials, fuel and energy conducted on an annual basis and compared to revenue is extremely misleading and unreliable in the case of construction industry.



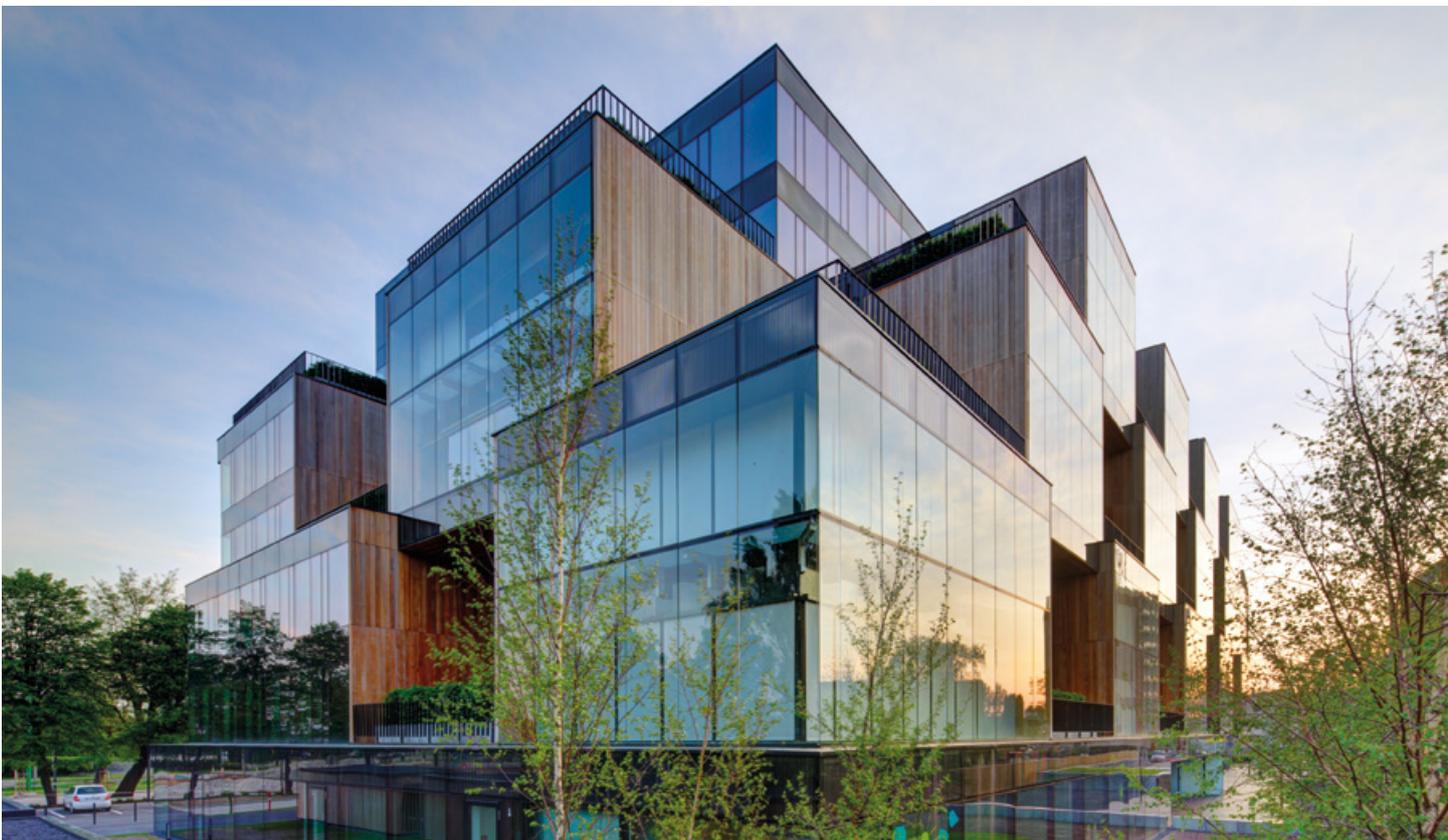
## Materials and raw materials

■ G4-EN1, G4-EN2, G4-EN23, CRE8

The value engineering (VE) process implemented in Budimex is used to manage the effective use of materials and raw materials. It allows for optimisation of the use of materials and for reducing the amount of waste produced, thereby reducing the negative impact on the environment. As for the categories of the most important materials, they vary depending on the nature of the activities of individual companies. These are: plain and modified road asphalt, cement, crushed-stone aggregate for bituminous mixtures, mixtures of crushed-stone aggregates, concrete, reinforcing steel, and wood.

■ Due to the nature of the business activity, virtually all materials and raw materials used are non-renewable. For almost all of them, it is also difficult to talk about recycling. The life cycle of infrastructure facilities is extremely long, and therefore it cannot be determined to what extent the facilities built today will be used in the future. Of course, there are some exceptions — e.g. the bituminous surface is changed relatively often during periodic repairs. It is usually milled and re-used.

At the same time, Budimex, during the implementation of current projects, often carries out many dem-



Budynek biurowy Pixel w Poznaniu



olition works. During these works, Budimex recovers a lot of material from previously built premises (e.g. steel, scrap iron and aluminium). Various types of debris or rubble, for example, are also recycled. At this point it is worth to mention that a large volume of raw material waste, due to the currently conducted demolition works, does not mean inefficient management — it means something quite opposite. Its large volume is a sign of concern and belief in the need to restore the economic purpose of valuable raw materials.

From wastes formally produced in 2013, we were able to separate, among others : 49.6 tonnes of plastic, 2.0 tonnes of glass, 23.9 tonnes of paper and cardboard packaging, as much as 1,213.6 tonnes of iron and steel and 7.3 tonnes of other metals. They all can be recycled and reused. They all are economically valuable.

Soil, earth, stones and sand, formally recognised as waste, are also reused on construction sites. In 2013, over 222.4 thousand tonnes of these materials were used.

Wherever possible, Budimex seeks to reuse raw materials which are waste products from other sectors

of the economy, such as mining, power engineering and metallurgy. This concerns different types of raw materials, such as slag or rock spoil. Such a form of using by-products of mining, power engineering or metallurgy is beneficial from the point of view of sustainable development, since it saves an analogical amount of natural aggregate, the acquisition of which would result in environmental degradation. It also allows for better management of the raw material, which was previously stored as waste in heaps and which disturbed the local landscape. The condition for the use of raw materials, such as waste products from mining, metallurgy and energy production, is their availability in the immediate vicinity of contract sites. They were widely used in 2011, whereas in 2012, due to the completion of work on a number of construction sites, they were not required. In 2013, approx. 1.7 thousand tonnes of sand and clay constituting mining wastes were used.

Detailed information on the consumption of key raw materials, and economic utilisation of by-products of other industries, can be found in "Tables and data".



Autostrada A4 Jaroslaw-Radymno

11 The figure provided is a total volume of e.g. plastic wastes, plastic packaging and plastics which, from the formal point of view, represent separate categories of wastes (similarly for other volumes provided above — e.g. glass and glass packaging).



## Fuel, energy and CO<sub>2</sub> emissions

### G4-EN-DMA, G4-EN3, G4-EN5, G4-EN15

The nature of the business prevents the complete elimination, and even hinders a significant reduction, of demand for fuels and energy (e.g. associated with the bitumen production process or operation of vehicles and construction machinery). However, for many years Budimex has been reducing the demand for fuels in processes supporting basic operations in an orderly manner, e.g. by emphasizing energy savings in offices and replacing the fleet of passenger cars with more economical vehicles, with smaller capacity engines that meet stringent exhaust quality standards. This approach is directly related to the logic of environmental management systems, which are based on standard ISO14001 and thus assume improvement of the organisation. Optimisation of fuel and energy consumption and, consequently, reduction of direct and indirect emissions, contribute to the reduction of operational and environmental costs.

