

# **budimex**

**REPORT OF ACTIVITIES OF THE BUDIMEX GROUP FOR 2024**

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**1.**

# **MARKET ENVIRONMENT**

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# 1 MARKET ENVIRONMENT

## 1.1 General market conditions

According to a preliminary estimate, gross domestic product (GDP) in 2024 was higher by 2.9 per cent in real terms compared with 2023, which reflects a significant increase by 0.1 per cent in 2023 (at constant previous year's prices). This growth was significantly influenced by rising consumption, with domestic demand increasing by 4.1 per cent, compared to a decline of 3.1 per cent the year before. The Central Statistical Office reported that the average annual total consumer price index in 2024 was 3.6 per cent, compared to 11.4 per cent the year before. The final months of 2024 reflect a gradual unfreezing of energy prices, as evidenced by December's reading of 4.7 per cent.

In 2024, the registered unemployment rate in Poland remained stable at 5.1 per cent compared to 2023. The average monthly salary in December in the economy rose by 9.8 per cent year-on-year and exceeded PLN 8 thousand for most of the year. In the construction sector, average wages increased by 12.1 per cent year-on-year, with the highest increases in building construction (15.1 per cent) and engineering construction (19.4 per cent). Specialised construction, on the other hand, grew by 6 per cent.

Gross fixed capital formation in 2024 increased by 1.3 per cent compared to the previous year, a significant slowdown from the 12.6 per cent increase in 2023. The investment rate in the national economy, defined as the ratio of gross fixed capital formation to gross domestic product in current prices, in 2024 was 17.4 per cent compared with 17.7 per cent in 2023.

At the end of 2024, the construction business climate index was -10.6 percentage points, which suggests that more companies in the sector (17.8 per cent) expect the industry to deteriorate rather than improve business conditions (7.3 per cent). Assessments and forecasts of the order portfolio, domestic production and the financial situation remain unfavourable, reaching their lowest level in several months. Entrepreneurs are anticipating an increase in the price of construction work, which is expected to be slightly higher than that signalled in the last four months. The percentage of entrepreneurs not feeling any barriers to running their day-to-day business equals 6.6 per cent, compared to 5.8 per cent a year earlier. According to the Central Statistical Office's survey, among companies reporting barriers, the most frequently cited problem comprises the cost of employment, which 70.6 per cent of companies indicated in December 2024, compared to 70.2 per cent in the same month of the previous year. On an annual basis, the most significant increase was noted in the importance of difficulties resulting from insufficient demand, the share of which increased from 19.6 per cent to 21.7 per cent. Simultaneously, the onerousness of barriers related to material costs decreased the most, falling from 57.6 per cent to 49.6 per cent. These trends are confirmed by the price indices for construction and assembly production, which in 2024, as in the previous year, were characterised by a gradually declining growth rate. In December, prices rose by 3.9 per cent year-on-year, while for the year as a whole they increased by 5.9 per cent.

According to data from the Central Statistical Office, construction and assembly output (at constant prices) delivered in Poland by construction businesses employing more than nine people was 7.7 per cent higher in 2024 than in 2023. All segments of the industry recorded declines of 7.3 per cent in building construction, 6.7 per cent in civil engineering construction and 9.8 per cent in specialised construction, respectively.

The environment of low level interest rates (and therefore low cost of capital) observed in recent years, which was favourable for the construction market, was replaced by a reality of higher interest rates. The series of increases carried out by the MPC brought the reference rate to 5.75 per cent in October 2023, after which it remained unchanged throughout 2024. The market expects gradual cuts in interest rates, and the consensus indicates that they could be reduced by around 1 percentage point in 2025. Demand in the mortgage market has clearly declined towards the end of 2024. The number of mortgage applications submitted was 26.9 thousand in November, down 32 per cent on the same period last year. This, among other things, results from the high base associated with the operation of the "Safe 2% Mortgage" programme in the second half of 2023. Since February 2024, the number of mortgage applications has not fallen below 26 thousand per month, which is significantly higher than in the six months prior to the launch of the "Safe 2% Mortgage" programme, when the average monthly number of applications was 19 thousand. Despite continued high interest rates, the residential construction market in the largest cities (over 500 thousand inhabitants) has seen an increase in the number of homes sold of around 15 per cent compared to 2023. The residential construction segment, on the other hand, has continued its growth with 221 thousand housing starts from the beginning of 2024 to the end of November, the second highest figure for this period of the year in the last five years.

The total installed capacity of renewable energy sources in Poland reached in November 2024 more than 72.4 GW in November last year, accounting for approx. 46 per cent of all electricity sources at that time. The structure of RES capacity was dominated by photovoltaics, which accounted for more than 62 per cent of total renewable capacity.

## 1.2 Market development prospects

According to International Monetary Fund (IMF) forecasts published in January 2025, the domestic economy will emerge from a period of slowdown, achieving growth of 3.5 per cent in 2025 and 3.3 per cent in 2026. Similar recovery trends in economic growth are signalled by World Bank forecasts of 3.4 per cent growth in 2025 and 3.2 per cent in 2026. These reports confirm Poland's position as one of the fastest growing economies in Europe. The Polish economy compares particularly well with the eurozone, where GDP growth is expected to be just 1.0 per cent in 2025 according to IMF and World Bank forecasts, and 1.2 per cent (WB) and 1.4 per cent (IMF) in 2026, respectively. The largest economies in the European Union, such as Germany, France and Italy, will see even lower growth rates. The projected growth for Germany is just 0.3 per cent in 2025 and 1.1 per cent in 2026, for France 0.8 per cent and 1.1 per cent respectively, and for Italy 0.7 per cent and 0.9 per cent. Despite the positive growth outlook, Poland is forecast to continue to have one of the higher interest rate levels in the region.

The main driver of the GDP recovery is expected to be private consumption driven by increases in real household income. Simultaneously, the dynamics of economic activity will accelerate slightly in 2025, with a significant increase in the inflow of EU funds expected. After a period of stagnation in 2024, investment will also become an important factor for growth. Increased absorption of funds from the new financial perspective 2021–2027 and the National Reconstruction Plan will contribute to increased investment activity in 2025.

The NBP forecasts that average CPI inflation in 2025 will be 5.6 per cent. The key driver of price increases will be the unfreezing of energy carrier tariffs, the impact of which will be felt most strongly in the first half of the year. At the same time, food price dynamics are expected to accelerate. A slight but temporary increase in core inflation is also expected in the coming quarters.

At the end of 2024, the European Funds for Infrastructure, Climate, Environment (FEnIKS) programme has achieved significant results both in terms of the number of grant agreements concluded and payment applications made to the European Commission. To date, more than PLN 31.1 billion has been contracted under the programme, representing more than 35 per cent of the total budget, and 228 contracts have been signed. These funds are primarily intended for measures to decarbonise the economy.

The Ministry of Funds and Regional Policy forecasts that by the end of 2025 the contracted amount will be around PLN 59 billion. According to the adopted timetable, a certification level of 17 per cent of the total programme allocation is planned to be reached by the end of this year.

In addition, since 11 December 2024, eight new competitions have been announced with a total value of PLN 3.2 billion, bringing the total number of calls to 110 and their budget to PLN 82.1 billion.

The year 2025 will be a time of investment and reform from the National Recovery Plan (NRP). This year, Poland is to receive PLN 67 billion. Calls have been made for 93.4 per cent of the programme – 93.9 per cent in the grant part and 93 per cent in the loan part. They concern the co-financing of 50 investments – 39 in the grant part and 11 in the loan part.

By December 2024, more than PLN 40.3 billion (36 per cent of the available funds) had been contracted as part of the grant and PLN 1.4 billion (1 per cent of the budget) had been contracted in the loan part. Among other things, these measures have translated into improved road safety, funding the construction of 11.69 km of bypasses and the elimination of 125 dangerous points along the routes. These measures constitute part of a wider plan that includes 90 km of new bypasses and the removal of 305 sites deemed to be unsafe. The funds from the second and third application will be used for strategic investments, including the modernisation and equipment of cancer hospitals, the development of energy infrastructure, including the construction of wind farms in the Baltic, as well as the modernisation of railway lines and the development of digital education.

At the end of 2024, Poland submitted two more payment applications under the NRP – the fourth and fifth – and further tranches are planned for 2025, which will enable further fundraising for key reforms and investments.

At the beginning of 2024, the Ministry of Funds and Regional Policy, together with the ministries, carried out an assessment of the implementation of the NRP and the draft amendments were subject to public consultation. After modifications, the NRP includes 57 investments and 54 reforms, adapting it to the country's current development challenges.

In 2025, Poland plans to carry out two successive revisions of the National Recovery Plan, which are technical in nature – the first to be finalised in April, the second in early September, allowing for the smooth submission of subsequent payment applications: the sixth in late September/early October and the seventh in December. The total amount Poland will receive under the NRP is EUR 59.8 billion (PLN 257.1 billion), of which EUR 25.27 billion (PLN 108.6 billion) are non-refundable grants and EUR 34.54 billion (PLN 148.5 billion) are low-interest loans.

In line with the European Union's priorities, a significant proportion of these funds will be allocated to climate action (44.9 per cent) and digital transformation (21.3 per cent). In addition to funds from the NRP, Poland also benefits from EU funds under the FEnIKS programme (EUR 24.2 billion) and the Connecting Europe Facility (CEF), from which we received PLN 2.1 billion for transport investments. As the EU's largest programme, FEnIKS supports infrastructure development, environmental protection and energy transition, while the CEF finances the modernisation of railways and roads. In this way, Poland effectively combines different sources of funding to support the long-term development and modernisation of the country.

In 2024, the General Directorate for National Roads and Motorways (GDDKiA) continued its intensive implementation of road investments, contributing to improving accessibility and transport safety in Poland. Drivers gained 155 kilometres of new routes last year, bringing the total length of the country's expressway network to 5 205.5 kilometres, including 1 884.6 kilometres of motorways and 3 320.9 kilometres of motorways. Key investments included new sections of the A2 motorway in the Mazowieckie voivodship, sections of the S1 road in Silesia, and the West Pomeranian bypass of Koszalin along the S6. In addition, sections such as the S16 Borki Wielkie – Mrągowo, the new Zakopianka Rdzawka – Nowy Targ and a section of the S3 Bolków – Kamienna Góra North were commissioned. A particularly important project was the opening of the first carriageway of the S61 route between Łomża Zachód and Kolno, which made it possible to fully connect the Polish section of the Via Baltica international route. The year 2024 closed with the commissioning of 18 new road sections, including motorways, expressways and national roads, as well as three new bypasses as part of the Building 100 Bypasses Programme (PB100), significantly improving transit traffic in smaller towns and cities.

The year 2024 was full of intensive tendering and investment activities, which included the announcement of proceedings for the construction of 30 new road sections with a total length of more than 300 kilometres, and the conclusion of 36 contracts worth PLN 18.9 billion. These included key projects under the Government's National Roads Construction Programme (RPBDK), as well as bypasses included in the PB100, which aim to improve safety and travel comfort. It is also worth noting that tender plans were exceeded by 130 per cent and the General Directorate for National Roads and Motorways (GDDKiA) achieved a record level of capital expenditure, which amounted to PLN 15.4 billion by the end of November, an increase of more than 10 per cent on the previous year. In addition, tendering procedures are underway for the construction of a new national road leading to Poland's first nuclear power plant, an important step towards the development of strategic energy infrastructure. Contract

valorisation measures have also played a major role in 2024, allowing budgets to be adjusted to dynamic market changes and ensuring the stability of ongoing investments.

One of the biggest challenges for the General Directorate for National Roads and Motorways (GDDKiA) in 2024 was the flooding in September, which caused serious damage to road infrastructure in southern Poland. As a result, extensive remedial work had to be carried out, covering 532 tasks with a total value of more than PLN 508 million. Key works have focused on clearing pavements, reconstructing ditches and drainage systems, repairing embankments and reinstating road markings. By the end of the year, more than 300 remedial tasks had been completed, with an additional 19 long-term modernisation investments planned. Despite these challenges, the General Directorate for National Roads and Motorways (GDDKiA) was successful in obtaining funding for further infrastructure development, with nearly PLN 5 billion coming from the FENIKS programme and an additional PLN 700 million from the National Recovery Plan (NRP) to improve road safety. EU support also covered strategic investments such as the construction of sections of the S3 and S7 routes. Thanks to the efficient management of funds and the implementation of key projects, 2024 was another step towards a modern and safe road infrastructure in Poland.

In 2024, PKP Polskie Linie Kolejowe (PKP PLK), which acts as the manager of the national railway infrastructure, published tenders with a total value exceeding PLN 18 billion, and concluded contracts for the implementation of projects amounting to PLN 17 billion. Key investments included the modernisation of the Gdynia Chylonia – Łębork section, the construction of a new section of the railway line between Szczyrzyc and Tymbark, and the reconstruction of the Warsaw Wawer – Otwock route. In addition, major works included the railway sections Sandomierz – Sobów, Sobów – Zbydniów and Sandomierz – Grębów, as well as the extension of the technical infrastructure along the Central Railway Main Line. The modernisation of Maksymilianowo station and the design and construction of the line leading to the planned nuclear power station have also become key projects. Thanks to the mobilisation of EU funds as part of the National Recovery Plan, the Polish railway gained additional funding of PLN 18 billion, which made it possible to implement ambitious infrastructure projects. The funds raised have enabled contracts to be signed covering the modernisation of more than 500 kilometres of track, which will significantly improve the quality and efficiency of domestic rail transport.

The total value of the National Railway Programme 2030 is PLN 170 billion, including PLN 79 billion for the 2014–2020 perspective, PLN 80 billion for the 2021–2027 perspective and PLN 11 billion for the NRP. Some of the funds have been pre-financed by the Polish Development Fund (PFR) already at the end of 2023. Additional support for investment in the railway market is provided by the Local and Regional Railway Infrastructure Completion Programme – “Rail Plus” until 2029, worth PLN 13.2 billion, and plans for the construction of 1 800 kilometres of railway lines by 2034 as part of the Solidarity Transport Hub Poland.

The dynamics of railway investment in Poland is gaining momentum, which is due to the fact that projects co-financed from the second and third applications for payment under the National Recovery Plan are entering implementation. As PKP Polskie Linie Kolejowe points out, the company plans to launch tenders with a total value of nearly PLN 10 billion as early as the beginning of 2025. The minimum target for this year is to announce orders of no less than PLN 15 billion, but depending on the pace of obtaining key administrative decisions, this figure could rise to as much as PLN 20 billion.

At the beginning of January 2025, PKP PLK announced the largest ever single tender worth PLN 6 billion. The section between Białystok and Elk, which is part of the future Rail Baltica, will be rebuilt. The scope of work envisaged includes the modernisation of a 100-kilometre stretch of railway line, which will include eight stations and ten stops, undergoing major reconstruction to bring them up to modern standards. A key element of the investment will comprise the construction of a second track along the entire length of the route, which will significantly increase capacity and improve the organisation of train traffic. The tender to be launched will for the first time apply the exclusion of contractors based outside the European Union and the European Economic Area, as well as entities from countries that are not party to the World Trade Organisation (WTO) procurement agreement. This decision is a direct consequence of a recent ruling by the Court of Justice of the European Union (CJEU).

In January 2025, PKP PLK also announced procedure for the section of the Podłęże – Piekietko project worth PLN 2.3 billion and later in Q1 they intend to announce further procedure for the Tymbark – Limanowa section worth PLN 1.3 billion, and for the reconstruction of the Skierniewice – Czachówek Wschodni section worth around PLN 1.4 billion. In Q2 2025, PKP Polskie Linie Kolejowe intend to announce a tender for the construction of the Biała Rawska station worth an estimated PLN 130 million. On the other hand, in the third quarter it is planned to start tendering procedures for the modernisation of key railway sections, including the route Wierzchucin – Lipowa Tucholska worth PLN 1.3 billion, Maksymilianowo – Wierzchucin for PLN 1.2 billion, as well as sections Łębork – Łeba and Łeba – Nuclear Power Plant – Choczewo, whose total cost will also be PLN 1.2 billion. In addition, the same list of investments included the modernisation of the Gdańsk Osowa – Gdynia Główna route, the cost of which was also estimated at PLN 1.2 billion.

