

## **Bylaws of the Supervisory Board of Budimex S.A. (consolidated text)**

### **I. General provisions.**

#### **§ 1.**

The Supervisory Board of Budimex S.A., hereinafter referred to as the Board, is a standing supervisory body of Budimex Spółka Akcyjna, hereinafter referred to as the Company.

#### **§ 2.**

The Board operates in accordance with the provisions of the Act of 15 September 2000 — Code of Commercial Partnerships and Companies (Journal of Laws No 94, item 1037, as amended), the Company's Articles of Association and these Bylaws.

### **II. Composition and manner of appointment of the Board.**

#### **§ 3.**

1. The Board is composed of at least 5 (five) Members appointed for a joint three-year term of office.
2. Members of the Board carry out their duties personally.

#### **§ 4.**

1. The term of office of a Member of the Board is 3 (three) years, coinciding with the term of office of the entire Board.
2. Mandates of Board Members expire on the day the Ordinary General Meeting is held following the end of the Company's last financial year during the joint term of office of Board Members.
3. Resigning Members of the Board may be re-elected.
4. Prior to the end of their term of office, each Board Member may be dismissed at any time according to a procedure prescribed for his/her appointment.  
Dismissal takes effect on the date of adoption of a resolution by the General Meeting.
5. Each Member of the Board may tender his/her resignation without giving reasons.
6. Where a Board Member resigns or ceases to carry out his/her duties due to unforeseen circumstances prior to the expiry of his/her term, new Members are appointed in accordance with the procedure laid down in § 16 section 3 of the Company's Articles of Association.

#### **§ 5.**

1. The Board appoints from among themselves the Chairman, and where required, Deputy Chairmen and Secretary of the Board.
2. The President of the Company's Management Board or designated Member of the Management Board convenes and opens the first meeting of the newly appointed Board and presides over it until the Chairman is appointed.

#### **§ 6.**

The Chairman of the Board or a person authorised by him/her opens the session of the General Meeting and holds t

he election of the Chairman of the General Meeting.

### **III. Manner of convening and conducting meetings.**

#### **§ 7.**

1. A notice about the planned meeting of the Board complete with the meeting agenda and materials relating to the issues to be addressed at the meeting should be submitted to Members in writing at least 7 (seven) days in advance of its date.
2. In important cases, the Chairman of the Board may shorten this notice period to a minimum 3 (three) days.
3. For resolutions of the Board to be valid, all Members must be notified.
4. For valid reasons materials relating to issues to be addressed at the meeting may be submitted to Board Members during the Board's meeting.

#### **§ 8.**

1. The Board deliberates at meetings.
2. Meetings of the Board are convened and presided over by the Chairman of the Board, and where he/she cannot do so, in his/her place by the Deputy Chairman or Secretary:
  - a) according to the adopted schedule and whenever a need arises to convene a meeting of the Board,
  - b) at the written request of a Member of the Board,
  - c) at the written request of the Company's Management Board.
3. A meeting should be convened within two weeks from submission of the request.
4. Board meetings should take place at least once every three months.
5. The meeting is conducted by the Chairman of the Board, and in his/her absence, by the Deputy Chairman or Member designated by the Board.

#### **§ 9.**

1. The convener may invite to meetings of the Supervisory Board Members of the Company's Management Board and other persons relevant to a matter under discussion.
2. During the meeting, support services are provided to the Supervisory Board by the Company Secretary's Office.