Energy consumption declined in 2013, resulting in a decrease in direct and indirect carbon dioxide emissions. Consumption in 2013 represented, respectively, 88.1% of the previous year's consumption. The same ratio for emissions generated in the previous year. While the consumption of electricity remained at a similar level, the consumption of selected fuels: gasoline (65.1% of consumption from 2012) and heavy fuel oil (67.7%) declined. Although gasoline consumption is relatively insignificant in the context of the total

consumption of fuels and energy (2% of total energy demand), heavy fuel oil is the most important fuel (40% of total energy consumption comes from heavy fuel oil). At the same time, there was an increase in the consumption of diesel oil (by 13.5%) and light fuel oil (by 25.9%).

The overall decline in demand for energy and the resulting decrease in carbon dioxide emissions can be partially explained by the length of the investment cycle, i.e. by the fact that key contracts were at a different stage of implementation. It is worth to remind at this point that last year trends in the demand for key fuels were entirely opposite, i.e. there was an increase in demand for heavy fuel oil (56.3%) and a slight decrease in demand for diesel oil (-1.4%).

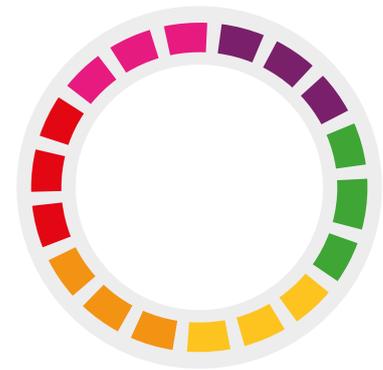
There was a slight increase in key energy efficiency indicators and efficiency ratios related to carbon dioxide emissions. The increase amounted to, respectively, 9.1% in the case of energy efficiency and 12.5% in the case of carbon dioxide emissions per one unit of revenue. This is due to the decrease in sales revenue, over which energy consumption and emissions are distributed.

While conducting such indicator analyses, one must be aware of their imperfections in the case of operation in an industry where the production cycle is much longer than the reporting period and the demand for energy carriers strongly depends on, among others, the current stage and size of an investment project.



A4 runway Jaroslaw-Radymno

# 11 | TABLES AND DATA



## G4-17

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

Subsidiaries and jointly controlled entities consolidated in financial statements of the Budimex Group	Registered office	Method of consolidation in financial statements	Companies of the Budimex Group included in the corporate responsibility report
Mostostal Kraków SA	Kraków / Poland	full	yes
Budimex Danwood Sp. z o.o. 1	Bielsk Podlaski / Poland	full	no (company sold, outside the Budimex Group as at 31.12.2013)
Budimex Bau GmbH	Cologne / Germany	full	no
Budimex Nieruchomości Sp. z o.o.	Warsaw / Poland	full	yes
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	full	no
SPV-BN 1 Sp. z o.o.	Warsaw / Poland	full	no
SPV-BN 2 Sp. z o.o.	Warsaw / Poland	full	no
Budimex Kolejnictwo SA	Warsaw / Poland	full	no
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	full	no
Budimex B Sp. z o.o.	Warsaw / Poland	full	no
Elektromontaż Poznań SA	Poznań / Poland	full	no
Elektromontaż Import Sp. z o.o.	Warsaw / Poland	full	no
Instal Polska Sp. z o.o.	Poznań / Poland	full	no
Elektromontaż Warszawa SA	Warsaw / Poland	full	no
Budimex SA – Budimex Budownictwo Sp. z o.o. s.c.	Warsaw / Poland	full	no
Budimex SA Ferrovia Agroman SA s.c.	Warsaw / Poland	Pro-rata	no
Budimex SA Sygnity SA Sp. j.	Warsaw / Poland	Pro-rata	no
Budimex SA Ferrovia Agroman SA Sp. j.	Warsaw / Poland	Pro-rata	no
Budimex SA – Cadagua SA s.c.	Warsaw / Poland	Pro-rata	no
Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o.o.	Warsaw / Poland	Pro-rata	no

## G4-EC1

## Generated economic value (in PLN thousand)

	2012	2013	Change (%)
Directly generated economic value	6 185 592	4 995 573	-19,2%
Revenue	6 185 592	4 995 573	-19,2%
Divided economic value	6 120 325	4 663 930	-23,8%
Operating costs	5 076 423	3 830 646	-24,5%
Salaries and employee benefits	713 761	622 327	-12,8%
Payments to investors	300 881	131 467	-56,3%
Payments to the state	28 596	78 905	179,9%
Investments in the community	664	585	-11,8%
Retained economic value (calculated as the generated economic value after deducting divided economic value)	65 267	331 643	408,1%

## G4-10

## Number of employees as at the end of the year .

	2012			2013		
	Women	Men	Total	Women	Men	Total
<b>Budimex SA</b>	604	3 038	3 642	577	2 815	3 392
- Polish market	600	2 407	3 007	574	2 173	2 747
definite period of time	161	725	886	147	525	672
full-time basis	439	1 682	2 121	427	1 648	2 075
part-time basis	596	2 403	2 999	569	2 169	2 738
aged under 30	4	4	8	5	4	9
aged 30-50	185	620	805	169	482	651
aged over 50	344	1 299	1 643	339	1 244	1 583
- German market	71	488	559	66	447	513
definite period of time	4	631	635	3	642	645
full-time basis	0	620	620	0	631	631
part-time basis	4	11	15	3	11	14
aged under 30	4	631	635	3	642	645
aged 30-50	0	0	0	0	0	0
aged over 50	0	78	78	0	84	84
	2	392	394	1	376	377
	2	161	163	2	182	184

	2012			2013		
	Women	Men	Total	Women	Men	Total
<b>Budimex Nieruchomości sp. z o.o.</b>	40	22	62	45	23	68
definite period of time	5	2	7	8	2	10
indefinite period of time	35	20	55	37	21	58
full-time basis	40	22	62	44	23	67
part-time basis	0	0	0	1	0	1
aged under 30	5	1	6	7	2	9
aged 30–50	32	15	47	35	15	50
aged over 50	3	6	9	3	6	9
<b>Mostostal Kraków SA</b>	5	551	556	8	515	523
– Polish market	5	354	359	8	343	351
definite period of time	2	32	34	2	28	30
indefinite period of time	3	322	325	6	315	321
full-time basis	5	353	358	8	342	350
part-time basis	0	1	1	0	1	1
aged under 30	0	29	29	1	31	32
aged 30–50	3	177	180	5	175	180
aged over 50	2	148	150	2	137	139
– German market	0	197	197	0	172	172
definite period of time	0	197	197	0	172	172
indefinite period of time	0	0	0	0	0	0
full-time basis	0	197	197	0	172	172
part-time basis	0	0	0	0	0	0
aged under 30	0	22	22	0	23	23
aged 30–50	0	126	126	0	102	102
aged over 50	0	49	49	0	47	47
<b>Razem Grupa</b>	649	3 611	4 260	630	3 353	3 983
definite period of time	168	1 576	1 744	157	1 358	1 515
indefinite period of time	481	2 035	2 516	473	1 995	2 468
full-time basis	645	3 606	4 251	624	3 348	3 972
part-time basis	4	5	9	6	5	11
aged under 30	190	750	940	177	622	799
aged 30–50	381	2 009	2 390	380	1 912	2 292
aged over 50	78	852	930	73	819	892

