budimex

CORPORATE SOCIAL RESPONSIBILITY REPORT 2016

REPORT FOR 2015
IN THE GRI G4
(CORE) VERSION,
VERIFIED BY A THIRD
PARTY AUDITOR

CONTENTS

1 PRESIDENT'S LETTER

DEAR READERS

G4-1, G4-2

Once more it is my pleasure to present our CSR report. It shows not only the annual business results of our Group, but also its impact on social and natural environment.

Budimex has an almost 50-year tradition and its brand is widely known and associated with integrity, reliability and high quality. This is an additional inspiration to consider all aspects of our business. We are aware that our operations have long-term consequences for our society and natural environment. This is why we follow the principles of sustainable development and corporate social responsibility.

Budimex is a recognised employer and a reliable business partner. The Budimex Group has more than 6,000 employees and plans on hiring several hundreds of new professionals. We do not only create jobs, but also have a direct impact on job creation in our business partners. We do business with more than 12,000 partners a year.

We contribute to the development of our country. We are building every third kilometre of express roads and motorways under GDDKiA tenders announced in the years 2014–2015. We completed major projects in railways (the Pomeranian Metropolitan Railway, the Iława Local Control Centre), industry (the Municipal Waste Treatment Plant in Białystok) and public utility (The Four Domes Pavilion in Wrocław, the Centre for the Meeting of Cultures in Lublin) and obtained new orders. The Group's portfolio of orders as of the end of 2015 reached the amount of PLN 8.4 billion.

While pursuing our projects, we respect the natural and social environment. The direction of our activities in this respect is defined in the CSR Strategy for 2016–2020, in which we determined our objectives in key areas of corporate social responsibility.

Our priorities include the continuous improvement of occupational safety and health standards, the reduction of the environmental impact of our operations, as well as being a good neighbour for the people living near to our project implementation areas. We are dedicated to ethics and good, friendly atmosphere in our workplace, because people are our ultimate value.

I invite you to read the CSR Report for 2015.

Yours faithfully,
Dariusz Blocher
President of the Management Board,
General Director of Budimex SA

2 AWARDS AND HONOURABLE

POLISH NATIONAL AWARDS AND HONOURABLE MENTIONS IN 2015:

In the 13th edition of the contest organised by the editing team and programme board of the "Builder" monthly, Budimex was recognised as the **Construction Company of the Year** and president Dariusz Blocher as the **Person of the Industry.**

Executive Club granted Budimex a prestigious distinction – **Diamenty Polskiej Infrastruktury 2015**. Budimex won in the category of **Corporate Social Responsibility Leader of the Year**.

Budimex was among the **INN: CSR Golden Six**. The Golden Six was selected based on a survey on the involvement in CSR activities of 50 companies in Poland.

Budimex was also honoured with the **TOP Builder 2016** title and statue for the completion of the Pomeranian Metropolital Railway.

In the 5th edition of the Kreatorzy Budownictwa project, Budimex was honoured with the title of **Construction Creator of the Year 2015.**

In the 10th edition of the Business Superbrands contest, Budimex was one of the companies recognised as **Business Superbrands 2015/2016**.

Budimex obtained the **Praktyk Wysokiej Jakości (High Quality Internship)** certificate in the certification process for the Budimex Summer Internship Programme under Program Polskich Ram Jakości Staży i Praktyk (the Polish Internship and Training Quality Framework Programme).

Budimex came 2nd in the "Engineering" category of the Most Attractive Employers 2015 ranking announced during the official Ceremony of Universum Awards Poland 2015.

Rolna Housing Estate in Poznan

In the 9th edition of the Polish national **Najwyższa Jakość Quality International 2015** programme, Budimex was recognised as **Laureata (Laureate)** and received the **Złote Godło (Golden Emblem) award in the IQ Services – top quality services category.**

In the most prestigious contest held by the Polish Association of Construction Engineers and Technicians, **"Construction of the Year"** Budimex received several awards for its completed facilities:

- **a 1st degree award:** the "Wiślany Mokotów" housing estate in Warsaw – in the category of Residential Construction above PLN 25 Million;
- **a 1st degree award:** Pomeranian Metropolitan Railway – in the category of Civil Engineering, Road and Railway Structures;
- **a 1st degree award:** The Didactic Centre of the Faculty of Chemical Technology at the Poznań University of Technology – in the category of Science-Education and Healthcare Structures;
- **a 1st degree award:** protection of seashore east of the Darłowo Port – in the category of Individual Evaluation Structures;
- **a 2nd degree award:** 1st stage of the "Pod Słońcem" housing estate in Warsaw – in the category of Residential Construction from PLN 15 to 25 million;
- **a 2nd degree award:** 1st stage of the "Osiedle Przy Rolnej" housing estate – in the category of Residential Construction above PLN 25 million;
- **a 2nd degree award:** The Municipal Stadium in Lublin – in the category of Sport Venues.

3 ABOUT THE COMPANY

MARKET ACTIVITY

The Centre of the Meeting of Cultures in Lublin

G4–4

Budimex has been building its brand for years. Now, it is not only one of the strongest and most recognisable in the industry, but also synonymous to integrity, reliability and timeliness, both among clients and subcontractors. The latter appreciated the integrity of Budimex, when the construction market was shaken by a wave of bankruptcies of the subcontractors due to non-payment by their employers. At the same time, Budimex was reliable in paying its liabilities, which consolidated its market position.

Nonetheless, another association with Budimex among the Poles are Polish specialists that paved the way for modern infrastructure and industrial structures based on Polish engineering thought, sometimes in remote countries. During the first 10 years in business, the company signed 75,500 contracts in Poland, Eastern Bloc countries and remote countries of Asia and Africa. In the context of corporate social responsibility, one should especially note an extraordinary project that Budimex completed at that time in Libya, namely the reconstruction of the city of Barka (El-Marj) after an earthquake. That final project resulted in the documentary entitled "El-Marj – stara i nowa barka" (Marj – Old and New Barka) (directed by Józef Gębski, 1977), which recorded a day in the life of the city reconstructed by Budimex employees. The same director also documented the projects completed by the Poles with Budimex in Libya.

The economical and social transformation in Poland implied the beginning of changes in ownership. Two years after the company was privatised, Budimex was transformed into a joint-stock company in 1994 and listed on the stock exchange in 1995. In 1997 the Budimex Group became the largest construction company in Poland with a worldwide presence. It was completing construction projects in 23 countries and employed tens of thousands of specialists. Only outside the country borders, more than 2000 employees worked for Budimex. The same number worked in the country, but it is noteworthy that only 150 people were employed at the company head office. One of the most prestigious projects of Budimex at that time was the construction of the largest in Poland, eight largest in Europe and twelfth largest worldwide church – the Basilica of Our Lady of Licheń near Poznań (1994–2000). In this impressive temple, 10,000 of the faithful can attend the service at the main altar level.

The year 2000 was the opening of a new chapter in the history of the Budimex Group. The purchase of the majority shareholding of Budimex by one of the largest construction companies worldwide, the Ferrovial Group based in Spain, meant that Budimex would become part of it. The market position and know-how of Ferrovial strengthen the potential and competitive advantage of Budimex in the national market.

In the following years Budimex was reorganised and acquired new competences to broaden its range of services. In 2011 it acquired Przedsiębiorstwo Napraw Infrastruktury, a company specialised in major repairs and comprehensive modernisation of railway infrastructure and accompanying facilities and the ongoing maintenance of this infrastructure. In 2012 Budimex, along with Ferrovial Services, founded a specialised company named FBSerwis, of which the range of services includes: environmental services, infrastructure maintenance, Total Facility Management and energy efficiency. This new service area expanded the range of services of the Budimex Group. In turn, in 2013 Budimex sold the Budimex Danwood company.

Nonetheless, the recent years were not only structural changes. They were also a time of intense internal activities that enabled the improvement of the approach to management. This process culminated in the company entry to the RESPECT index, which includes Warsaw Stock Exchange-listed companies managed in accordance with corporate social responsibility and transparency. Being one of the largest construction companies in Poland, Budimex is aware of the environmental impact of its operations and its potential, which can serve not only business, but also social and environmental purposes.

The Budimex Group operations include widely defined construction and assembly services as the general contractor in the country and abroad, development activities, real property management and, to a minor extent, commercial, manufacture and transport activities. It supplies clients with services in the following fields:

- infrastructure construction (road, railway, hydro-engineering, airport),
- general construction (public, sport

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EC

and commercial structures),
- environmental construction (sewage treatment plants, waste treatment plants),
- power engineering,
- equipment services,
- laboratory services,
- production and delivery of mineral asphalt mixtures, bituminous masses produced at company factories country-wide.

With the awareness of the direct impact on the social and natural environment, a responsible approach becomes a duty, which is reflected in the Mission of Budimex. Thanks to this management philosophy, the Budimex Group could overcome challenges, when its competitors were losing liquidity and going out of business. It is sustainable and stable growth with the respect of client, business partner, employee, local community, nature and investor interests. This balance of expectations of all stakeholder groups is the ability of listening to their expectations and concerns.

THE MISSION OF BUDIMEX

G4–56

„Our mission is the performance of building investments, including real estate development undertakings, in a manner worthy of the market leader, respecting the natural environment and ethical principles, caring about customer satisfaction and user comfort; we have achieved all this because of our professionalism and passion for building, high operating effectiveness and partnerlike relations with suppliers and subcontractors"

The main subject of operation of **Budimex SA** as a parent company, apart from construction and assembly services and development activities, is the performance of consulting, management and financial functions for the companies of the Group. The purpose of this model is to ensure a fast flow of information within Group structures, to improve the efficiency of financial and monetary management in each company and to continue strengthening the Group market position.

Construction and assembly operations are also the domain of **Mostostal Kraków SA** The company is specialised in contracting and assembly services with regard to all kinds of steel structures and equipment installation, mostly for the cement and lime, power, metallurgy and chemical industries. Construction and assembly operations are also performed by Budimex Bau GmbH, Budimex Budownictwo Sp. z o.o. and Budimex Kolejnictwo SA, which are not included in this report.

The involvement in development activities and real property management includes preparing properties for projects, managing investment projects in residential construction, selling and renting apartments and managing real property on the company's own account. The Group company that operates on the development market is **Budimex Nieruchomości Sp. z o.o.** Furthermore, the Budimex Group contains other companies that are not included in this report: SPV-BN 1 Sp. z o.o., Poznańskie Przedsiębiorstwo Inwestycyjne Sp. z o.o., Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o. (until merger with Budimex Nieruchomości Sp. z o.o. on 27 May 2015). In part, this activity is managed by Budimex SA itself.

University of Arts in Poznan

It is worth mentioning two more companies of the capital group. **FBSerwis SA** is a company founded by Budimex SA and Ferrovial Services SA, in which Budimex has minority interests. Nonetheless, it allows Polish employees to use the international experience of the Ferrovial Group. FBSerwis is specialised in comprehensive real property management, industrial facility maintenance, comprehensive infrastructure maintenance (roads and motorways, municipal infrastructure), environmental services and Smart Cities and energy efficiency solutions. In turn, **Budimex Parking Wrocław Sp. z o.o.** is a special purpose vehicle established in January 2011 by Budimex SA The company was selected in concession proceedings by Wrocławskie Przedsiębiorstwo Hala Ludowa Sp. z o.o. to perform construction works related to the construction of an underground car park in the heart of the city of Wrocław. The car park is located by the historic Centennial Hall complex, entered in the UNESCO World Heritage List in 2006. Having financed the construction with private funds and loans, Budimex Parking Wrocław has a 30-year licence for facility management. The car park can hold approx. 800 vehicles at three floors.

MARKET SITUATION AND PROSPECTS

G4–2

In 2015 the construction and assembly output increased by 2.3% (in present values), compared to 2.6% in 2014. The development has been relatively good for both the residential and the infrastructural construction segments. However, this year is characterised by continued reduction in construction and assembly output prices.

Last year the number of apartments handed over for use increased to 147,700. The very good business outlook is confirmed by the numbers of flats, of which the construction has begun (increase by 13.7%), and construction permits issued (increase by 20.5%). The Mieszkanie dla Młodych (MdM) programme and the record low interest rates resulting in relatively inexpensive funding and unattractive interests on bank deposits contributed to a pronounced revival of the development market.

One should expect that growth to continue in 2016 and the following years. It will be of key importance to win tenders for the contracts co-financed from the European Union budget under the new financial perspective for 2014–2020. Effective use of European funds will determine the dynamics and directions of the development of the construction industry in Poland. In total, Poland can the support of EUR 82.5 billion in comparison to EUR 68 billion provided for Poland in the previous perspective for 2007–2013. The Infrastructure and Environment Operational Programme with the allocation of EUR 27.4 billion will remain the largest programme. Its priorities are low-carbon economy, environmental protection, national technical infrastructure development and energy security. The most of funds will be used for transport projects, i.e. roads, railways, municipal, air and marine transport (planned allocation of approx. EUR 19.8 billion). The following sectors are: environmental protection (EUR 3.5 billion) and power engineering (EUR 2.8 billion).

The Centre of the Meeting of Cultures in Lublin

In accordance with the assumptions to the budget act, in 2016 the GDP growth in real terms in 2016 should be 3.8% and the annual average inflation should be 1.7%. The unemployment at the end of 2016 is estimated at 9.7%. The construction market growth prospects for 2016 are stable, with a slight growth. The much higher growth dynamics, resulting from the accumulation of construction works of the contracts co-financed under the new European Union perspective, can be expected in years 2017–2019.

In accordance with the "Program Budowy Dróg Krajowych na lata 2014–2020, z perspektywą do roku 2025" (the National Roads Construction Programme for 2014–2020 with the perspective until 2025), the list of projects includes the tasks with the total length of 4,783 kilometres, which can cost up to PLN 198 billion according to the Ministry of Infrastructure and Construction.

In turn, the investments in railway infrastructure were not as dynamic as assumed in "Wieloletni Program Inwestycji Kolejowych do roku 2015" (Multi-annual railway project programme until 2015), which included tasks with the total value of PLN 46.5 billion. In years 2011–2015 PKP Polskie Linie Kolejowe SA (PKP PLK) spent only approx. 50% of the funds planned in the programme. The efficiency of spending European Union funds allocated to PKP PLK under the European Union perspective for 2007–2013 was below expectations. Of PLN 16 billion planned for railway projects, PKP PLK spent only PLN 13.4 billion as designated Despite problems, the prospects for railway construction are relatively good. In accordance with "Krajowy Program Kolejowy do roku 2023" (the National Railway Programme until 2023), in years 2015–2023 PKP PLK will pursue the projects with the total value of PLN 67.5 billion in 197 projects on the primary list of the programme. Additionally, the standby list includes 70 projects with the total value of PLN 27.4 billion. In 2015 PKP PLK announced tenders with the historically highest value of approx. PLN 16 billion.

In power engineering, the Energy Regulatory Authority estimates that in years 2015–2028 approx. 18 GW new production capacities will be handed over for use, while the production units of approx. 6 GW will be decommissioned. Although the largest contracts are already decided, there are several major projects still at the stage of planning or tenders in the widely defined conventional power generation sector. The renewable energy sector will also gain significance. Meanwhile in the municipal waste heat treatment plant market 6 tenders for the construction of waste incineration plants were decided in the recent years. For the upcoming years there are plans of constructing several more plants, i.a. in Gdańsk, Warsaw and Olsztyn.

The prospects seem to be stable for the energy and gas transmission and distribution. In 2015 the act on the preparation and implementation of strategic projects of transmission networks became effective. It will facilitate the implementation of 23 strategic projects of energy infrastructure by resolving major difficulties related with purchasing legal titles to real properties in which projects are located and the procedures of issuing the required administrative decisions.

The year 2016 can bring a further increase in the number of projects in development companies. The biggest opportunities for further growth probably lie with the largest companies, which are currently present in the large cities of Poland and whose offer is adjusted to market expectations. The MdM programme and still low interest rates will be beneficial for the market shape in 2016, although the increase of the minimum own contribution for housing loans and the banking tax can contribute to limiting loan availability for some customers and thus curb the market growth.

RESULTS FOR THE LAST YEAR

G4–9

For another consecutive year the Budimex[1] Group recorded an increase of turnover. In the construction segment the sales increased faster than the market. The sales of the Budimex Group in the construction segment increased by 4.7%, while the market recorded a 2.3% growth rate. The differences were even greater in residential/commercial/industrial construction, in which the growth rate was 3.0% on average, compared to 19.8% for the Budimex Group. However, the Budimex Group recorded a 6.8% drop in infrastructure construction, despite a minor 1.7% market growth. As a result, the share of the infrastructure segment in the total revenue from the construction and assembly services of the Group dropped from 56.8% in 2014 to 50.6% in 2015.

In turn the good business outlook on the housing market was reflected by the value of the contracts obtained in this sector. As a consequence, the share of residential construction in the construction segment sales increased from 6.1% in 2014 to 10.1% in 2015.

Structure type	Sales value			
	2015		2014	
	million PLN	%	million PLN	%
civil engineering (infrastructure)	2 497	50,6%	2 680	56,8%
residential/commercial/industrial, including:	2 440	49,4%	2 037	43,2%
– non-residential	1 939	39,3%	1 748	37,1%
– residential	501	10,1%	289	6,1%
Total construction and assembly service sales	4 937	100,0%	4 717	100,0%

1 The data in this chapter relate to the capital group in terms, in which it is consolidated in the consolidated financial statement for 2015.

The Wiślany Mokotów Housing Estate in Warsaw

Last year one could notice a significant revival on the development market and a dynamical growth in the demand for new apartments. This was directly reflected in the record levels of apartment pre-sales. The number of net pre-sales of new apartments in the entire year 2015 was 1,918, compared to 1,685 apartments in the previous year and 742 in 2013. Meanwhile, to utilise the improving business outlook and ensure stable income in the following years, in 2015 the construction of more than 2,000 new apartments commenced in 12 new development projects located in Warsaw, Kraków and Poznań. As of 31 December 2015, there were approx. 4,000 apartments under construction. In 2015 the Budimex Group also purchased new plots Warsaw and Gdańsk. On the land currently owned, it is possible to build more than 6,200 new apartments.

In 2015 the income from development activities increased by 16.8% compared to the previous year. Nonetheless, at this point it should be recalled that income from sales in the development sector is recognised upon the notarial transfer of premise ownership to the purchaser after the technical acceptance of the entire structure. Thus, the above-mentioned apartment pre-sales are a far better forecaster.

G4–6, G4–8, G4–9

The geographical structure of sales remains virtually unchanged. The main markets, in which the Budimex Group is active, are Poland and Germany, however last year, like two years ago, a prevailing share of income (96%) came from the Polish market. 3% of income came from the German market, while 1% from other countries markets.

In 2015 mainly workshop works were performed on the German market. The income from sales in Germany was PLN 175 million, increased by PLN 16.9 million (10.7%) compared to 2014. The increase was recorded both in pre-fabrication (12.9%) and metal works (3.5%).

On the national market, the Budimex Group will be active in all existing segments. New infrastructure projects, in particular the road projects under "Program Budowy Dróg Krajowych na lata 2014–2023" (the National Roads Construction Programme for 2014–2023), are opportunities for winning new road construction contracts. The investment process will be continued, which should result in subsequent orders in years 2016–2017. The Group also plans on winning contracts in the residential/commercial/industrial construction, power engineering and hydro-engineering segments. Further growth in the municipal service market and new projects as public-private partnerships are planned. In 2015 the Budimex Group companies signed construction contracts with the total value of PLN 7.1 billion. As of 31 December 2015 the Budimex Group portfolio of construction orders amounted to PLN 8,4 billion, which showed an impressive 37.9% increase compared to the end of 2014.

The structure of the portfolio of orders was shaped as follows:
- infrastructure – 65%
- non-residential – 12%
- residential – 11%
- industrial – 10%
- railway – 2%.

To meet those challenges, the Budimex Groups plans to invest PLN 70 million in 2016. The investments are primarily construction machines and IT project implementation.

G4-9, G4-10

The basic economic indicators of the Budimex Group were as follows:

	2015	2014
Net income from sales of products and services, goods and materials (million PLN)	5 134,0	4 949,9
Net income (million PLN)	236,5	193,9
Equity (million PLN)	603,1	522,5
Liabilities (million PLN)	4 110,2	3 335,7
Assets (million PLN)	4 713,4	3 858,2
Number of employees	5 185	4 656
Number of subcontractor employees managed by the Budimex Group	b.d.*	b.d.*

*Construction works are characterised by high seasonality of subcontractor employment and the specifics of the subsequent stages of works result in subcontractor rotation and variation of the number of employees under Budimex contracts. At present employee data, including subcontractor employees, is recorded directly on sites.

G4-16

Budimex membership in organisations and social initiatives:

- Business Centre Club,
- Polish Testing Laboratories Club POLLAB
- Polish National Chamber of Commerce of Road-building
- Polish Association of Construction Employers
- Polish Asphalt Pavement Association
- Polish-Spanish Chamber of Commerce
- Chamber of Commerce, Economic Society of Poland-Russia
- Railway Business Forum
- Polish Association of Listed Companies
- UN Global Compact
- Polish Association of Bridge Engineers
- Polish Chamber of Power Industry and Environmental Protection
- Association of Infrastructure Trade Employers

CONTRIBUTION TO INFRASTRUCTURE DEVELOPMENT

EC DMA, G4-9, G4-EC7

The Budimex Group activity is characterised by more than merely multiplication of the capital invested by shareholders. The subsequent projects translate to higher quality of life of the Poles. They improve the management of human environmental impact. Budimex has been involved in the development of Poland for several decades. Daily company activities result in roads and motorways, railway infrastructure, airports, hydro-engineering facilities, industrial facilities, sewage treatment plants and waste treatment plants. There are also public utility buildings, such as hospitals, academic buildings, courts or cultural facilities. Of course, there are also thousands of apartments and offices.