#### **§ 10.**

1. The Board adopts resolutions by an absolute majority of votes cast by those present. The Board adopts resolutions in the presence of at least half of the Members of the Board, providing that all of its Members have been notified about the meeting. It is possible to participate in a meeting of the Supervisory Board by means of direct remote communication. In the case of a five-member Board, at least three of its Members must be present in order to adopt a resolution.
2. In the event of an equal number of votes, the Chairman of the Board has the casting vote to adopt a resolution.
3. Adopted resolutions, constituting attachments to the minutes and made an integral part thereof, are signed on behalf of the Board by the Chairman and Secretary of the Board.
4. Voting at meetings of the Board is by open ballot unless the law stipulates otherwise.
5. Members of the Board may participate in adopting resolutions by casting their votes in writing through another Member of the Board. Votes may not be cast in writing with regard to items put on the agenda during the meeting of the Board.
6. The Board may adopt a resolution under the in-writing voting procedure or by using means of direct distance communication. A resolution is valid if all Members of the Board have been

notified about the contents of the draft resolution and at least half of the members of the Board took part in adopting the resolution.

7. The Company's Management Board keeps the Register of the Supervisory Board's Resolutions.

#### **IV. Tasks and scope of activities of the Supervisory Board.**

##### **§ 11.**

1. The Board is competent to:
  - a) Exercise ongoing supervision over the Company's activities;
  - b) Examine and assess the financial statements and consolidated financial statements for the previous financial year, taking account of conclusions and recommendations of the Audit Committee regarding the process of examining and assessing statements;
  - c) Examine and assess the Management Board's report on the Company's activities and the Management Board's motions regarding appropriation of profits or coverage of losses and the Management Board's report on the activities of the Company and Budimex Group; taking account of conclusions and recommendations of the Audit Committee regarding the Management Board's proposals concerning appropriation of profits or coverage of losses;
  - d) Examine and give opinions on all matters submitted by the Company's Management Board for deliberation at the General Meeting, including motions;
  - e) Submit to the General Meeting a written report on the outcome of activities referred to in items b and c together with the opinion of statutory auditors and item d, as well as recommend that the General Meeting should give discharge to Members of the Company's Management Board for performance of their duties; A recommendation relating to a Member of the Company's Management Board responsible for operations of the Economic and Financial Division should take into account findings and recommendations of the Audit Committee;
  - f) Appoint the President of the Management Board and at his/her request — Vice-Presidents and other Members of the Company's Management Board;
  - g) Represent the Company in contracts with Members of the Management Board and exercise powers to such extent as these relate to the employment relationship existing between the Company and Members of the Management Board, providing that such contracts on behalf of the Board are signed by its Chairman;
  - h) Fix remuneration and set out rules for awarding bonuses to Members of the Company's Management Board;
  - i) Dismiss the President of the Management Board and at his/her request — Vice-Presidents and other Members of the Management Board or the entire Management Board of the Company before the expiry of its term of office;
  - j) Suspend for valid reasons a Member of the Management Board or the entire Management Board of the Company;
  - k) Delegate a Member or Members of the Supervisory Board to temporarily perform the activities of a Member of the Company's Management Board in the event of suspension of Members of the Management Board or the entire Management Board, or where the Management Board cannot function for other reasons;
  - l) Approve the Bylaws of the Company's Management Board;

- m) Select an entity performing the function of a statutory auditor authorised to audit the Company's financial statements, after learning about the Audit Committee's recommendation in this regard; Selecting an entity other than one recommended by the Committee should be justified in detail. Information about the selected entity complete with a statement of reasons should be included in the Annual Report;
  - n) Convene the General Meeting, if the Company's Management Board fails to convene the Ordinary General Meeting within the statutory time limit;
  - o) Submit a written motion to have the Extraordinary General Meeting convened by the Management Board, and to convene this Meeting if the Management Board, in spite of the motion, fails to convene it within the prescribed time limit;
  - p) Add individual items to the agenda of the upcoming Annual General Meeting;
  - r) Adopt for the Company's internal purposes — in the form of a resolution — the consolidated text of the Company's Articles of Association;
  - s) Give consent for the Management Board to enter into an agreement with an underwriter for taking up the company's shares;
  - t) Give consent for a Member of the Management Board to engage in competitive business or to participate in a competitive company;
  - u) Give consent for the Management Board to purchase and sell:
    - real estate or an interest in real estate,
    - machines and facilities, securities or other assets,
 if the purchase or sale unit price exceeds one-fifth of the Company's share capital;
  - v) Give consent for the Management Board to exclude or limit a subscription right in respect of shares of new issues;
  - w) Give consent to the manner of determining the issue price and delivering shares in exchange for non-monetary contributions proposed by the Management Board;
  - x) Express opinions on purchasing shares in companies other than special purpose companies;
  - y) Supervise the compliance by the Company's Management Board with internal Directive Procedures applicable in the Budimex Group.
2. The Board may present to the Company's Management Board its substantive initiatives and recommendations regarding the Company's activities, which the Management Board should consider and address.
  3. The Board performs its activities jointly. It may, however, delegate Members of the Board to individually perform particular supervisory activities.