The last quarter of 2025 will bring further significant tenders, including the reconstruction of the strategic Warsaw East station, for which PLN 3.3 billion has been allocated. In addition, investments are planned for the Lipowa Tucholska – Kościerzyna section worth PLN 1.3 billion and the Czarnków – Rogoźno – Wągrowiec route, the modernisation of which will cost PLN 400 million. After 2026, the burden of investment by PKP PLK will be shifted towards rail infrastructure of local importance, under the Railway Plus programme. Between 2026 and 2027, the company intends to allocate PLN 10 billion for this purpose, which will improve rail transport accessibility in smaller towns and cities and increase the mobility of people living in regions far from the main transport routes.

The initiatives implemented by Polskie Sieci Elektroenergetyczne, which are crucial for the development of energy infrastructure, are also an important factor shaping the current market situation. On 20 December 2024, the President of the Energy Regulatory Office approved the Transmission Network Development Plan (PRSP) for 2025–2034. The key tenets of this document include the construction of 4 700 km of new 400 kV transmission lines, as well as the implementation of 28 new and the modernisation of 110 existing substations. This plan is the foundation of Polskie Sieci Elektroenergetyczne’s investment strategy for the coming decade.

The PRSP presents scenarios for the development of the National Power System (NPS), a schedule for network modernisation and generation adequacy analyses. It takes into account the increasing energy demand resulting from the electrification of transport, heating and the growth of large consumers. The plan is to build a High Voltage Direct Current (HVDC) link between the north and south, which will improve the transmission of power from new sources and relieve the pressure on the grid. It will also enable the integration of RES, envisaging the inclusion of 18 GW from offshore wind farms, 45 GW from photovoltaics and 19 GW from onshore wind farms, which could ensure the production of 160 TWh per year. The plan also takes into account the connection of the Pomeranian nuclear power plant and small nuclear reactors (SMRs). The total investment in the implementation of the projects envisaged in the PRSP was estimated at more than PLN 64 billion by 2034.

An additional driving force for investment in the construction sector will be the construction of the Central Communication Port, CPK. This is the largest and strategic infrastructure project in the country and has undergone significant changes in 2024. The Council of Ministers has adopted the CPK Multi-Year Programme for the 2024–2032 providing funding of more than PLN 131 billion, PLN 76.8 billion of which has been directed for rail investments, PLN 42.7 billion – for airport projects and PLN 2.5 billion – for roads. The realistic timetable assumes that the first stage of the CPK Airport and High Speed Rail between Warsaw, CPK and Łódź will be operational by the end of 2032, as well as advancing construction work on the HSR sections to Wrocław and Poznań. The Central Communication Port programme is being consistently implemented, with the company having obtained, among other things, the location decision for the CPK airport in January 2025. In the area covered by the decision, the CPK company has so far purchased plots of land totalling 1 188 hectares.

In 2024, the CPK company has announced around 60 tender procedures for more than PLN 8.3 billion. Following the announcement of the continuation of the project, the investment received significant financial support. First, the share capital of the company Centralny Port Komunikacyjny was increased by an additional PLN 3.5 billion. The funds are intended to enable, among other things, the completion of design work for the terminal, railway station and interchange, as well as the Airside (the operational part of the airport) and Landside (the public part of the airport) areas. Subsequently, the Council of Ministers adopted the CPK Multi-Year Programme for 2024–2032. In doing so, it secured the necessary funding.

The CPK's most advanced rail investment is underway in Łódź and concerns the 4.6-kilometre High Speed Rail tunnel, for which the company already has planning permission. Following the recent opening of the bids for the tunnelling tender, the process of selecting a contractor for what will be the longest railway tunnel in Poland is now underway. PLN 2.8 billion has been directed for the project. Simultaneously, construction of the Retkinia launching pad and work on reinforcing the foundations of the Łódź Cultural Centre building are being completed in Łódź.

The design of the entire so-called Y line, the High Speed Rail route, is at an advanced stage; Warsaw – Łódź – Wrocław – Poznań. That constitutes a total of 480 kilometres, on which trains are expected to run at speeds of up to 320 kilometres per hour. However, work is also underway on other important railway sections. In August, the government's plenipotentiary for the CPK, Maciej Lasek, approved the selection of the investor option for railway lines 5 and 50 on the section CPK Junction – Płock – Włocławek, and in September for the section Ostrołęka – Łomża – Pisz – Giżycko. A series of information and consultation events were carried out in the areas where the potential variants of the Central Railway Main North Line railway line run, e.g. Grochowalsk – Grudziądz – Warlubie and Grudziądz – Gdańsk.

In 2024, the European Commission awarded the CPK company PLN 162 million to design the 155-kilometre Sieradz – Kalisz – Pleszew – Poznań railway section. As a result, a total of more than PLN 500 million has already been allocated under the Connecting Europe Facility (CEF). Over 3 thousand people took part in 33 meetings.

An application for an environmental decision has already been submitted for the Pleszew – Poznań section. In the coming weeks, it is also planned to submit a similar application to the RDOŚ for the section from Sieradz, via Kalisz to Pleszew.

Port investments are another important pillar of Poland's infrastructural development. Although the Council of Ministers adopted a resolution in 2019 identifying key investments within the "Programme for the development of Polish seaports until 2030", to date no new investment programme has been adopted. Despite this, significant port investments are still underway. An example is the construction of the new T3 container terminal, which will increase the capacity of Polish ports and their international competitiveness. In addition, investment in inland infrastructure is expected to intensify after the floods that hit Poland in late 2024. The modernisation of rivers and canals is key to improving water transport and increasing the hydrological security of the country.

Due to the large pool of EU funds, a small number of PPP projects are being implemented in the market. Budimex SA is interested in tendering under this formula and anticipates a gradual increase in the value of the market over the coming years.

The Polish electricity market offers good prospects from the point of view of investing in green generation assets. In 2023, the annual demand for electricity in the Polish electricity system was approximately 168 TWh, with 68 GW of installed generation capacity.

Currently, Poland has the fifth largest annual electricity demand in Europe, which is largely covered by coal-fired sources. Low-carbon electricity generation accounts for 21.5 per cent of total production.

Over the next decade, Poland will face the challenge of ensuring sufficient generation capacity as coal-fired power plants are being phased out.

The main goals and objectives of Poland's energy development are set out in the "Poland's Energy Policy". According to the NECP, the share of RES in final energy consumption is projected to increase to 32.6 per cent in 2030 and 58.4 per cent in 2040. According to the scenario, capital expenditure is projected to amount to PLN 792 billion. The expansion of the market will be further boosted by the investment programme of the Polskie Sieci Przesyłowe (PSE) and investments under the National Recovery Programme.

The electromobility market in Poland is at an early stage of development. Charging station operators are focused on securing attractive locations, whose purchase will pay off as a result of successive improvements in market utilisation. According to estimates by the PSPA, annual sales of electric vehicles (BEVs) in Poland will increase from 38 080 in 2024 to more than 0.5 million cars per year in 2040. The network of charging points will be expanded dozens of times during this period, from 8 735 points in 2024 to nearly 150 000 points in 2040.

Another promising market for the Budimex Group is the waste management and infrastructure maintenance segment. Since 2012, these markets have been developed by FBSerwis Group companies.

The waste management sector in Poland still deviates from Western European standards and requires major changes, in line with the trend of promoting a circular economy. Both at national and EU level, regulations are being introduced that require municipalities and producers to reduce waste generation and bear higher disposal costs.

Thermal treatment and landfilling are the least promoted waste disposal options in the EU. In recent years, along with economic growth, the amount of municipal waste in Poland has been gradually increasing. In 2023, 13.4 million tonnes of municipal waste will be generated in Poland, while a different trend has been observed for industrial waste, with more than 109 million tonnes in 2023, a significant decrease from the level 10 years ago, mainly due to a reduction in coal mining.

The FBSerwis Group is active in the infrastructure maintenance industry, mainly with regard to the national and local road network. As a result of the successive implementation of the National Road and Motorway Construction Programme, the length of expressways and motorways has increased to more than 5 200 kilometres in recent years, while the target network is expected to reach around 8 000 kilometres. With the completion of major infrastructure investments, the emphasis will gradually shift from the construction of new roads to their maintenance and repair. Similar trends will also be observed at the local level, where network expansion is supported by programmes such as the New Deal and the National Road Network Strengthening Programme.

### **1.3 Strategy adopted by the issuer and its capital group**

Formally, the Management Board of Budimex SA did not adopt a growth strategy for the Company and the Budimex Group. Nonetheless, the Management Board of Budimex SA takes steps aimed at increasing the company's value for all shareholders. In the period covered by the report and in the perspective of the next financial year, the Management Board of Budimex SA intends to build the company's value by focusing on improving the margins of its order portfolio and on winning new, profitable construction contracts. Thinking about the long-term perspective, the Management Board of Budimex SA shall consistently aim at further diversification of construction activities (among other things, by strengthening the presence in the railway or hydraulic engineering market segments and entering new areas of activity, e.g. the defence investment sector). In 2021–2024, a number of measures were taken to expand geographically, in particular into the German, Latvian, Czech and Slovak markets, which resulted in securing the first contracts. In parallel, opportunities to enter the area of RES projects are being analysed, including projects for photovoltaic and wind farms, both onshore and offshore.

In November 2024, Budimex SA decided to start the process of reviewing the FBSerwis Group's strategic options. As part of the review, Budimex SA, in cooperation with the management of FBSerwis SA, the parent company of the FBSerwis Group, intends to analyse various strategic scenarios. Options under consideration include attracting a significant investor or investors – both minority and majority – as well as entering into a strategic alliance with another entity. An additional direction under consideration is to list the company on the Warsaw Stock Exchange (WSE). The possibility of diversifying the activities of the FBSerwis Group will also be analysed. The above list of scenarios remains open and does not exclude consideration of other options that may arise during the review, including potential asset disposals.



WARSZAWA ZACHODNIA

## **2. ACTIVITIES OF BUDIMEX GROUP AND DEVELOPMENT PROSPECTS**

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## 2 CURRENT ACTIVITIES AND DEVELOPMENT PERSPECTIVES FOR THE BUDIMEX GROUP

### 2.1 The Group's organisational structure, consolidated entities and changes in Group organisation

The main area of business activities of the Group are broadly interpreted construction and assembly services rendered in the system of general contracting at home and abroad, as well as service and manufacturing activities. As part of its service activities, the Budimex Group deals with municipal waste management, comprehensive road maintenance and technical maintenance of buildings. The results of the services component also include the activities of companies in the RES area and Budimex Parking Wrocław.

The main area of business activity of Budimex SA (the "Company") as the parent company is rendering construction and assembly services, and rendering management and advisory services to other companies in the Budimex Group. Execution by Budimex SA of the advisory, management and financial functions serves to:

- ensure a quick flow of information across the Group,
- strengthen the efficiency of cash and financial management of individual companies,
- strengthen the market position of the Group as a whole.

On 25 April 2024, BXF Energia Sp. z o.o., a 51 per cent subsidiary of Budimex SA, acquired 100 per cent of the shares of Developres Zielona Energia Sp. z o.o. (later: Azalia Sp. z o.o.).

On 8 July 2024, Budimex T Sp. z o.o., in which Budimex SA acquired 100 per cent of the shares, was registered with the National Court Register.

On 12 July 2024, Budimex T Sp. z o.o., in which Budimex SA acquired 100 per cent of the shares, was registered with the National Court Register.

On 18 July 2024, Budimex SA sold 24.5 per cent of the shares in Budimex D Sp. z o.o.

In September 2024, FBSerwis SA, a 100 per cent subsidiary of Budimex SA, sold 100 per cent of the shares of its direct subsidiaries within the group: FBSerwis Zielona Karpatia Sp. z o.o., FBSerwis Zielony Kamieński Sp. z o.o., FBSerwis Zielony Dolny Śląsk Sp. z o.o., FBSerwis Zielony Wrocław Sp. z o.o., which were acquired in 100 per cent by FBSerwis SA's subsidiaries, respectively: FBSerwis Karpatia Sp. z o.o., FBSerwis Kamieński Sp. z o.o., FBSerwis Dolny Śląsk Sp. z o.o., FBSerwis Wrocław Sp. z o.o.

In 2024, there were no changes in the management policies at the Budimex Group or in the management policies of Budimex SA.

The parent company, its subsidiaries and jointly controlled entities of the Budimex Group are listed below:

**Table 1. List of the parent company, subsidiaries, and jointly controlled entities included in the Budimex Group**

Company name	Registered office	Share in the share capital and in the number of votes (%)		Consolidation method	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
<b>Parent company</b>					
Budimex SA	Warsaw / Poland			full	full
<b>Consolidated</b>					
Mostostal Kraków SA	Kraków / Poland	100.00%	100.00%	full	full
Mostostal Kraków Energetyka Sp. z o.o.	Kraków / Poland	100.00%	100.00%	full	full
Budimex Bau GmbH	Berlin / Germany	100.00%	100.00%	full	full
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Budimex Kolejnictwo SA	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis SA	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis A Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis B Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis Karpatia Sp. z o.o.	Tarnów / Poland	100.00%	100.00%	full	full
FBSerwis Wrocław Sp. z o.o.	Bielany Wrocławskie / Poland	100.00%	100.00%	full	full
FBSerwis Dolny Śląsk Sp. z o.o.	Ścinawka Dolna / Poland	100.00%	100.00%	full	full
FBSerwis Odbiór Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis Paliwa Alternatywne Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full

**Budimex Group Activity Report for 2024**

Company name	Registered office	Share in the share capital and in the number of votes (%)		Consolidation method	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
FBSerwis Zawisty Sp. z o.o. (JZE Sp. z o.o.)	Warsaw / Poland	100.00%	100.00%	full	full
Budimex Most Wschodni SA	Warsaw / Poland	100.00%	100.00%	full	full
Circular Construction SA	Warsaw / Poland	100.00%	100.00%	full	full
Budimex Mobility SA	Warsaw / Poland	100.00%	100.00%	full	full
Budimex Slovakia s.r.o.	Bratislava / Slovakia	100.00%	100.00%	full	full
Magnolia Energy Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis Zielone Zawisty (Zakład Przetwarzania Odpadów Zawisty Sp. z o.o.)	Ostrołęka / Poland	100.00%	100.00%	full	full
Fotowoltaika HIG XIV Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
RailBX GmbH	Berlin / Germany	100.00%	100.00%	full	full
Budimex F Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Budimex A Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Budimex O Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Budimex P Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Budimex R Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Konstalex Sp. z o.o. (PPUH Konstalex Sp. z o.o.)	Radomsko / Poland	100.00%	100.00%	full	full
FBSerwis Zielona Karpatia (Green Waste Management 1 Sp. z o.o.)	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis Zielony Wrocław (Green Waste Management 2 Sp. z o.o.)	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis Zielony Dolny Śląsk (Green Waste Management 3 Sp. z o.o.)	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis Zielony Kamieński (Green Waste Management 4 Sp. z o.o.)	Warsaw / Poland	100.00%	100.00%	full	full
Green Waste Management 5 Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Green Waste Management 6 Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
FBSerwis Kamieński Sp. z o.o.	Kamieński / Poland	80.00%	80.00%	full	full
Budimex D Sp. z o.o.	Warsaw / Poland	75.50%	100.00%	full	non-consolidated
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	51.00%	51.00%	full	full
BxF Energia Sp. z o.o.	Warsaw / Poland	51.00%	51.00%	full	full
Azalia Sp. z o.o. (Developres Zielona Energia Sp. z o.o.)	Warsaw / Poland	51.00%	–	full	non-consolidated
<b>Non-consolidated</b>					
Budimex Autostrada A1 SA w likwidacji	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. w upadłości likwidacyjnej	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex C Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex H Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex I Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex J Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex K Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex M Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex N Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex S Sp. z o.o.	Warsaw / Poland	100.00%	–	non-consolidated	non-consolidated
Budimex T Sp. z o.o.	Warsaw / Poland	100.00%	–	non-consolidated	non-consolidated
ConVentures Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated

Company name	Registered office	Share in the share capital and in the number of votes (%)		Consolidation method	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
ASI 1 ConVentures Sp. z o.o. SKA w likwidacji	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex Construction Prague s.r.o	Prague / Czech Republic	100.00%	100.00%	non-consolidated	non-consolidated
WM Serwis SA	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated

**Table 2. List of co-controlled entities in the Budimex Group**

Company name	Registered office	Share in the share capital and in the number of votes (%)		Method of recognition in the financial statements	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
<b>Joint operations</b>					
ARGE Brücke Oderberg	Berlin / Germany	100.00%	100.00%	share in assets, liabilities, revenues and costs	share in assets, liabilities, revenues and costs
ARGE Brücke Wittstock	Berlin / Germany	100.00%	100.00%		
ARGE Oberkrämmer	Berlin / Germany	100.00%	100.00%		
ARGE Campus Düppel	Berlin / Germany	100.00%	100.00%		
ARGE Wollin	Berlin / Germany	100.00%	100.00%		
ARGE Delmenhorst	Berlin / Germany	100.00%	100.00%		
Budimex SA Cadagua SA IV s.c.	Warsaw / Poland	99.90%	99.90%		
Budimex SA Cadagua SA V s.c.	Warsaw / Poland	99.90%	99.90%		
Budimex SA Sygnity SA sp. j.	Warsaw / Poland	67.00%	67.00%		
Budimex SA Tecnicas Reunidas SA Turów s.c.	Warsaw / Poland	50.00%	50.00%		
Budimex – Gülermak s.c.	Warsaw / Poland	50.00%	–		
Budimex – Rover s.c.	Warsaw / Poland	50.00%	–		
Gülermak – Budimex s.c.	Warsaw / Poland	50.00%	–		
E.R.B. Rail JV PS	Riga / Latvia	37.50%	37.50%		
Budimex SA Cadagua SA III s.c.	Warsaw / Poland	–	99.90%		

## 2.2 Operating segments and branches of the Parent Company

As at 31 December 2024, the Group conducted business in the following operating segments:

- construction business,
- service activities.