The socially significant contracts that the Budimex Group executed in 2015 include numerous road projects, including express roads i ring roads that relieve urban areas and contribute to the improvement of the quality of air in cities and the life of life of their inhabitants. There are several parts of roads to note: S7 Gdańsk (A1) – Elbląg (S22) express road, Ostróda Północ – Ostróda Południe subsection along road S7 with the ring road of Ostróda along the national road no. 16, the design and construction of the S3 Nowa Sól – Legnica (A4) express road (task V between the "Lubin Południe" node (node excluded) and the "Legnica II" (A4) node), the design and construction of road S6, Goleniów – Nowogard section (S3, the "Goleniów Północ" node /node included/ – start of the ring road of Nowogard), the design and construction of the S17 Garwolin – Kurów express road, Garwolin (end of the ring road) – Mazowieckie and Lubelskie Voivodeship border section, the design and construction of the ring road of Suwałki along the S61 express road – Section A and Section B, the design and construction of road S6, end of the ring road of Płoty – "Kiełpino" node section (node included). Other socially significant projects to note

Szymany Airport

include hospitals under construction: Drewnica Mazowieckie Voivodeship Hospital and the new building 1. of the SP ZOZ Military Clinical Hospital with Polyclinic in Lublin (intended as the central operating theatre with facilities, hospital units, helipad and main building superstructure). The Group also won the tender for finishing the construction of the building of the Regional Court and the District Court in Zamość. The environmentally significant projects of the Budimex Group include the delivery and installation of the denitrification plant and the modernisation of the desulphurisation plant for the K2 boiler at EC Siekierki in Warsaw, which will translate to the improvement of the quality of air in the capital city.

Waste-to-energy – Municipal Waste Treatment Plant in Białystok

The facility, of which the construction was completed in December 2015, will generate energy and heat through thermal treatment of waste. The plant is friendly to the environment and local inhabitants. It is part of the emerging modern system waste management system, which also includes the implementation of separate waste collection and the construction of the sorting plant at the landfill in Hryniewicze. This construction is the largest project in the Podlaskie Voivodeship in the recent years.

The construction was completed by a consortium of companies: Budimex SA (consortium leader), Keppel Seghers Belgium N.V. and Cespa Compania Espanola de Servicios Publicos Auxiliares SA The contract had provided for the plant design, followed its construction that lasted for 751 days. In total, 2,000 people were involved. During the most intense assembly works, there were 457 people on the construction site each day.

The technology will enable an annual production of approx. 38,000 MWh of thermal energy and approx. 360,000 GJ of thermal energy for the municipal heating system and own purposes. Such amount of electrical energy could supply approx. 16,000 households and thermal energy could heat approx. 875 single family houses in winter.

The plant cleans the exhaust gas from nitrous oxides (NOx), acidic contaminants, heavy metals, dioxins, fluranes and liquids. As a result, the exhaust gas emissions are minimised, away from the maximum values defined by law. The exhaust gas composition is monitored at all times. In addition, all rainwater from the ZUOK area (roofs, roads, yards) is recovered and used for the process, while the municipal tap water is used to a minimum extent – mainly for welfare purposes. Hot water for welfare purposes is heated through heat recovery from the air compressors operating in the plant. At the entrance to the ZUOK area, there is a radioactivity detector installed, so there is no danger that radioactive materials reach the plant.

ZUOK in Białystok is one of the first municipal waste treatment plants handed over for use in Poland and the first to receive occupancy permit. Similar plants were commissioned in Bydgoszcz and Konin.

The total costs of the "Integrated waste management system for the Białystok Agglomeration" is PLN 393 million net, including PLN 333 million for ZUOK in Białystok. For the entire implementation, PLN 210 million was obtained from the European Cohesion Fund, under Activity 2.1 – Comprehensive municipal waste management projects, including in particular dangerous waste, of the Infrastructure and Environment Operational Programme. PLN 164 million was allocated by the National Fund for Environmental Protection and Water Management.

Completion period: 2013 – December 2015

ZUOK Bialystok

Waste Treatment Plant in Biechów (commune of Głogów)

The works included construction and installation works, the delivery and assembly of machines and devices with plant equipment, the performance of mechanical and process start-up of the waste sorting line and the intense biological stabilisation system in bioreactors, training the Employer's personnel in plant operation and obtaining the facility occupancy permit.

We company constructed the mixed municipal waste reception hall and the waste sorting plant, raw material and large size waste storage and the raw material waste reception and sorting hall. The total amount of waste directed to the sorting area is approx. 40,000 Mg/a.

The works included the construction of: the intense biological stabilisation system in bioreactors with the total output of 20,500 Mg/a, a pumping station, a rainwater sewage separator and a process sewage settlement tank, waste reception and storage yards. The construction works included administrative, welfare and sanitary buildings, transformer stations, a weight bridge building, roads, yards and car parks. Sanitary networks and electrical systems. The works were performed under archaeological supervision.

Completion period: March 2014 – February 2015

Regional Waste Management Plant in Ostrów Wielkopolski

The objective of the design-build contract was to construct a plant comprised of:

- A sorting hall of approx. 3000 m2, equipped with a waste sorting line with the output of 79 000 tonnes per year and three automatic fraction unloading stations: 0–80 mm, RDF and rest waste.
- Compost site comprising 6 bioreactors with the oxygen stabilisation throughput of approx. 45 tonnes per year.
- A biofilter for reducing the odours from the compost site.

We also constructed: recycled material storage sheds, a fire-fighting tank of approx. 800 m3, a buried effluent tank, an office building, roads, yards, sidewalks and parking spaces. We developed green areas of approx. 6500 m2 with compensation plants.

Completion period: February 2015 – December 2015

Olsztyn-Mazury Regional Airport in Szymany

In January 2016 there was a grand opening of the Olsztyn-Mazury Regional Airport. The airport in Szymany is the only in north-east Poland. Budimex was the contractor of the landing area with a security building and completed the works on 30 June 2015, two months before the contract deadline.

The scope of works of Budimex included:

- The construction of the landing area (a runway, a taxiway, a parking apron for planes and helicopters, technical and fire access roads, parking yards for the airport ground handling equipment, a runway lighting system and power systems) and a security building,
- The design and construction of the ground navigational aid.

The airport in Szymany is one of many implementations of Budimex related to airport infrastructure. The company constructed e.g. a new runway at the Pyrzowice Airport, the Lublin Airport in Świdnik and a passenger terminal at the Gdańsk-Rębiechów Airport.

Budimex constructed the parking aprons at the Wrocław-Strachowice Airport, Gdańsk-Rębiechów Airport and Szczecin-Goleniów Airport (runway and parking aprons). At the Warsaw Chopin Airport, the company constructed the Terminal 2, landing areas, parking aprons and taxiways and reconstructed the runway intersection.

Thermal security in the heating season — EDF Polska Gdańsk Power Station

For EDF Polska SA, BUDIMEX SA is implementing a project, of which the subject is the design and construction of a reserve-peak boiler room to provide full coverage of the heat demand in the heating season.

The boiler room will be fed with light fuel oil and it will replace the existing boiling room fed with heavy oil. The plant will be located in the new building of the Gdańsk Power Station, at ul. Pucka. The existing heavy oil management will be modernised for the purposes of the designed peak boiler room.

Under the project, BUDIMEX SA will design and build a new boiler room building with all connections, modernise the existing heavy oil pumping station to use new fuel and construct a tank of 1,500 m3 for light oil. The project value is PLN 27.5 million net and its deadline is June 2016.

The Sports and Rehabilitation Centre in Warsaw

Mostostal Kraków, which manufactures unique structures, has constructed or is constructing a series of national and international orders for environmental protection plants systems for industry (e.g. industrial electrical and bag filters), sewage treatment plants, waste treatment plants, water dam structures or various public utility buildings and industrial facilities. In 2015 the company manufactured, delivered and installed the steel structures necessary to expand the steel hall in OPEL factories in Tychy. In the same city, it also performed a contract for the pre-fabrication, delivery and installation of a 1200-tonne boiler building steel structure in the Tychy Power Station. It also completed an order covering the pre-fabrication, delivery and installation of a boiler building steel structure for the Mondi Świecie paper-mill. In total, it comprised the delivery of 1,795 tonnes and the installation of 1,646,000 tonnes of steel structures. Last year Mostostal Kraków was also commissioned to deliver and install the steel structure as part of the construction of the IT Research Centre in Poznań.

In 2015 we delivered sewage steel structures and support structures for the Chernobyl Power Station. That was perhaps the most spectacular and unique project of Mostostal Kraków. It is also, as announced by the Novarka concern that ordered the structure at Mostostal Kraków, the largest sliding structure in the history of mankind, as the steel structure of the dome securing the remains of the nuclear reactor in Chernobyl to replace the existing sarcophagus consists of two parts that will be sled over the radioactive ashes. The structure will be 105 m high, 150 m long and 257 m wide. The contract provides for the delivery of more than 5,000,000 tonnes of steel structures.

4 MANAGEMENT CULTURE

MANAGEMENT APPROACH

● G4–34

The management board of Budimex aims at following the highest management standards in the entire Budimex Group. The decision-making processes are transparent. The management board and its subordinate units exercise take utmost care in reliable and timely presentation of key information to the market. In 2015 Budimex followed "The Code of Best Practice for WSE-Listed Companies", accepted in the Resolution of the Stock Exchange Supervisory Board of 4 July 2007, as amended, excluding:

- The option to exercise the right to vote at the general meeting in person or by proxy from the outside of the general meeting place through electronic communication means.
- Duplex real-time communication, whereby shareholders may speak at the general meeting from the outside of the general meeting place — Rule 10, item 2) of Section IV — Best practices for shareholders.

The decision in this regard was made based on an analysis considering issues related to both technical and legal hazards, as well as to ensure a proper and efficient course of the general meeting, while including the number of shareholders that usually attend the meeting.

Bydgoszcz Główna railway station

MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

● G4–34

Apart from the General Meeting of Shareholders, according to the regulations applicable in Poland the company governing bodies are the Management Board and the Supervisory Board. The role of the Management Board is to manage the ongoing company operations and to represent the company externally. In turn the Supervisory Board is responsible for the ongoing supervision of company operations in all fields of its activity. Thus, it has the right to review all company documents, to request reports and explanations of the company Management Board and employees, to review the assets and to verify books and documents. For its purposes, the Supervisory Board has the right to request the necessary expertises and tests related to the subjects of supervision and control.

As of 31 December 2015, the Management Board of Budimex SA included the following members:

- Dariusz Jacek Blocher — *President of the Management Board, General Director,*
- Fernando Luis Pascual Larragoiti — *Vice-President of the Management Board,*
- Cezary Mączka — *Member of the Management Board, Director of the Human Resources Division,*
- Jacek Daniewski — *Member of the Management Board, Director of the Legal and Organisational Division,*
- Henryk Urbański — *Member of the Management Board, Director of the Real Property Management Division,*
- Marcin Węgłowski — *Member of the Management Board, Director of the Economic and Finance Division.*

In September 2015 Andrzej Artur Czynczyk retired from the Management Board and was replaced by Cezary Mączka.

In turn the Supervisory Board of Budimex SA included the following members as of the end of 2015:

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

In 2014, like in previous year, there were three committees in the Supervisory Board:

- Audit Committee (Marzenna Weresa, Javier Galindo Hernandez, Jose Carlos Garrido-Lestache Rodriguez),
- Investment Committee (Piotr Kamiński, Alejandro de la Joya Ruiz de Velasco, Javier Galindo Hernandez),
- Salary Committee (Marek Michałowski, Igor Chalupec, Alejandro de la Joya Ruiz de Velasco).

Current biographies of the Members of the Management Boards and Supervisory Board are available on the website of Budimex[2]. The members of the Supervisory Board and its committees remained unchanged during the year. According to their declarations, Igor Adam Chalupec, Marzenna Anna Weresa, Piotr Kamiński and Janusz Dedo are independent members of the Supervisory Board.

2 http://www.budimex.pl/pl/o–budimex/wladze.html

S5 Kaczkowo – Korzeńsko

MANAGEMENT APPROACH

G4–25, G4–34

In May 2014 Budimex adopted the "Management Policy" that applies directly to corporate social responsibility issues. The document, signed by the President of the Management Board, states that *„Budimex […] is aware that its activities causes long-term consequences for the society and natural environment, not only at present, but also in the future. Thus, it follows the principles of sustainable development and benevolently declares to respect the principles of corporate social responsibility"*. Thereafter, the document highlights:

- protection of human life and health, and respect for the natural environment
- high quality of works and services
- ethical conduct
- responsible information management and careful decision-making
- integration of management systems,

as key management areas. Moreover, they include the business areas pointed to as crucial by the CSR Committee and they are foundational to the CSR strategy and report. Furthermore, the same policy includes the commitment of the President of the Management Board to set objectives and tasks based on the Management Policy, thus establishing it as a criterion for the evaluation of work, as well as the commitment to provide the means required to achieve them.

In addition, in 2015 Budimex adapted the responsible management policies of the Ferrovial Group, the strategic investor. They were:

- The Company Responsibility Policy,
- The Anti-Corruption Policy,
- The Anti-Monopoly and Competition Protection Policy,
- The Human Rights Protection Policy,
- The Environmental Protection and Quality Policy.

Since 2013, Budimex has a CSR Committee. It includes Members of the Management Board. Thus, it is possible to implement a comprehensive approach to corporate social responsibility. In day-to-day operational management it also enables escalating specific problems and making decisions of social or environmental point of view. The CSR Committee chaired by the President of the Management Board meets on periodically. It evaluates, approves and accounts for corporate social responsibility activities.

The CSR Committee, followed formally by the Management Board, established the objectives for years 2014–2015. The progress towards them is described below. In turn in 2015 the Committee recommended and the Management Board approved a new CSR strategy for years 2016–2020, which established priorities and measurable objectives for the following years. The approach to corporate social responsibility management, including to the preparation of strategies, is based on PN-ISO 26000:2012.

G4–25, G4–27

Progress towards the CSR objectives of Budimex for years 2014-2015

	Objectives	Deadline	Fulfilment
1	To ensure safe organisation and performance of particularly hazardous works by preparing Instructions for the Safe Execution of Works — 100% of works defined as particularly hazardous in the Health and Safety Protection Plan.	2014	√
2	To complete training and communication activities on the OHS best practices in 80% of construction works in 2014.	2014	√
3	To introduce a hygienic and sanitary facilities equipment standard in all construction works to begin in Q3 2014.	2015	√
4	To implement the work at heights organisation and performance standard — 100% of the construction works to begin in Q3 2014.	2015	√
5	To implement standard basic personal protection equipment for the employees and personnel working, namely a protective helmet, protective goggle, protective footwear, reflective clothing (class 2 reflectivity) or reflective vest – 100% of the construction works to begin in Q3 2014.	2015	√
6	To prepare quantitative and qualitative records of recycled materials from demolition, disassembly and earthworks.	2015	√
7	To review production processes in order to optimise fuel consumption and related environmental contamination, prepare an action plan and initiate its implementation To reduce fuel consumption by 5%.	2014	√
8	To review production processes in order to optimise electrical energy consumption and related environmental contamination, prepare an action plan and initiate its implementation. To reduce the electrical energy consumption by 5%.	2014	√*
9	To optimise the electrical energy consumption by changing the existing lighting to LED lighting in three Budimex offices – in Poznań, Kraków and Warsaw.	2014	in progress
10	To equip construction sites with environmental response kits — 100% of the construction works to begin in Q2 2014 roku.	1Q 2015	√
11	To successively replace paper newspapers with electronic newspapers. To reduce the number of copies of paper newspapers by 15%.	2Q 2015	√
12	To ensure proper dangerous waste management on 100% of construction sites, i.e. to execute contracts with companies that have appropriate dangerous waste management permits.	2015	√
13	To maintain the level of sorted waste on construction sites above 95%.	2015	√
14	To maintain the level of waste handed over to natural persons or non-business organisation units for their own purposes above 60%.	2015	√
15	To promote energy, water and paper saving. To educate employees using the internal information portal, Budinet. 1 release per quarter.	2015	√
16	To change procedure 06-02 (Procurement and supplier qualification procedure): to introduce the negotiation report template with the OHS issues area as an item.	2014	√
17	To prepare a CBD report and list the companies that received a negative grade (1 on the 1 to 5 scale) regarding the subcontractor's meeting the occupational health and safety (OHS) requirements and environmentally protective conduct.	2014	√
18	To verify Budimex standard contracts and adjust their provisions to achieve more partner-like relations with business partners.	2014	√
19	To extend the CBD report functionality by e-mail notifications to the OHS Department on a supplier that has received a negative grade in the OHS and/or environmental protection area.	2015	–**
20	To introduce a CSR module to the "Welcome to the Group" training in 2014.	2014	√
21	To prepare the document entitled "Risk management policy at Budimex SA" (working title).	1H 2015	√
22	To prepare the document entitled "Policy for co-operation with local communities during the construction contracts of Budimex SA (working title).	2015	√

* The CSR Committee issued a series of recommendations related to the reduction of electrical energy consumption during the construction contracts of the Budimex Group (primary operations), e.g. to hold contest for the best electrical energy saving initiative for employees, to analyse the option to sign a framework agreement for the supply of electrical energy with one supplier or to use the existing data collection systems to record energy consumption (as opposed to cost), which would provide more meaningful results than the indicator related to the averaged price of electrical energy.
** Due to changes in the email system, the IT Office postponed the completion of this goal to as soon as technically possible.

CSR strategy for years 2016–2020

The newly adopted CSR strategy, founded on the existing values of Budimex (Ethics, Co-Operation, Responsibility, Ambition), corresponds directly to the Mission and the current business strategy. Considering it and the identified key areas of responsibility, eight corporate social responsibility priorities were defined along with related objectives. The particular priorities and objectives were assigned more detailed activities, milestones and KPIs. All objectives and KPIs were assigned values to achieve following the strategy.

The priorities and basic objectives are as follows:

I. Improvement of occupational health and safety standards
   - Objective: zero fatal accidents among company employees and contractor employees on the construction site
   - Objective: to reduce the accident frequency factor among Budimex employees
   - Objective: to reduce the accident severity factor among Budimex employees

II. Reduction of the impact on the natural environment
   - Objective: To increase energy efficiency and reduce the related emissions
   - Objective: To optimise the use of raw materials and materials and minimise waste production
   - Objective: To control environmental risks and prevent environmental damage and faults

III. Being a good neighbour and guest in local communities
   - Objective: zero conflicts regarding the environment that could result in stopping construction works

IV. Elimination of the risk of unethical conduct
   - Objective: zero non-verified cases of potential unethical conduct

V. Building unique competences and friendly workplace atmosphere
   - Objective: to maximise the employee satisfaction indicator

VI. Ensuring the highest quality of performance
   - Objective: to maximise the Quality Conformance (QC) indicator

VII. Supporting the culture of innovation
   - Objective: to increase innovation

VIII. Provision of social and environmental performance control mechanisms
   - Objective: to ensure reliable financial and non-financial reports

However, in day-to-day operational management the Integrated Management System is of key importance. It includes: a quality management system as per ISO 9001:2008, a environmental management system in as per ISO 14001:2004, an operational health and safety management system as per PN-N-18001:2004 and OHSAS 18000:2007. In 2015 it was supplemented with a certified information security management system in accordance with ISO/IEC 27001:2013. The implementation and proper operation of the above systems was confirmed by a renowned auditor, SGS Polska. Additionally high standards were confirmed by the company receiving the NATO Commercial and Government Entity (NCAGE) certificate and the quality management system meeting the requirements of the NATO AQAP 2110:2009 standard.

Suitable policies, procedures and processes regulate in detail the operations related with quality, occupational health and impact on the safety and social and natural environment. Periodical reviews allow an ongoing improvement of operational management, which enables a continuous improvement of efficiency, not only in financial, but also in social and environmental terms.

Mostostal Kraków also operates based on the Integrated Quality Management System. The system meets the requirements of ISO 9001:2008, ISO 14001:2004, PN-N 18001:2004. Their conformance to standards was also confirmed by SGS Polska. Here, it is worth mentioning that Mostostal Kraków was one of the first construction companies in Poland to obtain the ISO 9001 Quality Assurance System certificate. It happened in 1995 and the management system implementation was confirmed by a TÜV in Hannover. The company also has a series of other highly appreciated certificates related to welding, bridges and steel structure production, issued by the Office of Technical Inspection, Institute of Welding in Gliwice, the Polish Chamber of Steelworks, Komisja Kwalifikacyjna Zakładów Wykonujących Stalowe Konstrukcje Mostowe or Universität Karlsruhe (TH)[3].

Budimex Nieruchomości did not use certified management systems.

3 For more details on the licences of Mostostal Kraków SA, please visit http://www.mostostal.com.pl/?pid=25.

Augustów Ring Road

IKEA Bydgoszcz

Budimex confirms its stable position in the stock exchange RESPECT Index

On 16 December 2015, the Warsaw Stock Exchange announced the responsible companies index (RESPECT Index). Budimex has been listed in the RESPECT since January 2011. This year the most responsible companies index includes 23 companies.