**G4-LA1**
**Number of persons hired**

	2012			2013		
	Women	Men	Total	Women	Men	Total
<b>Budimex SA</b>	92	531	623	73	884	957
– Polish market	92	252	344	73	206	279
aged under 30	45	123	168	50	101	151
aged 30–50	40	101	141	21	80	101
aged over 50	7	28	35	2	25	27
– German market	0	279	279	0	678	678
aged under 30	0	33	33	0	106	106
aged 30–50	0	178	178	0	411	411
aged over 50	0	68	68	0	161	161
<b>Budimex Nieruchomości sp. z o.o.</b>	1	3	4	6	3	9
aged under 30	1	1	2	3	1	4
aged 30–50	0	1	1	3	2	5
aged over 50	0	1	1	0	0	0
<b>Mostostal Kraków SA</b>	1	205	206	5	155	160
– Polish market	1	22	23	5	25	30
aged under 30	0	6	6	1	13	14
aged 30–50	1	15	16	3	9	12
aged over 50	0	1	1	1	3	4
– German market	0	183	183	0	130	130
aged under 30	0	23	23	0	15	15
aged 30–50	0	114	114	0	80	80
aged over 50	0	46	46	0	35	35
<b>Razem Grupa</b>	94	739	833	84	1 042	1 126
aged under 30	46	186	232	54	236	290
aged 30–50	41	409	450	27	570	597
aged over 50	7	144	151	3	236	239

## G4-LA1

## Number of resignations

	2012			2012		
	Women	Men	Total	Women	Men	Total
<b>Budimex SA</b>	93	1 414	1 507	85	1 066	1 151
– Polish market	93	597	690	84	391	475
aged under 30	30	190	220	29	104	133
aged 30–50	56	298	354	45	201	246
aged over 50	7	109	116	10	86	96
turnover ratio	15,5%	24,8%	22,9%	14,5%	18,0%	17,3%
– German market	0	817	817	1	675	676
aged under 30	0	198	198	0	83	83
aged 30–50	0	128	128	1	423	424
aged over 50	0	491	491	0	169	169
turnover ratio	0%	129%	129%	67%	105%	105%
<b>Budimex Nieruchomości sp. z o.o.</b>	5	2	7	1	2	3
aged under 30	3	0	3	0	0	0
aged 30–50	2	1	3	1	2	3
aged over 50	0	1	1	0	0	0
turnover ratio	13%	9%	11%	2%	9%	4%
<b>Mostostal Kraków SA</b>	10	223	233	2	193	195
– Polish market	10	69	79	2	36	38
aged under 30	0	11	11	0	5	5
aged 30–50	5	33	38	1	10	11
aged over 50	5	25	30	1	21	22
turnover ratio	200%	19%	22%	25%	10%	11%
– German market	0	154	154	0	157	157
aged under 30	0	20	20	0	12	12
aged 30–50	0	94	94	0	99	99
aged over 50	0	40	40	0	46	46
turnover ratio	-	78%	78%	-	91%	91%
<b>Razem Grupa</b>	108	1 639	1 747	88	1 261	1 349
aged under 30	33	419	452	29	204	233
aged 30–50	63	554	617	48	735	783
aged over 50	12	666	678	11	322	333
turnover ratio	17%	45%	41%	14%	38%	34%

## G4-11

Percentage of employees covered by collective bargaining agreements

	2012	2013
Budimex SA	99,3%	99,4%
Budimex Nieruchomości sp. z o.o.	0,0%	0,0%
Mostostal Kraków SA	99,7%	99,4%

## G4-LA13

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

	2012	2013
Budimex SA	105,0%	106,7%
Budimex Nieruchomości sp. z o.o.	100,0%	91,4%
Mostostal Kraków SA	111,0%	78,3%

## G4-EC5

Lowest remuneration in the company in relation to the minimum wage in the country<sup>13</sup>

	2012		2013	
	Kobiety	Mężczyźni	Kobiety	Mężczyźni
Budimex SA	100%	100%	125%	125%
Budimex Nieruchomości sp. z o.o.	187%	213%	181%	200%
Mostostal Kraków SA	133%	120%	125%	113%

<sup>13</sup> Information relates only to the Polish market.

## G4-LA3

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

	2012			2013		
	Women	Men	Total	Women	Men	Total
<b>Budimex SA</b>	29	3	32	46	5	51
– Polish market	29	3	32	46	3	49
– German market	0	0	0	0	2	2
<b>Budimex Nieruchomości sp. z o.o.</b>	0	0	0	4	0	4
<b>Mostostal Kraków SA</b>	0	0	0	0	1	1
– Polish market	0	1	1	0	1	1
– German market	0	1	1	0	0	0

## G4-LA3

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

	2012			2013		
	Women	Men	Total	Women	Men	Total
<b>Budimex SA</b>	42	146	188	25	122	147
– Polish market	41	138	179	25	110	135
– German market	1	8	9	0	12	12
<b>Budimex Nieruchomości sp. z o.o.</b>	2	0	2	0	1	1
<b>Mostostal Kraków SA</b>	0	8	8	0	4	4
– Polish market	0	6	6	0	1	1
– German market	0	2	2	0	3	3

**G4-LA3**
**Percentage of employees who resigned from work at the company within 12 after their return to work from parental leave**

	2012			2013		
	Women	Men	Total	Women	Men	Total
<b>Budimex SA</b>	39%	0%	9%	20%	0%	4%
– Polish market	39%	0%	9%	20%	0%	4%
– German market	0%	0%	56%	0%	0%	0%
<b>Budimex Nieruchomości sp. z o.o.</b>	0%	0%	0%	0%	0%	0%
<b>Mostostal Kraków SA</b>	0%	0%	0%	0%	0%	0%
– Polish market	0%	0%	0%	0%	0%	0%
– German market	0%	0%	0%	0%	0%	0%

**G4-EC6, G4-LA12**
**Diversity in management bodies**

	2013		
	Women	Men	Total
<b>Budimex SA</b>			
<b>management board</b>	<b>0</b>	<b>5</b>	<b>5</b>
aged under 30	0	0	0
aged 30–50	0	3	3
aged over 50	0	2	2
foreigners	0	1	1
<b>supervisory board</b>	<b>1</b>	<b>8</b>	<b>9</b>
aged under 30	0	0	0
aged 30–50	1	1	4
aged over 50	0	5	5
foreigners	0	2	2

	2013		
	Women	Men	Total
<b>Budimex Nieruchomości sp. z o.o.</b>			
<b>management board</b>	<b>0</b>	<b>3</b>	<b>3</b>
aged under 30	0	0	0
aged 30–50	0	2	2
aged over 50	0	1	1
foreigners	0	1	1
<b>supervisory board</b>	<b>0</b>	<b>3</b>	<b>3</b>
aged under 30	0	0	0
aged 30–50	0	2	2
aged over 50	0	0	0
foreigners	0	2	2
<b>Mostostal Kraków SA</b>			
<b>management board</b>	<b>0</b>	<b>2</b>	<b>2</b>
aged under 30	0	0	0
aged 30–50	0	1	1
aged over 50	0	1	1
foreigners	0	0	0
<b>supervisory board</b>	<b>1</b>	<b>2</b>	<b>3</b>
aged under 30	0	0	0
aged 30–50	1	2	3
aged over 50	0	0	0
foreigners	0	0	0

**G4-LA6**

**Accidents at work**

	Accident frequency rate		Accident severity rate	
	2012	2013	2012	2013
<b>Budimex SA</b>	20,04	12,76	49,89	38,50
<b>Budimex Nieruchomości sp. z o.o.</b>	0,00	0,00	0,00	0,00
<b>Mostostal Kraków SA</b>	29,10	27,93	59,82	70,60

	2012		2013	
	Budimex	“Porozumienie dla bezpieczeństwa w budownictwie” (“Agreement for safety in the construction industry”)	Budimex	“Porozumienie dla bezpieczeństwa w budownictwie” (“Agreement for safety in the construction industry”)
Accident frequency rate	20,04	13,95	12,76	13,25
Accident severity rate	48,89	44,28	38,50	37,60