Construction business covers rendering of widely understood construction and assembly services at home and abroad and is realised by the following Group companies:

- Budimex SA
- Mostostal Kraków SA
- Mostostal Kraków Energetyka Sp. z o.o.
- Budimex Bau GmbH
- Budimex Budownictwo Sp. z o.o.
- Budimex Kolejnictwo SA
- RailBX GmbH
- Budimex Slovakia s.r.o.
- Konstalex Sp. z o.o. (PPUH Konstalex Sp. z o.o.)
- Budimex D Sp. z o.o. (included in consolidation using the full method from May 2024).

The segment of service activities comprises comprehensive services in the field of with municipal waste management, comprehensive road and lighting infrastructure maintenance and technical operation (maintenance) of buildings, also in the form of public-private partnership (PPP). This segment also includes electricity generation from renewable energy sources. Included in this operating segment are the following Group companies:

- Budimex Parking Wrocław Sp. z o.o.
- FBSerwis SA
- FBSerwis A Sp. z o.o.
- FBSerwis B Sp. z o.o.
- FBSerwis Dolny Śląsk Sp. z o.o.
- FBSerwis Wrocław Sp. z o.o.
- FBSerwis Karpatia Sp. z o.o.
- FBSerwis Kamieński Sp. z o.o.
- FBSerwis Odbiór Sp. z o.o.
- FBSerwis Paliwa Alternatywne Sp. z o.o.
- FBSerwis Zawisty Sp. z o.o. (JZE Sp. z o.o.)
- Budimex Most Wschodni SA
- Circular Construction SA
- Magnolia Energy Sp. z o.o.
- FBSerwis Zielone Zawisty Sp. z o.o. (Zakłady Przetwarzania Odpadów Zawisty Sp. z o.o.)
- Fotowoltaika HIG XIV Sp. z o.o.
- Budimex Mobility SA
- Budimex F Sp. z o.o.
- Budimex A Sp. z o.o.
- Budimex O Sp. z o.o.
- Budimex P Sp. z o.o.
- Budimex R Sp. z o.o.
- BxF Energia Sp. z o.o.
- FBSerwis Zielona Karpatia Sp. z o.o. (Green Waste Management 1 Sp. z o.o.)
- FBSerwis Zielony Wrocław Sp. z o.o. (Green Waste Management 2 Sp. z o.o.)
- FBSerwis Zielony Dolny Śląsk Sp. z o.o. (Green Waste Management 3 Sp. z o.o.)
- FBSerwis Zielony Kamieński Sp. z o.o. (Green Waste Management 4 Sp. z o.o.)
- Green Waste Management 5 Sp. z o.o.
- Green Waste Management 6 Sp. z o.o.
- Azalia Sp. z o.o. (Developres Zielona Energia Sp. z o.o. – consolidated under the full method from May 2024).

As at 31 December 2024, the Parent Company operated the following branches:

- General Construction North Branch in Poznań, ul. Wołowska 92A,
- General Construction South Branch in Kraków, ul. Wielicka 20,
- General Construction East Branch in Warsaw, ul. Siedmiogrodzka 9,
- Infrastructure North Branch in Warsaw, ul. Siedmiogrodzka 9,
- Infrastructure South Branch in Kraków, ul. Wielicka 20,
- Infrastructure West Branch in Wrocław, ul. Mokronoska 2,
- Industrial and Railway Branch in Warsaw, ul. Siedmiogrodzka 9,
- Equipment Services Branch in Pruszków, ul. Przejazdowa 24,
- Branch in Rzeszów, ul. Słowackiego 24,
- Branch in Poznań, ul. Wołowska 92A,
- Budimex SA Zweigniederlassung Köln, Pferdmenesstr. 5, Cologne, Germany,
- Branch in the Czech Republic, ul. Ceskobrodská 1174, Prague, Czech Republic,
- Branch in Slovakia, ul. Vajnorska 100B, Bratislava, Slovakia,
- Branch in Latvia, Mukusalas Iela 41, Riga, Latvia.

Other Group companies conducted activities abroad through the following branch offices:

- Mostostal Kraków Spółka Akcyjna Zweigniederlassung Köln, Pferdmenesstrasse 5, Cologne, Germany.

## **2.3. Structure of sales revenues**

### **Structure of sales revenues of the Budimex Group**

#### **Sales of the construction segment**

In 2024, the construction market in Poland (measured by the sales value of construction and assembly production), according to the Central Statistical Office (CSO), recorded a slight decline of 2.5 per cent compared to 2023. In the area of volume construction, there was a reduction of 3.4 per cent, while the infrastructure construction sector saw a reduction of 1.7 per cent. Within volume construction, the residential construction market grew by 3.8 per cent. Simultaneously, there was a 7.1 per cent decline in the value of the non-residential construction market.

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In the financial year 2024, Budimex Group's sales revenue in the construction segment decreased by 7.6 per cent in comparison with 2023.

The share of the infrastructural construction segment in total revenue from sales of the Group's construction and assembly services increased from 40.2 per cent in 2023 to 48.6 per cent in 2024. The share of the railway segment in the revenue structure of the Group's construction segment decreased from 28.1 per cent to 21.2 per cent in 2024. The share of the general construction segment, on the other hand, dropped from 31.7 per cent in 2023 to 30.2 per cent in 2024.

**Table 3. The sales structure by individual segments of the construction market**

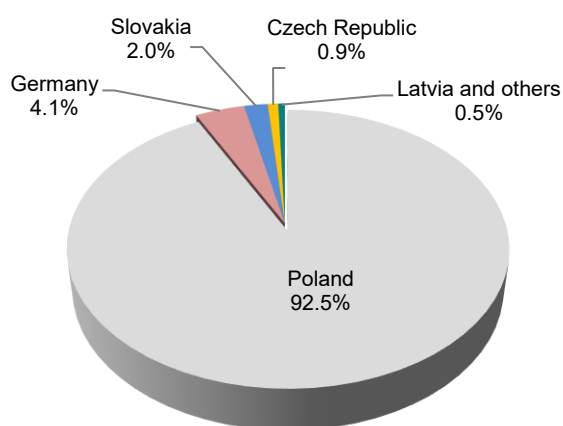
Type of construction	Sales value			
	2024		2023	
	PLN million	%	PLN million	%
Civil engineering (infrastructure)	3,994	48.6%	3,578	40.2%
Rail buildings and structures	1,749	21.2%	2,498	28.1%
General construction, of which:	2,480	30.2%	2,826	31.7%
– non-residential buildings	2,243	27.3%	2,709	30.4%
– residential buildings	237	2.9%	117	1.3%
<b>Total sales of the construction segment</b>	<b>8,223</b>	<b>100.0%</b>	<b>8,902</b>	<b>100.0%</b>

**Geographical structure of the Budimex Group's revenues from sales in 2024**

The main markets on which the Budimex Group operates are:

- Poland,
- Germany,
- Slovakia,
- Czech Republic.

The geographical structure of revenues from sales (with respect to construction activities) in 2024 was as follows:



**Table 4. Major construction contracts concluded by the Budimex Group companies in 2024 (PLN thousands):**

Date of signing	Customer	Contract value allocated to the Budimex Group (PLN ths.)	Type of construction
2024-12-12	PKP Polskie Linie Kolejowe SA	1,079,197	Construction works on railway lines No. 201 section Kościerzyna – Somonino and No. 214 Somonino – Kartuzy carried out as part of the project “Works on Kościerzyna – Gdynia section”.
2024-03-08	PKP Polskie Linie Kolejowe SA	837,822	Design (within the scope of the SRK branch) and comprehensive execution of construction works on railway line No. 104 on section D Limanowa – siding Klęczany as part of the project entitled “Modernisation of railway line No. 104 Chabówka – Nowy Sącz, on the section Chabówka – Rabka Zaryte – Mszana Dolna and Limanowa – Klęczany – Nowy Sącz”. The conclusion of the contract as part of a consortium of companies: Budimex SA (Consortium Leader, 50 per cent share), Gülermak Ağır Sanayi İnşaat ve Taahhüt A.Ş. (Consortium Partner, 25 per cent share) and Gülermak Sp. z o.o. (Consortium Partner, 25 per cent share).
2024-10-10	General Directorate for National Roads and Motorways Branch in Lublin	781,746	Design and construction of the S17 Piaski – Hrebenne express road, section No. 3: “Krasnystaw Północ” junction (“Krasnystaw I”) including the junction – “Izbica” junction (“Tarzymiechy”), including the junction.
2024-11-13	General Directorate for National Roads and Motorways Branch in Rzeszów	776,282	Design and construction of the S19 expressway on the Jawornik – Lutcza section with a length of approximately 5.25 kilometres by a consortium consisting of Budimex SA (Consortium Partner, 50 per cent share), Gülermak Ağır Sanayi İnşaat ve Taahhüt A.Ş. (Consortium Partner, 5 per cent share) and Gülermak SA (Consortium Leader, 45 per cent share).
2024-03-07	Ředitelství silnic a dálnic s.p.	650,078	Construction of the D35 Džbánov – Litomyšl road.
2024-07-03	General Directorate for National Roads and Motorways Branch in Szczecin	586,422	Construction of the S10 Szczecin – Piła road on the section from the end of the Stargard bypass to the beginning of the Piła bypass (with the “Koszyce” junction) excluding the Wałcz bypass, section No. 8: Wałcz “Witankowo” junction (without the junction) – Piła Północ” junction.
2024-06-20	General Directorate for National Roads and Motorways Branch in Szczecin	482,090	Construction of the S10 Szczecin – Piła road on the section from the end of the Stargard bypass to the beginning of the Piła bypass (with the “Koszyce” junction) excluding the Wałcz bypass, section No. 5, “Cybowo” junction (with the junction) – Łowicz Walecki junction (without the junction).
2024-05-24	General Directorate for National Roads and Motorways Branch in Szczecin	448,960	Construction of the S10 Szczecin – Piła road on the section from the end of the Stargard bypass to the beginning of the Piła bypass (with the “Koszyce” junction) excluding the Wałcz bypass, section No. 7, “Piecnik” junction (with the junction) – “Wałcz Zachód” junction (without the junction).

Date of signing	Customer	Contract value allocated to the Budimex Group (PLN ths.)	Type of construction
2024-10-30	General Directorate for National Roads and Motorways Branch in Lublin	437,439	Construction of the S10 Szczecin – Piła road on the section from the end of the Stargard bypass to the beginning of the Piła bypass (with the “Koszyce” junction) excluding the Wałcz bypass, section No. 6, Łowicz Walecki (with the junction) – Piecnik junction (without the junction)”.
2024-09-27	General Directorate for National Roads and Motorways Branch in Olsztyn	412,531	Construction of the S16 Olsztyn (S51) – Elk (S61) road Olsztyn – Biskupiec section (construction of the second carriageway) Olsztyn Wschód – Barczewo section.
2024-05-22	General Directorate for National Roads and Motorways Branch in Łódź	367,555	Design and construction of the S12 expressway, section 1, border of the Łódzkie Voivodeship – Radom Południe junction (without the junction), section 1, border of the Łódzkie Voivodeship – Przysucha junction (without the junction).
2024-07-05	General Directorate for National Roads and Motorways Branch in Szczecin	366,167	Construction of the S10 Szczecin – Piła road on the section from the end of the Stargard bypass to the beginning of the Piła bypass (with the “Koszyce” junction) excluding the Wałcz bypass, Section 2: “Stargard Wschód” junction (without the junction) – “Suchań” junction (without the junction).
2024-10-02	Port of Gdynia Authority SA and the Director of the Maritime Office in Gdynia	219,350	Construction of protective breakwaters, constituting the water access infrastructure to the External Port in the Port of Gdynia, in the design and build formula by a consortium consisting of Budimex SA (Consortium Leader, 50 per cent share), Roverpol Sp. z o.o. (Consortium Partner, 25 per cent share) and Rover Maritime S.L. (Consortium Partner, 25 per cent share).
2024-03-07	PKP Polskie Linie Kolejowe SA	195,687	Design and execution of construction works as part of the project “Works on railway line 148 on the section Pszczyna – Żory”.
2024-03-28	Municipal Road Administration in Częstochowa	195,931	Construction of the Al. Wojska Polskiego DK-1 road junction with a new alignment of the DK-46 in Częstochowa.
2024-11-08	Warmian-Masurian Voivodeship – Regional Road Administration	193,091	Design and execution of construction works as part of the task “Extension of the interregional traffic route Kętrzyn – eastern border of the voivodeship on sections DW 592, DW 655, DW 653. Stage II Extension of the voivodeship road No. 655 on the section Mazuchówka – Olecko”.
2024-05-22	Polskie Sieci Elektroenergetyczne (PSE)	183,031	Extension and modernisation of the Piła Krzewina substation together with the switchover of a track of the 400 kV Piła Krzewina – Plewiska line operating at 220 kV to 400 kV.
2024-04-10	PKP Polskie Linie Kolejowe SA	161,932	Design and execution of construction works for the construction of new substations on railway line No. 38 on the Elk – Korsze section as part of the project entitled “Works on railway line No. 38 on the Giżycko – Korsze section with electrification”. The conclusion of the contract as part of a consortium of companies: Budimex SA (consortium leader) and Victor Energy Sp. z o.o. (Consortium Partner).

**Structure of sales revenues of Budimex SA**

**Sales of construction and assembly services**

In the financial year 2024, Budimex Group’s sales revenue in the construction and assembly segment decreased by 11.3 per cent in comparison with 2023.