RESPECT Index is the first social responsibility index (SRI) introduced on the young markets of Central and Eastern Europe that had undergone system transformation. It is a stock exchange index that builds company reputation among shareholders, potential investors and business partners. The index portfolio includes the Polish and foreign companies of the WSE main market that follow the best practices of management in corporate governance, information governance and investor relationship, as well as considering the environmental, social and governance (ESG – Environmental, Social, Governance) factors. Companies are entered following verification by the WSE and the Polish Association of Listed Companies in the above-mentioned fields, as well as an audit conducted by the project partner, which Deloitte has been since the first edition.

"The results of this year's edition confirm that listed companies, despite challenging business outlook, are dedicated to corporate social responsibility. It finds confirmation in the number of applications and evaluation results obtained by the companies, which were better than last year. We also note increasing interest in this index among Polish and international investors, which will hopefully draw the attention of more companies to the corporate social responsibility" — said Paweł Tamborski, the President of the WSE.

RESPONSIBILITY MANAGEMENT IN THE SUPPLY CHAIN

G4–12

Business model flexibility is pre-requisite to cost efficiency in the construction industry. The companies operating as general contractors, including Budimex Group companies, require a trusted network of subcontractors for flexible asset management and adjustment to current project needs. Due to the long horizon of the projects that require performing various works and using different equipment at their particular stages, this is the only reasonable and cost effective approach. Otherwise, the particular machines and people would wait idly. The model supported by a group of subcontractors, with whom the partner-like relations are based on trust, allows responding dynamically to the changing market situation and adjusting assets to the magnitude and nature of the portfolio of orders.

However, under this model one of the key factors for long-term success is the ability to select reliable subcontractors and to build relations with them. Furthermore, due to the specifics of the industry, in most of the above-mentioned social impact areas the responsibility is not limited to the direct responsibility of the Budimex Group companies, but extended to the subcontractors. It is part of the business risk that requires an appropriate management approach. It requires selecting business partners on the one hand and continuous monitoring thereof on the other hand, but also competences regarding giving feedback and effective training of the personnel on the construction site. An essential part of the system are two obligatory evaluations:

- subcontractor qualification and
- final co-operation evaluation.

The evaluations referred to further in this report include typical social factors, such as compliance with the environmental protection and OHS regulations.

Apart from subcontractors that provide construction services, one should remember about the suppliers of basic materials and raw materials, as well as some specialised services. The suppliers of Budimex include the largest manufacturers of road asphalts (Orlen Asfalt, Lotos Asfalt), steel reinforcement, reinforcement rods and steel products (ArcelorMittal Distribution Solutions Polska, Konsorcjum Stali SA, Vimex SA), aggregate and concrete (Cemex Polska Sp. z o.o., Dyckerhoff Polska Sp. z o.o., Lafarge Kruszywa i Beton Sp. z o.o., Kopalnie Dolomitu w Sandomierzu SA, Nordkalk Sp. z o.o., ZPK Rupińscy Sp.j.), road and bridge safety barriers (Stalprodukt SA), fuels (fuel oil, heavy oil) (Lotos Paliwa Sp. z o.o., PKN Orlen SA), road culvert elements (Viacon Polska Sp. z o.o.), unloading of carriages and aggregate transport(FUH Birex R. Banaszyński), construction machines and devices rent (Ramirent SA) and geosynthetics (Biuro Inżynierii Drogowej Drotest sp.j.). Importantly, in 2015 the share of no material or service supplier exceeded 10% of the Group sales.

G4–10

The reliance on subcontractors and suppliers means both income for the capital group itself and for a series of companies, of which services and products are used. This translates to the joint creation of a greater number of workplaces than based only on the employment in capital group companies. That number is difficult to estimate. Nonetheless, there is some indication in the fact that during a year Budimex does business with 12,000 partners. Due to the diverse nature of works, which changes with the progress of works, both the number and the specialisation of employees are variable.

5 ABOUT THE REPORT

● G4–17

The eight subsequent annual sustainable development report of the Budimex Group, like the previous one, is focused on the operations and performance of three key companies:

- Budimeksu SA,
- Budimeksu Nieruchomości Sp. z o.o.,
- Mostostalu Kraków SA.

● G4–13, G4–17

Thus, there are no significant changes in the scope of reporting compared to the previous year. Hence, the report does not include i.a. the following companies:

- Budimex Parking Wrocław Sp. z o.o. (www. parkinghalastulecia.pl),
- FB Serwis SA (www.fbserwis.pl).

The latter, however important for the Budimex brand, is not included in the consolidated financial statement of the capital group due to the level of Budimex capital involvement. In turn the magnitude of social and environmental impact of Budimex Parking Wrocław is very limited compared to the magnitude of impact of the entire group. The situation is similar with other minor companies. On the other hand, as far as special purpose vehicles are concerned, their impact is parallel to the Budimex impact and included therein.[4]

4 The list of companies consolidated in financial reports that are not included in this report is available in the annex to the report ("Tables with non-financial data").

Sucharski Route id Gdańsk

Pomeranian Metropolitan Railway

● G4–33

For the fourth time, the report has been prepared in accordance with the "Core" version of GRI G4 Guidelines. It also refers to the industry indicators described in the relevant sector supplement. The reliability and compliance of the report with the Guidelines has been verified and confirmed by an independent auditor (Deloitte Advisory sp. z o.o.).

● G4–18, G4–19, G4–26

Furthermore, no changes were recorded that would be essential to the scale and nature of the social or environmental impact of the Group. The essential areas of responsibility were defined in accordance with the scope of the PN-ISO26000 standard in 2012, with the participation of a dozen of key managers (survey research). In 2013 they were subject to an additional discussion and verification of the CSR Committee. This allowed fulfilling the principles of materiality, completeness and stakeholder inclusion. The reference to ISO26000 guarantees maintaining the sustainable development context. Due to the constant nature of the business, the areas relevant to corporate social responsibility remain constant as well. They are:

- working conditions, occupational health and safety (OHS),
- impact on local environment and biodiversity,
- prevention of unethical conduct (bribery, corruption),
- quality and safety of the constructed facilities,
- reasonable resource management and environmental contamination.

No. 19 Housing Estate in Warsaw

G4–20, G4–21

The relevance of the particular aspects to the individual companies was determined as follows:

Social or environmental aspect	Impact aspects and GRI indicators	Budimex SA	Budimex Nieruchomości Sp. z o.o.	Mostostal Kraków SA
working conditions, occupational health and safety (OHS)	• Workplace: occupational health and safety (G4-LA-DMA, G4-LA5, G4-LA6, G4-LA7 G4-LA8) • Evaluation of suppliers (G4-LA14, G4-LA15) • Complaint handling mechanism (G4-LA16)	high*	high*	high*
impact on local environment and biodiversity	• Biodiversity (G4-EN11, G4-EN12, G4-EN13, G4-EN14) • Environmental evaluation of suppliers (G4-EN32, G4-EN33) • Complaint handling mechanism (G4-EN34) • Local community (G4-SO1, G4-SO2)	high*	low*	low*
prevention of unethical conduct	• Human rights: projects (G4-HR1) • Human rights: complaint handling mechanism (G4-HR12) • Anti-corruption (G4-SO3, G4-SO4, G4-SO5) • Antykorupcja (G4–SO3, G4–SO4, G4–SO5)	high*	high*	high*
quality and safety of the constructed facilities	• Client health and safety (G4-PR1, G4-PR2)	high*	high*	high*
reasonable resource management and environmental contamination	• Raw materials and materials (G4-EN1, G4-EN2) • Energy (G4-EN3, G4-EN5) • Emissions (G4-EN15, G4-EN16, G4-EN18, G4-EN21) • Sewage and waste (G4-EN23, G4-EN24) • Compliance with regulations (G4-EN29) • Environmental evaluation of suppliers (G4-EN32, G4-EN33) • Other (industry-specific) (CRE2, CRE8)	average*	average*	average*

* aspects subject to extended responsibility, i.e. responsibility including the actions of suppliers and subcontractors in the supply chain.

G4–24, G4–25, G4–26, G4–27

The applicable stakeholders map distinguishes 26 main stakeholders in larger categories. They are:

- **Employees** (full-time employees, students and potential employees, former employees, trade unions, contractor and supplier employees, labour inspectorate and other similar inspection authorities),
- **Investors** (the strategic investor, institutional investors, the Warsaw Stock Exchange, brokerage houses, banks),
- **Customers** (GDDKiA, institutional clients, individual customers, business partners, key suppliers, subcontractors, local self-government administration, government administration),
- **Society** (local communities in the project area, inhabitants and community leaders, the media, universities and academics, technical and professional organisations),
- **Natural environment** (environmental organisations, environmental protection supervision inspectors, State Forests).

Also with regard to the company approach to dialogue, there were no material changes. Decentralised dialogue with the particular groups is continued on an ongoing basis during the year, within specific business areas and relation-specific in form and frequency. This is the method of acquisition of information on the importance of the particular aspects of corporate social responsibility to stakeholders. The platform that allows various expectations, interests and concerns of the particular groups to collide is the CSR Committe. In the opinion of Budimex, organising a stakeholders panel at this stage would not yield the expected business value.

However, one should note the successful creation of e.g. the platform for continuous and very constructive dialogue on OHS issues, which is "Agreement for Safety in the Construction Industry".

As a consequence of the limitations described above, the process of determining the content of this report relied on the knowledge of stakeholders expectations of managers. The information included in this report reflects this long-term process of acquiring knowledge on stakeholders expectations.

6 WORKING CONDITIONS, OCCUPATIONAL HEALTH AND SAFETY (OHS)

LA DMA, G4–LA5, CRE6

In major companies, i.e. the companies that employ the majority of capital groups employees, namely Budimex and Mostostal Kraków, integrated management systems were implemented, part of which is the occupational health and safety management system. It is in accordance with PN-N-18001 and OHSAS 18001 at Budimex and with PN-N-18001 at Mostostal. In individual companies of the Group, there are OHS commissions[5]. Their members are employee and employer representatives. The commissions represent all employees (100%). For example, as of the end of 2015, like in previous years, the OHS Commission at Budimex had 7 members: 1 employer representative, 4 employee representatives, OHS Department Manager and a occupational physician.

The existing policies and tools allow comprehensive information acquisition not only on accidents, but also on potential hazards and OH5 activities. All information, e.g. the risks identified during inspections and recommendations are aggregated at one point. This allows both better monitoring and more efficient identification of training needs and training scheduling.

The tools available also facilitate subcontractor occupational health and safety management. The information on the subcontractor allows constructive dialogue on the necessary activities. Budimex can even audit the subcontractor and help it to find the root cause of its problems. The principle of the current approach is focusing on root causes and eliminating them, as opposed to concentrating on unsatisfactory performance. Under the "Agreement for Safety in the Construction Industry", training for the blue collar workers of subcontractors was developed, which can be conducted due to funding from the Social Insurance Institution. This type of training programmes translate directly to the improvement of the labour culture and safety in small businesses.

The Health and Safety Protection Plan standard applicable at Budimex consists of fixed elements relevant to construction processes. Its integral part are annexes that define the particular procedures and essential processes related to co-operation with a subcontractor. The employees subject to rotation between projects meet the same standard during each construction, which helps them to know the document. The Health and Safety Protection Plan must be agreed upon with a OHS Specialist and approved by a Site Manager. The involvement in this process allows capturing any deficiencies or shortcomings and correcting them before the Health and Safety Protection Plan is implemented for the given contract. Part of Plan implementation on the construction site is training for all personnel involved in the works.

An invariably mandatory element of the commencement of each project is the so-called "Contract Start". It is a meeting of the OHS Specialist and the Environmental Specialist with the Site Management to discuss OHS procedures, legal requirements, Budimex standards and obligations resulting from the company involvement in the Agreement for Safety in the Construction Industry, which are essential for the organisation and performance of safe work on the construction site.

In 2015 the OHS area was audited by third party auditors.

Ferry Slip in Świnoujście Port

5 Budimex Nieruchomości is managed by the OHS services of Budimex SA

OHS TRAINING AND PREVENTION

The obligatory training system at Budimex has exceeded statutory requirements for many years. For example, training sessions for employees and managers are more frequent than required by law, i.e. each year for production employees and at least once per three years for managers. Training sessions on internal safety procedures are completed by all personnel involved in contract performance, including subcontractor employees. It is also a matter of the content of training sessions that the employees consider valuable, i.e. corresponding with the real hazards that they encounter in the workplace. Thus, training sessions often turn into two-sided dialogue.

Under the "Agreement for Safety in the Construction Industry" that Budimex has signed, more training programmes were developed that are publicly available since 2015. Such programme, thanks to the Social Insurance Institution, can be attended free of charge by construction workers, e.g. the subcontractor employees that this programme was meant for.

In 2015 training sessions were continued on first aid. It should be recalled that both the training curriculum and the first aid kit contents were prepared considering the specifics of the construction site and hazards typical of the construction industry.

Positive feedback was also raised by the placement of two charts on information boards: the so-called response chain and the access map. The response chain is an updated list of personnel trained and designated to deliver first aid and personnel authorised to manage a rescue operation and evacuation. In turn the access map is a short and simple description of access to the accident site. The description includes landmarks nearby the construction site, GPS data and other information that facilitate site identification and rescue services access. This is considerably facilitates delivering key information to rescue services.

Międzyrzecz – Sulechów

Training sessions and demonstrations at hundreds of construction sites nationwide

From 18 to 24 May 2015 the 2nd Safety Week took place at hundreds of construction sites nationwide. This is the largest occupational safety undertaking on the Polish market. In 2015 the slogan of the initiative was "Safety – the common cause". It was organised by the Agreement for Safety in the Construction Industry – an informal association of leading general contractor companies of the Polish market, initiated in 2010, of which the primary objective is to eliminate fatal accidents at Polish construction sites. At present, the Agreement associates 10 construction companies: Bilfinger Infrastructure, Budimex, Erbud, Hochtief Polska, Mostostal Warszawa, Mota-Engil Central Europe, Polimex Mostostal, Skanska, Unibep and Warbud.

The Safety Week is an activity aimed at promoting occupational safety and addressed to all employees at the signatories construction sites, including subcontractor employees. It was the second edition of this event. The last year's Safety Week was successful, thanks to above all the ideas of the organisers and the involvement of the participants. The activities on the construction sites of the Agreement signatories involved approx. 40,000 employees of their own and their subcontractors. Each company conducted activities at its construction sites based on their joint "Book of Ideas". They were e.g. demonstrations of personal protection equipment, height and water rescue, practice with fire-extinguishers, evacuation from the construction site, power tool operation workshops, first aid training sessions and many other. Similar initiatives will be undertaken this year as well. The ideas for the Safety Week organisation are not limited to the example activities. Additional and materials that can be used to promote safety are available at the Agreement website: www.porozumieniedlabezpieczenstwa.pl.

G4-15, G4-25, G4-27

The Agreement for Safety in the Construction Industry

The Agreement for Safety in the Construction Industry is an initiative of general contractors (Budimex, Hochtief, Mostostal Warszawa, Mota-Engil, Polimex-Mostostal, Porr Infrastructure, Skanska, Warbud, Unibep, Erbud), referred to as the Agreement signatories, aimed at the improvement of safety at Polish construction sites. It envisaged conducting a series of projects introducing system solutions from the OHS field, e.g.: standard document templates, a construction worker professional qualification confirmation model and periodical training. The Agreement is meant to promote the culture of safety, to raise awareness of the hazards related to working on the construction site and thus to eliminate risk.

The initiative is supported by the Main Labour Inspectorate and the Polish Association of Construction Engineers and Technicians, as well as the Trade Union "Budowlani" (Builders), Polish Association of Construction Employers, Construction and Wood Workers' Secretariat of the Trade Union NSZZ "Solidarity" and the Polish Chamber of Civil Engineers. The Agreement is open, which means that it is open for new signatories and thus other companies willing to promote the idea of safety on the construction site. The pre-requisite to join the group is to accept the objectives set by the Agreement signatories.

The Gdynia Film School

ACCIDENT RATE

G4-LA6, G4-LA7

In the Budimex Group there is a dual system of occupational accident classification. Every accident is described in accordance with the Polish statutory classification and the procedures and classification adopted by the strategic investor (Ferrovial). Apart from the differences regarding the accident assessment process in itself, the definitions of serious accident are different. The internal solutions are much more stringent in this field. The non-obligatory classification gives better opportunities for analysing post-accident statistics due to the more stringent criteria and higher level of accident differentiation.

Accident rate at Budimex in 2015 r.:

	Own employees		Subcontractor employees	
	2014	2015	2014	2015
Number of accidents (total)	35	36	69	72
Number of fatal accidents	0	0	3	2

For more numerical data, please see the tables at the end of this report.

There were no confirmed violations of the occupational exposure limits of harmful and dangerous factors in the workplace in 2015. Furthermore, as of the date of report preparation, no instance of occupational disease has been formally confirmed. However, considering harmful and dangerous factors, it is worth returning to the issue of raising the employee awareness of the necessity of following OHS principles, including using personal protection equipment. Specific health issues, related with improper use of personal protection equipment, such as e.g. vibration white finger, hearing problems or silicosis, often show symptoms after many years and can hardly be attributed to one specific employer. This type of cases were also sporadically reported by current employees of Budimex. Thus, activities within the Budimex Group, its subcontractors and the entire industry are essential. It is of particular importance on a market characterised by considerable employee rotation.

The accident rate statistics are reported to the Management Board monthly and related to the scale of current contracts. As part of co-operation, the companies participating in the "Agreement for Safety in the Construction Industry" agreed upon mutual transparency in terms of accident rate analyses and thus the possibility of comparing competitors being the signatories of the document.

SO DMA, G4–SO2

An entirely different aspect related to safety is the issue of the outsiders that can find themselves in the project impact area and potentially have an accident. Of course, all regulations related the construction site fencing and suitable marking are absolutely followed, which reduces the probability of entry by unauthorised persons. Preventative activities are also undertaken by employees, especially security employees, who – as not everyone seems to realise – do not merely protect property, but also prevent the dangers that e.g. children willing to "explore" the construction site undetected inadvertently expose themselves to.

Tram Depot in Olsztyn

LA DMA, G4–LA14, G4–LA15

OHS and subcontractors

In 2015 1405 subcontractors (100%) were subject to initial classification, which included the compliance with occupational health and safety (OHS) principles. We also conducted 4504 general co-operation evaluations, which included occupational health and safety issues. The same surveys record any incidents of discrimination or violation of employee rights (which can potentially be e.g. untimely payment of salaries or the lack of appropriate workplace equipment or sanitary facilities). A negative grade could result in terminating co-operation with the given subcontractor.

All contractor employees working at Budimex construction sites undergo training on internal OHS procedures and are obliged to follow them. Budimex also keeps, apart from the own employee accident record, a record of occupational accidents among subcontractor employees on the construction sites, at which Budimex is the general contractor. All of them are analysed for root causes and circumstances, as well as supervisor responsibility.

The widely defined OHS issues seem to be of particular importance, apart from the range of other aspects related with subcontractor compliance with employee rights. Hence the comprehensive approach of Budimex, which includes both the pressure related with the application of appropriate contract clauses, initial and final evaluation, training, as well as activities under the "Agreement for Safety in the Construction Industry". All that allowed us to develop and spread certain best practices related to subcontractors among the largest market players.

The ongoing supervision over subcontractor works, reflected in the final evaluations of the suppliers, resulted in the detection of 161 irregularities, 24 of which were related to occupational health and safety.

7 IMPACT ON LOCAL ENVIRONMENT AND BIODIVERSITY

REDUCTION OF THE IMPACT ON THE LOCAL NATURAL ENVIRONMENT

EN DMA

Efficient investment process impact management is essential to Budimex, both in terms of current operational stability and the long-term development, which is based e.g. on the trust and reputation that each general contractor needs to work towards for years. The impact of the project on the nearest social and natural environment, especially from the point of view of all kinds of hazards and concerns, is essential to the inhabitants of the areas in vicinity of the project and all kinds of environmental organisations that monitor the entire process. However beneficial economically and socially, projects often cause permanent and irreversible transformation of the landscape and local natural environment. On the other hand, the investors of the capital market regard those aspects as risks that could result in e.g. a delay the acquisition of appropriate administrative decisions or an extension of works. Those are risk factors that the company highlights to the investors in financial reports and manages. Care for the environmental concerns to the extent, to which Budimex and its subcontractors influence them, is in the best interest not only of the natural environment, but also of the company and its shareholders.

The scale of the potential environmental impact of construction operations depends on the specific project, including its location. For example, road or railway projects are often routed through or near environmentally valuable areas, which could have an impact on the local biosphere, both at the stage of project implementation and later facility operation. This fact is best confirmed by the projects of 2015, implemented in vicinity of environmentally valuable areas: only one of them is not a road project. The environmental impact is of course much smaller for residential projects, especially that they are located in urban areas. Similarly, industrial facilities are also usually constructed in already transformed areas. In that case, however, the later impact of the given industrial facility operation is far more important. The

The Sports and Rehabilitation Centre in Warsaw

Budimex Group has also completed environmental projects that reduce the adverse environmental impact of existing facilities (exhaust gas desulphurisation, decarbonisation and waste treatment plants).

Under the third party-certified Integrated Management System in place at Budimex, as well as Mostostal Kraków, environmental issues are managed in accordance with PN-EN ISO 14001. For specific construction projects, it is regulated by the procedures of "Environmental management for contracts" (09-11) and "OHS and environmental protection organisation and management for contracts" (PS-07), of which the objective is to reduce the environmental impact of the construction projects managed by Budimex and which define i.a. the most probable environmental hazards.