	Budimex SA		Budimex Nieruchomości sp. z o.o.		Mostostal Kraków SA	
	2012	2013	2012	2013	2012	2013
Injury rate (IR)	2,83	1,27	0	0	5,23	2,76
Occupational disease rate (ODR)	0	0,04	0	b/d	0	b/d
Lost day rate (LDR)	146,53	48,43	0	0	466,53	196,64
Absence rate (AR)	60 621 429	38 909 960	669 841	678 088	9 334 921	4 713 147

#### G4-EN1

Consumption of selected raw materials, most important due to the type of activities:

Raw material / material	j.m.	2012	2013
<b>Budimex SA</b>			
Road asphalt (regular and modified)	thousand tonnes	98	53
Cement	thousand tonnes	90	70
Crushed-stone aggregate for bituminous mixtures	thousand tonnes	1 717	1 063
Mixtures of crushed-stone aggregates	thousand tonnes	2 478	2 221
Railway aggregate	thousand tonnes	80	354
Hydro-technical stone	thousand tonnes	7,5	215
Reinforcement steel	thousand tonnes	57	42
Concrete	thousand m <sup>3</sup>	1 011	743
<b>Mostostal Kraków SA</b>			
Steel	thousand tonnes	11	12,8

## G4-EN2

## Consumption of raw materials as reuse

Category of recovered raw material	unit	2012	2013
Asphalt (code of waste: 17 03 02)	thousand tonnes	6,8	-
Waste sand and clays (code of waste 01 04 09)	thousand tonnes	-	1,7
Soil and earth, including stones (code of waste 17 05 04)	thousand tonnes	-	50
Soil and earth, including stones (code of waste 20 02 02)	thousand tonnes	-	28,7
Minerals (e.g. sand, stones) (code of waste 19 12 09)	thousand tonnes	-	142

## G4-EN3, G4-EN5

## Fuel and electricity consumption

Source of energy and energy raw materials	unit	2012	2013	Change y/y
Diesel oil	GJ	173 108 (3 990,50 ton)	196 497 (4 529,67 ton)	113,5%
Gasoline	GJ	19 417 (433,90 ton)	12 647 (293,44 ton)	65,1%
Light fuel oil	GJ	24 851 (576,60 ton)	39 747 (922,21 ton)	125,9%
Heavy fuel oil with low sulphur content (LSC)	GJ	382 117 (9 059,20 ton)	258 781 (6 135,17 ton)	67,7%
Fuel oil (HSC)	GJ	0 (0,0 ton)	0 (0,0 ton)	-
Electricity	GJ	134 719 (37 421,90 MWh)	138 983 (38 606,37 ton)	103,2%
Total	GJ	734 212	646 656	88,1%

## G4-EN15, G4-EN16, G4-EN18

CO2 emissions<sup>14</sup>

CO2 emissions	unit	2012	2013	Change y/y
Direct emissions (scope 1)	tonnes	44 895	37 678,14	83,9%
Indirect emissions (scope 2)	tonnes	23 957	24 715,97	103,2%
Indirect emissions (scope 3)	x	x	x	
Total:		68 852	62 394,11	90,6%
Efficiency	tonnes/PLN thousand	11,1	12,5%	112,5%

14 Szacunki dokonywane z wykorzystaniem spójnej metodyki obowiązującej w Grupie Ferrovial opartej o GHG Protocol oraz rzeczywiste zużycia podstawowych paliw i energii elektrycznej.

**G4-EN21**
**Air emissions of pollutants, main sources (in kg/year)<sup>15) 16)</sup>**

	<b>sulphur dioxide</b> (source: paving plant)	<b>nitrogen dioxide</b> (source: paving plant)	<b>carbon monoxide</b> (source: paving plant)	<b>other dust</b> (source: paving plant)	<b>other dust</b> (source: limestone flour container)
<b>Szczecin</b>	953,04	274,89	1 143,45	119,46	33,34
<b>Suwałki</b>	969,08	2 010,30	483,56	4 015,63	69,56
<b>Stawiski</b>	6 830,28	3 173,48	322,21	0,69	0,00
<b>Ropczyce</b>	4 395,97	3 628,42	18 839,86	167,47	91,93
<b>Jarosław (Rożwienica)</b>	92,25	298,47	470,59	6,26	4,30
<b>Jażwiny (Czarna)</b>	1 577,30	731,41	73,91	0,16	6,49
<b>Zagórz (Komańcza)</b>	293,82	752,28	5 170,63	10 922,86	38,04
<b>Lublin</b>	119,97	1 139,98	3 612,43	183,97	73,52
<b>Jastków</b>	1 439,88	1 258,28	370,64	1 191,97	68,29
<b>Sulechów</b>	167,05	185,46	114,38	1 111,11	3,51
<b>Łódź Babichy</b>	10 011,73	4 622,22	462,22	1,02	31,97
<b>Pruszków</b>	1 589,47	1 642,77	477,78	1,05	14,57
<b>Total</b>	<b>28 439,83</b>	<b>19 717,95</b>	<b>31 541,66</b>	<b>17 721,65</b>	<b>435,51</b>

<b>cont.</b>	<b>benzo(a) pyrene</b> (source: paving plant)	<b>aromatic hydrocarbons</b> (source: paving plant)	<b>aromatic hydrocarbons</b> (source: process of unloading the mineral-asphalt mix)	<b>aliphatic hydrocarbons</b>	<b>carbon dioxide</b> (source: paving plant)
<b>Szczecin</b>	0,00	0,32	-	-	346 800
<b>Suwałki</b>	0,00	0,02	-	-	1 740 800
<b>Stawiski</b>	0,00	0,01	-	-	1 168 448
<b>Ropczyce</b>	0,00	0,03	1,88	-	2 669 600
<b>Jarosław (Rożwienica)</b>	0,01	0,00	0,23	-	213 601
<b>Jażwiny (Czarna)</b>	0,00	0,00	0,19	-	267 454
<b>Zagórz (Komańcza)</b>	0,00	330,00	1,56	1 790,00	760 072
<b>Lublin</b>	1,23	0,01	-	-	1 004 856
<b>Jastków</b>	1,74	0,02	-	-	1 344 651
<b>Sulechów</b>	0,00	0,00	0,18	-	157 200
<b>Łódź Babichy</b>	0,00	0,02	-	-	1 664 000
<b>Pruszków</b>	0,00	0,02	-	-	1 720 000
<b>Suma</b>	<b>2,98</b>	<b>330,46</b>	<b>4,04</b>	<b>1 790,00</b>	<b>13 057 482</b>

15 All plants listed in the table operate within the structure of Budimex SA. The list does not include substances whose emissions do not exceed 1 kg/year. These are: (a) benzo(a)pyrene (source: asphalt container): 0.0001 kg/year; (b) benzo(a)pyrene (source: bitumen container): 0.002 kg/year; (c) aromatic hydrocarbons (source: asphalt container): 0.001 kg/year; (d) aromatic hydrocarbons (source: bitumen container): 0.04 kg/year; (e) aromatic alcohols and their derivatives — phenol (source: asphalt container): 0.0001 kg/year; (f) aromatic alcohols and their derivatives — phenol (source: bitumen container): 0.003 kg/year; (g) aromatic alcohols and their derivatives — phenol (source: process of unloading the mineral-asphalt mix): 0.72 kg/year.

16 The values provided are equal to the values reported to relevant administrative bodies in order to calculate the environmental charges and their sources are direct measurements or estimates calculated in accordance with applicable regulations (based on volumes of production and processed raw materials).

