

Budimex S.A. Individual Reporting Standard, including the definition of confidential information
(effective as of 1 August 2016)

Definitions

parent company – shall be understood as a parent company within the meaning of the accounting regulations binding upon Budimex S.A.;

subsidiary – shall be understood as a subsidiary within the meaning of the accounting regulations binding upon Budimex S.A.;

Budimex S.A. capital group – shall be understood as a capital group within the meaning of the accounting regulations binding upon Budimex S.A.;

managing person – shall be understood as persons having a significant impact on the management of Budimex S.A., including: a member of the management board, a person acting as a member of the management board;

supervising person – shall be understood as a member of the supervisory board,

rating – shall be understood as an assessment of the investment risk associated with specific securities or the ability of Budimex S.A. to pay its debts on a timely basis, carried out by a specialised institution;

acquisition – shall be understood as the transfer, in favour of Budimex S.A. or its subsidiary, of any property right, another right in rem or right to use, and the acquisition of shares (stocks);

sale – shall be understood as the transfer, by Budimex S.A. or its subsidiary, of any property right, another right in rem or right to use;

taking a decision on the intention – shall be understood as taking, by a body of Budimex S.A., a decision to initiate the procedure which will lead to the accomplishment of that intention, manifested by the conclusion of an agreement, filing an application with the administrative body or other statement of intent or knowledge made by Budimex S.A. or, when this is required by statute or law, through the adoption by the supervisory board or another body of Budimex S.A. of the resolution authorising the managing body of Budimex S.A. to initiate the procedure;

extraordinary reserves – reserves or write-downs, not related to the basic operating activities of the Budimex Group companies;

In the absence of a definition in the Individual Reporting Standard, the definitions presented in the Accounting Act shall be used.

Confidential information

Confidential information shall be any information:

- specified in a precise manner,
- not disclosed to the public yet,
- related, directly or indirectly, to Budimex S.A. or one or more financial instruments (e.g. stocks or bonds issued by Budimex S.A. or any related derivative financial instruments, etc.),
- which, if disclosed to the public, would probably have a significant impact on the prices of those financial instruments or on the prices of related derivative financial instruments.

Information is considered to be specified in a **precise** manner if it indicates:

- a set of circumstances which exist or may reasonably be expected to exist, or
- an event which has occurred or may reasonably be expected to take place,

if the said information is **sufficiently detailed** to be able to draw any **conclusions** as to the **likely impact** of that number of circumstances or an event **on the prices** of financial instruments or related derivative instruments.

Therefore, in the case of a process extended over time whose purpose or result is the existence of special circumstances or a special event, these future circumstances or a future event, and also the intermediate steps of the process associated with the occurrence of or causing these future circumstances or the future event, could be considered to be information specified in a precise manner.

The intermediate step of a process that is extended over time is considered to be confidential information if the step itself meets the criteria for confidential information.

Information which, if disclosed to the public, would **probably have a significant impact on the prices** of financial instruments or derivative instruments shall mean information that a **rational investor would probably use**, relying on it **in part when taking** their **investment decisions**.

Examples of events representing confidential information in the Budimex Capital Group that require sending a report

These Individual Reporting Standards (IRS) contain a set of examples of events and circumstances that will probably represent confidential information in the Budimex Capital Group.

This set shall not exhaust all the possibilities of emergence of confidential information in the Group. The application of the Individual Reporting Standards shall not release the Company from the liability for non-performance or improper performance of information duties. The Company shall be required – regardless of the scope indicated in these Individual Reporting Standards – to consider every event outside of this set related to the Budimex Group for the emergence of the reporting requirement.

A special consideration should be given to events and circumstances preceding the existence of those specified in these standards. It shall be assessed whether at a given time one can reasonably expect the occurrence of the event or circumstances specified in these standards, i.e. whether “it appears, on the basis of an overall assessment of the factors existing at the relevant time, that there is a realistic prospect”¹ of the occurrence of specified events or circumstances.

The analysis, in terms of occurrence of confidential information, shall cover both single events that are significant for the Company and the Capital Group and any information, held or acquired by the Company under its normal operations, on the occurrence of a series of events of the same kind which are not individually significant, but which together may represent confidential information.