ENVIRONMENTAL CARE ON THE CONSTRUCTION SITE

● G4–EN11, G4–EN12, G4–EN27, G4–EN33

As far as projects with significant potential impact on biodiversity, it is obligatory to prepare an environmental impact report. It is prepared in co-operation with third party specialists in various scientific fields (e.g. ornithologists, herpetologists, ichthyologists, entomologists, botanists etc.). It enables not only preparing an inventory of the natural values, but also to propose solutions to mitigate or compensate for the adverse environmental impact of the project. It should be noted that often, upon agreement with the employer, solutions are implemented that exceed the statutory requirements, but mitigate the risk (information on projects located in environmentally valuable areas and in their vicinity is included at the end of this report).

As a rule, Budimex acts as the contractor of projects prepared by employers. This is also applicable to local dialogue. It means that the company usually has no direct impact on their shape, e.g. the manner, in which road designers considered the interests of the natural environment. This applies e.g. to the planned routing of a road, which should be routed in the least onerous manner for the local biosphere and bypass the areas of exceptional environmental value. Furthermore, it is necessary to arrange the infrastructure such as animal passages, which should correspond to animal migration routes. The passages should be also aligned with the tree and bush plantings. The plantings should be arranged so that they guide animals to the passages. It is important to form ecotones in the forests along routes to protect the ecosystem from the impact of excessively abrupt forest clearing. It is necessary to provide an appropriate de-watering system to protect underground and surface water from contamination with petroleum-derived products, sound-absorbing screens or appropriate marking of the transparent sound-absorbing screens and bridge lighting to reduce bird collisions. When Budimex is also the designer, it is responsible for preparing a socially and environmentally optimum solution.

Specific environmental hazards are connected also, and sometimes even mainly, with the project implementation stage. It requires the contractor and its subcontractors to take utmost care. Seemingly simple activities are very meaningful. This applies for example to a suitable arrangement of construction sites and their facilities. Technological routes should be arranged so as to reduce ground usage, minimise the transformation of its surface and return everything to its previous condition after the completion of works. This approach allows minimising the clearing of trees and bushes, and the occupancy of green areas. Regardless of whether the trees in the potential impact area of the construction are duly protected from mechanical damage to the tree trunk, crown and roots. Analogically, animal and plant habitats are secured against the impact of heavy construction equipment operation. Construction site facilities, especially warehouses, storage yards and transport bases, are first placed in already developed and transformed areas, as far as possible from residential buildings, but also away from environmentally valuable areas. Land occupancy in forests and wetlands is minimised. Wherever it is possible, construction works remain within the designated roadway. The materials necessary for the construction are transported mainly within the designated roadway to avoid unnecessary transformation of other areas. On sections, in which earth and construction works are performed near bodies of water, solutions are used to protect them from contamination with chemicals from the construction site. Special attention is given to the environmental protection from contamination with petroleum-derived products from vehicles and construction machines. Thus, the construction site and its facilities (equipment and materials storage areas etc.) are secured against groundwater contamination. In special circumstances contaminated rainwater collection and pre-treatment systems are used.

Irreversible environment transformation is a consequence of infrastructural projects despite optimum road location and routing. The part of vegetation directly under the road is destroyed irreversibly. Thus, compensation plantings are performed to compensate for the losses. To prepare an inventory of valuable plant habitats that would be destroyed by the constructed route, plants are relocated to new places that meet their requirements. If a minor body of water (pond) will be buried (destroyed), then the amphibians and reptiles are caught and relocated to new, optimum places. During the construction the natural environment is monitored. Construction works are supervised by natural scientists, often specialised in different fields, who issue requests, guidelines and recommendations related to proper project implementation. Sometimes, for contracts routed through the environmentally valuable areas, there were as many as seven experts specialised in various fields (e.g. an ornithologist, an ichthyologist, a herpetologist, an entomologist and a botanist). Construction works were periodically halted, when rare animals appeared in the project impact area. The schedule itself and the cycle of works are closely correlated with the cycle of nature. Some works are halted due to periodical migrations or the bird breeding season. Periodical migrations do not apply only to birds, but also e.g. amphibians and fish. Construction works in vicinity of noise-protected areas are performed only by day.

Another objective is that the surface soil layer (humus), which is removed during the works, is used at later stages, e.g. for scarp reinforcement and green area arrangement. Therefore the humus layer removed from the surface is collected in heaps and then used for area arrangement after the completion of the project. The

Access road to the "Dąbrowica" junction of the Lublin ring road

soil material used for finishing works is usually of local origin as it should not contain seeds of species alien to the given region. The purpose is to prevent the implementation of projects from introducing invasive species, pest or pathogens to the given biosphere.

The reduction of the adverse environmental impact is also facilitated by a range of very simple working practices, such as: spraying the construction site with water during droughts, minimising the internal combustion engine idling times in construction machines and vehicles, being careful when loading bulk materials onto vehicles and using tarpaulins or simply reducing travel speed within and in vicinity of the construction site.

The procedures strictly correspond to local, national and European regulations, including the regulations regarding Natura 2000 areas and specific administrative decisions. The solutions adopted ensure meeting legal requirements and often exceed the minimum requirements. During and after project implementation, in accordance with the recommendations included in the environmental impact report for the given project and legal decisions of the environmental protection authorities, the impact area and the habitats within are subject to monitoring (environmental control).

G4–14, G4–EN24, G4–EN29

Construction sites and the individual projects are also prepared for potential environmental incidents and emergencies. Every contracted project managed by Budimex has a emergency procedure and equipment necessary in case of such situation, e.g. sorbent, sorption sleeve, sorption a¬d personal protection equipment (the so-called environmental response kits). Furthermore, any contamination is considered dangerous to the environment until its type and source are determined. Additionally, site supervision employees complete specialised training sessions related to environmental protection, which include emergencies. In 2015 there were no accidents or other serious incidents that would result in significant water and soil contamination. Furthermore, no fines or other sanctions related with the infringement of environmental protection regulations were recorded.

The Didactic Centre of the Faculty of Chemical Technology at the Poznań University of Technology

For more information on the particular environmentally valuable areas, including information on protected species, please see http://obszary.natura2000.org.pl

G4–EN11, G4–EN13, G4–EN14

Budimex SA: construction of the S5 Poznań-Wrocław express road (Korzeńsko – Widawa Wrocław section)

The project is within the "Dolina Baryczy" Landscape Park (4.1 km) and passes through the „Wzgórza Trzebnickie" Protected Landscape Area (1.87 km) and in direct proximity of the designed "Ostoja nad Barczą" Natura 2000 Special Area of Conservation (PLH020041) and "Dolina Barczy" Natura 2000 Special Protection Area (PLH020001).

A 2.7 km section of the road will pass through the "Dolina Barczy" Landscape Park in the existing track of the national road no. 5 on the edge of this protected area and it will be implemented so as to guarantee the maintenance of the existing water relations.

Similarly, but on the full stretch of 1.87 km passing through the "Wzgórza Trzebnickie" Protected Landscape Area, the road will be routed in the existing corridor of the national road no. 5. However, the construction will result in the transformation of the area of approx. 21 ha (0.6% of the total area surface). Nonetheless, it does not collide with protected habitats or forest areas and thus, in the opinion of the Regional Director for Environmental Protection in Wrocław, the impact of the project on the area will not be significant.

Due to the close proximity of the above-mentioned Natura 2000 areas, the project cannot impact them indirectly. Additionally, at the distance of more than 3 km of the designed "Dolina Widawy" Natura 2000 Special Area of Conservation, of which the existence is related to the area being inhabited by 3 species of bats and 5 species of fish. The designed road can potentially have an impact on those species.

Considering the potential environmental impact, the plan includes the total of 22 culverts and a system to drain and treat rain, snow-melt and ground water and to analyse the impact of its introduction to the watercourses in the context of ichthyofauna protection in the "Ostoja nad Barczą" Natura 2000 area. Additionally, the analyses will cover acoustic impact on birds in the "Dolina Barczy" Natura 2000 area or the project impact on the chiropterofauna.

For more information on the particular environmentally valuable areas, including information on protected species, please see http://obszary.natura2000.org.pl

Budimex SA: construction of the ring road of Ostróda along the national road no. 16 from the national road no. 15 to the "Ostróda Południe" (S7) node

The project collides with the existing areas of legal environmental protection. It collides e.g. with the "Dolina Drwęcy" Natura 2000 area (PLH280001) and the "Dolina Górnej Drwęcy" Protected Landscape Area.

Along a little more than 400 m it collides with the "Rzeka Drwęca" Special Area of Conservation, included in the "Dolina Drwęcy" Natura 2000 area (PLH28001), which is especially valuable from the biological point of view. It is important due to the protection of the rich ichthyofauna and habitat mosaic related to the river valley. 22 types of habitats mentioned in Appendix I to the Directive of the Council 92/43/EEC. Drwęca and its river basin are covered with the national migratory fish restitution programme, while its inflow, Well, which is a mountain stream, is mentioned as the primary spawning area of anadromous migratory fish and habitat of rheophilic fish. The area is also a valuable resource of diverse habitats of rare animal species related with water environment. There are 27 species mentioned in Appendix II to the Habitats Directive, including 8 fish species and 11 bird species included in article 4. of the Directive 79/409/EEC. An asset of the area is its shape and the fact that it is an ecological corridor between the Valley of Vistula and Masurian Lakeland. The downstream Drwęca river basin also features the water intake that supplies Toruń.

The project enters the periphery of the protected area. Following the road expansion, the roadway will cover approx. 1.5 ha of the area (approx. 0.01% of its total surface). The expansion plans include the collection of rain water from the main carriageway and roadside trenches to a designed storage and infiltration reservoir located outside the Natura 2000 protected area. Before entering the reservoir, it will be treated using a settlement tank and a separator. This solution will allow to retain part of the water and minimise the probability of change in water relations.

For more information on the particular environmentally valuable areas, including information on protected species, please see http://obszary.natura2000.org.pl

Budimex SA: construction of the S-5 Żnin–Gniezno expressway (Mielno–Gniezno)

Along the constructed section, the road is routed through agricultural and forest areas and in vicinity of rural buildings. It passes the Wełna, Wełnianka and Mieleńska Struga rivers (where animal passages are planned). The route of the planned road includes the Królewski forest, which is a compact pine and mixed forest complex. The project as such is located outside protected areas, but routing it through the Królewski forest implies permanent deforestation of the area of 44.55 ha. The nearest Natura 2000 area is the "Pojezierze Gnieźnieńskie" area (PLH300026), at the distance of more than 8.5 km from the project site.

27 species of protected plants were found within the 2 km buffer zone along the planned road S5. 11 strictly protected amphibian species (e.g. moor frog, grass frog, European tree frog, common spadefoot, common newt and European fire-bellied toad) were found in the tested area. Their breeding areas are located along the entire project, but the ones with the widest species spectrum, including the European fire-bellied toad species mentioned in Appendix II to the Habitats Directive, are located outside the project range. Field observations proved the occurrence of deer and boar, as well as European beaver activity in the project impact area. Furthermore, the occurrence of as many as 89 bird species was found, including 11 bird species mentioned in Appendix I to the Birds Directive (e.g. white stork, black stork, black woodpecker, middle spotted woodpecker, woodlark, tawny pipit, red-backed shrike, ortolan and white-tailed eagle), but there are no areas of refuge protection and regular resort of protected species. Field research proved also the occurrence of 5 species of bats (serotine bat, common noctule, Dauberton's bat, plecotus sp., pipistrellus sp.) in the project area.

G4–EN11, G4–EN13, G4–EN14

For more information on the particular environmentally valuable areas, including information on protected species, please see http://obszary.natura2000.org.pl

Budimex SA: construction of the ring road of Jarocin with a connecting passage along the road S-11

The nearest area of particular environmental value is located approx. 4 km from the project site. It is the "Lasy Żerkowsko–Czeszewskie" Natura 2000 area (PLH300053). The area is located within the Żerkowsko–Czeszewski Landscape Park. Furthermore, it includes some of the "Szwajcaria Żerkowska" Protected Landscape Area and the total surface of three preserves: Dwunastak, Dębno nad Wartą and Czeszewski Las (the latter was formed upon the merger of Lutynia and Czeszewo preserves). In total 11 types of habitats mentioned in Appendix I to the Directive of the Council 92/43/EEC. There are also 12 animal species mentioned in Appendix II to the Directive.

Due to the limited estimated range of impact of the constructed road and the use of measures to minimise the environmental impact, the road will have no impact on the Lasy Żerkowsko–Czeszewskie Natura 2000 area protection subjects.

LSC Iława

G4–EN11, G4–EN13, G4–EN14

For more information on the particular environmentally valuable areas, including information on protected species, please see http://obszary.natura2000.org.pl

Budimex SA: construction of road S-7 Gdańsk-Elbląg (Koszwały – Kaźmierzewo)

The project impact area on the Koszwały–Kaźmierzewo section includes two habitats mentioned in Appendix I to the Habitats Directive. 5 species of vascular plants, including 2 legally protected species, were identified in the research area. Field research also confirmed the occurrence of 26 species of butterflies within the buffer along the future road, which is approx. 16% of the butterfly population in Poland. Among those butterflies, one species, large copper, was found, which is present both in Appendix II to the Habitats Directive and in the Polish Red Book of Animals. Additionally, 3 species of bumblebee (including 2 under partial species protection) and 15 species of dragonfly were found. In turn in the bodies of water examined (e.g. the Panieński channel, the Izbowa Łacha channel and the Nogat river), only the asp species mentioned in Appendix II to the Habitants Directive was found to occur in the Nogat river. Furthermore, 7 species of amphibians and viviparous lizard as the only reptile were found (all identified amphibians and reptiles are under complete or partial species protection). Moreover, the occurrence of 126 species of birds was distinguished, including 74 breeding or probably breeding birds. 8 of the breeding or probably breeding species are mentioned in Appendix I to the Birds Directive. Furthermore, the occurrence of 5 species of bats (serotine bat, soprano pipistrelle, common pipistrelle, Nathusius' pipistrelle, common noctule) was found — all under species protection. Apart from bats, 12 other mammals (e.g. northern white-breasted hedgehog, European mole, European beaver, European hare, European otter and deer) were found. The otter, beaver and mole are under partial protection. Additionally, the beaver and otter are mentioned in Appendix II to the Habitats Directive.

It is estimate that the S–7 express road, which passes the Nogat River Protected Landscape Area along 3.1 km will have a negative impact on the area due to e.g. ecosystem fragmentation.

University Hospital in Bydgoszcz

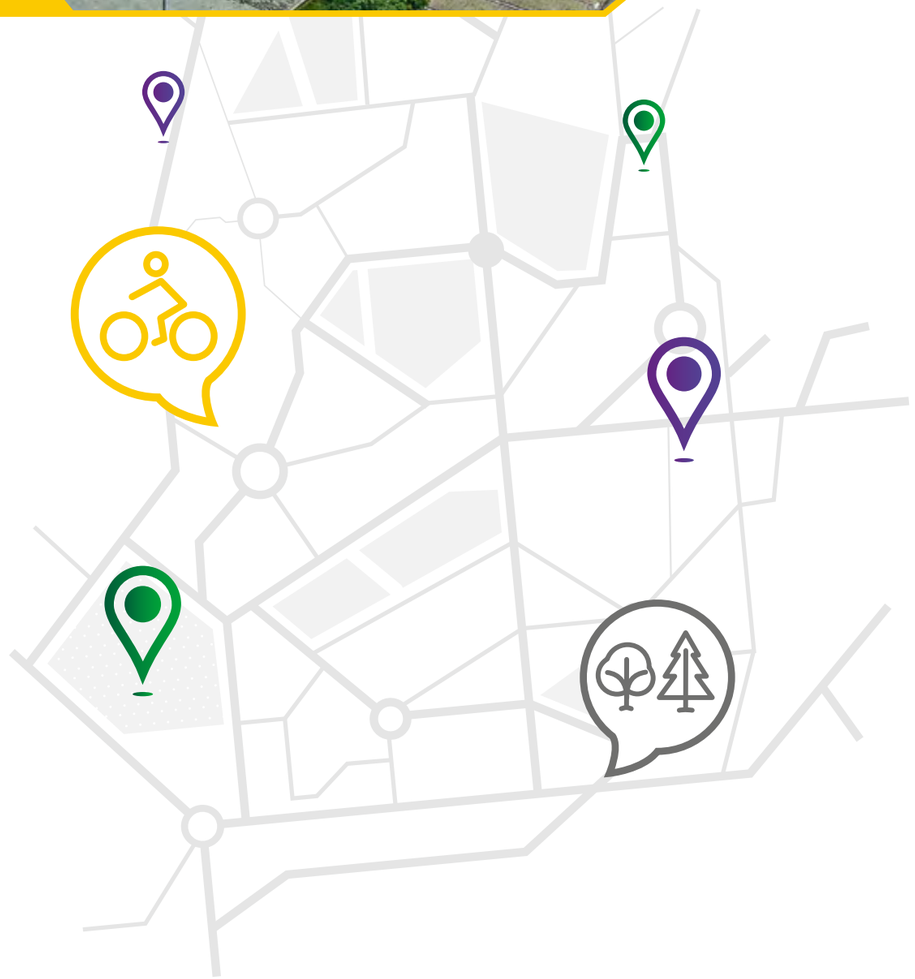
G4–EN32, G4–EN33, G4–EN34

Environmental protection and subcontractors

In 2015 1405 contractors (100%) were subject to qualification, e.g. for compliance with the environmental protection regulations. Furthermore, 4504 co-operation evaluations were conducted, which also included the issues related to environmental protection.

Any irregularities on the part of subcontractors on the construction sites could result in a potential danger for the environment (e.g. soil and ground water contamination with petroleum-derived products, paints and solvents). Therefore, it is extremely important that they follow the procedures, have relevant experience and use fully functional equipment. The subcontractors introduced on the construction site (100%) undergo appropriate training on the applicable environmental protection procedures, including emergency procedures. The equipment of the contractors is also subject to technical inspection (e.g. for fuel leakages).

The cases reported by the Ethics Commission no reports were recorded regarding the natural environment. No significant incidents related to suppliers and subcontractors were recorded. Nonetheless an ongoing supervision of subcontractors operations, which is reflected in the supplier final evaluations, contributed to the identification of 161 irregularities in total, 18 of which were related to environmental protection. A year ago there were 327 irregularities, including 38 related to environmental protection, respectively.



WASTE MANAGEMENT

G4–EN23

As a result of operational activities, waste typical of construction works is produced: earth, debris and waste classified as building and road infrastructure repair or disassembly waste. On construction sites, there are site offices, laboratories and equipment and material facilities, of which the operation can produce a certain amount of waste containing the residues of dangerous substances. Improper waste management could on the one hand have an adverse impact on the local biosphere and on the other hand result in losing raw materials that are fit for re-use.

The structure and volume of waste are strongly dependent on the nature and stage of the ongoing construction works. The key category of waste is brick and concrete rubble, mixed with other materials from the disassembly of buildings and infrastructure. A category of similar meaning is the removed asphalt, removed road foundation material or, in case of railway contracts, track ballast. Their removal is pre-requisite for project implementation.

The definitely largest item classified as waste is soil, earth, stones and all spoil from trenches. The earth removed is re-used directly on the construction site or, if the surplus must be removed from the site for some reason, used elsewhere. Formally, it is identified as waste only in the latter case. Nonetheless, practically, it remains a fully-fledged raw material to re-use[6].

One could also mention the plant-tissue waste, which increases during works related with the removal of trees and bushes. Although, as mentioned before, the activities that interfere with the biosphere are minimised, the removal is often inevitable (for example to clean the future road lane). In practice, because of economic attractiveness, wood is usually managed by the investor who commissioned the execution of works by the Budimex Group. The contractor left with the removal of stubs, branches or remnants of bushes. They too can be used. They are most often transferred to other entities and consumed as fuel (biomass). The so-called chipping process, i.e. milling into thin chips using specialised machines, transforms them into a valuable gardening material.

For detailed information on the amount of waste, see the tables at the end of this report.