## G4-EN23

## Waste (without earth and soil)\*

Main waste by type	2012	2013
	mass (tonnes)	mass (tonnes)
<b>Waste considered to be hazardous, including:</b>	<b>1 122,5</b>	<b>131,8</b>
other engine, gear and lubricating oils (13 02 08)	-	1,0
packaging containing residues of hazardous substances (15 01 10)	6,7	17,2
aqueous liquid waste (16 10 01)	-	9,2
wood, glass and plastic waste containing hazardous substances (17 02 04)	-	5,9
tar (17 03 03)	-	4,1
soil and earth (17 05 03)	-	38,0
materials containing asbestos (17 06 05)	-	55,1
<b>Non-hazardous waste, including:</b>	<b>101 388,5</b>	<b>281 295,7</b>
waste plant matter (02 01 03)	544,2	427,2
waste from forestry (02 01 07)	-	10 760,0
paper and cardboard packaging (15 01 01)	10,4	23,9
plastic packaging (15 01 02)	8,7	21,7
wooden packaging (15 01 03)	6,5	4,2
composite packaging (15 01 05)	-	2,0
concrete waste and concrete rubble (17 01 01)	50 225,9	35 121,9
brick rubble (17 01 02)	9 662,4	849,7
mixtures of concrete waste, brick rubble, ceramic waste and pieces of equipment (17 01 07)	20 057,8	38 937,5
removed plaster, wallpaper, veneer (17 01 80)	-	7,1
waste from renovations and reconstruction of roads (from the existing foundation, etc.) (17 01 81)	9 834,8	49 722,9
other not specified waste (17 01 82)	98,1	33,9
wood (17 02 01)	1 263,4	6 182,1
glass (17 02 02)	-	1,3
plastic (17 02 03)	0,2	27,5
asphalt other than mentioned in 17 03 01	7 757,3	600 022,8
waste tar paper (17 03 80)	12,8	91,1
iron and steel (17 04 05)	155,0	1213,6
mixed metals (17 04 07)	4,7	7,3
track ballast (17 05 08)	1 034,0	32176,9

\* the statement does not include categories of wastes whose mass did not exceed 1 tonne in 2013.

Main waste by type	2012	2013
	mass (tonnes)	mass (tonnes)
insulation materials (17 06 04)	9,5	35,1
mixed construction, renovation and demolition waste (17 09 04)	1 682,8	5 198,6
wood other than mentioned in 19 12 07 (19 12 07)	-	1,2
minerals (e.g. sand, stones) (19 12 09)	-	15 929,1
waste from mechanical treatment of wastes (19 12 12)	-	24 495,1
<b>Łącznie</b>	<b>102 511,0</b>	<b>281 427,5</b>

**G4-EN23**
**Soil and earth**

Main waste by type	unit	2012	2013
Soil and earth, including stones, considered to be hazardous (17 05 03)	tonnes	-	38,02
Soil and earth, including stones, other than waste considered to be hazardous (17 05 04)	tonnes	2 449 716,0	2 389 711,86
Dredged material not containing or not contaminated with dangerous substances (17 05 06)	tonnes	148 302,5	322 088,10
<b>Total</b>	<b>tonnes</b>	<b>2 598 018,6</b>	<b>2 711 837,98</b>

**G4-EN23**
**Utilisation of waste**

Main waste by type	unit	2012	2013
Used as a fuel or other means to generate energy (R1)	tonnes	211,96	4 659,14
Reuse (R14) (without earth and soil)	tonnes	11 881,3	9 364,74
Transferred to companies with permits for collection, transportation and disposal (including e.g. storage in landfills) (without earth and soil, excluding contaminated soil)	tonnes	90 329,23	267 403,59
<b>Total</b>	<b>tonnes</b>	<b>102 422,49</b>	<b>281 427,47</b>

**G4-EN23**
**Utilisation of earth and soil**

Main waste by type	unit	2012	2013
Reuse (R14)	tonnes	1 841 862,72	1 769 402,37
Transferred to companies with permits for collection, transportation and disposal (including e.g. storage in landfills)	tonnes	756 155,85	942 435,61
<b>Total</b>	<b>tonnes</b>	<b>2 598 018,57</b>	<b>2 711 837,98</b>

# 12 | GRI INDICATORS



Indic.	range ■ overall ■ partial □ not reported / not applicable	p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
<b>Strategy and analysis</b>							
G4-1	■	6, 8	✓	Statement from the most-senior decision-maker of the organisation (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organisation and its strategy			[Letter from the President of the Management Board]
					4.7 6.2 7.4.2 6.2		
G4-2	■	6, 8	✓	Description of key impacts, opportunities and risks			[Letter from the President of the Management Board] Business risks are described in the "Annual Report 2013" available at <a href="http://www.raportroczny.budimex.pl/2013/">www.raportroczny.budimex.pl/2013/</a>
<b>Organisational profile</b>							
G4-3				Name of the organisation			Budimex SA
G4-4		10		Primary brands, products and/or services			[About us] More on <a href="http://www.budimex.pl">www.budimex.pl</a>
G4-5	■		✓	Location of the organisation's headquarters			ul. Stawki 40 01-140 Warszawa Poland <a href="http://www.budimex.pl">www.budimex.pl</a>
G4-6	■	10	✓	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report			[About us]
G4-7	■			Nature of ownership and legal form	6.3.10 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
G4-8	■	10	✓	Markets served, including geographic breakdown, sectors served, and types of customers/consumers and beneficiaries			[About us] Detailed information on this subject can be found in the "2013 Annual Report" available at <a href="http://www.raportroczny.budimex.pl/2013/">www.raportroczny.budimex.pl/2013/</a>
G4-9	■	12-14 16	✓	Scale of activity			[About us]
G4-10	■	14, 65	✓	Number of the Company's employees and employees under the Company's supervision broken down by gender and type of contract			[About us] [Tables and data]
G4-11	■	69	✓	Percentage of employees covered by collective bargaining agreements			[Tables and data]
G4-12	■	14, 23	✓	Description of the value chain			[About the report]

Indic.	range ■ overall ■ partial □ not reported / not applicable	p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
							[About the report] At the end of 2013, the company of Danwood sp. z o.o. was sold.
G4-13	■	20	✓	Significant changes during the reporting period, regarding size, structure, form of ownership, or value chain			Detailed description of changes in the organisational structure of the Budimex Group can be found in the "2013 Annual Report" available at www.raportroczny.budimex.pl/2013/.
G4-14	■	36	✓	Explanation of whether and how the precautionary principle is applied by the organisation.	6.3.10 6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8	7	[Impact on the local environment and biodiversity]  The procedure "Environmental management on contract sites", which is a part of the Integrated Management System, defines, among others, rules for the analysis of environmental requirements and the concept of environmental impact. It covers every actual and potential type of impact.  In addition, the Group undertook to comply with the precautionary principle by joining UN Global Compact.
G4-15	■		✓	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses		1-10	<ul style="list-style-type: none"> <li>UN Global Compact</li> <li>"Porozumienie na Rzecz Bezpieczeństwa w Budownictwie" ("Agreement for safety in the construction industry")</li> <li>social campaign of the National Labour</li> </ul>
G4-16	■	15	✓	Memberships in associations (such as industry associations) and/or national/ /international organisations		1-10	[About us]

### Identification of material aspects and limitations

G4-17	■	64	✓	Entities included in the consolidated financial statements			[Tables and data]
G4-18	■	20	✓	Process for defining the report content			[About the report]
G4-19	■	20	✓	Identified important aspects of social and environmental impact			[About the report]
G4-20	■	22	✓	Significance of identified aspects of social and environmental impact for each entity			[About the report]
G4-21	■	14, 20	✓	Limitations of the report in relation to the relevant aspects of social and environmental impact, including entities outside the organisation	5.2 7.3.2 7.3.3 7.3.4		[About us] [About the report]
G4-22	■		✓	Explanation of the effect of any restatements of information provided in previous reports, reasons for such restatement and its impact (e.g. mergers, acquisitions, change of a base year/period, nature of business activity, measurement methods)			No material restatements
G4-23	■		✓	Significant changes in relation to the previous report regarding the scope, range, or measurement methods applied in the report			No significant changes.