## § 12.

1. In order to exercise its powers, the Board may review every area of the Company's business, demand reports and explanations from the Management Board and employees of the Company, review the assets and verify books and documents.
2. The Board has the right to demand that necessary expert opinions and analyses be prepared for its purposes with regard to matters which come within the scope of its supervision and control.
3. In order to implement resolutions adopted by the Supervisory Board, the Board may set up committees or teams appointed from among the Members of the Supervisory Board or may delegate a Member of the Board.
4. The Board sets up the Audit Committee and appoints and recalls its members and also passes the Regulations of the Audit Committee.
5. The Audit Committee is composed of at least 3 members. Members of the Audit Committee appointed by the Board appoint the Chairman of the Committee from among themselves. At least one member of the Audit Committee should have qualifications in accounting or auditing.

Members of the Audit Committee should have knowledge and skills in the industry in which the Company operates. This condition is considered to be met if at least one member of the Audit Committee has knowledge and skills in the industry or individual members in specific areas have knowledge and skills in the industry. Most members of the Audit Committee, including its Chairman, are independent of the Company within the meaning of art. 129 section 3 of the Act of 11 May 2017 on statutory auditors, audit companies and public oversight. The Chairman of the Audit Committee also meets the independence criteria indicated in the Good Practices of Companies Listed on WSE 2016 - rule II.Z.4. division II. Management Board and Supervisory Board.

6. Tasks of the Audit Committee include:

- 1) monitoring the process of preparing the Company's financial statements and consolidated financial statements for the previous financial year; performing detailed reviews of the results of those audits at each audit stage; monitoring the process of preparing by the Company the report on its activities, including a declaration on non-financial information;
- 2) monitoring the effectiveness of internal control systems, internal audit and risk management including the financial reporting;
- 3) monitoring the performance of financial audit activities, in particular the audit firm's performance of audits, taking into account any conclusions and findings of the Audit Oversight Commission arising from the audit carried out in the audit firm;
- 4) controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when services other than audit are provided to the Company by the audit firm;
- 5) informing the Supervisory Board about the audit results and explaining how the audit contributed to the reliability of financial reporting in the Company, as well as the role of the audit committee in the audit process;
- 6) assessing the independence of the statutory auditor and agreeing to provide his authorized non-audit services in the Company;
- 7) developing a policy for selecting the audit company to perform the audit;
- 8) developing the policy of providing by the audit firm carrying out the audit, by entities related to this audit firm and by a member of the audit firm's network of permitted nonaudit services;
- 9) determining the procedure for selecting the audit company by the Company;
- 10) presenting the Supervisory Board with the recommendation referred to in art. 16 clause 2 of Regulation No. 537/2014 (recommendation regarding the appointment of statutory auditors or audit firms), in accordance with the policies referred to in items 7 and 8 above;
- 11) submitting recommendations to ensure the reliability of the financial reporting process in the Company;
- 12) presenting to the Supervisory Board conclusions and recommendations regarding the process of auditing and assessing the financial statements and the consolidated financial statements for the previous financial year;
- 13) presenting the Supervisory Board with conclusions and recommendations on acknowledging the fulfillment of duties by the member of the Company's Management Board responsible for the functioning of the Economic and Financial Division;
- 14) implementation of other projects determined by the Supervisory Board depending on the needs arising from the current situation of the Company;
- 15) submitting to the Supervisory Board a report on its activities once every six months, on the date of approval of annual reports and after publication of semi-annual reports.