6 In this report soil and earth, due to the immense volumes, are shown separately in tables.

8 RELATIONS WITH LOCAL COMMUNITIES

REDUCTION OF NUISANCE

● SO DMA, G4-SO1, G4-SO2

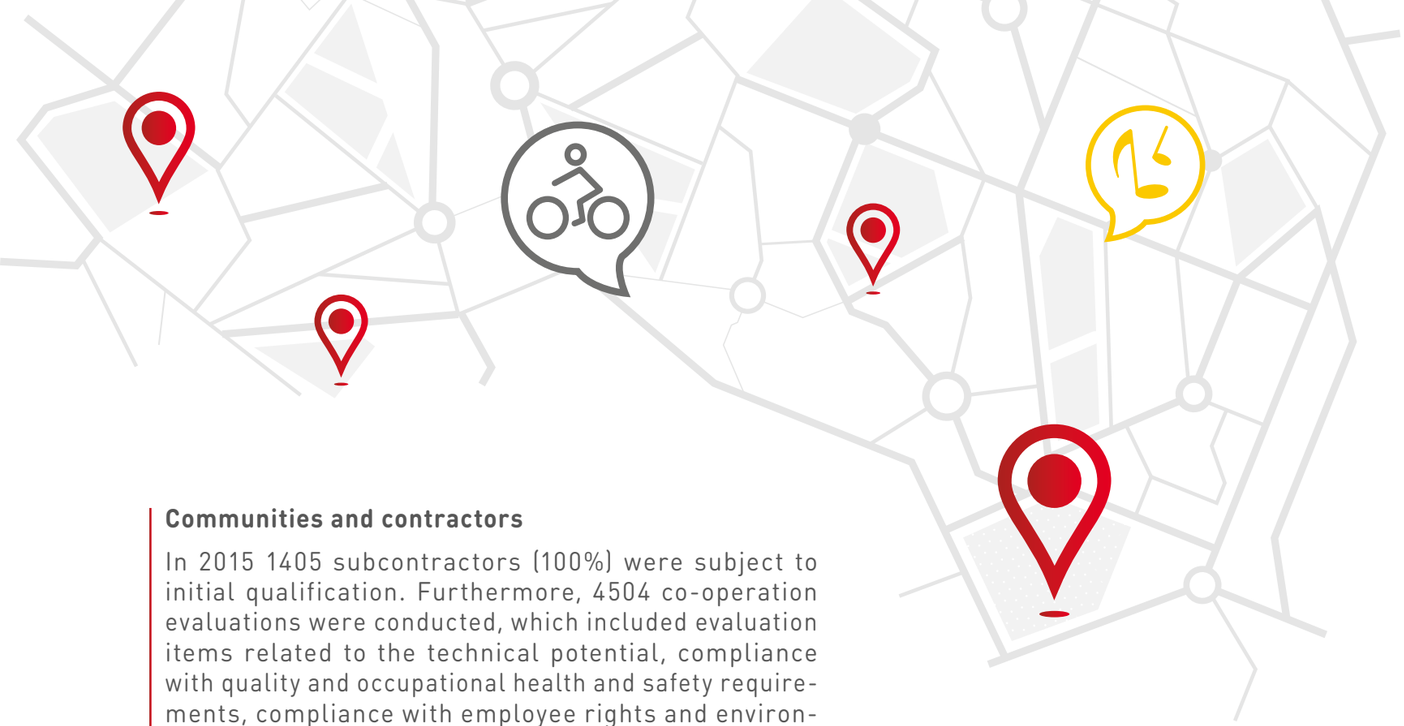
Roads, railways and airports are the bloodstream of the economy and they determine its development. These are very specific and tangible social and economical benefits, both in general and local terms. In turn new schools, universities, hospitals and other public utility structures translate to the improvement of the quality of life of the inhabitants. For years of business, the Budimex Group has directly contributed to the construction of hundreds of kilometres of roads, many bridges, industrial facilities, but also shopping centres, concert halls and hospitals.

At the same time, one must not forget that the very same projects at the implementation stage generate not only positive effects, such as jobs and orders for local businesses. Construction works also cause inconvenience. Construction materials, including thousands of tonnes of earth, concrete or bituminous mass must be transported to the construction site. This translates to increased traffic, noise and dust. Very often it causes changes in road signs and traffic difficulties that make the daily lives of inhabitants more difficult. The company responds to all alarming signals and complaints. It is aware that it is only a guest of the community, for which it works.

University of Arts in Poznan

The potential impact on areas in vicinity of the project is analysed as early as at the stage of issuing appropriate administrative decisions. Administrative processes are overt and local community representatives are considered as a party to the proceedings. The purpose is to propose the solutions that could reconcile the sometimes conflicting interests.

Despite taking utmost care in the performance of construction works and the company's dedication to reduce the environmental impact, unfortunately sometimes unintended damage is caused. The company feels responsible for the culpable incidents that damaged the property of local inhabitants. Hence, before the construction begins, an inventory of real property is prepared and, in justified cases, insurance companies pay damages (see indicator G4-HR8).



Communities and contractors

In 2015 1405 subcontractors (100%) were subject to initial qualification. Furthermore, 4504 co-operation evaluations were conducted, which included evaluation items related to the technical potential, compliance with quality and occupational health and safety requirements, compliance with employee rights and environmental protection. Although the aspect of impact on the local community was not directly defined as a criterion, it is included in other activities, in particular in environmental issues. Hence, as a rule, in the case of construction works above-average environmental impact means impact on both social and natural environment. They are inseparable.

Minimising the nuisance for the local community is directly related to abiding by the designated working hours, using only designated access roads and thus meeting quality requirements and compliance with employee rights. The noise or dust from the construction site, which is onerous for people, is nothing else than an infringement on environmental protection rules. Examples can be multiplied, nonetheless all those aspects are included in the evaluation of the contractors that could disturb the inhabitants. Those issues are evaluated both in the initial qualification and in the final evaluation.

All incidents and complaints of inhabitants are reported to the contract management. This allows an immediate identification of the problem and undertaking corrective actions. Due to the lack of a separate category of impact on the local community in qualification and final surveys, any infringements are recorded statistically in other categories.

Parents' Zone – Budimex for Children
www.strefarodzica.budimex.pl

COMPENSATING THE COMMUNITIES FOR THE NUISANCE

G4-S01

Budimex wants the local inhabitants to remember it as a company that would not only work reliably, but also become a good temporary neighbour for the local community and participate in its daily life. The purpose of the company is to leave not only the project, but also positive associations, so it is involved in a range of social activities. It wants its long-term activities to bring benefits above all to the community, in the vicinity of which projects are completed. This is also connected to the inconveniences that almost never can be completely prevented despite following the best practices known.

Budimex conducts two original programmes, which form the basis for the company's social involvement for the children. The first, "Domofon ICE. Budimex Dzieciom" (ICE intercom. From Budimex to the children), has been conducted since 2010. The second, "Strefa Rodzica. Budimex Dzieciom" (Parent zone. From Budimex to the children), has been initiated in 2012. At the same time, a completely different social project, directed at technical faculty students, the Budimex Academy, has been continued for many years. For that group, the company has also developed the Summer Training Programme and the Internships Programme. Every year, the Budimex Group offers approx. 200 training places on the construction sites nationwide and in support activities (i.e. administration, finance and legal).

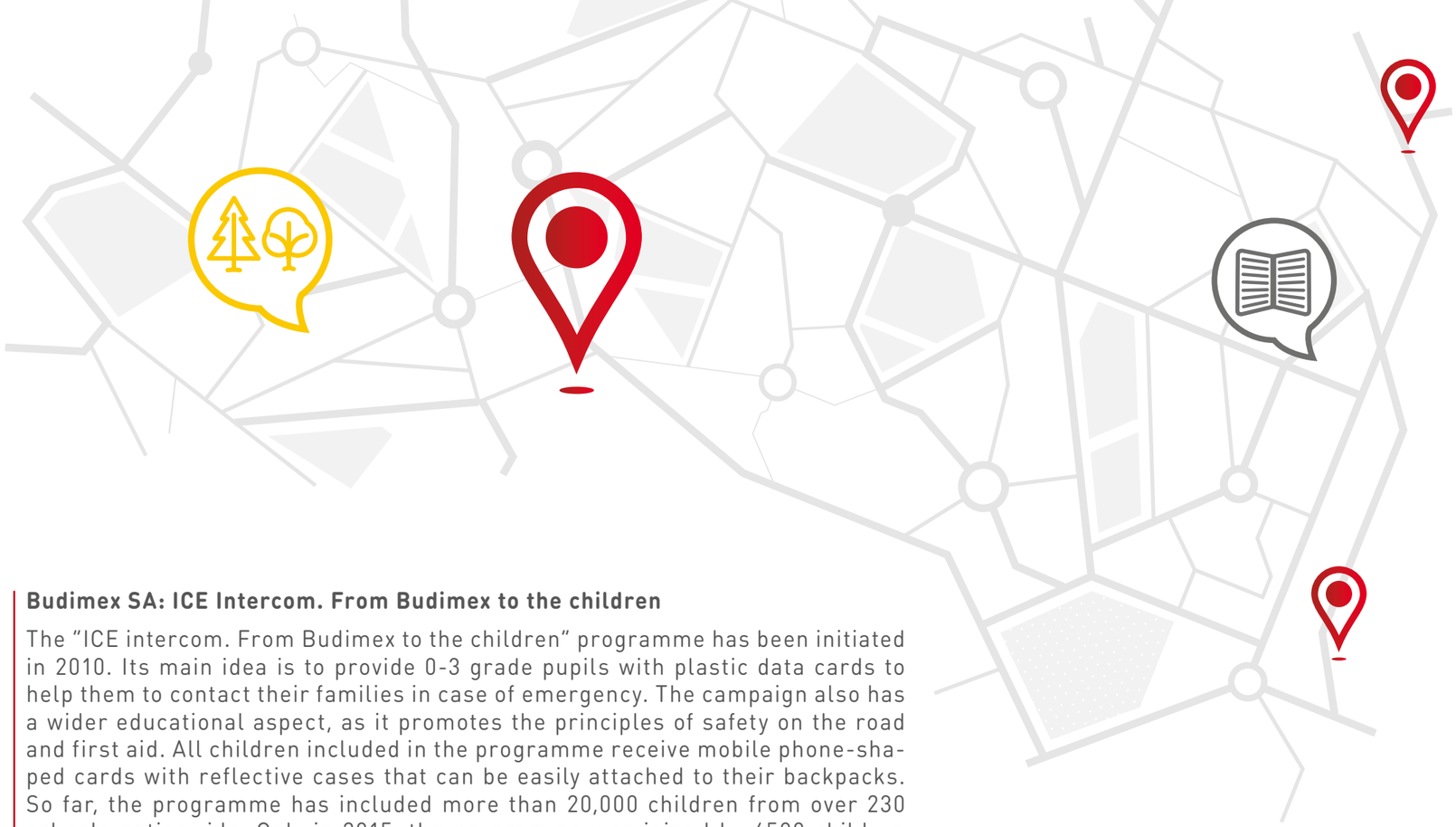
The social involvement of Budimex is expressed also in co-operation with selected foundations that the company tries to support in the pursuit of socially significant objectives and thus to help people in need. For example, for another consecutive year, in 2015 the "Na Ratunek Dzieciom z Chorobą Nowotworową" foundation received funds for the treatment of children and for the construction of Przylądek Nadziei, the Paediatric Bone Marrow Transplantation, Oncology and Haematology Clinic of the Wrocław Medical Academy. Also for another consecutive year, Budimex supported the "Wróć" Foundation for Children Injured in Transportation Accidents with funds for the purchase of minibuses meant to transport children to the rehabilitation centre.

In response to social demand and to promote healthy lifestyle, the company became a partner of the "Budimex Półmaraton Augustowski" half marathon race. This is the largest running sporting event in the region, which attracts an increasing number of candidates every year.

As in previous years, the company continued its involvement in the organisation of the Polish Sailing Championship for the Disabled and, as it has been doing for many years, transferred funds for the rescue of the historic chapels and tombstones of the Powązki Cemetery.

Apart from social, charitable and sponsoring initiatives, the company also conducted educational activities by supporting the organisation of congresses, conferences, as well as scientific and industry seminars. Budimex representatives participated in many of them as experts.

In 2015 the Budimex Group donated almost PLN 600,000. Effective corporate social responsibility activities were recognised by the company's environments. During the "Infrastruktura Polska" conference organised by the Executive Club, Budimex received the "Diamenty Polskiej Infrastruktury 2015" award in the Corporate Social Responsibility Leader of the Year category as the entity that followed the principles of responsibility, social interest and environmental protection in its operations.



Budimex SA: ICE Intercom. From Budimex to the children

The "ICE intercom. From Budimex to the children" programme has been initiated in 2010. Its main idea is to provide 0-3 grade pupils with plastic data cards to help them to contact their families in case of emergency. The campaign also has a wider educational aspect, as it promotes the principles of safety on the road and first aid. All children included in the programme receive mobile phone-shaped cards with reflective cases that can be easily attached to their backpacks. So far, the programme has included more than 20,000 children from over 230 schools nationwide. Only in 2015, the programme was joined by 4500 children from 22 schools.

More information: www.domofonice.pl.

Budimex SA: The parent zone. From Budimex to the children

"The parent zone. From Budimex to the children" is a programme aiming at creating areas in hospitals, in which parents could accompany their sick children in proper conditions. Depending on the needs and conditions in the particular hospitals, it consists in arranging an unused room or corridor section, equipping the hospital with an appropriate number of folding beds or sanitary devices or in organising a place for resting and playing with children. "The parent zone" is also about the personal involvement of Budimex SA employees, who voluntarily participate in the arrangement of the repaired rooms – they help in furniture assembly and arrangement, and perform minor finishing works. In 2015 Budimex commissioned four parent zones in the paediatric hospitals in Sanok, Wrocław, Olsztyn and Bydgoszcz. In total, in Poland there are 12 zones, which can be used by over 25,000 children and guardians per year.

For more, please visit: www.strefarodzica.budimex.pl

The Budimex Academy – for the sixth time

In 2015, for the sixth time, Budimex invited residential/commercial/industrial construction, road-building, bridge-building, railway construction and environmental engineering students to join Budimex Academy, the free of charge educational project, which is created in co-operation with prestigious technical universities in Poland.

During the workshops, the engineers, experts of the Budimex Group, share their knowledge and construction site experience with students. This is an opportunity to meet experts that will share their construction site experience. Those meetings are opportunities to learn about the innovative solutions applied in the contracts managed by Budimex in the field of residential/commercial/industrial construction and road/bridge/railway infrastructure.

Desired employer among future engineers

The professional preferences research among Polish students shows that Budimex is regarded as an exceptional employer – Budimex came 2nd in the Most Attractive Employers 2015 ranking, which listed the companies preferred by engineering students.

S8 Róża – Wrocław

9 PREVENTION OF UNETHICAL CONDUCT AND INTEGRITY IN BUSINESS

The production hall in Bydgoszcz

SO-DMA, G4-14

Very high value contracts always cause potential hazards related to unethical conduct or even meeting the description of the bribery and corruption. Additionally, a great majority of projects is financed using public funds, which constitutes a particular duty towards the society — all processes must be fair and transparent, and even the smallest doubts must be explained. The annually updated risk map identifies e.g. risk related to abuse. All business risks, including the above-mentioned, are monitored. The Integrated Management System, in the "Protection of the Budimex Group interests" (05-08), defines a set of procedures in case of suspicion of activities or omissions considered as abuse, including suspicion of corruption[7]. This procedure is supplemented with instructions "Procedure in case of a proposition to accept private financial gain and in case of an employee intimidation attempt" (05-08-02) and "Principles of participation in sponsored parties and other activities considered as conflict of interests" (05-08-03). The objective of the former is to establish the procedure to follow if an employee receives a proposition of private financial gain in exchange for a certain activity or omission related to the performance of a given contract, as well as in case of attempts to intimidate the employee. The second instruction defines the principles of participation in sponsored parties and conduct in situations that meet the description of conflict of interests, as well as accepting and giving gifts, meant to ensure business transparency and compliance with ethics. The activities related with procedure and instruction compliance are coordinated by the Internal Control Bureau and supervised by the General Director, while the processes are subject to continuous improvement.

HAZARD MONITORING

SO-DMA, G4-SO3

All contracts (100% of construction sites) are continuously monitored for proper performance, including the risk of corruption. The construction works progress is monitored in monthly, two-week or sometimes one-week cycles. At the same times, independent inspections are conducted at the responsibility of the Internal Control Bureau. The team of auditors includes economics and finance specialists, as well as civil engineering experts: a general construction engineer, a building and engineering structure engineer, a civil engineer and an environmental civil engineer. All of them are highly qualified internal auditors with both specialist competences and e.g. psychological training to conduct audits. In November 2015 the employees of the Internal Control Bureau attended internal training to improve their competencies related to the inspection process.

In 2015 the audits performed resulted in 64 reports, including 120 post-audit recommendations. In general, the Bureau employees performed all audits approved in the annual audit plan. All the recommended repair and corrective actions were implemented until 31 December 2015, contributing to lower operational risk. Additionally, apart from planned audits, in 2015 internal auditors conducted a comprehensive audit in the IT Office and in the North Infrastructure Division. In case of those audits, as of 31 December 2015, the recommendations were implemented in 100% in the North Infrastructure Division and in 86% in the IT Office (full completion of the recommendation is scheduled for Q1 2016).

Apart from planned audits, the Internal Control Bureau employees conducted training sessions on construction sites, in which they discussed internal procedures and instructions.

In the opinion of the Budimex Group, the corruption and bribery aspect is part of a wider phenomenon related to values, ethics and integrity in business. The crisis of values in business favours reprehensible conduct. Wherever people act based on ethical values, the danger is much lower. There are good reasons, why ethics is so strongly reflected in the Mission of the Budimex Group and in the very specific mechanisms of the Code of Ethics, but also in the day-to-day treatment of partners, even in the mundane dimension of timely payments.

7 Additionally, the Ferrovial Group, the strategic investor of Budimex, adopted its Anti-corruption Policy, announced in the Budimex Group in 2015.

Bydgoszcz Główna railway station

FAIR PRINCIPLES IN RELATIONS WITH BUSINESS PARTNERS

G4-25, HR DMA, G4-HR1

Budimex expects its business partners to be reliable and fair. At the same time, it aims at an analogical conduct towards them: timely payments, especially when the construction market faced difficulties, became a trademark of the Budimex Group and the factor that would build its reputation among suppliers and subcontractors. It is exactly the fact that Budimex is a reliable and proven business partner that constitutes its competitive advantage today.

As a standard, contracts with suppliers are appended with the "Selection of procedures for business partners" appendix, which determines the expectations regarding:

- regulatory compliance
- business ethics
- respect for Human Rights
- relations with employees and among employees
- obligations towards third persons and the market
- respect of the natural environment

A new business partner is subject to initial evaluation based on a qualification survey. The survey includes the supplier's declaration regarding regulatory compliance with regard to e.g. labour law, OSH and environmental protection. An acceptance of this declaration is required for initial supplier qualification. Thus, all significant suppliers and subcontractors (100%) were subject to evaluation (initial qualification). At the end of co-operation, they were also subject to final evaluation[8]. Although, due to the industry specifics, the evaluation is focused mainly on quality, timeliness, real technical potential, OHS and environmental issues, matters related directly to human rights are subject to evaluation as well (i.e. compliance with employee rights, discrimination incidents). One of the criteria of the qualification survey is the aspect of compliance with employee rights. In turn the final evaluation additionally includes any discrimination incidents. Furthermore, the contract managers responsible for the evaluation can point to any other irregularities that raised their concerns.

A particular objective of the company is that significant contracts with key business partners, despite the often lower negotiating position of Budimex, are supplemented with a special annex on ethics – the numbers were as follows:

	2013	2014	2015
% significant contracts with the ethics clause	76,0%	91,3%	74,0%

Considering all subcontractors, not only the most important ones, the number of initial evaluations (qualification surveys) and final evaluations is increasing year after year:

	2013	2014	2015
number of qualification surveys	1 589	1 807	1 405
number of final evaluations	7 722	5 115	4 504
number of irregularities found	362	327	161
% of final evaluations that identified irregularities	4,7%	6,4%	3,6%

In 2015 24 OHS-related irregularities and 18 environmental protection-related irregularities were found. Like in the previous year, most objections were related to missing deadlines and unsatisfactory technical potential. There were much less objections related to unsatisfactory quality.

CODE OF ETHICS

EN DMA, LA DMA, HR DMA, SO-DMA, G4-56

The Code of Ethics is applicable to all Budimex Group companies included in this report. It strongly condemns any form of unethical conduct, including corruption and bribery. At the same time, it clearly condemns all forms of discrimination, while reserving that the Budimex Group: „does not tolerate discrimination and forcing beliefs, especially due to gender, origin, confession, age, political beliefs and position; in day-to-day employee relations, it does not accept violating the boundaries of privacy or using one's professional position for private purposes; the company provides its employees with appropriate employment conditions and creates an environment with extensive opportunities for professional growth and promotion, while taking utmost care to include people at different experience levels"[9]. The Code of Ethics is applicable in all companies included in this report.

The respect and enforcement of the provisions of the Code of Ethics is the Ethics Commission, established by the President of the Management Board, whose members are:

- Member of the Management Board, Director of the Human Resources Division,
- Member of the Management Board, Director of the Legal and Organisational Division,
- Director of the Internal Control Bureau.

8 Those evaluations are standard procedures and they are not limited to key suppliers only.

9 Furthermore, the Budimex Work Rules guarantees the respect of human rights and counters discrimination in the field of employment.

G4-HR3, G4-HR12

The purpose of the Commission is to monitor the compliance of the professional ethics standards with the principles of the Code of Ethics. Each employee has the right to report any violations of the Code to the Commission anonymously. The reports can be sent in writing or emailed to etyka@budimex.pl (only Commission members have access to the mailbox). All reports, following investigation in accordance with confidentiality standards, become a basis for the preparation of corrective or repair actions. Based on each case, written information is prepared with recommendations or guidelines for further action for the appropriate organisational units.

G4-EN34, G4-LA16, G4-HR3, G4-HR12, G4-SO4, G4-SO5

An Ethics Commission activity report is submitted every year to the Management Board and to the Supervisory Board Audit Committee. In 2015 the Ethics Commission received no reports of violations of the Code of Ethics[10]. Sometimes, however, complaints are reported outside the formal process. It applies to incidents related with the impact of the project on its direct surroundings (i.e. inconveniences, such as noise from the construction site). Such reports are sometimes directed directly to the persons supervising the given project or, less frequently, to the Communication Office. Such problems are solved on an ongoing basis. Incidentally (and one such situation took place in 2015, during a construction in Warsaw) inhabitants complain not to the company, but e.g. directly to the media. Then the issue reaches the people responsible for external relations in the Communication Office.