The share of the infrastructural construction segment in total revenue from sales of the Budimex SA’s construction and assembly services increased from 42.4 per cent in 2023 to 52.8 per cent in 2024. The share of the railway segment in the revenue structure of Budimex SA’s construction segment decreased from 29.8 per cent in 2023 to 23.6 per cent in 2024. The share of the general construction segment, on the other hand, dropped from 27.8 per cent in 2023 to 23.6 per cent in 2024.

The structure of sales of construction and assembly work by individual segments of the construction market is presented in the table below:

**Table 5. The structure of sales of construction and assembly work by individual segments of the construction market**

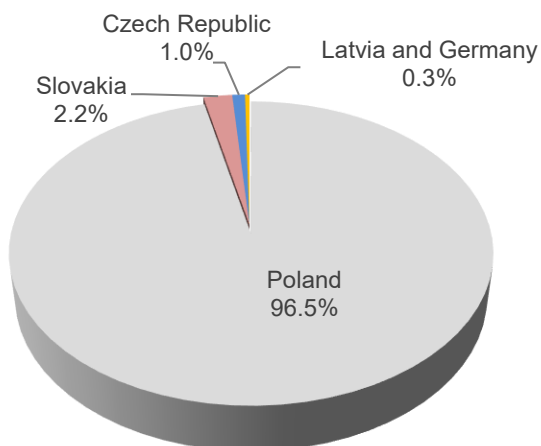
Type of construction	Sales value			
	2024		2023	
	PLN million	%	PLN million	%
Civil engineering (infrastructure)	3,913	52.8%	3,547	42.4%
Rail buildings and structures	1,749	23.6%	2,489	29.8%
General construction, of which:	1,750	23.6%	2,321	27.8%
– non-residential buildings	(1,522)	20.5%	2,206	26.4%
– residential buildings	228	3.1%	115	1.4%
<b>Total sales of construction and assembly services</b>	<b>7,412</b>	<b>100.0%</b>	<b>8,357</b>	<b>100.0%</b>

**Geographical structure of Budimex SA sales revenues in 2024**

The main markets on which Budimex SA operates are:

- Poland
- Slovakia
- Czech Republic

The geographical structure of revenues from sales in 2024 is as follows:



## **2.4 Construction activities of the Budimex Group on the German market**

In 2024, workshop and assembly services were rendered on the German market.

Sales revenues from workshop activities, realised entirely by Mostostal Kraków SA, amounted to PLN 203 197 thousand and were lower in total by PLN 19 359 thousand, i.e. by 8.7 per cent compared to 2023. A decrease was recorded in the case of prefabrication works (9.8 per cent) and metal-related works (6.9 per cent). The ongoing crisis in the construction market in Germany caused a drop in orders for prefabricated and metal elements in 2024, resulting in lower sales. The operating profit on the German market amounted to PLN 11 941 thousand in 2024, while in 2023 it was PLN 20 584 thousand. Overall profitability in 2024 stood at 5.9 per cent, while in 2023 it was 9.2 per cent. Customer structure shows dispersion and only one customer exceeded 10 per cent of total turnover (it accounted for 11.7 per cent of total turnover). Budimex SA in 2024 provided support services to Mostostal Kraków SA for the implementation of workshop contracts. Revenues from internal sales amounted to PLN 8 861 thousand on this account.

As part of the assembly activities in the German market, which were entirely carried out by Mostostal Kraków SA, sales revenues amounted to PLN 47 741 thousand (all sales were to external entities) and were overall higher by PLN 3 268 thousand, i.e. by 7.3 per cent compared to 2023. The increase in turnover is closely linked to the company's strategy to expand its portfolio of assembly contracts in the German market. The gross profit of the assembly business in the German market amounted to PLN 3 356 thousand in 2024, compared to PLN 2 340 thousand in 2023. Overall profitability in 2024 stood at 7.0 per cent, while in 2023 it was 5.3 per cent. In the area of assembly activities, there were five contracts with four customers in the German market.

In 2024, Budimex Bau GmbH, a wholly-owned subsidiary of Budimex SA, continued to develop its activities in the construction sector, in the road infrastructure segment and in general construction segment. Revenue in 2024 amounted to EUR 16 256 thousand, 71 per cent higher than the previous year. The company has successfully completed its first project on the German market – a viaduct over the A19 motorway, along the L145 road in Wittstock for the client die Autobahn GmbH des Bundes NL Nordost.

## **2.5 Construction activities of the Budimex Group on the Czech market**

In 2024, Budimex SA strengthened its position on the Czech market, pursuing its strategy of international expansion. The company has started to execute its first contracts in the road infrastructure segment (D35 Džbánov – Litomyšl) and the hydrotechnical segment (Krounka, Kufín, výstavba poldru). Year 2024 was the first year to generate the revenue amounting to 71 695 thousand.

The past year was also a period of intensive development of the Budimex SA Czech Branch structures and Budimex brand awareness building. In October 2024, Budimex SA was a partner of the largest road conference in the Czech Republic, underlining its commitment to the development of road infrastructure in the country.

## **2.6 Construction activities of the Budimex Group on the Slovak market**

In 2024, Budimex SA continued its activities in the Slovak market, focusing on the implementation of the strategic infrastructure project Autostrada D1 Bratislava – Triblavina, thus pursuing its strategy of international expansion. In 2024, work on this project was progressing well, entering the next phases of implementation.

Another year of operations in the Slovak market brought a leap in sales revenue, which amounted to PLN 162 235 thousand in 2024, up by PLN 105 143 thousand, i.e. 184 per cent compared to 2023.

In addition to the construction of key infrastructure in Slovakia, the Company is also involved in corporate social responsibility (CSR) projects such as "Hallo Ice" and the completion of the playroom at the Parent and Children's Club – Vajnory.

## **2.7 Budimex Group and Budimex SA development prospects in the forthcoming year**

Next year the Budimex Group will continue to operate in all major sectors of the construction market in Poland, as well as on selected foreign markets.

As a result of the historically high value of contracts won in 2024, the Budimex Group recorded a very dynamic growth in its order portfolio. The total contracting value for 2024 exceeded PLN 12.5 billion and was more than 51 per cent higher than the previous year's value. This has translated into a further diversification of the order book structure (comprising long-term "design and build" contracts) securing the work front for the next 2 years.

The Group actively continues to take steps to expand geographically, in particular into the German, Czech, Slovak and Latvian markets. As a result, another construction contract was signed on the Czech market in 2024 for the construction of a 7.6-kilometre section of the D35 road from Džbánov to Litomyšl. In addition, the consortium implementing the Rail Baltica project in Latvia has received the first orders to start preparatory works. The total value of the work to be carried out on this contract over the next few years, which falls to Budimex SA, is more than EUR 1.1 billion.

Looking ahead to the next few years, the aforementioned markets may be a source of additional orders that will allow us to maintain a stable order portfolio, also in the long term.

The Budimex Group also operates in the segment of renewable energy sources – not only as a contractor of this type of installation, but also as an investor. In February 2022, the Company acquired a project for a ready-to-build wind farm located in the Wielkopolskie province with a capacity of up to 7 MW. The "Magnolia" wind farm (Magnolia Energy Sp. z o.o.), was

commissioned in the second half of 2023, and electricity output from this farm amounted to approx. 23 GWh in 2024. In addition, the Budimex Group has been dynamically developing photovoltaic projects. As part of the development of this segment, the photovoltaic farm “Kamelia” (Fotowoltaika HIG XIV Sp. z o.o.) was acquired in November 2022 with a capacity of 14 MW with the possibility of expanding by a further 7 MW. Then, in the second quarter of 2024, the Budimex Group acquired another 60 MW “Azalia” photovoltaic farm. These projects were acquired in the form of the purchase of shares in companies that had complete documentation for the construction of photovoltaic farms. In 2024, intensive work has been carried out on the construction of photovoltaic installations, while this work has not yet been completed. The energy produced by these farms should largely cover the Company’s demand for electricity.

In April 2023, Budimex SA and its partner in the Ferrovia Group – Ferrovia Energy Infrastructure and Mobility – signed a partners’ agreement establishing a new joint venture company, BXF Energia Sp. z o.o. Budimex SA has a majority share (51 per cent) in the new entity. The objective of the company is the development of renewable energy projects, their construction and operation. The company focuses on the development of photovoltaic and wind farm projects. It has begun their development, securing further sites for potential power plants with a total capacity of several hundred megawatts. Simultaneously, it is considering acquisitions of projects that are ready for construction. Further efforts will be made in the coming years to organically develop this type of installation.

From 2022 onwards, Budimex Group has also been developing its activities in the electromobility sector. Budimex Mobility SA, currently among the largest players on the market, is active in the design, construction, servicing and operation of all-access electric vehicle charging stations throughout Poland. currently, the company manages a network whose number of charging points at the end of 2024 exceeded 180 stations (compared to 158 stations at the end of the previous year). In the years to come, efforts to continue the dynamic growth of the network will continue.

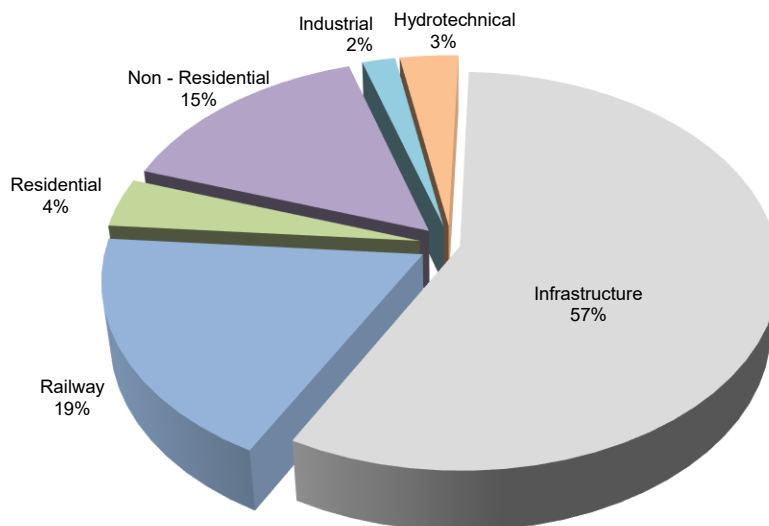
The Group intends to steadily strengthen its position in the volume construction segment and to actively win new orders in the industrial and energy, railway and hydraulic engineering sectors. At the same time, it remains open to implementing projects under the public-private partnership model.

Further growth of the FBSerwis Group is planned, particularly in the area of municipal services, both organically and through potential acquisitions of entities with an established market position.

In 2024, Budimex Group companies signed construction contracts with a total value of PLN 12 518 263 thousand (with annexes), an increase of approximately 51 per cent compared to 2023. The Budimex Group’s construction order portfolio as at 31 December 2024 amounted to PLN 17 775 758 thousand, approximately 35 per cent higher than at the end of 2023.

In turn, Budimex SA signed construction contracts with a total value of PLN 11 858 532 thousand (with annexes) in 2024, an increase of around 59 per cent compared to 2023. The Budimex Group’s order portfolio as at 31 December 2024 amounted to PLN 17 131 712 thousand, approx. 43 per cent higher than at the end of 2023.

The structure of the Budimex Group’s order portfolio as at 31 December 2024 is as follows:



## **2.8 Evaluation of investment project feasibility**

In 2025, the Budimex Group plans to incur capital expenditure of approx. PLN 270 million, of which approx. PLN 120 million will be incurred by Budimex SA. Key expenditure will be incurred for the purchase of construction and railway machinery and implementation of IT projects, as well as investment in renewable energy sources. Capital expenditure planned by the FBSeerwis Group will include investments in the area of municipal services and means of transport.

## **2.9 Risk factors**

In the course of its activities, the Budimex Group is exposed to a number of risks, of which the most significant groups of risks affecting the Company are as follows:

- financial risks: currency risk, price risk, credit risk;
- technical risks;
- legal risks.

Information concerning the financial risk management objectives and policies adopted by the Group is presented in the consolidated financial statements for the year ended 31 December 2024 (note 4).

The inherent risk of any business activity is the credit risk of business partners. Despite implementing restrictive debt control procedures at the Group, the risk of investor insolvency has not been eliminated. Delays in timely repayment of debt may have adverse effects on the financial results of the Group and may require that receivables impairment write-downs be recognised or that current business be financed through external borrowings.

Construction contracts are executed under specific technical and economic conditions which have an effect on the level of realised margin. The Budimex Group companies rendering construction services monitor technical, organisational, legal and financial risks related to the planning and progress of contract work. Despite control and preventive measures undertaken with respect to general risks (credit, currency risks), it is possible that certain factors occur due to which contracts will be performed with lower margins than initially planned. Such factors may include:

- economic uncertainty related to the war in Ukraine,
- increases in costs of subcontractor services, limited availability or bankruptcy of subcontractors,
- increases in employment costs and limited availability of qualified employees,
- increases in prices of construction materials, energy and oil derivatives,
- delays in timely performance or insufficient quality of subcontracted works,
- delays in obtaining relevant administrative decisions,
- changes in the scope of work or technologies as agreed in the contracts,
- unfavourable weather or land conditions.

## **2.10 Procurement source changes**

In 2024, there were no significant changes in the procurement sources for construction sites. None of the suppliers of raw materials or services exceeded 10 per cent of the Budimex Group's and Budimex SA's sales.



### **3.** **FINANCIAL SITUATION**

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## 3 FINANCIAL POSITION

### 3.1 Key economic and financial data

#### 3.1.1 Key economic and financial data of the Budimex Group

The financial situation of the Budimex Group in 2024 is characterised by selected items disclosed in the Statement of Financial Position and Profit and Loss Account (broken down below together with the 2023 comparative data).

#### Consolidated statement of financial position of the Budimex Group

The main items of the Consolidated Statement of Financial Position of the Budimex Group as at 31 December 2024, compared to 31 December 2023, are presented in the table below:

**Table 6. The main items of the Consolidated Statement of Financial Position of the Budimex Group as at 31 December 2024, compared to 31 December 2023**

ASSETS (PLN ths.)	31.12.2024	31.12.2023	Change	Change %
<b>Non-current assets</b>	<b>2,115,524</b>	<b>2,001,776</b>	<b>113,748</b>	<b>5.68%</b>
Property, plant and equipment	946,026	717,986	228,040	31.76%
Intangible assets	115,784	131,112	(15,328)	(11.69%)
Goodwill of subsidiary entities	178,198	178,198	–	0.00%
Investments in equity accounted companies	2,751	2,657	94	3.54%
Investments in equity instruments	3,674	3,892	(218)	(5.60%)
Retentions for construction contracts	43,832	67,631	(23,799)	(35.19%)
Trade and other receivables	36,659	26,718	9,941	37.21%
Concession agreement receivables	45,893	46,266	(373)	(0.81%)
Other financial assets	770	16,890	(16,120)	(95.44%)
Deferred tax assets	741,937	810,426	(68,489)	(8.45%)
<b>Current assets</b>	<b>5,700,806</b>	<b>6,416,465</b>	<b>(715,659)</b>	<b>(11.15%)</b>
Inventories	626,237	607,977	18,260	3.00%
Trade and other receivables	1,044,878	1,306,258	(261,380)	(20.01%)
Retentions for construction contracts	68,282	91,726	(23,444)	(25.56%)
Valuation of construction contracts	727,067	477,383	249,684	52.30%
Current tax assets	2,136	420	1,716	>100%
Other financial assets	26,832	32,411	(5,579)	(17.21%)
Cash and cash equivalents	3,205,374	3,900,290	(694,916)	(17.82%)
<b>TOTAL ASSETS</b>	<b>7,816,330</b>	<b>8,418,241</b>	<b>(601,911)</b>	<b>(7.15%)</b>

As at 31 December 2024, consolidated total assets decreased by PLN 601 911 thousand compared to 31 December 2023, mainly due to a 5.68 per cent (PLN 113 748 thousand) increase in non-current assets and a 11.15 per cent (PLN 715 659 thousand) decrease in current assets.