The IRS, as the effect of earlier analysis and considerations, shall aim to secure and expedite the identification of confidential information contained therein, and thus are supposed to play a supporting role in ensuring the prompt reporting of this information.

These Individual Reporting Standards are not intended to replace with another catalogue the catalogue of events referred to in the Regulation of the Minister of Finance dated 19 February 2009 *on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent*. In each case, the Company shall be required to assess the situation based on the definition of confidential information, as specified in Article 7 of the Regulation on market abuse. In particular, the inclusion of any events or circumstances in

¹a quote from the judgement of the European Court of Justice of 28 June 2012 in the case: Markus Geltl v. Daimler AG

these Individual Reporting Standards shall not be a decisive factor in reporting these events or circumstances when they occur – the decision on reporting should be taken on a case-on-case basis.

Financial data (separate and consolidated)

1) taking a decision to establish extraordinary reserves, i.e. reserves with the value of at least 20% of the net result of the Budimex Group, according to the last annual report of the Budimex Group,

2) a substantial change in revenues from sales, i.e. the level of revenues from sales varying at least by 30% from the level of revenues of the Budimex Group for the corresponding reporting period (quarter) of the previous year,

3) a substantial change in the level of the net financial result, varying at least by 30% from the net result of the Budimex Group for the same reporting period (quarter) of the previous year, determined without taking into account one-off events, which the company announced in the report on the corresponding reporting period of the previous year.

Events related to operating activities

1) an acquisition or sale by Budimex or its subsidiary of assets with a substantial value, i.e. with the value of at least 2% of total assets, according to the last annual report of the Budimex Group;

2) significant changes with respect to the valuation of assets held by Budimex or its subsidiary, in particular due to a decrease in the value in use or a physical destruction of any property representing significant assets (in terms of value or from the point of view of usefulness for the business activity); significant changes shall be changes with the value of at least 20% of the net result, according to the last annual report of the Budimex Group;

3) the emergence, as part of the assets of Budimex or its subsidiary, of significant intangible assets, significant innovative products or processes; significant intangible assets, innovative products or processes shall be intangible assets, products or processes with the value of at least 2% of total assets, according to the last annual report of the Budimex Group;

4) a conclusion by Budimex or its subsidiary of a substantial agreement or obtaining the significant agreement status by an agreement concluded by Budimex or its subsidiary, including, in particular, signing a letter of intent, obtaining the exclusive status for negotiations, obtaining information from the investor on selecting an offer submitted by Budimex or its subsidiary as the best one in the tender for the conclusion of a significant agreement, conclusion of a preliminary agreement with respect to a significant agreement, signing an annex to a significant agreement (where the value of the annex results in exceeding 20% of the value of a significant agreement), materialisation or non-materialisation of the condition related to a significant conditional agreement, giving the notice of termination or terminating an agreement that is a significant agreement at the time of notice or termination thereof; a significant agreement shall be an agreement with the value of at least 2% of revenues from sales, according to the last annual report of the Budimex Group;

5) taking decisions by Budimex to withdraw from or enter into a new area of the core activity;

6) taking a decision to change the investment policy of Budimex;

7) establishing by Budimex or its subsidiary a mortgage, pledge or another limited property right with the value of at least 2% of total assets, according to the last annual report of the Budimex Group on the assets of Budimex or its subsidiary, unless the information in this respect has been published in the report on winning a tender or signing a contract.

Financing

1) the issue of bonds, where the value of bonds issued or the issue of convertible bonds, bonds with priority rights and revenue bonds represents at least 2% of total assets of the Budimex Group disclosed in the last annual report;

2) the revocation or liquidation of credit lines by one or more banks, related to a significant part of the existing financing of the activities of Budimex or its capital group, where the value of credit lines represents at least 2% of total assets of the Budimex Group disclosed in the last annual report;

3) taking a decision on the intention to issue any securities other than bonds.