COMPLIANCE WITH THE LAW

G4-SO6, G4-HR3, G4-HR4, G4-HR5, G4-HR6

In 2015, like in previous years, no instances were identified of forced labour or child labour in the Budimex Group or the business partners subject to analysis. Those aspects, like the issue of freedom association and avoidance of all forms of discrimination, are defined in the standard ethical appendix to contracts with partners and constitute their integral part. None of the Budimex Group companies financed any political parties, which would be a serious law violation in Poland. In 2015 Budimex adopted the Human Rights Policy implemented by the Ferrovial Group in 2014.

	Budimex SA	Budimex Nieruchomości	Mostostal Kraków	Business partners
[G4-HR3] Total number of confirmed cases of discrimination and actions taken in this regard	Not found	Not found	Not found	Not found
[G4-HR4] Identified actions that could threaten the freedom of association and right to collective disputes	Not found	Not found	Not found	Not found
[G4-HR5] Identified incidents of using child labour	Not found	Not found	Not found	Not found
[G4-HR6] Identified incidents of using forced labour	Not found	Not found	Not found	Not found

10 No reports automatically means no employee rights and human rights violations, no reported suspicions of corruption or e.g. violations related to natural environment hazards.

G4-SO7, G4-SO8

In 2015 no legal steps were taken against the Budimex Group companies for violating the principles of free competition and for monopolist practices. In particular, no fines or non-financial sanctions were imposed.

G4-PR9

In the ex officio proceeding conducted by Office of Competition and Consumer Protection as part of the countrywide examination of contracts with developers to assess the market functioning after the so-called development act became effective, the President of Office of Competition and Consumer Protection issued the decision no. DDK 6/2015 with regard to Budimex Nieruchomości. He obliged the company to stop using contract templates including the provisions challenged by Office and to introduce modified templates, as well as not to exert the rights and not to enforce the customer obligations arising from the questioned contract provisions. Additionally, the company was obliged to stop using the templates, in which the obligation to return funds to the purchaser in case of withdrawal from the development contract was not defined precisely, as well as to publish information on the obligations imposed by the President of the Office of Competition and Consumer Protection along with the modifications in the contract templates, declaration on the mode of performance of the contracts executed by the consumers using templates containing the challenged provisions, to address to the customers the propositions of annexes with the contract template modifications described in the decision. Furthermore, Budimex Nieruchomości was obliged to inform the President of the Office of Competition and Consumer Protection on the progress of fulfilment of this obligation. This decision imposed no financial fine onto the company. The obligations were fulfilled and the fulfilment progress report was submitted to the Office in mid-March 2016.

G4-PR9, G4-EN28, G4-HR8

Upon an administrative decision, a fine of PLN 15,000 was imposed upon Budimex for above-standard transport (Contract: S-7 Miłomłyn) (the decision has been appealed). The company also received an increased operation fee of PLN 214,874 for mining minerals without the required licence (Construction of the ring road of Nowa Sól – Stage I).

During the construction of a flooding polder on the Jawnik river, a group of local inhabitants (four households), owners of the plots adjacent to the polder under construction, raised claims against Budimex[11]. The plaintiffs received the amounts from PLN 2,700 to PLN 5,700 (in two cases they were awarded by court, in two cases were resolved amicably).

During the construction of the ring road of Bełchatów, permanent contamination and dusting of a building façade occurred. The complainant received damages of PLN 19,500 from the insurance company. In accordance with the insurance contract, the deductible of Budimex was PLN 5,000.

In 2015 no instances of regulatory and voluntary codes on product and service signs and information violation were recorded.

S7 Ostróda Ring Road

11 The basis for those claims was article 435 of the Civil Code, which provided for risk-based liability for damage caused through forces of nature by a construction company in accordance with the verdict of the Supreme Court.

10 QUALITY AND ITS IMPACT ON THE SAFETY OF CONSTRUCTION FACILITIES

Paderevianum II UJ Kraków

QUALITY MANAGEMENT

PR DMA, G4–PR1

In order to assure the highest quality, and by consequence safety of the constructed facilities. Budimex Group companies perform projects based on strictly defined procedure systems. Furthermore, the Integrated Management System[12] was implemented, including: a quality management system as per PN-EN ISO 90001, an environmental management system as per PN-EN ISO 14001, an occupational health and safety management system as per PN-N-18001 and the quality assurance system based on the requirement of the NATO AQAP 2110 standard. All those systems have been certified by third party units. As in Mostostal Kraków, the Integrated Quality Management System includes environmental management and occupational health and safety management in comprehensive projects, as well as the manufacture, delivery and assembly of general, industrial and communication facilities in accordance with standards: PN-EN ISO 9001, PN-EN ISO 14001, PN-N 18001. Only Budimex Nieruchomości has no formally certified management systems.

Mostostal Kraków, due to the specifics of its business, has a series of certificates and licences in the manufacture, assembly and repairs of steel structures, pressure and lifting equipment, road and railroad bridge-building, welding works, destructive and non-destructive testing, training and examining welders, issued e.g. by the Office of Technical Inspection, Universität (TH) Karlsruhe, Institute of Welding, Ministry of Infrastructure and the Polish Chamber of Steelworks. It also has a subcontractor certificate of the Office of Technical Inspection regarding the performance of laboratory testing in accordance with PN-EN ISO/IEC 17025.

Due to the scale of business and the parent position in relation to the capital group companies, the approach to quality management in the organisation is essential for Budimex. It includes separate procedures for quality control on construction sites and quality management for mineral and asphalt, concrete and aggregate mixtures. They define very precisely the responsibility of individual persons for the quality of projects. The procedures describe activities comprehensively: from the criteria and methods of acquiring materials to the steps to take upon the identification of deviations from standard requirements. They add precision to the procedures in case of identification of irregularities at different stages of the construction process, implementation of preventative or corrective actions. They define the construction project control method to warranty the high quality of works.

G4–PR1

One must not forget the quality of performance is crucial for the safety of both constructed facilities and their users. In terms of safety, one should consider not only the quality of materials in use, but also the particular stages of manufacture of the product being a motorway, flyover, bridge, industrial facility or apartment. The responsibility for safety begins at the designing stage, extends to the performance stage and connects with the later facility maintenance. In a way, the Budimex Technical Office operates as a research and development unit. It creates new, innovative concepts. Furthermore, the office makes decisions on using specific materials and raw materials. At the performance stage, as mentioned before, the quality and compliance of raw materials and materials with project requirements, as well as the performance diligence are supervised by e.g. the company's own mobile laboratories. They take sample from finished sections of roads and analyse them for compliance with standards.

G4–PR2

All above-mentioned certificates, management systems, procedures and work of many people allow maintaining the highest quality and diligence. The Budimex Group is a professional team with unique competences and reliable people that has been built for many years and delivers safe facilities to users. The best proof is zero incidents that could result in dangers to life and health of the facility users, not to mention construction disasters in facilities constructed by the Budimex Group. Another measurement are numerous awards.

12 The same uniform procedures are applicable in all (100%) contracts in progress.

TESTING LABORATORIES AND RELIABLE QUALITY CONTROL

PR DMA, G4–PR1

In 2015 Budimex had 20 laboratories. Extensive laboratory and technological resources enables effective ongoing quality control of construction works and post-completion analysis. The central laboratory is accredited by the Polish Centre for Accreditation (AB1414) and was additionally expanded last year. The increase, thanks to accreditation, of the credibility of Budimex evaluations translates directly to the lowering of risk in business relations. It is an objective and undeniable proof that the organisation operates in accordance with best practices, reduces the number of defective products, reduces control and manufacture costs and allows implementing innovative solutions. Having its own laboratories, Budimex co-operates with renowned research and scientific units. It participates in laboratory comparison tests and proficiency tests on a regular basis, considering the necessity of continuous improvement of test methods and thus customer satisfaction.

A1 Stryków – Tuszyn


The Four Domes Pavilion in Wrocław

Expansion of the Central Laboratory

On 5 November 2015 Budimex opened an expanded and modernised Central Laboratory, which is based in Pruszków near Warsaw.

The expansion will allow equipping this unit with more modern equipment for testing construction products and surface diagnostics.

– Quality is our priority – said Ewelina Karp-Kręglicka, Director for Quality Assurance at Budimex, during the opening. Quality control is necessary at all stages of project implementation. Budimex, which is among the largest construction companies in Poland, is highly committed to this aspect. The company completes more than 100 contracts per year. With this large scale of business, having own laboratories is required for maintaining high quality of works – she added.

In total, Budimex has 20 laboratories nationwide, which employ 150 persons. The extended Central Laboratory serves as a leading unit. It is PCA-accredited, which confirms the implementation of European standards for testing procedures.

11 REASONABLE RESOURCE MANAGEMENT AND ENVIRONMENTAL CONTAMINATION

Silesian museum in Katowice

EN DMA

The dependence of demand for particular materials and raw materials on the type, place and especially the current stage of the given project implementation is typical of the construction industry, especially infrastructural. It is best visible if one compares the consumption of the particular types of raw materials and materials, as well as the production of the different categories of waste in specific years. The production cycle, i.e. the time of project completion, as a rule exceeds the annual reporting period. Additionally, the formal identification of income often occurs in a different period than the one of peak demand for raw materials, materials or energy. It is best illustrated by the already mentioned example of Budimex Nieruchomości and apartment sales, in which income is identified upon the signing of the notarial sale contract.

Considerable demand for means of transport and fuel used to transport earth or rubble exists already at the initial stage of road construction. It can also involve various types of demolition works. At the subsequent stage, those raw materials will be used to form the foundation or embankments, along with concrete and reinforcement steel necessary to build some infrastructure facilities (e.g. flyovers). In turn the aggregates and bituminous mass necessary to produce the asphalt surface will be necessary at a later phase of construction. Additionally, the operation of the bituminous mass factories owned by Budimex is connected with increased demand for the heat energy obtained in the fuel combustion process.

As a result, in the construction industry, any efficiency analysis of the demand for materials, raw materials, fuels and energy conducted in annual cycles and related to income is very difficult and often even confusing and inaccurate.

MATERIALS AND RAW MATERIALS

In the raw materials and materials demand management, the VE (Value Engineering) process implemented at Budimex is used. It allows optimising material usage and reducing waste production, and thus reducing the adverse environmental impact. In the category of the most important materials, they are differentiated according to the nature of business of the particular companies. These are regular and modified road asphalt, aggregate crushed into bituminous compounds, crushed aggregate mixtures, concrete, reinforced steel, steel, construction wood.

Tram Depot in Olsztyn

G4-EN1, G4-EN2, G4-EN23, CRE8

In general, all raw materials and materials used are non-renewable. The recycling thereof is also difficult to discuss. The life cycle of infrastructural facilities is very long, so it is impossible to assert, to what extent the facilities built today will be used in the future. Of course, there are some exceptions – e.g.: bituminous surface is replaced relatively frequently at the stage of periodical repairs and then it is usually granulated and re-used. During demolition works accompanying project implementation, a large amount of materials is recovered from previously constructed facilities (e.g. metal, wood or glass). Re-use is also applicable to various types of rubble or e.g. ballast. At this point, one should realise that the recorded high volumes of valuable raw material waste are not measurements of company inefficiency, but on the contrary — its dedication to effective raw material recovery.

From the waste formally produced in 2015 it was possible to extract e.g.:[13] 1.2 tonnes of glass, 40.1 tonnes of plastics and plastic packages, 240.6 tonnes of iron and steel, 38.0 tonnes of other mixed metals and 47 tonnes of paper and cardboard packages. Furthermore, the soil, earth, stone and sand that were formally recognised as waste, are also re-used on construction sites.

For detailed information on the use of key materials and raw materials, as well as the commercial use of the by-products of other sectors, see section "Tables with data".

FUELS, ENERGY AND CO_2 EMISSIONS

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

The most power-consuming process is the production of bituminous mass and the operation of vehicles and construction machines. Unfortunately, those are the processes, in which it is difficult to expect significant savings and the consumption level is additionally dependent on the nature of the particular project (e.g. distance and volume of materials and raw materials to transport).

The company has been optimising fuel consumption in the processes supporting the primary operations in a systematic manner for years. E.g. emphasis is placed on power savings in offices, power consumption of the computer equipment (by buying only equipment with the ENERGY STAR certificate) and the fleet of passenger cars is regularly replaced with more economical vehicles with lower CO2 emissions, which meet more stringent exhaust gas standards. This approach is directly connected with the environmental management system logics, which are based on ISO14001, assuming organisation self-improvement. The reduction of fuel and energy consumption, and thus the reduction of direct and indirect emissions, translate to the reduction of both operating costs and environmental costs. At this point one should note the initiative of the Equipment Service Department, which aims at reducing the fuel consumption and environmental impact related to the transport of bituminous mass by placing the bituminous mass factories as close as possible to the current road contracts and in most cases, on site.

At this point it is worth emphasising that the energy efficiency factor was improved, i.e. the demand for energy[14] relative to the income from sales. As a consequence, the emissions efficiency factor (CO2 emission/income) will also improve. It means that the energy consumption and carbon footprint per PLN 1 income are reduced.

As mentioned earlier, while conducting this kind of indicator analyses, one should consider their unsuitability to the business, in which the production cycle is much longer than the reporting period and the demand for energy media is strictly determined e.g. by the stage of the current project and its magnitude.

13 We indicated the total amounts of e.g. plastic waste, plastic packages and plastics that are formally separate waste categories (analogically for other amounts – e.g. glass and glass packages).

14 Considering not only electrical energy, but also the energy obtained through combustion of all fuels (diesel oil, petrol, light and heavy oil, coal dust).

12 TABLES WITH NON-FINANCIAL DATA

G4–17

Dependent and co-dependent entities consolidated in the Budimex Group financial statement

Dependent and co-dependent entities consolidated in the Budimex Group financial statement	Registered seat	Method of consolidation in the financial statement	Budimex Group companies included in the corporate social responsibility report
Mostostal Kraków SA	Kraków / Poland	full	✓
Budimex Bau GmbH	Cologne / Germany	full	✕
Budimex Nieruchomości Sp. z o.o.	Warszawa / Poland	full	✓
Budimex Budownictwo Sp. z o.o.	Warszawa / Poland	full	✕
SPV-BN 1 Sp. z o.o.	Warszawa / Poland	full	✕
Poznańskie Przedsiębiorstwo Inwestycyjne Sp. z o.o.	Warszawa / Poland	full	✕
Budimex Kolejnictwo SA	Warszawa / Poland	full	✕
Budimex Parking Wrocław Sp. z o.o.	Warszawa / Poland	full	✕
Elektromontaż Poznań SA	Poznań / Poland	full	✕
Elektromontaż Import Sp. z o.o.	Warszawa / Poland	full	✕
Instal Polska Sp. z o.o.	Poznań / Poland	full	✕
Elektromontaż Warszawa SA	Warszawa / Poland	full	✕
Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o.	Warszawa / Poland	full	✕

G4–EC1

Generated economic value (in thousands PLN)[15]

	2014	2015	% change
Directly generated economic value	5 018 218	5 202 201	3,7%
Income	5 018 218	5 202 201	3,7%
Divided economic value	4 777 810	4 875 921	2,1%
Operational costs	3 736 367	3 877 805	3,8%
Salaries and employee benefits	637 926	682 740	7,0%
Payments to investors	322 451	181 335	–43,8%
Payments to the state	80 454	133 478	65,9%
Community investment	612	563	–7,8%
Retained economic value (calculated as the generated economic value reduced by the divided economic value)	240 408	326 280	35,7%

15 The capital group as consolidated in the consolidated financial statement

G4–10

Employment as of the end of the year[16]

	2014			2015		
	Women	Men	Total	Women	Men	Total
Budimex SA	682	3070	3752	834	3329	4163
– Polish market	675	2335	3010	828	2535	3363
specified period	242	705	947	328	711	1039
indefinite period	433	1630	2063	500	1824	2324
full-time	675	2330	3005	814	2525	3339
part-time	0	5	5	14	10	24
age below 30	206	486	692	281	545	826
age 30–50	400	1399	1799	481	1548	2029
age above 50	69	450	519	66	442	508
– German market	7	735	742	6	794	800
specified period	0	717	717	0	775	775
indefinite period	7	18	25	6	19	25
full-time	7	733	740	6	792	798
part-time	0	2	2	0	2	2
age below 30	0	99	99	0	87	87
age 30–50	4	442	446	3	490	493
age above 50	3	194	197	3	217	220
Budimex Nieruchomości sp. z o.o.	59	34	93	63	41	104
specified period	18	12	30	20	12	32
indefinite period	41	22	63	43	29	72
full-time	58	33	58	62	41	103
part-time	1	1	2	1	0	1
age below 30	11	6	17	12	5	17

16 The information includes only employees of each company (without subcontractors).

	2014			2015		
	Women	Men	Total	Women	Men	Total
age 30–50	43	22	65	46	27	73
age above 50	5	6	11	5	9	14
Mostostal Kraków SA	9	500	509	17	502	519
– Polish market	9	363	372	17	367	384
specified period	2	62	64	9	58	67
indefinite period	7	301	308	8	309	317
full-time	9	361	370	17	364	381
part-time	0	2	2	0	3	3
age below 30	2	49	51	8	57	65
age 30–50	5	168	173	7	158	165
age above 50	2	146	148	2	152	154
– German market	0	137	137	0	135	135
specified period	0	137	137	0	135	135
indefinite period	0	0	0	0	0	0
full-time	0	137	137	0	135	135
part-time	0	0	0	0	0	0
age below 30	0	19	19	0	13	13
age 30–50	0	80	80	0	78	78
age above 50	0	38	38	0	44	44
Total (Budimex SA, Budimex Nieruchomości sp. z o.o., Mostostal Kraków SA)	750	3604	4354	914	3872	4786
specified period	262	1633	1895	357	1691	2048
indefinite period	488	1971	2459	557	2181	2738
full-time	724	3619	4343	899	3857	4756
part-time	1	10	11	15	15	30
age below 30	219	659	878	301	707	1008
age 30–50	452	2111	2563	537	2301	2838
age above 50	79	834	913	76	864	940

G4–LA1

New employees

	2014			2015		
	Women	Men	Total	Women	Men	Total
Budimex SA	145	809	954	145	1208	1353
– Polish market	145	348	493	145	348	493
age below 30	82	152	234	127	209	336
age 30–50	61	178	239	85	222	307
age above 50	2	18	20	3	30	33
– German market	0	461	461	0	860	860
age below 30	0	64	64	0	137	137
age 30–50	0	293	293	0	480	480
age above 50	0	104	104	0	243	243
Budimex Nieruchomości sp. z o.o.	15	12	27	10	12	22
age below 30	6	4	10	5	0	5
age 30–50	9	8	17	5	11	16
age above 50	0	0	0	0	1	1
Mostostal Kraków SA	2	137	139	10	120	130
– Polish market	2	51	53	10	43	53
age below 30	1	28	29	6	22	28
age 30–50	1	10	11	4	16	20
age above 50	0	13	13	0	5	5
– German market	0	86	86	0	77	77
age below 30	0	14	14	0	7	7
age 30–50	0	49	49	0	43	43
age above 50	0	23	23	0	27	27
Total (Budimex SA, Budimex Nieruchomości sp. z o.o., Mostostal Kraków SA)	162	958	1120	165	1340	1505
age below 30	89	262	351	138	375	513
age 30–50	71	538	609	94	772	866
age above 50	2	158	160	3	306	309

G4–LA1

Employees leaving

	2014			2015		
	Women	Men	Total	Women	Men	Total
Budimex SA	68	916	984	215	1259	1474
– Polish market	68	247	315	215	461	676
age below 30	25	62	87	127	209	336
age 30–50	38	130	168	85	222	307
age above 50	5	55	60	3	30	33
fluctuation factor	10,1%	10,6%	10,5%	26,0%	18,2%	20,1%
– German market	0	669	669	0	798	798
age below 30	0	112	112		125	125
age 30–50	0	378	378	0	431	431
age above 50	0	179	179		242	242
fluctuation factor	0%	91%	90%	0%	101%	100%

	2014			2015		
	Women	Men	Total	Women	Men	Total
Budimex Nieruchomości sp. z o.o.	1	1	2	6	7	13
age below 30	0	0	0	1	1	2
age 30–50	1	1	2	5	5	10
age above 50	0	0	0	0	1	1
fluctuation factor	2%	3%	2%	10%	17%	13%
Mostostal Kraków SA	2	210	212	2	158	160
– Polish market	2	59	61	2	48	50
age below 30	0	17	17		11	11
age 30–50	2	24	26	2	22	24
age above 50	0	18	18		15	15
fluctuation factor	22%	16%	16%	12%	13%	13%
– German market	0	151	151	0	110	110
age below 30	0	17	17	0	13	20
age 30–50	0	87	87	0	69	81
age above 50	0	47	47	0	28	50
fluctuation factor	–	110%	110%	n/d	81%	81%
Total (Budimex SA, Budimex Nieruchomości sp. z o.o., Mostostal Kraków SA)	71	1127	1198	223	1424	1647
age below 30	25	208	233	128	359	487
age 30–50	41	620	661	92	749	841
age above 50	5	299	304	3	316	319
fluctuation factor	10%	39%	33%	24%	37%	34%

G4–11

Percentage of employees under collective agreements

	2014	2015
Budimex SA	99,4%	99,5%
Budimex Nieruchomości sp. z o.o.	0,0%	0,0%
Mostostal Kraków SA	99,4%	99,5%
Average in the Budimex Group (Budimex SA, Budimex Nieruchomości sp. z o.o., Mostostal Kraków SA)	97,5%	97,4%

G4–LA13

Man salary – woman salary ratio (in the same grade categories)

	2014	2015
Budimex SA		
Labourer positions	22,8%	19,2%
Non-labourer positions	15,8%	40,8%
Managerial positions	7,0%	4,4%
Directorial positions	11,7%	3,8%
Budimex Nieruchomości sp. z o.o.		
Non-labourer positions	–16,2%	79,6%
Managerial positions	14,4%	40,5%
Directorial positions	–3,4%	–0,4%
Mostostal Kraków SA		
Non-labourer positions	–0,9%	53,9%
Managerial positions	–36,2%	n/d

Definition: men salary / women salary – 1; Note: the categories, in which all employees belong to one gender are omitted.