7. The Board sets up the Investment Committee and appoints and recalls its members.

8. The Investment Committee is appointed by way of a resolution of the Supervisory Board and is composed of the Board's members. The Committee appoints its Chairman from among the Members of the Supervisory Board, being the members of the Committee. The Chairman manages the activities of the Investment Committee.
9. The tasks of the Investment Committee include expressing opinions or, appropriately, approving issues which are substantial for the Company due to their value in the scope of:
  - a) investments and divestments in non-financial assets,
  - b) creating and dissolving companies, investments, divestments and share issues, the object of which are financial assets,
  - c) mergers, demergers and transformations of entities within the Budimex Group, d) financial transactions,
  - e) appointment of one-task organisations to perform works or deliver services under conditions differing from the sample consortium agreement obligatory in the Budimex Group,
  - f) preliminary contracts and non-binding offers,
  - g) development projects,
  - h) substantial contracts with affiliated entities,
  - i) submission of the annual report on its activity to the Board within the deadline for approving the Company's annual financial statements.
10. The Investment Committee operates in accordance with the procedure approved by the Supervisory Board.
11. At its subsequent meetings, the Supervisory Board is informed of the issues analysed by the Investment Committee.
12. The Supervisory Board sets up the Remuneration Committee and also appoints and recalls members of this Committee as well as passes the Regulations of the Remuneration Committee.
13. The Remuneration Committee is appointed by the resolution of the Supervisory Board and consists of its Members. The Remuneration Committee is composed of at least 3 members. Members of the Remuneration Committee appointed by the Board appoint the Chairman of the Committee from among themselves. The Chairman of the Committee is in charge of the activities of the Remuneration Committee.
14. Tasks of the Remuneration Committee include:
  - 1) With regard to the Members of the Management Board:
    1. Submitting proposals regarding the rules of remunerating the Members of the Management Board to the Supervisory Board for approval. Any such rules should specify all forms of remuneration, in particular fixed remuneration, the performancebased remuneration system, the pension system, gratuities and long-term incentive programmes. Proposals regarding the performance-based remuneration system should be submitted together with recommendations concerning objectives and assessment criteria in order to correctly adjust remunerations of the Members of the Management Board to long-term interest of the Shareholders and the objectives specified for the Company by the Supervisory Board.
    2. Submitting to the Supervisory Board any proposals concerning the remuneration of individual Members of the Management Board, ensuring the compliance thereof with the rules of remuneration approved by the Company and also the assessment of performance of the said Members of the Management Board.
    3. Submitting to the Supervisory Board any proposals concerning appropriate forms of contracts with Members of the Management Board.
    4. Submitting to the Supervisory Board any proposals regarding bonus indices and their weighting for the Members of the Management Board on the basis of the budget

approved for the relevant year. Indices for the relevant year are approved by the Remuneration Committee by the end of January of the said year. Where indices are not determined by the end of January, indices from the preceding year are in force.

5. Assisting the Supervisory Board in supervising the process according to which the Company complies with the enforceable provisions regarding disclosure requirements in terms of remunerations (in particular the rules of remuneration in place and remunerations awarded to Members of the Management Board);
  6. Monitoring the level and the structure of remunerations of the Management Board on the basis of independent payment reports, market benchmarks in this scope and also submitting appropriate analyses and conclusions. The Head of the Human Resources Division is responsible for preparing the data specified above.
  7. Issuing opinions on the appointment and removal of Members of the Supervisory Boards in the subsidiaries of Budimex S.A., except for special purpose vehicles in accordance with section 6.10 of the Integrated Management System Procedure No 0901 *Rules of Issuing Opinions and Making Investment, Financial and Corporate Decisions*.
  8. Examining requests of the Members of the Management Board of Budimex S.A. to give consent to purchase apartments, commercial premises and parking spaces from development projects carried out by Budimex Group companies, except Budimex S.A.
- 2) With regard to the Company's employees:
    1. approving the bonus index for the employees of the principal office of Budimex S.A. to settle bonuses for the preceding year, on request of the Management Board,
    2. approving the pay rise percentage index for the relevant year, on request of the Management Board.
  - 3) Drawing up the annual report on the activities of the Committee.