Indic.	range ■ overall ■ partial □ not reported / not applicable	p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
<b>Stakeholder engagement</b>							
G4-24	■	23	✓	List of stakeholder groups engaged by the organisation			[About the report]
G4-25	■	23	✓	Basis for identification and selection of stakeholder groups engaged by the organisation			[About the report]
G4-26	■	23	✓	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	5.3		[About the report]
G4-27	■	23	✓	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			[About the report]
<b>Report profile</b>							
G4-28	■		✓	Reporting period (e.g. fiscal/			Fiscal/calendar year: 01.01.2013–31.12.2013
G4-29	■		✓	calendar year)			December 2013
G4-30	■		✓	Date of most recent previous report (if any)			annual
G4-31	■		✓	Reporting cycle (annual, biennial, etc.)	5.3 7.5.3 7.6.2		Łukasz Kubiak, Office of External Communication, Budimex SA, ul. Stawki 40, 01-040 Warsaw e-mail: lukasz.kubiak@budimex.pl Phone (22) 623 61 64 mobile 695 052 455 fax (22) 623 60 14
G4-32	■	20	✓	CSR Index			[GRI indicators] [About the report]
G4-33	■	20	✓	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).			[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
<b>Governance, commitments and engagement</b>							
G4-34	■		✓	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	6.2 7.4.3 7.7.5	1-10	Sustainable growth management) Detailed information can be found in the "2013 Annual Report" available at <a href="http://www.raportroczny.budimex.pl/2013/">www.raportroczny.budimex.pl/2013/</a>
<b>Ethics and reliability</b>							
G4-56	■	11, 54	✓	Organisation's values, principles, code and standards of behaviour and ethics.	4.4 6.6.3	1-10	[About us] [Prevention of unethical behaviour and integrity in operations]

## ECONOMIC PERFORMANCE

Indic.	range		p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	□ partial not reported / not applicable						
<b>Economic performance</b>								
G4-EC1	■		65	✓	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	6.8.1 6.8.2 6.8.3 6.8.7 6.8.9	-	[Tables and data]
G4-EC2	■			✓	Financial implications and other risks and opportunities for the organisation's activities due to climate change	6.5.5	7	No significant impact was stated at the moment. 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. 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).
G4-EC3	□				Coverage of the organisational pension liabilities arising from defined benefit plans.	6.8.7		None of the companies included in the report offers an Employee Pension Plan to their employees. Detailed information on the "liabilities arising from retirement benefits and similar obligations" item (retirement and disability packages, jubilee, death benefits) can be found in the "2013 Annual Report" available at <a href="http://www.raport-troczny.budimex.pl/2013/">www.raport-troczny.budimex.pl/2013/</a> .
G4-EC4	■			✓	Significant financial assistance received from the government	-	-	The Group's companies did not benefit from direct state aid. The Treasury is not a shareholder of Budimex SA.
<b>Market presence</b>								
G4-EC5	■		69	✓	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	6.3.7 6.3.10 6.4.3 6.4.4 6.8.1 6.8.2	1	[Tables and data]

Indic.	range		p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
								[Tables and data]
G4-EC6	■		71	✓	Percentage of senior management hired from the local market	6.4.3 6.8.1 6.8.2 6.8.5 6.8.7	6	Basically, 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 compositions of management and supervisory boards.

### Indirect economic impact

G4-EC7	■		12, 13, 16		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	6.3.9 6.8.1 6.8.2 6.8.7 6.8.9	-	[About us]
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## ENVIRONMENTAL PERFORMANCE

Indic.	range		p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
<b>Raw materials and materials</b>								
EN DMA			17, 32, 60		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Rational use of resources and environmental pollution]
G4-EN1	■		61, 73		Materials used by weight or volume.	6.5.4	8	[Rational use of resources and environmental pollution] [Tables and data]
G4-EN2	■		61, 74		Percentage of materials used that are recycled input materials	6.5.4	8, 9	[Rational use of resources and environmental pollution] [Tables and data]
<b>Energy</b>								
EN DMA			17, 32, 60		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Rational use of resources and environmental pollution]
G4-EN3	■		63, 74		Direct and indirect energy consumption by primary energy source	6.5.4.	8	[Rational use of resources and environmental pollution] [Tables and data]
G4-EN5	■		63, 74		Energy efficiency			[Rational use of resources and environmental pollution] [Tables and data]

Water

G4-EN9	■			Water sources significantly affected by withdrawal of water	6.5.4	8	Operations of the Budimex Group in 2013 did not result in significant depletion of water resources.
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Indic.	range		p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						

Biodiversity

EN DMA		17, 32, 60		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Impact on the local environment and biodiversity]
G4-EN11	■	34, 37, 38, 39, 40, 41	✓	Location and area of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.5.6	8	[Reducing impacts on valuable natural areas]
G4-EN12	■	34	✓	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	6.5.6	8	[Reducing impacts on valuable natural areas]
G4-EN13	■	37-41	✓	Habitats protected or restored	6.5.6	8	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.
G4-EN14	■	37-41	✓	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	6.5.6	8	[Reducing impacts on valuable natural areas]

Emissions

EN DMA		17, 32, 60		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Rational use of resources and environmental pollution]
G4-EN15	■	63, 74	✓	Total direct greenhouse gas emissions by weight (Scope 1)	6.5.5	8	[Tables and data]
G4-EN16	■	74	✓	Total indirect greenhouse gas emissions by weight (Scope 2)	6.5.5	8	[Tables and data]
G4-EN18	■	74	✓	Efficiency associated with greenhouse gas emissions	6.5.5		[Tables and data]
G4-EN20	□			Emissions of ozone-depleting substances by weight	6.5.3 6.5.5	8	Not applicable. The company's activities are not associated with emissions of such compounds.

Indic.	range		p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	□ partial not reported / not applicable						
								[Tables and data]
G4-EN21	■		75	✓	NOx, SOx, and other significant air emissions by type and weight	6.5.3	8	Different bituminous mass 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.

**Sewage and waste**

	EN DMA		17, 32, 60		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Rational use of resources and environmental pollution]
G4-EN23	■		43, 61, 76, 77	✓	Total weight of waste by type and disposal method	6.5.3	8	[Reducing impacts on valuable natural areas] [Tables and data]
G4-EN24	■		36	✓	Total number and volume of significant spills	6.5.3	8	[Reducing impacts on valuable natural areas] In 2013, Budimex did not record any spill into water reservoirs.
G4-EN25	□				Weight of transported, imported, exported, or treated waste deemed hazardous (under the terms of the Basel Convention Annex I, II, III, and VIII) and percentage of transported waste shipped internationally	6.5.3	8	Not applicable. Budimex neither transports, imports, exports nor processes waste considered hazardous, nor does it ship such waste internationally. In each contract executed by Budimex, laboratories and bitumen plants cooperate in matters related to hazardous waste with companies which have relevant permits for collection, transport and disposal of such waste.
G4-EN26	■			✓	Type, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and spills	6.5.3 6.5.4 6.5.6	8	Budimex does not dump water into water reservoirs or on areas of particular importance for biodiversity. In terms of wastewater management, Budimex cooperates with municipal companies.