G4–EC5

Lowest level salary – national minimum wage ratio[17]

	2014		2015	
	Women	Men	Women	Men
Budimex SA	126%	139%	119%	119%
Budimex Nieruchomości sp. z o.o.	218%	171%	229%	211%
Mostostal Kraków SA	171%	135%	162%	103%

17 Information applicable only to the Polish market.

G4–LA3

Number of employees on maternal/paternal leaves as of 31 December

	2014			2015		
	Women	Men	Total	Women	Men	Total
Budimex SA	17	11	28	27	10	37
– Polish market	17	6	23	27	6	33
– German market	0	5	5	0	4	4
Budimex Nieruchomości sp. z o.o.	0	0	0	0	0	0
Mostostal Kraków SA	0	0	0	0	0	0
– Polish market	0	0	0	0	0	0
– German market	0	0	0	0	0	0

G4–LA3

Number of employees that returned from maternal/paternal leave during the year

	2014			2015		
	Women	Men	Total	Women	Men	Total
Budimex SA	57	143	200	59	144	203
– Polish market	57	124	181	59	119	178
– German market	0	19	19	0	25	25
Budimex Nieruchomości sp. z o.o.	4	2	6	4	2	6
Mostostal Kraków SA	1	11	12	0	8	8
– Polish market	1	5	6	0	7	7
– German market	0	6	6	0	1	1

G4–LA3

Percentage of employees that stopped working for the company within 12 months of return from the maternal leave

	2014			2015		
	Women	Men	Total	Women	Men	Total
Budimex SA	19%	0%	9%	2%	13%	10%
– Polish market	19%	0%	9%	2%	8%	6%
– German market	0%	0%	26%	0%	28%	36%
Budimex Nieruchomości sp. z o.o.	0%	0%	0%	0%	0%	0%
Mostostal Kraków SA	100%	0%	100%	–	88%	13%
– Polish market	100%	0%	100%	–	100%	100%
– German market	0%	0%	0%	0%	0%	0%

G4–EC6, G4–LA12

Diversity in management bodies

	2014			2015		
	Women	Men	Total	Women	Men	Total
			Budimex SA			
management board	**0**	**6**	**6**	**0**	**4**	**4**
age below 30	0	0	0	0	0	0
age 30–50	0	3	3	0	0	0
age above 50	0	3	3	0	4	4
foreigners	0	1	1	0	1	1
Percentage of body members from the local market	n/d	83%	83%	n/d	83%	83%
supervisory board	**1**	**10**	**11**	**1**	**8**	**9**
age below 30	0	0	0	0	0	0
age 30–50	1	3	4	0	4	4
age above 50		7	7	1	4	5
foreigners		2	2		4	4
Percentage of body members from the local market	100%	80%	82%	100%	50%	56%
			Budimex Nieruchomości sp. z o.o.			
management board	**1**	**3**	**4**	**1**	**3**	**4**
age below 30	0	0	0	0	0	0
age 30–50	1	2	3	1	1	2
age above 50		1	1		2	2
foreigners	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Percentage of body members from the local market	100%	100%	100%	100%	100%	100%
supervisory board	**0**	**3**	**3**	**0**	**3**	**3**
age below 30	0	0	0	0	0	0
age 30–50	0	1	1	0	2	2
age above 50	0	2	2	0	1	1
foreigners	0	2	2	0	2	2
Percentage of body members from the local market	n/d	33%	33%	n/d	33%	33%
			Mostostal Kraków SA			
management board	**0**	**3**	**3**	**0**	**2**	**2**
age below 30	0	0	0	0	0	0
age 30–50	0	1	1	0	1	1
age above 50	0	2	2	0	1	1
foreigners	0	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Percentage of body members from the local market	n/d	100%	100%	n/d	100%	100%
supervisory board	**2**	**3**	**5**	**1**	**2**	**3**
age below 30	0	0	0	0	0	0
age 30–50	2	2	4	1	2	3
age above 50	0	1	1	0	0	0
foreigners	0 (0%)	1 (33%)	1 (20%)	0 (0%)	1 (50%)	1 (33%)
Percentage of body members from the local market	100%	67%	80%	100%	50%	67%

G4-LA6

Occupational accidents

	Budimex SA own employees		Subcontractor employees	
	2014	2015	2014	2015
Number of accidents (total)	35	36	69	72
Number of fatal accidents	0	0	3	2
Accident frequency factor	12,19	11,46	b/d	b/d
Accident severity factor	31,71	38,56	b/d	b/d

	Accident frequency factor		Accident severity factor	
	2014	2015	2014	2015
Budimex SA	12,19	11,46	31,71	38,56
Budimex Nieruchomości	0	0,10	0	0,04
Mostostal Kraków	26,74	43,24	58,9	54,31
"Agreement for Safety in the Construction Industry"	11,95	3,82	42,75	43,33

	Budimex SA		Budimex Nieruchomości sp. z o.o.		Mostostal Kraków SA	
	2014	2015	2014	2015	2014	2015
Injury rate (IR)	1,22 W: 0,44% M: 1,46%	1,14 W: 0,0% M: 1,41%	0	1	2,67	4,29
Occupational disease rate (ODR)	0,07 W: 0,0% M: 0,07%	0 W: 0% M: 0,00%	0	0	0	0
Lost working days rate (LDR)	38,5 W: 11,21% M: 47,13%	45,4 W: 0,0% M: 56,31%	0	24,8	141,44	233
Absence rate (AR)*	4,82% W: 4,95% M: 4,79%	4,98% W: 5,99% M: 4,57%	2,35% W: 3,08% M: 1,08%	4,22% W: 6,21% M: 1,12%	6,06% W: 2,31% M: 6,16%	5,28% W: 0,28% M: 5,45%

* The calculation includes the number of days of incapacity for work caused by poor health of the employee or their family on the national market (internal sickness, ZUS sickness, internal sickness and ZUS accident, family member care, child care, 188 care and rehabilitation benefit)
** W – women; M – men

G4-EN1

The use of selected, business-specific key raw materials

raw material / material		UoM	2014	2015
Budimex SA				
asphalt		k tonnes	66	44,69
cement		k tonnes	46	117,67
concrete		thousand m³	976	825,77
hydraulic binders		k tonnes		165,03
ground limestone		k tonnes		14,05
steel		k tonnes	30	38,80
asphalt aggregates	sand	k tonnes	1157	180,09
	chippings	k tonnes		664,03
	other aggregates	k tonnes		73,67
construction aggregates	sand	k tonnes	3412	45,94
	gravel	k tonnes		546,89
road aggregates	sand	k tonnes		9 356,52
	chippings	k tonnes		284,72
	other aggregates	k tonnes		3 336,33
hydro-technical aggregates	hydro-technical stone	k tonnes	0	477,74
railway aggregates	railway ballast	k tonnes	0	47,97
Mostostal Kraków SA				
steel		k tonnes	14,2	4,83

G4-EN2

Re-use of raw materials

Recycled material category	UoM	2014	2015
Asphalt (waste code: 17 03 02)	k tonnes	2,96	–
Recycled asphalt as % of asphalt consumption		4,5%	–
Fly ash from coal (waste code 10 01 02)	k tonnes	–	41,35
Mixtures of fly ash and fixed waste from lime-stone-based exhaust gas desulphurisation (waste code 10 01 82)	k tonnes	–	2,66
Waste sand and clay (waste code 01 04 09)	k tonnes	0,97	–
Soil and earth, including stones (waste code 17 05 04)	k tonnes	154,39	336,23
Concrete waste and concrete rubble from demolition and repairs (waste code 17 01 01)	k tonnes	0,051	5705
Ash and gravel mixtures from wet removal of furnace waste (waste code 10 01 80)	k tonnes	1,43	–
Minerals (e.g. sand, stones) (waste code 19 12 09)	k tonnes	–	–
Other waste (including mixed substances and items) from mechanical treatment of waste other than 19 12 11 (waste code 19 12 12)	k tonnes	–	–
Ashes, gravels and other mineral substances as % of all kinds of aggregates		3,4%	40,5%

G4–EN3, G4–EN5

Fuels and electrical energy consumption

Source of energy and energy raw materials	UoM	2014	2015	Change year/year
Diesel oil	GJ	168 290 (3 913,73 ton)	180 595 (4199,89 ton)	7,3%
Petrol	GJ	7 418 (167,45 ton)	7 788 (175,80 ton)	5,0%
Light oil	GJ	15 246 (354,55 ton)	19 070 (443,49 ton)	25,1%
Heavy oil with reduced sulphur content LSC	GJ	210 572 (5 212,19 ton)	2 747 (68,00 ton)	– 98,7%
Electrical energy	GJ	103 615 (28 781,81 MWh)	86 587 (24051,92 MWh)	– 16,4%
Coal dust	GJ	69 934 (3 378,46 ton)	167 561 (8094,73 ton)	– 139,6%
Total	GJ	575 075 (13 735 tonnes of equivalent oil)	464 348 (11 091 tonnes of equivalent oil)	– 19,3%
Energy efficiency*	GJ/ million PLN	116,18* (2,77 tonnes of equivalent oil/million PLN)	90,45 (2,16 tonnes of equivalent oil/million PLN)	– 22,1%

* the calculation includes all power media mentioned in the table; excluding the relatively small influence of Budimex Nieruchomości and Mostostal Kraków.
** corrected income value for 2014 (earlier the indicator value was 119.3)

G4–EN15, G4–EN16, G4–EN18

CO_2 emission [18]

CO_2 emission	j.m.	2014	2015	Change year/year
Direct emission (scope 1)	tonnes	30 219,63	37 316,21	23,5%
Indirect emission (scope 2)	tonnes	25 529,16	18 179,29	– 28,8%
Total:		55 748,79	55 495,50	– 0,5%
Efficiency	tonnes/thousand PLN	11,3*	10,8	– 4,0%

* excluding the relatively small influence of Budimex Nieruchomości and Mostostal Kraków.
18 The estimates were made using a consistent methodology applicable in the Ferrovial Group and based on GHG Protocol and the actual consumption of basic fuels and electrical energy.

G4–EN13

Activity in environmentally valuable areas or their vicinity

Contract name	Works started date	Protected areas
Design and construction of the S5 Korzeńsko – Widawa express read, task 1: segment from Korzeńsko (km approx. 108+758) to km 123+700	2014–07–31	The "Dolina Baryczy" Landscape Park, the "Wzgórza Trzebnickie" Protected Landscape Area, the "Dolina Baryczy" Natura 2000 area PLB020001, the designed "Ostoja nad Baryczą" Natura 2000 area PLH020041, the designed "Dolina Widawy" Natura 2000 area.
Construction of the S7 express road, the Miłomłyn-Olsztynek section, the Ostróda Północ – Ostróda Południe subsection, along the road S7, with the construction of the ring road of Ostróda.	2015–07–15	Dolina Drwęcy PLH280001, the Rzeka Drwęca natural preserve, the Dolina Górnej Drwęcy Protected Landscape Area, the Kanał Elbląski Protected Landscape Area, the Lasy Taborskie Protected Landscape Area, Dolina Drwęcy PLH200001,
Construction of the road S-7 Gdańsk (A-1) – Elbląg (S-22), the Koszwały – Elbląg section (with the Kazimierzowo node)	2015–10–09	The "Rzeka Nogat" Protected Landscape Area
Construction of the ring road of Jarocin along the road S11	2014–11–18	The Żerkowsko-Czeszewski Landscape Park, the „Szwajcaria Żerkowska" Protected Landscape Area, the Dwunastek natural preserve, the Dębno nad Wartą natural preserve, the Czeszewski Las forest preserve
Construction of the Żnin-Gniezno express road, the "Mielno" – "Gniezno" section	2014–12–03	Pojezierze Gnieźnieńskie PLH300026, Las Królewski
Protection of the seashore of Pobrzeże Koszalińskie, task VI and VII	2015–01–22	Przybrzeże wody Bałtyku PLB990002, the "Pas Pobrzeża" Protected Landscape Area west of Ustka

G4–EN21

Primary sources of waste emissions to air (in kg/year)

	UoM	2014*	2015
sulphur dioxide	kg	41 472,14	7 564,23
other dusts	kg	15 139,91	8 356,81
carbon oxide	kg	19 633,83	46 603,06
nitrogen oxide	kg	18 957,41	18 107,96
aromatic hydrocarbons	kg	101,07	21,225
aliphatic hydrocarbons	kg	545,00	8,582
Total	kg	95 849,36	80 661,85

* corrected the invalid, exaggerated data of 2014

G4–EN23

Waste (without soil and earth)

Primary waste by type	2014	2015
	weight (tonnes)	weight (tonnes)
Waste considered as dangerous, including:	**1 069,71**	**129,039**
other motor, transmission and lubrication oils (13 02 08)	0,68	2,870
mixed waste from sand traps and oil dewatering in separators (13 05 08*)		17,400
packages with dangerous substance residues (15 01 10)	7,452	6,719
soil and earth (including stones) containing hazardous substances (e.g. PCB) (17 05 03*)	0,02	65,780
dredging spoil containing or contaminated with dangerous substances (17 05 05*)		4,980
insulation materials containing asbestos (17 06 01*)	5,84	2,330

construction materials containing asbestos (17 06 05*)	7,00	7,420
other waste from construction, repair and demolition (including mixed) containing hazardous substances (17 09 03*)		19,460
Waste other than dangerous, including:	**270 180,28**	**182 792,69**
waste generated when flushing and cleaning minerals, other than mentioned in 01 04 07 and 01 04 11 (01 04 12)	1 485,60	385,28
other non-mentioned waste (01 05 99)		78,00
plant–tissue waste (02 01 03)	225,00	4 854,00
paper and cardboard packages (15 01 01)	9,09	47,36
plastic packages (15 01 02)	29,06	36,11
wooden packages (15 01 03)		7,95
mixed package waste (15 01 06)	20,775	61,37
glass package (15 01 07)		1,02
used tyres (16 01 03)		5,52
used equipment (16 02 14)	7,46	2,04
concrete waste and concrete rubble (17 01 01)	129 365,37	58 009,65
brick rubble (17 01 02)	6 419,58	17 940,45
waste of other ceramic materials and equipment (17 01 03)	10,20	6,18
mixed waste of concrete, brick rubble, waste ceramic materials and equipment (17 01 07)	17 285,69	14 524,36
waste from road repair and reconstruction (17 01 81)	44 857,92	24 390,98
other non-mentioned waste (17 01 82)		1,25
wood (17 02 01)	1 421,655	582,61
glass (17 02 02)	7,46	1,20
plastics (17 02 03)	55,55	40,07
asphalt other than mentioned in 17 03 01 (17 03 02)	15 748,26	10 843,69
felt paper waste (17 03 80)	275,23	77,08
iron and steel (17 04 05)	1 493,67	240,59
metal mixtures (17 04 07)		38,03
cables other than mentioned in 17 04 10 (17 04 11)	0,63	2,16
track ballast (17 05 08)	36 395,72	6 150,00
insulation materials (17 06 04)	25,79	140,21
mixed construction, repair and demolition waste (17 09 04)	5 653,40	7 488,56
waste from mechanical treatment of waste (19 12 12)	35,00	9 640,96
municipal waste not mentioned in other sub-groups (20 03 99)	7,83	27 194,71
Total	**271 249,99**	**182 921,73**

G4–EN23

Soil and earth

Primary waste by type	2014	2015
	weight (tonnes)	weight (tonnes)
soil and earth (including stones) containing hazardous substances (17 05 03*)	0,018	65,78
soil and earth, including stones other than mentioned in 17 05 03 (17 05 04)	2 402 874,20	3 532 380,53
dredging spoil containing or contaminated with dangerous substances (17 05 05*)		4,98
dredging spoil other than mentioned in 17 05 05 (17 05 06)	316 873,03	233 799,12
Total	**2 719 747,25**	**3 766 250,41**

G4–EN23

Waste management method

Primary waste by type	2014	2015
	weight (tonnes)	weight (tonnes)
Used as fuel or other energy production means (R1)	440,605	46,10
Re-use (R14/R5) (excluding earth and soil)	113 012,74	33 137,15
Transfer to companies with collection, transport and recycling permits (including e.g. storage in landfill) (excluding soil and earth)	187 205,825	149 667,70
Total	**300 659,17**	**182 850,95**

Primary waste by type	2014	2015
	weight (tonnes)	weight (tonnes)
Re-use (R14/R5) transfer to natural persons	1 780 097,43	1 932 413,89
transfer to companies with collection, transport and recycling permits (including e.g. storage in landfill)	939 649,80	1 833 836,52
Total	**2 719 747,23**	**3 766 250,41**

13 GRI INDEX

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Strategy and analysis							
G4–1	●	4	√	Declaration of the highest management (e.g. the executive director, president of the management board or other person of equivalent position) on the meaning of sustainable development for the organisation and its strategy	4.7 6.2 7.4.2 6.2	–	[President's Letter]
G4–2	●	4, 12	√	Description of key impacts, opportunities and risks		–	[President's Letter] [Market situation and prospects] Business risks are described in the "Annual report 2015" available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe
Organisation profile							
G4–3				Organisation name		–	Budimex SA
G4–4		8		Main brands, products and/or services		–	[Market activity] For more, please visit www.budimex.pl
G4–5	●		√	Organisation main office location	6.3.10 6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8	–	ul. Stawki 40 01-140 Warszawa Poland www.budimex.pl
G4–6	●	15	√	The number of countries, in which the organisation operates, and names of the countries with primary company operations or countries that are especially relevant in the context of the report content		–	[Last year results]
G4–7	●			Organisation ownership and legal structure		–	WSE-listed company
G4–8	●	15	√	Markets served, including the geographical range, sectors served and client/customer characteristics and beneficiaries		–	[Last year results] Detailed information is available in the "Annual Report 2015" available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe
G4–9	●	14-17,	√	Scale of business		–	[Last year results] [Contribution to infrastructure development]
G4–10	●	16, 33, 79	√	Number of own and company-supervised employees, acc. to gender and contract type		–	[Last year results] [Responsibility management in the supply chain] [Tables with non-financial data]
G4–11	●	82	√	Percentage of employees under collective agreements		–	[Tables with non-financial data]
G4–12	●	33	√	Value chain description		–	[Responsibility management in the supply chain]
G4–13	●	34	√	Significant changes in the reporting period with regard to the size, structure, ownership form or value chain	6.3.10 6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8	–	[About the report] A detailed description of changes of the Budimex Group organisation structure is available in the "Annual Report 2015" available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe
G4–14	●	50, 64	√	Explanation of whether and how the organisation follows the principle of caution.		7	[Environmental care on the construction site] [Prevention of unethical conduct and integrity in business] The "Environmental management for contracts" and "OHS and environmental protection organisation and management for contracts" procedures, included in the Integrated Management System, define e.g. the principles of analysis of environmental requirements and the notion of environmental impact. They include all, including potential, types of influence. Furthermore, the Group has undertaken to follow the principle of caution by joining the UN Global Compact.
G4–15	●	42	√	External, adopted or endorsed by the organisation economic, environmental and social declarations, principles and other initiatives.		1–10	• UN Global Compact • Agreement for Safety in the Construction Industry (see: [OHS training and prevention]) • social campaign of the National Labour Inspectorate and the Social Insurance Company (ZUS), entitled: "Respect life! Safe work at heights"
G4–16	●	16	√	Membership in associations (such as industry associations) and/or national/ /international organisations		1–10	[Last year results]

Identification of material aspects and limitations

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
G4–17	●	34, 78	√	Commercial units included in the consolidated financial statement	5.2 7.3.2 7.3.3 7.3.4	–	[About the report] [Tables with non-financial data]
G4–18	●	35	√	Report content defining process		–	[About the report]
G4–19	●	35	√	Identified significant aspects of social and environmental impact		–	[About the report]
G4–20	●	36	√	Significance of the identified aspects of social and environmental impact for the particular business entities		–	[About the report]
G4–21	●	36	√	Report limitations regarding the significant aspects of social and environmental impact, including entities outside the organisation		–	[Last year results] [About the report]
G4–22	●		√	Explanations regarding the effects of any corrections in previous reports with reasons for their introduction and their impact (e.g. mergers, take-overs, change of year/ base period, business nature, methods of measurement)		–	Corrected financial result for 2014, which resulted in changes in the efficiency indicators: G4-EN5 and G4-EN18.
G4–23	●		√	Significant changes in relation to the previous report regarding the scope, range or method of measurement used in the report		–	New calorific values conversion factors were assumed for the particular fuels, in accordance with the GHG Protocol and IPCC (GUIDELINES), so that they are consistent with the conversion factors used in the Ferrovial Group (the existing conversion factors from Annex 4 to "Zasady metodyczne sprawozdawczości statystycznej z zakresu gospodarki paliwami i energią oraz definicje stosowanych pojęć", GUS, Warszawa 2006. This resulted in changes in estimates for 2014. Compared to 2014, in 2015 there was an improvement in the detailed measurement of environmental indicators, which could cause the effect of apparent growth of some values (currently more low materiality factors are included that were not included before, but contribute to the increase of total emissions etc.).