#### Non-current assets:

The change in the value of non-current assets as at 31 December 2024 compared to 31 December 2023 was caused mainly by the following:

- an increase in the balance of property, plant and equipment of PLN 228 040 thousand, including an increase due to the purchase and leasing of property, plant and equipment of PLN 169 789 thousand. As a result of the acquisition of assets in Developres Zielona Energia Sp. z o.o., the balance of property, plant and equipment increased by PLN 35 793 thousand. In turn, the decrease in the balance was driven by, among other factors, depreciation of property, plant and equipment in the amount of PLN 140 313 thousand,
- a decrease in the balance of intangible assets by PLN 15 328 thousand, including: an increase in the balance of intangible assets in the amount of PLN 1 975 thousand due to the purchase of new components and a decrease due to amortisation of intangible assets in the amount of PLN 18 960 thousand,
- a decrease in the balance of non-current other financial assets by PLN 16 120 thousand, mainly due to their reclassification to current assets,
- a decrease in the balance of long-term deposits under construction contracts by PLN 23 799 thousand, mainly as a result of earlier refunds of deposits by investors,

- a decrease in the balance of deferred tax assets by PLN 68 489 thousand, mainly due to a decrease in deductible temporary differences on the settlement of construction contracts.

**Current assets:**

Simultaneously, current assets decreased by PLN 715 659 thousand, which was mainly due to a decrease in the balance of cash and cash equivalents by PLN 694 916 thousand, mainly as a result of the payment of dividends.

Other changes in current assets were related to:

- a decrease in the balance of trade and other receivables by PLN 261 380 thousand resulting from a lower involvement in contracts with a non-standard invoicing pattern, taking place only after the completion and acceptance of complete so-called "milestones" by the ordering parties,
- an increase in the balance of contract valuations by PLN 249 684 thousand, resulting mainly from high production throughput values from the second quarter of 2024 onwards.

**Table 7. Budimex Group equity and liabilities**

<b>EQUITY AND LIABILITIES (PLN ths.)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>	<b>Change %</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>1,232,294</b>	<b>1,530,815</b>	<b>(298,521)</b>	<b>(19.50%)</b>
Share capital	145,848	145,848	-	0.00%
Share premium	80,199	80,199	-	0.00%
Other reserves	51,916	54,555	(2,639)	(4.84%)
Foreign exchange differences on translation of foreign operations	1,826	2,471	(645)	(26.10%)
Retained earnings	952,505	1,247,742	(295,237)	(23.66%)
<b>Equity attributable to non-controlling interests</b>	<b>51,023</b>	<b>39,483</b>	<b>11,540</b>	<b>29.23%</b>
<b>Total shareholders' equity</b>	<b>1,283,317</b>	<b>1,570,298</b>	<b>(286,981)</b>	<b>(18.28%)</b>
<b>Liabilities</b>	<b>6,533,013</b>	<b>6,847,943</b>	<b>(314,930)</b>	<b>(4.60%)</b>
<b>Non-current liabilities</b>	<b>1,023,126</b>	<b>1,096,208</b>	<b>(73,082)</b>	<b>(6.67%)</b>
Loans, borrowings and other external sources of finance	194,338	172,405	21,933	12.72%
Retentions for construction contracts	225,872	244,196	(18,324)	(7.50%)
Deferred revenue	2,379	-	2,379	
Provisions for non-current liabilities and other charges	572,139	656,385	(84,246)	(12.83%)
Retirement benefits and similar obligations	18,275	13,366	4,909	36.73%
Other financial liabilities	8,646	8,223	423	5.14%
Deferred tax liabilities	1,477	1,633	(156)	(9.55%)
<b>Current liabilities</b>	<b>5,509,887</b>	<b>5,751,735</b>	<b>(241,848)</b>	<b>(4.20%)</b>
Loans, borrowings and other external sources of finance	66,693	64,186	2,507	3.91%
Trade and other payables	1,839,102	1,782,006	57,096	3.20%
Retentions for construction contracts	239,934	226,816	13,118	5.78%
Provisions for construction contract losses	654,709	771,947	(117,238)	(15.19%)
Valuation of construction contracts	1,577,462	1,767,989	(190,527)	(10.78%)
Deferred revenue	364,278	469,798	(105,520)	(22.46%)
Provisions for current liabilities and other charges	713,395	557,394	156,001	27.99%
Current tax liability	50,514	107,471	(56,957)	(53.00%)
Retirement benefits and similar obligations	1,987	2,539	(552)	(21.74%)
Other financial liabilities	1,813	1,589	224	(14.10%)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,816,330</b>	<b>8,418,241</b>	<b>(601,911)</b>	<b>(7.15%)</b>

**Equity and liabilities:**

On the side of equity capital and liabilities the changes referred to:

- a decrease in the balance of the item "retained earnings" by PLN 295 237 thousand as a result of the generation of net profit for the 12 months of 2024 and the payment of dividends in the amount of PLN 911 169 thousand,

A decrease in non-current liabilities by PLN 73 082 thousand, mainly due to:

- an increase in the balance of long-term loans, borrowings and other external financing by PLN 21 933 thousand, among other things, as a result of a long-term loan granted to BXF Energia Sp. z o.o. by the upstream parent Ferrovial Construction SE,
- a decrease in the balance of the provision for long-term liabilities and other charges by PLN 84 246 thousand, mainly as a result of the transfer of part of the long-term provision for warranty repairs to current liabilities,

- a decrease in the balance of deposits from construction contracts by PLN 18 324 thousand, mainly as a result of earlier refunds of deposits to suppliers,

An increase in current liabilities by PLN 241 848 thousand, of which the greatest balance movements related to the following:

- an increase in the balance of trade and other payables by PLN 57 096 thousand,
- a decrease in the valuation of construction contracts by PLN 190 527 thousand, which is the result of the overwork on rail and road contracts,
- a decrease in the balance of provisions for losses on construction contracts by PLN 117 238 thousand, directly related to the updating of construction contract budgets, which took into account the expected decrease in implementation costs,
- an increase in the balance of provisions for current liabilities and other charges by PLN 156 001 thousand, mainly due to the transfer of part of the long-term provision for warranty repairs to current liabilities and the creation of short-term provisions for penalties and other sanctions,
- a decrease in the balance of deferred revenue by PLN 105 520 thousand, mainly due to the settlement of prepayments received in previous financial years.

**Table 8. Consolidated profit and loss account of the Budimex Group**

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT (PLN ths.)</b>	<b>01.01 – 31.12.2024</b>	<b>01.01 – 31.12.2023</b>	<b>Change</b>	<b>Change %</b>
Net sales of finished goods and services, goods for resale and raw materials	9,117,843	9,801,515	(683,672)	(6.98%)
Cost of finished goods, services, goods for resale and raw materials sold	(7,955,527)	(8,676,934)	721,407	(8.31%)
<b>Gross profit on sales</b>	<b>1,162,316</b>	<b>1 124 581</b>	<b>37,735</b>	<b>3.36%</b>
Selling expenses	(13,655)	(13,516)	(139)	1.03%
Administrative expenses	(432,571)	(371,396)	(61,175)	16.47%
Other operating income	114,630	125,722	(11,092)	(8.82%)
Other operating expenses	(86,890)	(84,264)	(2,626)	3.12%
<b>Operating profit</b>	<b>743,830</b>	<b>781,127</b>	<b>(37,297)</b>	<b>(4.77%)</b>
Finance income	165,889	203,048	(37,159)	(18.30%)
Finance costs	(70,091)	(54,868)	(15,223)	27.74%
Shares in net profits / (losses) of equity accounted subordinates	118	305	(187)	(61.31%)
<b>Gross profit</b>	<b>839,746</b>	<b>929,612</b>	<b>(89,866)</b>	<b>(9.67%)</b>
Income tax	(216,137)	(183,547)	(32,590)	17.76%
Net profit (loss) on continuing activities	623,609	746,065	(122,456)	(16.41%)
<b>Net profit for the period</b>	<b>623,609</b>	<b>746,065</b>	<b>(122,456)</b>	<b>(16.41%)</b>
of which:				
– attributable to the shareholders of the parent company	615,922	738,196	(122,274)	(16.56%)
– attributable to non-controlling interests	7,687	7,869	(182)	(2.31%)

In 2024, the Budimex Group generated sales revenue of PLN 9 117 843 thousand, a decrease of 7.0 per cent compared to the revenue generated in 2023.

In 2024, construction and assembly output in Poland expressed in current prices decreased by 2.5 per cent year-on-year, while sales of the Budimex Group's construction segment on the domestic market decreased by 10.4 per cent in comparable periods.

Gross profit on sales in 2024 was PLN 1 162 316 thousand, while in the previous year it was PLN 1 124 581 thousand. The gross sales profitability in 2024 was 12.7 per cent and in 2023 this figure was 11.5 per cent.

In accordance with the adopted accounting policies, as soon as Group companies become aware of the fact that budgeted construction contract costs exceed the entire expected contract revenues, they create provisions for expected contract losses and recognise them in the consolidated statements of financing activities under "Provisions for construction contract losses". As at 31 December 2024, the balance of the provision for contract losses amounted to PLN 654 709 thousand. In 2024, the balance of the provision for contract losses was decreased by PLN 117 238 thousand. The Budimex Group companies are required to provide guarantees for their construction services. As at 31 December 2024, the balance of provisions for warranty repairs was PLN 741 514 thousand. In the 12-month period ended 31 December 2024, the balance of provisions for warranty repairs increased by PLN 1 604 thousand.

Compared to the previous year, selling expenses increased in the 12-month period ended 31 December 2024 by PLN 139 thousand, while administrative expenses were PLN 61 175 thousand higher than the expenses incurred in 2023. The share of the sum total of selling and administrative expenses in total sales revenue increased from 3.9 per cent in 2023 to 4.9 per cent in 2024.

Other operating income in 2024 amounted to PLN 114 630 thousand and other operating expenses – to PLN 86 890 thousand. Detailed analytics of other operating income and expenses are presented in note 32 to the consolidated financial statements.

In 2024, the Group posted an operating profit of PLN 743 830 thousand, representing 8.2 per cent of total sales revenues. In the previous year, the Group reported an operating profit of PLN 781 127 thousand, representing 8.0 per cent of total sales revenues.

In the 12-month period ended 31 December 2024, the Group reported profit on financing activities in the amount of PLN 95 798 thousand, while in 2023 – a profit of PLN 148 180 thousand. Detailed analytics of finance income and costs are presented in note 33 to the consolidated financial statements.

In 2024, the Group reported a gross profit of PLN 839 746 thousand, while in the previous year a gross profit of PLN 929 612 thousand.

Income tax expense for 2024 was PLN 216 137 thousand, of which:

- current tax – PLN 147 184 thousand (including prior years' corrections of PLN 2 824 thousand),
- deferred tax – PLN 68 953 thousand.

As at 31 December 2024, the Group recognised deferred tax assets in the amount of PLN 741 937 thousand and deferred tax liabilities in the amount of PLN 1 477 thousand, while as at 31 December 2023 the Group recorded deferred tax assets of PLN 810 426 thousand and deferred tax liabilities of PLN 1 633 thousand. Items of deferred income tax asset reported in the statement of financial position of the Budimex Group result mainly from the specific method of settlement of construction contracts, under which the moment of recognition of costs as incurred and revenue as earned is different from the tax and accounting perspective.

The net profit on continuing operations attributable to the shareholders of Budimex SA for 2024 was PLN 615 922 thousand, whereas for 2023 it amounted to PLN 738 196 thousand, representing a decrease by 16.6 per cent.

Net profit attributable to non-controlling interest for 2024 amounted to PLN 7 687 thousand. In the previous year, net profit attributable to non-controlling interest stood at PLN 7 869 thousand.

### 3.1.2 Key economic and financial data of Budimex SA

The financial situation of Budimex SA in 2024 is characterised by selected items disclosed in the Statement of Financial Position and Profit and Loss Account (as below, together with the 2023 comparative data).

#### Statement of financial position of Budimex SA

The main items of the Company's Statement of Financial Position as at 31 December 2024, compared to 31 December 2023, are presented in the table below:

**Table 9. The main items of the Company's Statement of Financial Position as at 31 December 2024, compared to 31 December 2023**

<b>ASSETS (PLN ths.)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>	<b>Change %</b>
<b>Non-current assets</b>	<b>1,712,114</b>	<b>1,707,685</b>	<b>4,429</b>	<b>0.26%</b>
Property, plant and equipment	258,054	200,660	57,394	28.60%
Intangible assets	28,571	30,521	(1,950)	6.39%
Investments in subsidiaries	549,760	489,238	60,522	12.37%
Investments in associates	191	191	–	0.00%
Investments in other entities	52	93	(41)	(44.09%)
Other financial assets	88,264	119,238	(30,974)	(25.98%)
Trade and other receivables	36,227	26,187	10,040	38.34%
Retentions for construction contracts	41,999	65,920	(23,921)	(36.29%)
Deferred tax assets	708,996	775,637	(66,641)	(8.59%)
<b>Current assets</b>	<b>4,947,231</b>	<b>5,641,648</b>	<b>(694,417)</b>	<b>(12.31%)</b>
Inventories	538,451	569,646	(31,195)	(5.48%)
Trade and other receivables	809,020	1,032,531	(223,511)	(21.65%)
Retentions for construction contracts	65,954	86,476	(20,522)	(23.73%)
Valuation of construction contracts	662,883	438,299	224,584	51.24%
Other financial assets	101,376	29,709	71,667	>100%
Cash and cash equivalents	2,769,547	3,484,987	(715,440)	(20.53%)
<b>TOTAL ASSETS</b>	<b>6,659,345</b>	<b>7,349,333</b>	<b>(689,988)</b>	<b>(9.39%)</b>

As at 31 December 2024, the total assets decreased by PLN 689 988 thousand as compared to 31 December 2023, and amounted to PLN 6 659 345 thousand. Changes in the Statement of Financial Position were mainly related to the following events:

**Non-current assets:**

The most significant changes in non-current assets were as follows:

- investments in subsidiaries amounting to PLN 60 522 thousand,
- a decrease in the balance of other financial assets caused mainly by movements on long-term loans related primarily to: repayment of the loan of the subsidiary Magnolia Energy Sp. z o.o., reclassification of the loans of Budimex F Sp. z o.o. and Fotowoltaika HIG XIV Sp. z o.o. to short-term loans, as well as the granting of loans to the subsidiaries Budimex D Sp. z o.o., Fotowoltaika HIG XIV Sp. z o.o., BXF Energia Sp. z o.o. and Budimex F Sp. z o.o. in the total amount of PLN 18 502 thousand and a decrease in the balance of valuation of financial instruments,
- an increase in the balance of property, plant and equipment of PLN 57 394 thousand, mainly as a result of purchases and leases of means of transport and machinery and equipment.

**Current assets:**

In the same period, the value of current assets decreased by PLN 694 417 thousand, mainly as a result of the following events:

- a decrease in the cash balance by PLN 715 440 thousand, mainly due to the payment of dividends;
- an increase in the balance of contract valuations by PLN 224 584 thousand, mainly at the level of under-invoicing;
- a decrease in the balance of trade and other receivables by PLN 223 511 thousand, mainly as a result of a decrease in trade receivables by PLN 244 477 thousand.