**Products and services**

G4-EN27	□		34		Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5.3 6.5.4 6.6.6 6.7.5	7, 8, 9	[Reducing impacts on valuable natural areas]
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**Compliance**

G4-EN29	■		36	✓	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	4.6	8	[Reducing impacts on valuable natural areas]
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## Environmental assessment of suppliers

EN DMA	17, 32, 60	Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Impact on the local environment and biodiversity]
G4-EN32	42	✓	Percentage of suppliers who were assessed against the environmental criteria	6.3.5 6.6.6 7.3.1	[Reducing impacts on valuable natural areas]
G4-EN33	42	✓	Significant current and potential risks of employee relations in the supply chain	6.3.5 6.6.6 7.3.1	[Reducing impacts on valuable natural areas]
G4-EN34	42	✓	Number of complaints relating to the environmental impact, addressed and resolved through formal mechanisms	6.3.6	[Reducing impacts on valuable natural areas]

## Complaint transfer procedure

## SOCIAL PERFORMANCE

Indic.	range ■ overall ■ partial □ not reported / not applicable	p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
<b>Workplace: employment</b>							
G4-LA1	■	67, 68	✓	Total number of resignations and employee turnover rate by age group, gender, and region	6.4.3	6	[Tables and data]
G4-LA2	■		✓	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by main organisational units	6.4.4 6.8.7	-	The benefits are the same, regardless of whether the person is a full-time or part-time employee. The following benefits among non-mandatory benefits should be mentioned here: medical insurance (Budimex, Budimex Nieruchomości), life insurance (Budimex, Budimex Nieruchomości) and Benefit cards (Budimex, Budimex Nieruchomości).
G4-LA3	□	70, 71		Percentage of return to work and retention rate after maternity/paternity leave in relation to gender	6.4.4		[Tables and data]
<b>Workplace: labour/management relations</b>							
G4-LA4	■		✓	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	6.4.3 6.4.5	3	In accordance with the requirements of the Polish Labour Law.
<b>Workplace: occupational health and safety (OHS)</b>							
LA DMA		17, 24		Management approach (regarding occupational health and safety)	6 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6	[Conditions, occupational health and safety (OHS)]
G4-LA5	■	24	✓	Percentage of total workforce represented in formal health and safety committees (attended by both managers and workers) that help monitor and advise on occupational health and safety programmes	6.4.6	1	[Conditions, occupational health and safety (OHS)]

Indic.	range		p.	audit	Description of the value chain	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	□ partial not reported / not applicable						
G4-LA6	■		29, 72		Rates of injury, occupational diseases, lost days, and absenteeism, and a total number of work-related fatalities, by region	6.4.6 6.8.8	1	[Tables and data]
G4-LA7	■		29	✓	Employment at high risk of occupational diseases.	6.4.6 6.8.8	1	[Conditions, occupational health and safety (OHS)]
G4-LA8	■			✓	OHS in collective agreements	6.4.6	1	OHS aspects were included in the collective bargaining agreement only in the case of Budimex SA and Mostostal Kraków. The provisions define the possibility to temporarily grant to a given group of employees periodical allowance in harmful and burdensome conditions.
<b>Workplace: trainings</b>								
G4-LA10	■		50	✓	Development programmes	6.3.7 6.3.10 6.4 6.4.3	1, 6	[Prevention of unethical behaviour and integrity in operations]
<b>Workplace: diversity and equal opportunity</b>								
G4-LA12	■		71	✓	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other diversity indicators	6.2.3 6.3.7 6.3.10 6.4.3	1, 6	[Tables and data]
G4-LA13	■		69		Ratio of basic salary and remuneration of women to men by employee category	6.3.7 6.3.10 6.4.3 6.4.4	1, 6	[Tables and data]
<b>Assessment of suppliers</b>								
LA DMA			17, 24		Management approach (regarding occupational health and safety)	6 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6	[Conditions, occupational health and safety (OHS)]
G4-LA14	■		31	✓	Percentage of suppliers who were assessed against employment criteria	6.3.5 6.4.3 6.6.6 7.3.1		[Conditions, occupational health and safety (OHS)]
G4-LA15	■		31	✓	Significant current and potential risks of employee relations in the supply chain	6.3.5 6.4.3 6.6.6 7.3.1		[Conditions, occupational health and safety (OHS)]
<b>Complaint transfer procedure</b>								
G4-LA16	■		31	✓	Number of complaints relating to employment, addressed and resolved through formal mechanisms	6.3.6		[Conditions, occupational health and safety (OHS)] [Prevention of unethical behaviour and integrity in operations]

Indic.	range		p.	audit	Wytyczne GRI	Obszar wg ISO 26000	Zasada UN Global Compact	Komentarz / Opis
	■ overall	■ partial						
	not reported / not applicable							
<b>Human rights: investment and procurement procedures</b>								
HR DMA			52		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	1-6	[Prevention of unethical behaviour and integrity in operations]
G4-HR1	■		52	✓	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	6.3.3 6.3.5 6.6.6	1-6	[Prevention of unethical behaviour and integrity in operations]
<b>Human rights: non-discrimination</b>								
G4-HR3	■		54, 55	✓	Total number of incidents of discrimination and corrective actions taken	6.3.6 6.3.7 6.3.10 6.4.3	1, 2, 6	[Prevention of unethical behaviour and integrity in operations]
<b>Human rights: freedom of association and collective bargaining</b>								
G4-HR4	■		55	✓	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	6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.5 6.6.6	1-3	[Prevention of unethical behaviour and integrity in operations]
<b>Human rights: child labour</b>								
G4-HR5	■		55	✓	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	6.3.3 6.3.4 6.3.5 6.3.7 6.3.10 6.6.6 6.8.4	1, 2, 5	[Prevention of unethical behaviour and integrity in operations]
<b>Human rights: forced and compulsory labour</b>								
G4-HR6	■		55	✓	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to eliminate such incidents	6.3.3 6.3.4 6.3.5 6.3.10 6.6.6	1, 2, 4	[Prevention of unethical behaviour and integrity in operations]
<b>Assessment of suppliers</b>								
HR DMA			52		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	1-6	[Prevention of unethical behaviour and integrity in operations]
G4-HR10	■		52, 54	✓	Percentage of suppliers who were assessed against human rights	6.3.3 6.3.4 6.3.5		[Prevention of unethical behaviour and integrity in operations]
G4-HR11	■		52, 54	✓	Significant current and potential risks to human rights in the supply chain	6.3.3 6.3.4 6.3.5 6.6.6		[Prevention of unethical behaviour and integrity in operations]
<b>Complaint transfer procedure</b>								
G4-HR12	■		52, 54	✓	Number of complaints relating to human rights, addressed and resolved through formal mechanisms	6.3.6		[Prevention of unethical behaviour and integrity in operations]

Indic.	range ■ overall ■ partial □ not reported / not applicable	p.	audit	Wytyczne GRI	Obszar wg ISO 26000	Zasada UN Global Compact	Komentarz / Opis
<b>Local communities</b>							
SO DMA		30, 44, 50		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	10	[Conditions, occupational health and safety (OHS)] [Compensating communities for nuisance]
G4-S01	■	44, 46		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	6.3.9 6.5.1 6.5.2 6.5.3 6.8	-	[Relations with local communities] [Conditions, occupational health and safety (OHS)]
G4-S02	■	44	✓	Activities with significant potential or existing negative impact on the local community	6.3.9 6.5.3 6.8		[Relations with local communities]
<b>Anti-corruption measures</b>							
SO DMA		30, 44, 50		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	10	[Prevention of unethical behaviour and integrity in operations]
G4-S03	■	51	✓	Percentage and total number of business units analysed for risks related to corruption	6.6.1 6.6.2 6.6.3	10	[Prevention of unethical behaviour and integrity in operations]  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 behaviour.
G4-S04	■	50	✓	Percentage of employees trained in organisation's anti-corruption policies and procedures	6.6.1 6.6.2 6.6.3 6.6.6	10	[Prevention of unethical behaviour and integrity in operations]  Due to the nature of the business, in particular the staff rotation between contracts, the division into regions was omitted in the description of the indicator.
G4-S05	■		✓	Actions taken in response to incidents of corruption	6.6.1 6.6.2 6.6.3	10	[Prevention of unethical behaviour and integrity in operations]
<b>Participation in public life</b>							
G4-S06	■	55	✓	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	6.6.1 6.6.2 6.6.4	10	[Prevention of unethical behaviour and integrity in operations]
<b>Zgodność z regulacjami</b>							
G4-S07	■	55	✓	Total number of legal actions against the organisation for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	6.6.1 6.6.2 6.6.5 6.6.7	-	[Prawa człowieka i zgodność z prawem]
G4-S08	■		✓	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	4.6	-	No penalties were imposed.