Risks

1) an acquisition or sale by Budimex or its subsidiary of securities issued by Budimex if the value of these securities represents at least 2% of total assets of the Budimex Group disclosed in the last annual report;

2) granting by Budimex or its subsidiary, to a single entity or related entities, a surety on a credit or loan or granting a guarantee, where the value of the aforesaid surety or guarantee represents, on a one-off basis or jointly, at least 2% of total assets, according to the last annual report of the Budimex Group, unless the information in this respect has been published in the report on winning a tender or signing a contract, or the agreement, in relation to which the security has been established, was concluded between the companies from the Budimex Group;

3) initiating before a court, a competent arbitration body or a public administration body any procedure related to liabilities or debt claims of Budimex or its subsidiary, where the value of potential claims represents at least 2% of total assets, according to the last annual report of the Budimex Group;

4) taking a decision on the intention to file a petition for declaration of bankruptcy or on the intention to file a restructuring proposal, filing a petition for declaration of bankruptcy or a restructuring proposal, dismissing a petition for declaration of bankruptcy, where the debtor's assets are not sufficient to satisfy the costs of the procedure or are sufficient to satisfy only these costs, or finding that the items of property being part of the debtor's assets are encumbered with any form of pledge or mortgage, and the remaining assets are not sufficient to satisfy even the costs of the procedure, opening or refusing to open the restructuring procedure, declaring bankruptcy, accepting composition under the restructuring procedure, repealing the bankruptcy procedure, terminating or discontinuing the bankruptcy or restructuring procedure, discontinuing the court or administration enforcement against Budimex due to the fact that the enforcement will not generate a sum larger than the costs of

the enforcement procedure, opening the liquidation procedure – with respect to Budimex or its significant subsidiary;

A significant subsidiary is a subsidiary whose:

- the net result represents at least 20% of the net result of the Budimex Group for the previous financial year or,

- total assets disclosed in the last annual financial statements represent at least 2% of total assets of the Budimex Group;

5) Budimex becoming aware of possible changes in the control of Budimex and any agreements related to the exercise or take-over of the control of Budimex.

Image

1) an assignment or change of rating made on behalf of Budimex.

Corporate matters

1) registration by the court of a change in the amount or structure of the share capital of Budimex;

2) changing the rights under Budimex securities;

3) redemption of Budimex shares;

4) taking a decision on the intention to merge Budimex with another entity, i.e. taking a decision by the Management Board of Budimex S.A. to initiate a procedure for the merger of Budimex; information on the planned merger;

5) a merger of Budimex with another entity;

6) taking a decision on the intention to divide Budimex, i.e. taking a decision by the Management Board of Budimex to initiate a procedure for the division of Budimex; information on the planned division;

7) a division of Budimex;

8) taking a decision on the intention to convert Budimex, i.e. taking a decision by the Management Board of Budimex to initiate a procedure for the conversion of Budimex; information on the planned conversion;

9) a conversion of Budimex;

10) an appointment by a competent Budimex authority of an entity authorised to audit financial statements with whom a contract for an audit or review is to be signed;

11) giving the notice of termination by Budimex, or by an entity authorised to audit the financial statements, of the contract for audit or review, and the termination of the contract by mutual agreement of the parties;

12) recalling, or submitting a resignation by a managing person or a supervising person, or Budimex becoming aware of the decision of a managing person or a supervising person against seeking the election for the next term;

- 13) appointing a managing person or a supervising person at Budimex;
- 14) ending the subscription or sale associated with the introduction of the securities of Budimex to trading;
- 15) admitting the securities of Budimex to trading;
- 16) a refusal to admit the securities of Budimex to trading;
- 17) quotes of Budimex in the territory of a non-member state;
- 18) information on the General Meeting;
- 19) planned decisions on share buyback scheme or transactions in other listed financial instruments;
- 20) adopting the dividend policy by Budimex or changes therein if the aforesaid dividend policy has been adopted earlier;
- 21) all decisions on the declaration of payments or suspension of payments of an advance on account of expected dividends and payments or suspension of payments of dividends or interest on securities;
- 22) if the General Meeting adopts a resolution on the payment of dividends – information on the amount of the dividend, the value of dividend per share, the number of shares covered by the dividend, the record date and the date of dividend payments.