**Table 10. Budimex SA equity and liabilities**

<b>EQUITY AND LIABILITIES (PLN ths.)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>	<b>Change %</b>
Share capital	145,848	145,848	–	0.00%
Share premium	80,199	80,199	–	0.00%
Other reserves	54,234	56,285	(2,054)	(3.65%)
Exchange rate differences on translation of foreign branches	5,190	5,112	78	1.53%
Retained earnings / (accumulated losses)	649,607	911,534	(261,927)	(28.73%)
<b>Total shareholders' equity</b>	<b>935,075</b>	<b>1,198,978</b>	<b>(263,903)</b>	<b>(22.01%)</b>
<b>Liabilities</b>	<b>5,724,270</b>	<b>6,150,355</b>	<b>(426,085)</b>	<b>(6.93%)</b>
<b>Non-current liabilities</b>	<b>796,165</b>	<b>894,687</b>	<b>(98,522)</b>	<b>(11.01%)</b>
Loans, borrowings and other external sources of finance	59,982	62,553	(2,571)	(4.11%)
Retentions for construction contracts	214,401	234,390	(19,989)	(8.53%)
Provisions for non-current liabilities and other charges	501,692	581,277	(79,585)	(13.69%)
Retirement benefits and similar obligations	13,685	10,062	3,623	36.01%
Other financial liabilities	6,405	6,405	–	0.00%
<b>Current liabilities</b>	<b>4,928,105</b>	<b>5,255,668</b>	<b>(327,563)</b>	<b>(6.23%)</b>
Loans, borrowings and other external sources of finance	42,400	41,307	1,093	2.65%
Trade and other payables	1,512,861	1,510,473	2,388	0.16%
Retentions for construction contracts	223,755	213,732	10,023	4.69%
<b>EQUITY AND LIABILITIES (PLN ths.)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>	<b>Change %</b>
Provisions for construction contract losses	625,619	758,236	(132,617)	(17.49%)
Valuation of construction contracts	1,535,517	1,722,253	(186,736)	(10.84%)
Deferred revenue	313,820	422,899	(109,079)	(25.79%)
Provisions for current liabilities and other charges	626,609	478,425	148,184	30.97%
Current tax liability	45,076	105,376	(60,300)	(57.22%)
Retirement benefits and similar obligations	1,209	1,458	(249)	(17.08%)
Other financial liabilities	1,239	1,509	(270)	(17.89%)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,659,345</b>	<b>7,349,333</b>	<b>(689,988)</b>	<b>(9.39%)</b>

**Equity and liabilities:**

On the side of equity and liabilities, the most significant changes referred to:

- a decrease in the balance of current liabilities by PLN 327 563 thousand, mainly as a result of:
  - a decrease in the balance of provisions for losses on construction contracts by PLN 132 617 thousand, directly related to the updating of construction contract budgets, which took into account the expected decrease in implementation costs,
  - a decrease in the balance of valuation of construction contracts in the amount of PLN 186 736 thousand, representing the difference between revenues invoiced to investors and revenues recognised in the income statement,
  - an increase in the balance of provisions for liabilities of PLN 148 184 thousand, resulting mainly from an increase in the balance of provisions for penalties and warranty repairs and provisions for penalties,
  - a decrease in the balance of deferred revenue by PLN 109 079 thousand, mainly due to the accounting for received prepayments for performance of contracts,
- a decrease in the balance of non-current liabilities by PLN 98 522 thousand, mainly as a result of:
  - a decrease in the balance of provisions for non-current liabilities and other charges by PLN 79 585 thousand due to an increase in provisions for warranty repairs,
  - a decrease in the balance of deposits from construction contracts by PLN 19 989 thousand, mainly as a result of earlier refunds of deposits to suppliers.

**Table 11. Profit and loss account of Budimex SA**

<b>PROFIT AND LOSS ACCOUNT (PLN ths.)</b>	<b>01.01 – 31.12.2024</b>	<b>01.01 – 31.12.2023</b>	<b>Change</b>	<b>Change %</b>
Net sales of finished goods and services, goods for resale and raw materials	7,509,382	8,469,668	(960,286)	(11.34%)
Cost of finished goods, services, goods for resale and raw materials sold	(6,565,146)	(7,529,508)	964,362	(12.81%)
<b>Gross profit on sales</b>	<b>944,236</b>	<b>940,160</b>	<b>4,076</b>	<b>0.43%</b>
Selling expenses	(7,911)	(13,379)	5,468	(40.87%)
Administrative expenses	(334,851)	(291,141)	(43,710)	15.01%
Other operating income	67,433	98,931	(31,498)	(31.84%)
Other operating expenses	(43,052)	(32,569)	(10,483)	32.19%
<b>Operating profit</b>	<b>625,855</b>	<b>702,002</b>	<b>(76,147)</b>	<b>(10.85%)</b>
Finance income	266,489	256,074	10,415	4.07%
Finance costs	(75,330)	(57,072)	(18,258)	31.99%
<b>Gross profit</b>	<b>817,014</b>	<b>901,004</b>	<b>(83,990)</b>	<b>(9.32%)</b>
Income tax	(167,772)	(151,435)	(16,337)	10.79%
<b>Net profit for the period</b>	<b>649,242</b>	<b>749,569</b>	<b>(100,327)</b>	<b>(13.38%)</b>

Within the twelve-month period of 2024, Budimex SA generated revenues from sales in the amount of PLN 7 509 382 thousand, while in 2023 they amounted to PLN 8 469 668 i.e. a 11.3 per cent decrease.

Gross profit on sales in 2024 was PLN 944 236 thousand, while in the previous year it was PLN 940 160 thousand. The gross sales profitability ratio for 2024 was therefore 12.6 per cent and was higher than in 2023, when it reached 11.0 per cent.

Pursuant to the adopted accounting principles, the Company creates provision for contract losses if the budgeted costs exceed the total revenues under the agreement. In the subsequent periods, a part of the earlier created provision is reversed in proportion to the percentage of contract completion, after taking into account the total negative margin on the entire contract. As at 31 December 2023, the balance of the provision for contract losses amounted to PLN 758 236 thousand. In the twelve-month period ended 31 December 2024, the balance of the provision for contract losses decreased by PLN 132 617 thousand.

The selling expenses in 2024 decreased by PLN 5 468 thousand year-on-year, while the general administrative expenses grew by PLN 43 710 thousand. The ratio of total selling, general and administrative expenses to total sales, in the year under review, was 4.6 per cent, compared with 3.6 per cent in 2023.

Other operating income in the twelve-month period of 2024 amounted to PLN 67 433 thousand and other operating expenses – to PLN 43 052 thousand. Detailed analytics of other operating income and expenses are presented in note 31 to the financial statements.

In the twelve-month period of 2024, the Company reported profit on financing activities of PLN 191 159 thousand. Detailed analytics of finance income and costs are presented in note 32 to the financial statements.

In 2024, the Company earned a gross profit of PLN 817 014 thousand. The comparable gross profit for 2023 amounted to PLN 901 004 thousand and was lower by 9.3 per cent than in the current year.

Income tax for the 12 months of 2024 amounted to PLN 167 772 thousand, including:

- current tax – PLN 100 649 thousand (including prior years' corrections of PLN-481 thousand),
- deferred tax – PLN 67 123 thousand.

Budimex SA achieved a net profit of PLN 649 242 thousand in 2024, down 13.4 per cent on 2023.

## **3.2 Statement of Cash Flows**

### **3.2.1 Consolidated Statement of Cash Flows of the Budimex Group**

“Cash and cash equivalents” included in the Statement of Cash Flows comprise cash in hand, demand deposits, and bank deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Included in cash of restricted use are mainly cash items representing:

- security for bank guarantees,
- funds on split payment accounts,
- cash in escrow accounts and current accounts in the part due to partners performing construction contracts together with a company from the Group.

The Budimex Group entered 2024 with cash in hand and cash at bank amounting to a total of PLN 3 900 290 thousand. For the purpose of the Statement of Cash Flows, this amount was reduced by the amount of restricted cash of PLN 22 396 thousand. Net cash flow for 2024 was negative at PLN 713 025 thousand and as at 31 December 2024 the Group reported cash of PLN 3 205 374 thousand, including restricted cash of PLN 39 051 thousand.

In 2024, the balance of cash from operating activities increased to PLN 547 398 thousand.

Cash flow from investing activities came out to a negative balance of PLN 280 083 thousand, which was mainly the result of the acquisition of property, plant and equipment, as well as shares in related entities.

Cash flow from financing activities for 2024 showed a negative balance, which amounted to PLN 980 340 thousand and resulted mainly from the 2023 dividend payment and payment of lease liabilities and credit.

### **3.2.2 Statement of Cash Flows of Budimex SA**

The balance of cash in bank accounts and in hand at the beginning of 2024 amounted to PLN 3 484 987 thousand. For the purposes of drafting the statement of cash flows, this amount was adjusted with the value of restricted cash (in the amount of PLN 12 930 thousand), comprising mainly cash accumulated in split payment accounts. Net cash flow for the 12 months of 2024 was negative at PLN 729 540 thousand and as at 31 December 2024 the Company reported cash of PLN 2 769 546 thousand, including restricted cash of PLN 25 210 thousand.

In 2024, the balance of cash from operating activities increased by PLN 334 746 thousand.

The Company's cash balance from investing activities decreased by PLN 96 990 thousand, with the largest contribution coming from the acquisition of property, plant and equipment, the granting of loans to Group companies, and the acquisition of shares in related parties, while dividends were received.

Cash flow from financing activities for 2024 showed a negative balance of PLN 967 296 thousand. The expenses were connected with payment of the dividend made by the Company in the amount of PLN 911 169 thousand and repayment of lease liabilities.

## **3.3 Managing of finance**

### **3.3.1 Managing of finance at the Budimex Group**

The Budimex Group's cash and liquid deposits as at 31 December 2024 amounted to PLN 3 205 374 thousand, which was PLN 694 916 thousand lower than the balance as at 31 December 2023. The most important factors affecting this change in financial resources of the Budimex Group during 2024 include the following events:

- maintaining high profitability in both the construction business and in the collection and waste management segment of the FBSerwis Group (positive impact);
- persistently high financial income from interest on cash as a result of relatively high interest rates, (positive impact);
- reversal of favourable changes in the components of net working capital in the construction segment, including a decrease in the balance of contract advances (negative impact);
- significant expenditure in investment activities: expenditure on financial assets (including pre-financing of RES investments), as well as fixed assets and tangible assets;
- dividend paid by Budimex SA in the amount of PLN 911 169 thousand, which took place in June 2024, comprising net profit for 2023 (PLN 749 569 thousand) and part of the reserve capital created from profits of previous years (PLN 161 600 thousand).

In accordance with the Group's policy, cash surpluses were placed as bank deposits, in banks with high credit ratings. In addition, Budimex SA used cash surpluses to finance its suppliers of services and raw materials. This had a positive effect on the financial liquidity of these suppliers.

At the same time, the Budimex Group reported an external debt in respect of bank loans, borrowings and leases, which as at 31 December 2024 amounted to PLN 261 031 thousand, including lease liabilities recognised in accordance with IFRS 16, amounting to PLN 155 884 thousand. The amount of the Group's external debt on account of bank loans, borrowings and leases, without lease liabilities reported in accordance with IFRS 16, was PLN 105 147 thousand and was therefore PLN 1 291 thousand lower than as at 31 December 2023 (see table below). The Group's debt is mainly composed of:

- the debt of Budimex SA, Budimex Kolejnictwo SA, Mostostal Kraków SA and the FBSerwis Group companies under finance leases (concluded for the purpose of financing the purchase of property, plant and equipment),
- the debt of Magnolia Sp. z o.o. on account of a credit facility for financing a RES project (wind farm) – debt without recourse to Budimex SA,
- the debt of Budimex Parking Wrocław Sp. z o.o. on account of a loan for financing a concession project and a subordinated borrowing granted by a minority shareholder – debt without recourse to Budimex SA,
- the debt of BXF Energia Sp. z o.o. for a loan from a minority shareholder of this company – an entity of the Ferrovial Group;
- the debt of FBSerwis Kamieński Sp. z o.o. on account of a borrowing granted by the National Fund for Environmental Protection and Water Management to finance investments related to waste management.

Persisting high interest rates in Poland in 2024 did not have a significant negative impact on the Budimex Group's financial performance through rising interest expenses due to:

- the Group's relatively low level of financial debt: PLN 105 147 thousand (table below),
- a fixed interest rate on the aforementioned loan from the National Fund for Environmental Protection and Water Management
- transactions concluded to hedge interest rate risk in Budimex Parking Wrocław Sp. z o.o.

**Table 12. Liabilities due to bank loans and borrowings and other external sources of finance**

<b>Liabilities due to bank loans and borrowings and other external sources of finance (PLN ths.):</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
- non-current	87,839	83,322	61,743
- non-current (lease liabilities – IFRS 16):	106,499	89,083	86,963
- current	17,308	23,116	31,916
- current (lease liabilities – IFRS 16):	49,385	41,070	44,519
<b>Total</b>	<b>261,031</b>	<b>236,591</b>	<b>225,141</b>

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

**Table 13. Structure of finance at the Budimex Group**

<b>Ratio</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Equity to assets ratio:</b> (shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)	0.16	0.18	0.17
<b>Equity to non-current assets ratio:</b> (shareholders' equity attributable to the shareholders of the Parent Company) / (total non-current assets)	0.58	0.76	0.69

**Table 14. Debt ratio**

<b>Ratio</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Debt ratio:</b> (total assets – shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)	0.84	0.82	0.83
<b>Debt to equity ratio:</b> (total assets – shareholders' equity attributable to the shareholders of the parent company) / (shareholders' equity attributable to the shareholders of the parent company)	5.34	4.50	4.87

At the end of 2024, compared to the end of 2023, both the Group's financing structure ratios and liquidity ratios decreased as a result of the following events:

- significant expenditure on financial fixed assets, including but not limited to the financing of investments in the RES segment, which will be partly refinanced by bank financing in subsequent periods;
- acquisition of tangible and intangible assets, 100 per cent financed by cash;
- payment of dividends in a significant amount, exceeding the amount of net profit for 2023, which significantly reduced the value of equity.

**Table 15. Liquidity ratio – Budimex Group**

<b>Ratio</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current ratio (current assets) / (current liabilities)	1.03	1.12	1.10
Quick ratio (current assets – inventory) / (current liabilities)	0.92	1.01	0.95

Given the Budimex Group's strong current financial standing, available cash resources, access to bank credit facilities, and low level of financial debt, there are no threats to its ability to finance business activities in 2024.

### **3.3.2 Managing of finance at Budimex SA**

The balance of cash and liquid deposits of Budimex SA as at 31 December 2024 amounted to PLN 2 769 547 thousand and was PLN 715 440 thousand higher than as at 31 December 2023. The most important factors contributing to this change in financial resources of Budimex SA during 2024 include the following events:

- continued high profitability of Budimex SA's operating activities,
- reversal of the favourable trends in the components of net working capital in the construction segment, including a decrease in the balance of contract advances,
- dividend paid by Budimex SA in the amount of PLN 911 169 thousand, which took place in June 2024 and exceeded the amount of net profit for 2023 by PLN 161 600 thousand.

At the same time, the Company had external debt from loans, borrowings and other external sources of financing, which amounted to PLN 102 382 thousand as at 31 December 2024, of which PLN 96 475 thousand is the amount recognised under IFRS 16. The amount of Budimex SA's external debt under leases understood in accordance with IAS 17, i.e. not including leasing liabilities reported in accordance with IFRS 16, comparable with previous years, was PLN 5 907 thousand and thus lower by PLN 9 196 thousand compared with the balance as at 31 December 2023 and by PLN 26 026 thousand lower than the balance as at the end of 2022 (table below). The amount of financial debt<sup>1</sup> of Budimex SA comprises mainly liabilities under lease agreements in respect of machines and equipment required to carry out road construction projects. As at the end of 2024, the Company had no debt under bonds issued.

During 2024, Budimex SA did not draw on credit lines to which it has access.

**Table 16. Budimex SA liabilities due to bank loans and borrowings and other external sources of finance**

<b>Liabilities due to bank loans and borrowings and other external sources of finance (PLN ths.)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
- non-current	1,229	4,706	13,919
- non-current (lease liabilities – IFRS 16):	58,753	57,847	60,355
- current	4,678	10,397	18,014
- current (lease liabilities – IFRS 16):	37,722	30,910	31,314
<b>Total</b>	<b>102,382</b>	<b>103,860</b>	<b>123,602</b>

<sup>1</sup> Items that do not include amounts of lease liabilities reported in accordance with IFRS 16.