Indic.	range ■ overall ■ partial □ not reported / not applicable	p.	audit	Wytyczne GRI	Obszar wg ISO 26000	Zasada UN Global Compact	Komentarz / Opis
<b>Compliance</b>							
SO DMA		30, 44, 50		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	10	[Prevention of unethical behaviour and integrity in operations]
G4-S09	■	45	✓	Percentage of suppliers who were assessed against social criteria	6.3.5 6.6.1 6.6.2 6.6.6 6.8.1 6.8.2 7.3.1		[Relations with local communities]
G4-S010	■	45	✓	Significant current and potential social risks in the supply chain	6.3.5 6.6.1 6.6.2 6.6.6 6.8.1 6.8.2 7.3.1		[Relations with local communities]

Indic.	range ■ overall ■ partial □ not reported / not applicable	p.	audit	Wytyczne GRI	Obszar wg ISO 26000	Zasada UN Global Compact	Komentarz / Opis
<b>Product responsibility: customer health and safety</b>							
PR DMA		17, 56		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	1, 8	[Quality and safety of constructions]
G4-PR1	■	56, 59	✓	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	Procedures described in the content of the report are generally applicable and apply to all ongoing contracts.
G4-PR2	■	59	✓	Total number of incidents of noncompliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	4.6 6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	[Quality and safety of constructions]

G4-PR3	■	✓	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9	8	Because of the specificity of construction projects, their implementation is from the earliest stage accompanied by very detailed construction documents. 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, or hygiene certificates and documents related to waste management. This ensures widely understood safety for people and the environment. They are also supported by the Integrated Management System.	
G4-PR5	■		Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	6.7.1 6.7.2 6.7.6	-	The specificity of the B2B market, in which the company mainly operates and in which the number of customers is very limited, is associated with the fact that it is not possible to conduct typical, quantitative surveys of customer satisfaction.  Nevertheless, the execution of orders is discussed with customers on an ongoing basis, and continuous dialogue ensures current knowledge about customer expectations.	
<b>Odpowiedzialność za produkt: zgodność z regulacjami</b>							
G4-PR9	■	55	✓	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	4.6 6.7.1 6.7.2 6.7.6	-	[Prevention of unethical behaviour and integrity in operations]  (The amount of penalties, shown in the financial statements of the Budimex Group, refers to contractual breaches which are not covered by the PR9 indicator)

Sector ratios

CRE5	■	35	✓	Degraded, permanently contaminated, damaged lands, requiring remediation as a result of the conducted construction activities	The companies do not conduct activities as a result of which there would be a significant risk of soil contamination.	As a result of roads construction, lands located directly under the driving lane are lost to the biosphere, and those located in the immediate vicinity to the driving lane are subject to reclamation, as part of the investment.	In 2013, a total of 1,118.5 thousand tonnes of bitumen (430.2 thousand m3) was laid, giving a total of 1.72 million m2 of surface, which is the best approximation of the area excluded from biological activity as a result of road construction.
CRE6	■	24	✓	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system (e.g. ISO 18000)	-	-	W przypadku Budimeksu SA oraz Mostostalu Kraków wdrożenie ISO18000 oraz OHSAS 18000 zostało potwierdzone stosownymi certyfikatami. Budimex SA i Mostostal Kraków zatrudniają 98,5% pracowników spółek objętych raportem.
CRE8	■	61		Sustainability certification for new constructions, operation of existing constructions and dismantling of demolished constructions	-	-	Factory Annopol uzyskał finalny certyfikat BREEAM na poziomie Very Good. Budynek biurowo – usługowy: ul. Grunwaldzka w Poznaniu jest w trakcie finalnej certyfikacji BREEAM. Z kolei w przypadku Zespołu Obiektów Centrum Usług Korporacyjnych w Płocku nie złożono jeszcze dokumentacji do finalnej certyfikacji BREEAM (prace budowlane jeszcze trwają).

# 13 NIEZALEŻNY RAPORT POŚWIADCZAJĄCY

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## Independent assurance report pertaining to the 2014 Budimex Corporate Responsibility Report

### To the Management Board of Budimex S.A.

We have reviewed the 2014 Budimex Corporate Responsibility Report ("CR Report" or "Report") developed by Budimex S.A. with the registered address in Warsaw, at 40 Stawki St. ("Company"), with respect to material aspects identified by the Company and indicators reported on the basis of G4 Sustainable Development Reporting Guidelines for "Core" level, as well as Construction & Real Estate Sector Supplement, issued by Global Reporting Initiative (GRI). The assurance works covered the period from 1 January 2013 to 31 December 2013 with relation to quantity and quality of available evidence.

The Management Board of the Company is responsible for reliable, correct and fair information and for correct preparation of the documentation. Our task was to issue an independent assurance report based on the CR Report.

Our procedures did not include assessment of the fairness, correctness and completeness of documents provided by the Company, nor did they constitute an audit of the internal control system implemented therein. Therefore, we do not express an opinion regarding correctness of the system. Our procedures did not constitute an audit of financial statements as defined in the Accounting Act. Therefore, we do not express an opinion concerning the auditor's Report nor do we make statements regarding the financial statements of the Company as determined in regulations applicable to certified auditors.

Planning and performing our works had the nature of a limited assurance engagement performed in line with ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information), which requires us to plan and perform the engagement in a manner which allows for limited assurance that the CR Report does not include significant misstatements. The scope and methodology of a review of the CR Report significantly differ from those applied during an audit, which is aimed at expressing reasonable assurance. The purpose of the review is not to issue an opinion on correct, true and fair nature of the CR Report, and therefore no such opinion has been issued. The procedures followed during the review of the CR Report comprised:

- Identifying issues and results significant for the content of the Report from the viewpoint of the corporate social responsibility strategy followed by the Company and stakeholders' expectations.
- Comparing data included in the CR Report to those presented in the Financial Statements of Budimex Group for 2013.
- Interviewing individuals in charge of the implementation of the corporate social responsibility strategy in the Company and of the preparation of the Report.
- Verifying the information included in the Report for compliance with the internal documentation of the Company.
- Assessing the level of compliance with Sustainable Development Reporting Guidelines and GRI Reporting Framework.

Based on the scope of our work and the assurance procedures we performed, we have concluded that for the fully reported GRI indicators presented in the 2014 Budimex Corporate Social Responsibility Report nothing has come to our attention to suggest that the data is materially misstated.

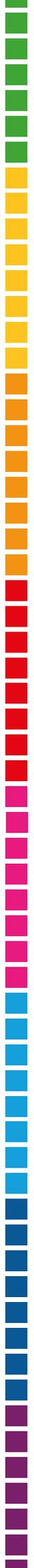
Based on the review we obtained limited assurance that the information concerning identified material aspects and indicators reported by the Company included in the Report developed by the Budimex S.A. is free from material misstatements and it is compliant with G.4 Sustainable Development Reporting Guidelines for "Core" level and Construction & Real Estate Sector Supplement issued by Global Reporting Initiative.



Deloitte Advisory Sp. z o.o.

Warsaw, 1 September 2014





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