#### **§ 12a**

1. The status of independence of a Member of the Supervisory Board is determined by the Company on the basis of statements made by Members of the Board in accordance with Operational Procedure IO-01-07-02 regarding obtaining information from Members of the Board and making them public, and in the case of members of the Audit Committee also pursuant to Art. 129 section 3 of the Act of 11 May 2017 on statutory auditors, audit companies and supervision.
2. The Supervisory Board Members are obliged to make the independence statements and currently update these statements according to the Operational Procedure IO-01-07-02.
3. An independent Member of the Supervisory Board is obliged to inform the Supervisory Board of the planned activity which might be considered to affect with his/her independence qualification.
4. Once the Supervisory Board has received the information under section 3 above, the Supervisory Board conducts a review of how the activity may affect the independence of the Member of the Supervisory Board and issues an opinion, taking into account standards set forth in the applicable rules.
5. Examples of acts which could affect the independence of a Member of the Supervisory Board: conclusion of an agreement with an entity from the Budimex Group; conclusion of an agreement with an entity related in any way with Budimex S.A. or with the Group in which Budimex S.A. is a member; appointment to the bodies of abovementioned entities; acts resulting in the situation when the Supervisory Board Members could become shareholder or employee of abovementioned entities including previous or current statutory auditor of Budimex S.A.;

acquisition of shares or other titles of participation in all abovementioned entities. The foregoing list is not exhaustive.

**§ 12b**

A Member of the Supervisory Board shall notify the Supervisory Board about any conflicts of interest which have arisen or may arise and shall refrain from discussing such issue, including from voting on the adoption of a resolution on the issue which gives rise or may give rise to such conflict of interest.

A conflict of interest occurs in particular in the case of a conflict between the Company's interests and interests of a member of the Supervisory Board, his/her spouse, next of kin and relations by affinity up to the second degree, and persons with whom he/she has personal ties.

**V. Final provisions.**

**§ 13.**

1. The costs of the Supervisory Board's operations are borne by the Company in accordance with the adopted estimates.
2. The Board uses the Company's offices, equipment and materials.
3. Administrative and technical support is provided to the Board by the Company's Management Board.

**§ 14.**

1. Meetings of the Board are recorded and minutes are taken thereof. Recordings of the meetings are used to prepare minutes of the meetings.
2. The minutes should include the agreed meeting agenda, full names of present Members of the Board, results of voting on individual resolutions, as well as decisions and findings of the Board.
3. The wording of the Board's resolutions may be included in the body of the minutes or may be appended thereto as attachments and made an integral part thereof.
4. Dissenting opinions voiced should be included in the minutes.
5. The minutes are subject to approval at the next meeting of the Board; Members of the Board present at a given meeting acknowledge their approval by affixing their signatures.
6. Recordings of the Board's meetings may be made available to Members of the Board to be listened to at the Company's registered office, with the permission of the Chairman of the Board, with no right to make copies.
7. Recordings of the Board's meetings are destroyed after the minutes of the meeting have been signed by all the Members of the Supervisory Board present at the meeting.
8. The signed minutes are filed in the book of the minutes of meetings of the Company's Supervisory Board.

**§ 15.**

In consideration of performance of their duties, Members of the Board may be offered remuneration set by the General Meeting.

**§ 16.**

To matters not regulated herein, the provisions of the Code of Commercial Partnerships and Companies and the Company's Articles of Association shall apply.



**§ 17.**

These Bylaws enter into force on the date of their adoption by the Supervisory Board, and may be amended according to the same procedure.