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

**Table 17. Structure of finance of Budimex SA**

Ratio	31.12.2024	31.12.2023	31.12.2022
<b>Equity to assets ratio:</b> (shareholders' equity) / (total assets)	0.14	0.16	0.14
<b>Equity to non-current assets ratio:</b> (shareholders' equity) / (non-current assets)	0.55	0.70	0.58
<b>Debt ratio:</b> (total assets – shareholders' equity) / (total assets)	0.86	0.84	0.86
<b>Debt to equity ratio:</b> (total assets – shareholders' equity) / (shareholders' equity)	6.12	5.13	6.07

At the end of 2024, the sustainability of the financing structure described by the above ratios has deteriorated (increase in debt to equity) compared to 2023, as a result of the following events:

- significant expenditure on financial fixed assets, including but not limited to the financing of investments in the RES segment, which will be partly refinanced by bank financing in subsequent periods;
- acquisitions of tangible and intangible assets, 100 per cent financed in cash;
- payment of dividends in a significant amount, exceeding the amount of net profit for 2023, which significantly reduced the value of equity.

Liquidity ratios have also decreased in 2024 compared to the levels observed at the end of 2023 and 2022 (table below).

**Table 18. Liquidity ratios - Budimex SA**

Ratio	31.12.2024	31.12.2023	31.12.2022
Current ratio (current assets) / (current liabilities)	1.00	1.07	1.05
Quick ratio (current assets – inventory) / (current liabilities)	0.89	0.97	0.90

The Company's situation with respect to liquidity and access to external sources of finance is currently very good and there are no risks to the financing of the Company's activities in 2025.

### 3.4 Contingent liabilities and contingent receivables of the Budimex Group

Guarantees, sureties, and other contingent liabilities and receivables are described in note 44 to the consolidated financial statements of the Budimex Group and in note 44 to the financial statements of Budimex SA.

The table below shows loan guarantees and sureties issued by Budimex SA or its subsidiaries as at 31 December 2024:

**Table 19. Loan guarantees and sureties issued by Budimex SA or its subsidiaries as at 31 December 2024**

Company granting surety or guarantee	Entity to which sureties or guarantees were granted	Total amount of sureties or guarantees granted (PLN ths.)	Max. period for which sureties or guarantees were granted	Financial conditions, on which sureties or guarantees were granted	Nature of relationship between Budimex SA and the entity that received the surety or guarantee
Budimex SA	Mostostal Kraków SA	230,462	indefinite period	in exchange for payments	subsidiary
Budimex SA	Budimex Budownictwo Sp. z o.o.	77,649 <sup>2</sup>	2030-01-14	free of charge	subsidiary
Budimex SA	Azalia Sp. z o.o.	16,731	2028-01-31	in exchange for payments	subsidiary
Budimex SA	FBSerwis SA	11,131	2030-07-12	in exchange for payments	subsidiary

<sup>2</sup> The surety was granted in relation to contracts executed by Budimex SA.

<b>Company granting surety or guarantee</b>	<b>Entity to which sureties or guarantees were granted</b>	<b>Total amount of sureties or guarantees granted (PLN ths.)</b>	<b>Max. period for which sureties or guarantees were granted</b>	<b>Financial conditions, on which sureties or guarantees were granted</b>	<b>Nature of relationship between Budimex SA and the entity that received the surety or guarantee</b>
Budimex SA	Budimex Bau GmbH	9,942	indefinite period	in exchange for payments	subsidiary
Budimex SA	Budimex Kolejnictwo SA	3,760	2030-04-30	in exchange for payments	subsidiary
Budimex SA	Budimex Mobility SA	4 336	2044-07-15	in exchange for payments	subsidiary
Budimex SA	Fotowoltaika HIG XIV Sp. z o.o.	1,712	2028-01-31	in exchange for payments	subsidiary
Budimex SA	PPHU Konstalex Sp. z o.o.	1,159	indefinite period	in exchange for payments	subsidiary
Budimex SA	ARGE Oberkrämer	794	indefinite period	in exchange for payments	subsidiary
Budimex SA	Rail BX GmbH	496	indefinite period	in exchange for payments	subsidiary
Budimex SA	Circular Construction SA	12	2044-09-24	in exchange for payments	subsidiary
Budimex SA	Budimex D Sp. z o.o.	9	2027-12-24	in exchange for payments	subsidiary
Konstalex Sp. z o.o.	Budimex SA	697	2029-03-31	contractual guarantee	subsidiary
<b>TOTAL</b>		<b>358,890</b>			

### **3.5 Differences between forecast and actual financial results of the Budimex Group**

The Budimex Group did not publish any financial forecasts for 2024.

### **3.6 Utilisation of proceeds from issues of securities**

In the period covered by the report, no securities were issued either within or outside the Budimex Group.



**4.**

## **MATERIAL AGREEMENTS**

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## 4 SIGNIFICANT AGREEMENTS

### 4.1 Insurance agreements for the Budimex Group companies

In 2024, the Budimex Group (including Budimex SA) was a party to the following General Insurance Agreements:

- General Insurance Coverage for All Construction & Assembly Risks
 

The leading co-insurer for this agreement is Uniqa TU SA with its registered office in Warsaw (40 per cent share) and the other co-insurers are STU Ergo Hestia SA with its registered office in Sopot (30 per cent share) and Generali TU SA with its registered office in Warsaw (30 per cent share).

Subject to the insurance coverage are all construction and assembly contracts executed by Budimex SA with a value not exceeding PLN 500 million, which are reported to the Leading Co-Insurer within 30 days of the entry of the first contractor on the construction site.

This agreement is for the period from 7 October 2024 to 6 October 2026.
- General Third Party Liability (TPL) Agreement
 

Uniqa TU SA is the insurer. Subject to the insurance coverage is the out-of-contract third party liability in tort of the Insured in respect of assets used to conduct business activities with insurance coverage and construction services rendered against life and non-life (material) losses caused to third parties. The sum insured was set at PLN 100 million for one and all events in each of the insurance settlement periods. This agreement provides for the extension of the basic insurance coverage together with sub-limits of the sum insured.

This agreement was concluded for the period from 5 July 2024 to 4 July 2026.
- General All-Risk Insurance Coverage for Construction Machines
 

This insurance agreement was concluded for a fixed period of time, i.e. from 27 November 2024 to 26 November 2025. The insurer is Compensa TU SA. Subject to insurance coverage are construction machines and equipment which are owned by Budimex SA and which are subject to lease agreements. The insurance coverage comprises all risks of physical loss or damage of assets, except for damage resulting from losses incurred during or in connection with the transport, loading, unloading, assembly or disassembly of the machine.
- Other significant insurance agreements
 

In 2024, an extension was signed to the agreement with Chubb concerning TPL insurance for Management and Supervisory Board Members of the Budimex Group companies. This extension of insurance coverage covers the period from 22 July 2024 to 21 July 2025. The insurance coverage covers Members of Management and Supervisory Boards and authorised commercial representatives of the Budimex Group companies and of their subsidiaries.

### 4.2 Cooperation agreements binding in 2024

**Table 20. Framework agreements with suppliers**

Supplier	Subject of the Agreement	Annual value (PLN ths.)	Agreement date
Centrum Elektryczne Ania Boguccy Sp. z o.o. sp. k.	electrotechnical materials	16,264	2024-09-23
Kompania Górnicza Sp. z o.o.	road and rail aggregates	8,771	2024-05-22
CMC Poland Sp. z. o.o.	reinforced steel	4,765	2024-10-28
Mobilbox Polska Sp. z o.o.	construction equipment	3,561	2024-09-24
DPV Logistics Sp. z o.o.	transport	1,202	2024-01-09
EGM SA	road and rail aggregates	1,159	2024-06-24
Consultrust Sp. z. o.o.	welding and assembly services	972	2024-03-06
Rhenus Port Logistics Sp. z o.o.	transport	907	2024-07-24
Kamil Grzenkowicz Esell	car and machinery repairs	648	2024-06-14
Renta Sp. z o.o.	construction equipment	611	2024-02-12

The agreements listed above are framework cooperation agreements with no exclusivity clauses and present no obligation for the Budimex Group and Budimex SA.

**Table 21. Cooperation agreements concluded before 2024 and effective in 2024:**

Supplier	Subject of the Agreement	Annual value (PLN ths.)	Agreement date
Orlen Asphalt Sp. z o.o.	product purchases from E-Hurt applications road asphalts standard and modified asphalts	156,944	2012-04-20 2016-01-19 2018-03-26
Cemex Polska Sp. z o.o.	aggregates ready-mixed concrete	51,995	2009-04-01 2011-12-06
Involt Sp. z o.o. sp. k.	electrotechnical materials	38,034	2023-11-15
Holcim Polska SA	ready-mixed concrete	32,801	2016-04-15
Śląskie Kruszywa Naturalne Sp. z o.o.	road aggregates road and rail aggregates	32,383	2009-05-01 2012-05-16
PKP Cargo SA w restrukturyzacji	transport	30,606	2019-01-15
ArcelorMittal Distribution Solutions Poland Sp. z o.o.	steel prefabricated steel elements	26,431	2011-05-24 2013-06-25
Confirme Sp. z o.o.	steel reinforcements	24,127	2020-01-15 2023-11-22
Holcim Kruszywa Sp. z o.o.	aggregates	23,581	2010-06-01
Mineral Polska Sp. z o.o.	road and rail aggregates	23,185	2012-06-29

### 4.3 Related party transactions

Detailed information on transactions with related parties was presented in note 39 to the consolidated financial statements of the Budimex Group and in note 37 to the financial statements of Budimex SA.

### 4.4 Loans and borrowings

As at 31 December 2024, Budimex SA had the following loans, borrowings and lease agreements:

**Table 22. Loan and leasing agreements to which Budimex SA was a party as at 31 December 2024**

Lender	Title of liability	Date of signing of the loan/borrowing agreement	Amount available (PLN ths.)	Liability incl. interest (PLN ths.)	Interest rate	Maturity date
Credit Agricole Bank Polska SA	Revolving working capital loan	24.01.2024	70,000	–	WIBOR 1M or 3M + margin	31.05.2027
ING Bank Śląski SA	Overdraft facility	24.01.2024	60,000	–	WIBOR 1M + margin	31.05.2027
Bank PEKAO SA	Overdraft facility	24.01.2024	100,000	–	WIBOR 1M + margin	14.05.2027
Powszechna Kasa Oszczędności Bank Polski SA	Overdraft facility	24.01.2024	100,000	–	WIBOR 1M + margin	31.05.2027
Societe Generale SA Branch in Poland	Medium-term revolving loan	24.01.2024	70,000	–	WIBOR 1M + margin	31.05.2027
Konica Minolta Business Solutions Sp. z o.o.	Lease	–	–	2,238	fixed, as provided in the agreement	31.12.2027
Pekao Leasing Sp. z o.o.	Lease	–	–	3,669	WIBOR 1M + margin	31.10.2025

As at 31 December 2024, other companies of the Budimex Group were parties to the following loan agreements and lease agreements:

**Table 23. Loan and leasing agreements to which other Budimex Group companies were a party as at 31 December 2024**

Mostostal Kraków SA						
Konica Minolta Business Solutions Sp. z o.o.	Lease	–	–	392	fixed, as provided in the agreement	31.10.2028
Budimex Parking Wrocław Sp. z o.o.						
Bank PKO BP SA	Concession financing loan	30.04.2012	–	21,124	WIBOR 3M + margin	31.12.2031
Fundusz Inwestycji Samorządowych Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	Loan	29.10.2018	–	1,611	WIBOR 3M + margin	29.10.2038
Konica Minolta Business Solutions Sp. z o.o.	Lease	–	–	0	fixed, as provided in the agreement	31.12.2027
Budimex Kolejnictwo SA						
Pekao Leasing Sp. z o.o.	Lease	–	–	796	WIBOR 1M + margin	31.07.2025
Millennium Leasing Sp. z o.o.	Lease	–	–	2,557	WIBOR 1M + margin	31.12.2027
Konica Minolta Business Solutions Sp. z o.o.	Lease	–	–	6	fixed, as provided in the agreement	30.06.2026
Magnolia Energy Sp. z o.o.						
Bank Gospodarstwa Krajowego	Loan	26.01.2024	–	44,147	WIBOR 3M + margin	25.06.2038
FBSEWIS KAMIENSK Sp. z o.o.						
NFOŚIGW	Co-financing in the form of a loan	–	–	3,835	fixed, as provided in the agreement	31.03.2026
FBSEWIS SA						
Societe Generale SA Branch in Poland	Overdraft facility	30.12.2021	20 000	–	WIBOR 1M + margin	31.03.2026
Bank PEKAO SA	Overdraft facility	31.03.2022	20 000	–	WIBOR 1M + margin	31.03.2026
Santander Leasing SA	Lease	–	–	80	WIBOR 1M + margin	30.06.2025
Millennium Leasing Sp. z o.o.	Lease	–	–	1,940	WIBOR 1M + margin	31.12.2029
FBSEWIS WROCLAW Sp. z o.o.						
Santander Leasing SA	Lease	–	–	1,441	WIBOR 1M + margin	30.06.2025
Millennium Leasing Sp. z o.o.	Lease	–	–	402	WIBOR 1M + margin	28.02.2029
Pekao Leasing Sp. z o.o.	Lease	–	–	107	WIBOR 1M + margin	12.07.2025
FBSEWIS KARPATIA Sp. z o.o.						
Santander Leasing SA	Lease	–	–	975	WIBOR 1M + margin	31.10.2025
mLeasing Sp. z o.o.	Lease	–	–	366	WIBOR 1M + margin	28.12.2025
Millennium Leasing Sp. z o.o.	Lease	–	–	1,436	WIBOR 1M + margin	30.04.2026
BXF ENERGIA Sp. z o.o.						
Ferrovial EG SE	Loan	–	–	18,025	WIBOR 6M + margin	31.12.2035

#### **4.5 Major capital deposits and equity investments in 2024**

In 2024, the Parent Company did not make any equity investments in entities not belonging to the Budimex Group. Budimex SA's subsidiary BXF Energia Sp. z o.o. acquired 100 per cent of shares in Developres Zielona Energia Sp. z o.o. on 25 April 2024. Detailed information on this transaction is included in note 7.2 of the Budimex Group consolidated financial statements. For a description of equity investments within the Budimex Group, see section 2.1.

#### **4.6 Information about borrowings granted during the accounting year, including in particular borrowings granted to related parties**

Details concerning the loans granted are disclosed in note 14.1 to the consolidated statements of the Budimex Group and in the note 14.2 to the financial statements of Budimex SA.



**5.**  
**OTHER INFORMATION**

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## 5 OTHER INFORMATION

### 5.1 Information about the shareholding in the Parent Company and related parties held by Members of the Management and Supervisory Boards of the Parent Company

As at the date of the report, the members of the Management Board and the Supervisory Board of Budimex SA hold the following numbers of shares:

- Artur Popko (President of the Management Board) 2 031 shares,
- Marcin Węglowski (Member of the Management Board) 2 830 shares,
- Marek Michałowski (Chairman of the Supervisory Board) 4 000 shares.

The aforementioned members of the Management Board and the Supervisory Board do not hold any share options in the Company. The other managing and supervising persons of Budimex SA do not hold shares or options for shares in the Company as at the date of the report. On 3 July 2024, member of the Management Board Anna Karyś-Sosińska disposed of 1 200 shares in Budimex SA.

### 5.2 Acquisition of own shares

In 2024, Budimex SA did not acquire its own shares.

### 5.3 System of control over employee share incentive schemes

The Company did not operate an employee share incentive scheme.

### 5.4 Information about agreements acknowledged by the Company (including post-balance sheet date agreements) with a possible future effect on the current ownership structure

As at the date of publication of this report, Budimex SA is not aware of any agreements that may result in future changes in the ownership structure of the current shareholders.