Stakeholder involvement

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
G4–24	●	37	√	List of groups of stakeholders involved with the organisation	5.3	–	[About the report]
G4–25	●	27, 28, 37, 42, 66	√	Basis for the identification and selection of stakeholders involved in the organisation		–	[About the report] [OHS training and prevention] [Fair principles in relations with business partners]
G4–26	●	35, 37	√	Approach to stakeholder involvement, including the frequency of involvement according to type and group of stakeholders		–	[About the report]
G4–27	●	28, 37, 42	√	Key issues and problems raised by the stakeholders and the organisation's response, also by reporting		–	[About the report] [OHS training and prevention]

Report profile

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
G4–28	●		√	Reporting period (e.g. fiscal /calendar year)	5.3 7.5.3 7.6.2	–	Financial/calendar year: 01.01.2015-31.12.2015
G4–29	●		√	Previous report published date (if published)		–	2015
G4–30	●		√	Reporting cycle (annual, bi-annual etc.)		–	annual
G4–31	●		√	Contact person		–	Krzysztof Kozioł Director of the Communication Office Budimex SA ul. Stawki 40, 01–040 Warszawa krzysztof.koziol@budimex.pl tel.: (+48) 22 623 61 12 mobile: (+48) 605 557 101
G4–32	●		√	CSR Index		–	[GRI index] [About the report]
G4–33	●	35	√	The policy and current practice regarding external report verification. If such data was not included in the independent verification report, explanation of the scope and basis of external verification and the relations between the organisation and the external verification unit.		–	About the report] The report has been prepared by a third party based on data provided by Budimex SA and then verified by an independent auditor.

Supervision, obligations, involvement

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
G4–34	●	24, 25, 27	√	The supervision structure of the organisation, including the commissions of the highest supervisory body, people responsible for the particular actions, e.g. creating strategy or organisation supervision	6.2 7.4.3 7.7.5	1–10	[Governance] [Members of the Management Board and the Supervisory Board] [Management systems] Detailed information is available in the "Annual Report 2015" available at http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe. Additionally, for information on the current members of the Management Boards, Supervisory Board and its committees, including the biographies of the individual persons, please visit: http://www.budimex.pl/pl/o-budimex/wladze.html.

Ethics and reliability

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
G4–56	●	10, 67	√	Organisation values, principles, code, conduct standards and ethics.	4.4 6.6.3	1–10	[Market activity] [Code of Ethics]

RESULTS IN ECONOMIC TERMS

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Economic results							
G4–EC1	●	79	√	Direct economic value generated and divided, considering the income, operating costs, employee salaries, donations and other community investments, non-divided income and payments to shareholders and to the state.	6.8.1 6.8.2 6.8.3 6.8.7 6.8.9	–	[Tables with non-financial data]
G4–EC2	●		√	Financial implications and other risks and chances for the organisation, resulting from climate changes	6.5.5	7	No significant impact noted until now Nonetheless, the basic materials used by the company are products of the industries with significant impact on the climate (asphalt and fuel production, cement production, steel industry). At the same time, changing regulations and increasing burden on those industries related to greenhouse gas emissions, can have an adverse impact on company costs. Widely understood climate change, i.e. the increased intensity of weather anomalies, can influence the contract implementation process. On the other hand, the company offer directly response to the expectations related with climate change. Budimex has suitable resources that allow participation in the power plant restructuring processes (construction of generation facilities). The company range includes facilities, in which power losses were minimised and which meet the requirements of climate-sensitive clients.
Presence on the market							
G4–EC5	●	83	√	Lowest level employee salary compared to the minimum wage on the given market	6.3.7 6.3.10 6.4.3 6.4.4 6.8.1 6.8.2	1	[Tables with non-financial data]
G4–EC6	●	84	√	Share of the higher management employees from the local market	6.4.3 6.8.1 6.8.2 6.8.5 6.8.7	6	[Tables with non-financial data] The Polish market should be considered as the local market. In general, Budimex Group companies hire only Polish citizens. Few foreigners, who represent the main shareholder, serve in company bodies. Their number is given in the table, which shows the members of management board and supervisory boards.
Indirect environmental impact							
EC DMA		17		Management approach	6.3.9 6.8.1 6.8.2 6.8.7 6.8.9	–	[Contribution to infrastructure development]
G4–EC7	●	17		Contribution to the development of infrastructure and provision of services to the society through commercial operations, transferring goods and pro bono activities. Impact of those activities on the society		–	[Contribution to infrastructure development]

RESULTS IN ENVIRONMENTAL TERMS

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Raw materials and materials							
EN DMA		46, 67, 74, 77		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Reasonable resource management and environmental contamination]
G4–EN1	●	76, 86		Raw material/material consumption according to weight and volume	6.5.4	8	[Materials and raw materials] [Tables with non-financial data]
G4–EN2	●	76, 87		Percentage of materials form recycling used in the production process	6.5.4	8, 9	[Materials and raw materials] [Tables with non-financial data]
Energy							
EN DMA		46, 67, 74, 77		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Reasonable resource management and environmental contamination]
G4–EN3	●	77, 88		Direct and indirect energy consumption according to primary energy sources	6.5.4.	8	[Fuels, energy and CO2 emissions] [Tables with non-financial data]
G4–EN5	●	77, 88		Energy efficiency			[Fuels, energy and CO2 emissions] [Tables with non-financial data]
Biodiversity							
EN DMA		46, 67, 74, 77		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Reduction of the impact on the local natural environment]
G4–EN11	●	48, 51-55	√	Location and area of lands owned, leased and managed in protected areas and highly valuable biodiversity areas outside protected areas or adjacent to them	6.5.6	8	[Environmental care on the construction site]
G4–EN12	●	48	√	Description of the significant impact of the business, products and services on the biodiversity of protected areas and highly valuable biodiversity area outside protected areas	6.5.6	8	[Environmental care on the construction site]
G4–EN13	●	51-55, 88	√	Protected or revitalised habitats	6.5.6	8	[Environmental care on the construction site] For detailed information, please see the reports on the environmental impact of the particular projects with exact location in relation to the project.
G4–EN14	●	51-55	√	Number of species mentioned in the Red Book of the International Union for the Conservation of Nature and Natural Resources (IUCN) and in the national lists of endangered species, identified in the organisation impact area according to the level of extinction danger.	6.5.6	8	[Environmental care on the construction site]

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Emissions							
EN DMA		46, 67, 74, 77		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Reasonable resource management and environmental contamination]
G4–EN15	●	77, 88	√	Total direct emissions of greenhouse gases by weight (Scope 1)	6.5.5	8	[Fuels, energy and CO2 emissions] [Tables with non-financial data]
G4–EN16	●	88	√	Total indirect emissions of greenhouse gases by weight (Scope 2)	6.5.5	8	[Tables with non-financial data]
G4–EN18	●	88	√	Efficiency related to the emissions of greenhouse gases	6.5.5	–	[Tables with non-financial data]
G4–EN21	●	89	√	Emissions of NOx, SOx and other significant compounds to air by compound type and weight	6.5.3	8	[Tables with non-financial data] Different asphalt plants, whose locations are indicated in the table along with emission values of the individual compounds, are the source of emissions. Emissions related with the operation of aggregate mixers and dryers, as well as tanks of bitumen, asphalt, ground limestone and stone dust.
Sewage and waste							
EN DMA		46, 67, 74, 77		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Reduction of the impact on the local natural environment]
G4–EN23	●	57, 76, 89, 91	√	Total weight of waste by waste type and method of waste treatment.	6.5.3	8	[Waste management] [Materials and raw materials] [Tables with non-financial data]
G4–EN24	●	50	√	Total number and volume of significant spills	6.5.3	8	[Environmental care on the construction site]
Products and services							
G4–EN27	◐	48		Initiatives aimed at reducing the environmental impact of product and services and the scope of that impact	6.5.3 6.5.4 6.6.6 6.7.5	7, 8, 9	[Environmental care on the construction site]
G4–EN28	●	69		Financial value of fines and total number of non-financial sanctions for non-compliance with the law and environmental protection regulations.	6.5.3 6.5..4 6.7.5	7	[Compliance with the law]
Compiliance wiht regulations							
G4–EN29	●	50	√	Financial value of fines and total number of non-financial sanctions for non-compliance with the law and environmental protection regulations.	4.6	8	[Environmental care on the construction site]

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Environmental evaluation of suppliers							
EN DMA		46, 67, 74, 77		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Environmental care on the construction site]
G4–EN32	●	56	√	Percentage of suppliers that were subject to evaluation against environmental criteria	6.3.5 6.6.6 7.3.1		[Environmental care on the construction site]
G4–EN33	●	48, 56	√	Significant current and potential environmental hazards in the supply chain.	6.3.5 6.6.6 7.3.1	–	[Environmental care on the construction site]
Complaint handling mechanism							
EN DMA		46, 67, 74, 77	√	Management approach	6.3.6	8	[Code of Ethics]
G4–EN34	●	56, 68	√	The number of complaints related to environmental impact, addressed and resolved through formal mechanisms	6.3.6	–	[Code of Ethics] [Environmental care on the construction site]

RESULTS IN SOCIAL TERMS

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Workplace: employment							
G4–LA1	●	80, 81	√	Total number of employee leaving and the employee fluctuation factor, by age group, gender and region	6.4.3	6	[Tables with non-financial data]
G4–LA2	●		√	Additional benefits for full-time employees that are not available to temporary or part-time employees by main organisation unit	6.4.4 6.8.7	–	The benefits are identical, regardless of whether the person is a full-time or part-time employee. The non-mandatory benefits worth mentioning include: health insurance (Budimex SA, Budimex Nieruchomości), life insurance (Budimex SA, Budimex Nieruchomości) and Benefit cards (Budimex SA, Budimex Nieruchomości). The additional medical insurance is also available to trainees employed based under civil-law contracts. Additionally, members of the management board and selected key employees are included in the "Plan of shares allocation related with Ferrovial objectives", which consists in conditional allocation of the right to buy shares of the strategic investor company.

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
G4–LA3	◐ partial	83, 84		Percentage of return to work and retention rate after maternity/ paternity leave, by gender	6.4.4	–	[Tables with non-financial data]
Workplace: relations between the employees and the management							
G4–LA4	● overall		√	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 labour law (i.e. 30 days, unless the Labour Code stipulates otherwise in the individual case).
Workplace: occupational health and safety (OHS)							
LA DMA		38, 44, 67		Management approach (regarding occupational health and safety)	6 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6	[Working conditions, occupational health and safety (OHS)]
G4–LA5	● overall	38	√	Percentage of the total number of employees represented in formal commissions (of which the members are management and employee representatives) for occupational health and safety, which advise on the occupational health and safety programmes and monitor them	6.4.6	1	[Working conditions, occupational health and safety (OHS)]
G4–LA6	◐ partial	43, 86		Rates of injuries, occupational diseases, days lost and work absence, as well as the number of fatal accidents related to work by region	6.4.6 6.8.8	1	[Accident rate] [Tables with non-financial data]
G4–LA7	● overall	43	√	Employment under increased risk of occupational diseases.	6.4.6 6.8.8	1	[Accident rate]
G4–LA8	● overall		√	OHS aspect of the collective employment agreements	6.4.6	1	Only at Mostostal Kraków OHS aspects are included in the collective employment agreement. The provisions define the option of granting a particular group of temporary employees allowances for working in harmful or onerous conditions.
Workplace: diversity and equal opportunity							
LA DMA		38, 44, 67		Management approach (regarding diversity and equal opportunity)	6.2.3 6.3.7 6.3.10 6.4.3	1, 6	[Code of Ethics]
G4–LA12	● overall	84	√	Supervisory bodies and employees categorised by gender, age, minority status and other diversity indicators	6.2.3 6.3.7 6.3.10 6.4.3	1, 6	[Tables with non-financial data]
G4–LA13	◐ partial	83		Men – women basic salary ratio by position	6.3.7 6.3.10 6.4.3 6.4.4	1, 6	[Tables with non-financial data]

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Evaluation of suppliers							
LA DMA		38, 44, 67		Management approach (regarding occupational health and safety)	6 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6	[Accident rate]
G4–LA14	● overall	44	√	Percentage of suppliers that were subject to evaluation against employee rights criteria	6.3.5 6.4.3 6.6.6 7.3.1		[Accident rate]
G4–LA15	● overall	44	√	Significant current and potential employee hazards in the supply chain	6.3.5 6.4.3 6.6.6 7.3.1	–	[Accident rate]
Complaint handling mechanism							
LA DMA		38, 44, 67		Management approach (regarding complaint handling mechanisms)	6.3.6	–	[Code of Ethics]
G4–LA16	● overall	68	√	The number of complaints related to the employment, addressed and resolved through formal mechanisms	6.3.6	–	[Code of Ethics]
Human rights: procedures regarding orders and projects							
HR DMA		66, 67		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	1–6	[Prevention of unethical conduct and integrity in business]
G4–HR1	● overall	66	√	Percentage and total number of project contracts with human rights clauses or subject to evaluation from this angle	6.3.3 6.3.5 6.6.6	1–2	[Fair principles in relations with business partners]
Human rights: anti-discrimination							
G4–HR3	● overall	68	√	Total number of cases of discrimination and actions taken in this regard	6.3.6 6.3.7 6.3.10 6.4.3	1, 2, 6	[Code of Ethics] [Compliance with the law]
Human rights: freedom of association and right to collective disputes							
G4–HR4	● overall	68	√	Actions identified as threatening the freedom of association and right to collective disputes and initiatives supporting those rights	6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.5 6.6.6	1–3	[Compliance with the law]
Human rights: child labour							
G4–HR5	● overall	68	√	Actions identified as causing serious threats of using child labour and measures taken to eliminate such cases	6.3.3 6.3.4 6.3.5 6.3.7 6.3.10 6.6.6 6.8.4	1, 2, 5	[Compliance with the law]

Index	range (● overall, ◐ partial, ○ not reported/not applicable)	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
Human rights: forced and compulsory labour							
G4-HR6	●	68	√	Actions identified as causing serious threats of forced or compulsory labour and measures taken to eliminate such cases	6.3.3 6.3.4 6.3.5 6.3.10 6.6.6	1, 2, 4	[Compliance with the law]
G4-HR8	●	69		Total number of violations of the rights of native people and actions taken	6.3.4 6.3.6 6.3.7 6.3.8 6.6.7 6.8.3	1,2	[Compliance with the law]
Complaint handling mechanism							
G4-HR12	●	68	√	The number of complaints related to the human rights hazards, addressed and resolved through formal mechanisms	6.3.6	–	[Code of Ethics]
Local community							
SO DMA		44, 58, 64, 67		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	10	[Accident rate] [Reduction of nuisance]
G4-SO1	◐	58, 61		The nature, scale and efficiency of programmes and practices to evaluate and manage the organisation operations impact on the local community, including the impact of entering the given market, conducting and terminating business activities	6.3.9 6.5.1 6.5.2 6.5.3 6.8	–	[Reduction of nuisance] [Compensating the communities for the nuisance]
G4-SO2	●	44, 58	√	Activities with significant potential or actual negative impact on the local community	6.3.9 6.5.3 6.8	–	[Reduction of nuisance]
Anti-corruption activities							
SO DMA		44, 58, 64		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	10	[Prevention of unethical conduct and integrity in business]
G4-SO3	●	64	√	Percentage and total number of business units subject to analysis for corruption-related risk	6.6.1 6.6.2 6.6.3	10	[Hazard monitoring] The report did not disclose the tools used for monitoring, as they are considered confidential. According to the company, the disclosure of such information, in particular the analytical method, could reduce its efficiency and increase the unethical conduct hazards.
G4-SO4	◐	68	√	Percentage of employees trained on anti-corruption policies and procedures of the organisation	6.6.1 6.6.2 6.6.3 6.6.6	10	[Prevention of unethical conduct and integrity in business] Due to the specifics of the business and in particular the rotation of employees between contracts, the division into regions was not included in the description of the indicator.
G4-SO5	●	68	√	Actions taken in response to cases of corruption	6.6.1 6.6.2 6.6.3	10	[Code of Ethics]
Involvement in public life							
G4-SO6	●	68	√	Total financial and material value of donations to political parties, politicians and similar institutions by country	6.6.1 6.6.2 6.6.4	10	[Compliance with the law]
Compliance with regulations							
G4-SO7	●	69	√	The total number of legal measures taken regarding the instances of violation of the principles of free competition, monopolist practices and their consequences.	6.6.1 6.6.2 6.6.5 6.6.7	–	[Compliance with the law]
G4-SO8	●	69	√	Financial value of fines and total number of non-financial sanctions due to non-compliance with the law and regulations.	4.6	–	No fines were imposed.
Responsibility for the products: customer health and safety							
PR DMA		71, 72		Management approach	6 7.3.1 7.4.3 7.7.3 7.7.5	1, 8	[Quality and safety of the constructed facilities]
G4-PR1	●	71, 72	√	Product life cycle stages, at which the impact of product and services on health and safety is evaluated to improve performance and the percentage of significant product and service categories subject to such procedures	6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	[Quality and safety of the constructed facilities] The procedures described in the body of the report are obligatory in nature and thus they are applicable to all (100%) contracts managed.
G4-PR2	●	71	√	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	4.6 6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	[Quality and safety of the constructed facilities]

Index	range ● overall ◐ partial ○ not reported/not applicable	page	audit	GRI guidelines	Area as per ISO 26000	UN Global Compact Principle	Comment / description
PR DMA		71, 72		Management approach	6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9	8	Due to the specifics of construction projects, their implementation is accompanied by very specific detailed design documentation from the earliest stage. The requirements are defined in regulations and standards It is not only about the suitable approvals, permits and acceptance certificates of the appropriate authorities and services.
G4–PR3	●		√	The type of products and services information required based on procedures and the percentage of significant products and services subject to those information requirements	6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9	8	All materials and products are accompanied by certificates of conformity, declarations of conformity, safety symbols and hygienic approvals. This guarantees the broadly understood safety for people and environment. The principles related with the marketing authorisation of construction products are regulated by appropriate law provisions. The legal basis, apart from Act of 7 July 1994, the Construction Law, are two further acts: Act of 16 April 2004 on construction products and Act of 30 August 2002 on the conformity assessment system. Thus, following those regulations is obligatory and applies to all contracts (100%). Support is found in the Integrated Management System, which guarantees using proper construction products and materials.
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.
Responsibility for the product: compliance with regulations							
G4–PR9	●	69	√	Financial value of all significant fines for non-compliance with the law and regulations on the delivery and use of products and services.	4.6 6.7.1 6.7.2 6.7.6	–	[Compliance with the law]
Sectoral indicators							
CRE6	●	38	√	Part (percentage) of the organisation operating in accordance with the international OHS management systems (e.g. ISO18000)	–	–	For Budimex SA and Mostostal Kraków the implementation of ISO18000 and OHSAS 18000 has been confirmed with appropriate certificates.
CRE8	◐	76		Certification related to the sustainable development of new facilities, operation of the existing facilities and demolition of the decommissioned facilities	–	–	• Business Garden Wrocław (stage III): LEED PLATINUM • Office building with infrastructure in Wrocław: LEED GOLD • The EQlibrium office building in Warsaw: BREEAM VERY GOOD • Complex of facilities of the Corporate Services Centre in Płock: BREEAM GOOD

14 INDEPENDENT CERTIFYING REPORT

Deloitte.

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Independent assurance report pertaining to the Budimex Group Sustainability Report 2016

To the Management Board of Budimex S.A

We have reviewed the Budimex Group Sustainability Report 2016 ("Sustainability Report") developed by Budimex S.A. with the registered address in Warsaw, at Stawki 20 St. ("Company"), with respect to material aspects identified by the Company and indicators reported on the basis of G4 Sustainability Reporting Guidelines for "Core" level, issued by Global Reporting Initiative (GRI). The assurance works covered the period from 1 January 2015 to 31 December 2015 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 Sustainability 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 non-financial part of the Sustainability Report does not include significant misstatements. The scope and methodology of a review of the Sustainability 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 Sustainability Report, and therefore no such opinion has been issued. The procedures followed during the review of the non-financial part of the Sustainability Report comprised:

- Identifying issues and results significant for the content of the Sustainability Report from the viewpoint of the corporate social responsibility strategy followed by the Company and stakeholders' expectations.
- Comparing data included in the non-financial part of the Sustainability Report to those presented in the Financial Statements of Budimex Group for 2015.
- Interviewing individuals in charge of the implementation of the corporate social responsibility strategy in the Company and of the preparation of the Sustainability Report.
- Verifying the information included in the Sustainability 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 review we obtained limited assurance that the information concerning identified material aspects and indicators reported by the Company included in the Sustainability Report developed by the Budimex S.A S.A. is free from material misstatements and it is compliant with G4 Sustainability Reporting Guidelines for 'Core' level issued by Global Reporting Initiative.

Deloitte Advisory Sp. z o.o.
Deloitte Advisory
Warsaw, 27th of July 2016

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