### 5.5 Information about charity and sponsorship activities

Responsibility, integrity and sensitivity to others are values that the Budimex Group has been guided by for years. The development of the Budimex Group's CSR Strategy for the 2021–2023 was aimed solely at structuring and accelerating activities in this area and did not require a change in the company's identity or organisational culture. In order to strengthen its potential to respond even better to the challenges of the future and become an even more reliable partner in business, the organisation's previous experience in the sphere of sustainability has been translated into an ESG Strategy for the 2023–2026 with an outlook to 2050. The document announced on 30 June 2023, whose title and guiding principle is "We change the world for you! And we change ourselves", systematises the approach and plans of the Budimex Group with regard to the environment (E), social responsibility (S) and corporate governance (G). Strategic goals have been set in each of these areas, responding to key challenges for the construction sector and aligned with the global UN Sustainable Development Goals. They are intended to give momentum to the organisation's activities and make it easier to measure progress. Their fulfilment will support the Company's sustainability, including enabling it to achieve climate neutrality in the long term and lead positive change across the construction industry.

The implementation of the commitments set out in the strategy is the responsibility of the team leaders who had a hand in developing the document: Director of ESG (environmental area), Director of the Human Resources Management Division (social area) and Director of Legal Corporate Areas (corporate governance).

Since 2011, Budimex SA has been listed in the RESPECT Index – the first index of socially responsible companies in Central and Eastern Europe and since September 2019 – it has been included in the WIG-ESG Index that replaced the RESPECT Index.

Budimex SA attaches great importance to cooperation with local communities, supporting them, and limiting the negative impact on residents of areas where the company conducts its activities.

The management of the Budimex Group's social impact area is defined in the "Principles of the Company's Responsibility Policy". This document includes e.g. provisions directly or indirectly related to social impact aspects, obliging the employees to ethical and responsible conduct in the scope of all activities, transparency and application of best corporate governance practices, as well as contributing to socio-economic development.

The second document functioning in this area is the "Policy of Cooperation with Local Communities". It indicates specific activities to be taken both before the commencement of construction works (conducting a dialogue with the local community on a given project in order to respond to concerns related to the performance of the investment) and during the term of the contract (building relations with the social environment of the project).

The construction of road and railway infrastructure in the long-term perspective is one of the conditions for the social and economic development of the country and, as a result, improves the quality of life of a given community. However, at the stage of the construction work performance, it involves specific nuisances, especially for residents of areas directly adjacent to a given project (e.g. increased traffic and noise resulting from the transport of construction materials or machine operation). Each potential aspect of the environmental impact of the project is already analysed at the stage of issuing administrative decisions and residents' representatives take part in public consultation. The Budimex Group conducts also non-obligatory, additional public consultation in the course of designing e.g. bypass routes or road closures. To this end, it also attends sessions of the municipal or city council during the project's running phase to respond to concerns and respond to comments made. Often, these include meetings in the offices of the mayors or heads of municipalities to discuss the changes that will take place in terms of the project to be carried out and thus jointly develop and adapt communication to the needs of the residents. In addition, Budimex provides residents with feedback channels through a contact form available on [www.budimex.pl](http://www.budimex.pl) and corporate social media profiles. In this way, it reduces the risk of phenomena that may negatively affect neighbours of the implemented undertakings or lead to delays and downtimes in works resulting from protests of residents, blocking the works by them or extension of administrative procedures.

In 2024, Budimex SA's operations did not experience conflicts with local communities of a long-term nature. Several incidents were reported during this period, in each case corrective action was taken to address the identified inconvenience.

Budimex SA is aware of the significant impact its projects have on the lives of local communities. While the long-term objective is to enhance quality of life, the company remains attentive to the immediate needs of the community. With a commitment to open dialogue, it engages with community representatives, listens to their concerns, and responds where possible to foster strong neighbourly relations. Budimex SA supports local initiatives, facilitates communication regarding ongoing projects, and encourages charitable activities to build lasting and meaningful relationships. Wherever it operates, the company also promotes collaboration. It actively partners with universities and technical colleges, offering programmes designed to prepare students for their future careers. By sharing its expertise, the company aims to equip younger generations with the tools they need for a better start in life.

Concerned about future generations, Budimex SA has for years successfully implemented its proprietary programme, "Hello ICE. Budimex Dzieciom" [Hello ICE. Budimex for Children]. Through in-person visits to educational institutions, the company shares its expertise with young people on how to stay safe in public traffic and provides essential first aid education. Looking ahead, Budimex SA aims to expand its initiatives for children and youth by broadening the scope of education to include micromobility – promoting safety when using roller skates, scooters, and skateboards.

One of Budimex SA's own social projects is the "Strefa Rodzica" [Parent Zone], which has been implemented continuously since 2012. The main objective of the programme is to create comfortable conditions for parents of sick children to be with their children in hospital, thus improving the well-being of children and facilitating their faster recovery. With places such as the Parent Zones, the little patients can get away from thinking about their illness for a while and spend time in a pleasant way. The programme also supports parents, who can accompany their children on a continuous basis during this difficult time. As part of the project, special zones for parents are designated in the children's wards. The "Parent Zone" is a huge commitment from our employees who volunteer to refurbish hospital rooms. In 2024, three hospital Parent Zones were created in: Bratislava, Poznań and Bielsko-Biala.

Budimex SA in 2023 started activities to implement the "Home from the Heart 3" project. In the previous two editions of this project, we directed our support to families with many children in difficult financial situations. In the third edition, the focus was on helping an elderly person – 70-year-old Mrs Teresa, whose entire house burned down as a result of a short circuit in the installation. Our beneficiary is a vulnerable person, following painful family experiences (death of her husband and son). Together with our campaign partners, we commissioned a functional, modular home in 2024 that meet the needs of an elderly person and her pet dog Lusja.

Every year, the company launches an employee volunteering programme where employees can submit ideas and carry out volunteer projects. The "Grant na Wolontariat" [Grant for Volunteering] programme has been in place at Budimex SA since 2015. Volunteering can be based on employees' professional competences and skills, but also on the work and physical effort put into the project. In 2024, the Budimex Group was actively involved in helping those affected by the flooding in Poland, taking action at both operational and humanitarian levels. In areas at risk of flooding, the company has identified nine construction sites that have been secured and evacuated to minimise the risk of loss. Employees of the Budimex Group, showing exceptional responsibility, organised on-call services to support local communities. An example is the team of workers in the Nysa Kłodzka, who used heavy equipment to repair a damaged dyke, fish branches out of the river and lay sandbags to protect the town.

In addition, Budimex Group employees from all over Poland organised the collection of the most necessary items for three towns: Kłodzko, Nysa and Glucholazy. Those in need received 19 pallets of supplies, including: medicines, food, gas cookers, as well as wheelbarrows, buckets, brushes, shovels, mops, torches, gloves and 11 thousand litres of cleaning products. This kind of support shows the company's commitment and solidarity in difficult moments.

The Budimex Group is actively involved in sponsorship and charity activities. The document regulating this area of activities is the "Instruction for Approval of Sponsorship Projects, Patronages and Donations".

The company continued to help disadvantaged young people by donating to the Demos Foundation, which creates facilities for educational, therapeutic and sporting activities, as well as organises scholarship programmes and workshops for youth leaders. It has also supported the purchase of school equipment and the organisation of educational tournaments and pupils' summer holidays in regions struggling with poverty (Warmińsko-Mazurskie, Mazowieckie, Podlaskie and Łódzkie provinces), as well as the operation of volunteer fire brigades. Other areas of the company's engagement in 2024 include assistance to Polish Army soldiers who have been injured in military missions abroad and their families, the development of youth sport and the protection of the historic Powązki Cemetery.

## 5.6 Legal proceedings

The total value of legal proceedings pending in respect of liabilities and receivables as at 31 December 2024 was PLN 982 932 thousand. The excess of the value of proceedings relating to claims of the Group companies over proceedings against the Group companies amounted to PLN 262 782 thousand.

On the basis of the information held by Budimex SA, the total value of legal proceedings pending in respect of liabilities of Budimex SA and subsidiaries as at 31 December 2024 was PLN 360 075 thousand. The proceedings pending in respect of Budimex SA and subsidiaries relate to the operating activities of the Group companies.

The largest item in terms of the value of the dispute was the lawsuit against Budimex SA and Ferrovia Agroman SA (currently Ferrovia Construcción SA), members of the consortium related to implementation of the contract "Construction of the new premises for the Silesian Museum in Katowice" concluded on 7 June 2011, filed on 24 July 2017 by the claimant – the Silesian Museum in Katowice. The Claimant requests that the Defendants are either condemned in solidum to pay the amount of PLN 122 758 thousand plus statutory interest from the date the lawsuit was filed for improper performance of the obligation under the Contract, either alternatively the court adjudges the claim for decreasing the price by PLN 34 675 thousand as the reimbursement of part of the remuneration, which was wrongly paid in Claimant's opinion. Article 471 of the Civil Code was specified as the grounds for pursuing the main claim, and the provisions on statutory warranty were specified for the alternative claim.

In the opinion of the Management Board of Budimex SA, the claims covered by the action are unfounded. The irregularities constituting, in the Claimant's opinion, the factual basis for the claims – if any – were not a consequence of the actions or omissions of the Defendants' consortium. Moreover, proper performance of the Silesian Museum in Katowice by the Defendants' consortium was confirmed by the Claimant with the issued Work Acceptance Certificate and Implementation Certificate for the facility. The provisions set up for warranty repairs and litigation cover, in the Management Board's opinion, the risks associated with the litigation in question. Budimex SA filed its response to the claim on 31 October 2017 and supplemented it in January 2018. Ferrovia Agroman SA filed a response to the lawsuit on 22 October 2018. The first hearing took place on 11 March 2019, during which the court ordered the parties to make an advance payment for expert fees in the case. By an order of 2 August 2022, the court referred the parties to mediation, at the same time appointing the mediator of the Court of Arbitration at the General Prosecutor's Office of the Republic of Poland. On 26 August 2022 Budimex SA and Ferrovia Construcción SA agreed to mediation and the appointed mediator. Mediation was conducted from 29 August 2022 to 12 April 2024, but did not lead to a settlement by the parties. Due to the unsuccessful conclusion of the mediation, the case returned to court proceedings. At a hearing on 12 August 2024, the court dismissed the Silesian Museum's application for security of evidence and required the parties' attorneys to identify an entity to execute an opinion evidence from a scientific and research institute. The parties identified entities to execute an opinion evidence from the aforementioned institute. On 12 November 2024, the Court was informed that an opinion would be prepared by the institute designated by the Claimant, the Silesian University of Technology. Consequently, on 20 November 2024, the Defendants requested that the evidence of the opinion of the Silesian University of Technology be disregarded. This application has not yet been acknowledged and no further action has been taken in the case.

Another legal proceedings with a material value relate to the claim filed on 5 March 2008 by Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the costs of substitute performance incurred by the ordering party in connection with the consortium's withdrawal from the contract. The companies' share in the consortium was 90 per cent, so the value of the claim currently attributable to Budimex SA is PLN 22 727 thousand. On 12 July 2017, the court of the first instance awarded against Budimex SA the amount of PLN 22 thousand (towards reimbursement of the costs of expert opinions commissioned by the claimant), and dismissed the claim in its entirety. An appeal against the judgment was filed by both the claimant (as to the entire judgment) and the defendant (as to part of the judgment – the amount of PLN 22 thousand). Currently, the Parties are still waiting for the date of the hearing before the court of second instance to be set. In the meantime, the court, in closed session, ordered the admission of expert evidence, including a calculation of the value of the improvement works and the value of the works remaining to be carried out. The expert produced this opinion, in which he stated that, based on the evidence in the case file (or, in fact, the lack thereof), he was unable to answer the questions put to him by the court. In May 2024, the court still admitted evidence from a supplementary opinion by the same expert. This opinion was produced at the end of November 2024 and upholds the conclusions of the main opinion in its entirety. In practice, this means that the claimant's claim for the value of the rectification works and the value of the remaining works has not been proven. Following the parties' response to the supplementary opinion, the parties are now waiting for a hearing date to be set before the second instance court.

On 17 January 2025, Budimex SA, as a member of the consortium, received a lawsuit for a total amount of PLN 1 046 115 thousand, comprising mainly debit notes for contractual penalties issued by the ordering party in 2022 and 2024 in the total amount of PLN 918 372 thousand. The lawsuit includes a claim for liquidated damages for the power unit's unavailability and delay in rectifying defects and certain other categories of damages, and an order to rectify the defects or, alternatively, to pay the costs of rectification.

The action was brought by PGE Górnictwo i Energetyka Konwencjonalna SA against a consortium consisting of: Mitsubishi Power Europe GmbH (technology leader), Tecnicas Reunidas SA and Budimex SA ("Consortium"), which executed the EPC contract for the construction of the new power unit at Elektrownia Turów. The lawsuit is directed against all Consortium members as joint and several debtors, with Budimex's share amounting to 23.58 per cent.

In February 2025, a further lawsuit was filed against the Consortia for rectification of defects or payment of PLN 200 million.

The parties remain in mediation proceedings involving the mutual claims of both parties. In December 2024, the Consortium filed lawsuits against the contracting authority for a total of PLN 627 181 thousand and 16 867 thousand for additional works and damages incurred.

At the date of the report, the final outcome of the aforementioned proceedings is not known. As at the date of this report, the final outcome of the proceedings is not known.

The total value of legal proceedings pending in respect of claims of Budimex SA and its subsidiaries amounted to PLN 655 857 thousand as at 31 December 2024.

## **5.7 Significant achievements in the area of research and development**

Innovative projects carried out by Budimex SA are described in section 9.4 of the Budimex Group's Sustainability Statement for 2024.

### **Advanced mobile collaborative robot**

In 2024, the last tests of the device were carried out at the construction site of the Military Clinical Hospital in Krakow, involving members of the Project Concert consortium. The final test of the cobot, which thanks to the use of an environmentally friendly electric motor and advanced technologies – 360-degree cameras, four steering wheels and a Lidar system – can move autonomously taking into account the object's BIM model, confirmed its ability to safely avoid people and obstacles in a variety of conditions.

The Concert Project, which is being carried out from 2021 by an international consortium with the participation of, among other things, Budimex SA and experts from Poland, Italy, Austria and Germany, was funded by the European Commission under the Horizon 2020 programme. The initiative aims to develop advanced robots that, through their power, work together with humans to support construction workers in physically demanding tasks. In addition to increasing efficiency and productivity in the construction industry, the project aims to pave the way for the implementation of collaborative robotics in the manufacturing sector as well.

As part of the project, an innovative cobot was developed – a device with a modular design, which allows easy adaptation to a variety of applications. Among other things, the robot was tested at the construction site of the Military Clinical Hospital in Krakow, where it helped to transport heavy objects and perform drilling. In 2023, we presented it to students of Krakow's universities to introduce them to the practical aspects of using modern technology on construction sites, to inspire further innovation and to emphasise the importance of ethical and safe implementation of technology.

More detailed information about the Concert project is available at: <https://concertproject.eu>.

### **Self-repairing asphalt pavements**

The SeHePa Project (Self-Healing Pavement), subsidised by the National Centre for Research and Development, was realised by Budimex SA in close cooperation with the Faculty of Civil Engineering of the Warsaw University of Technology. It consisted of the development and real-world testing of mineral and asphalt mixtures with the addition of special microcapsules with a repair filling in the form of bioesters. A key feature of such mixes is their self-repairing properties. They make it possible to increase the service life of road surfaces, which brings tangible economic benefits and reduces the negative impact on the environment by reducing the frequency of maintenance and repair interventions and the consumption of raw materials. In 2024, the project was completed and formally accounted for.

### **Crane to replace platform plates**

The crane project for platform slab replacement was initiated by Budimex SA employees. Its aim was to develop and test technology for replacing and adjusting platform slabs using lightweight equipment.

The expected benefits of developing this technology included, among other things, improved safety due to the ability to carry out the work without heavy equipment, the elimination of the risk of heavy equipment damaging the signalling equipment and overhead line, and a reduction in the negative environmental impact of the works in the form of potential exhaust and sound pollution.

A prototype of the crane was developed as part of the project, resulting in an application for patent protection of the invention to the Patent Office of the Republic of Poland in 2024.

## **5.8 Retirement and similar benefit obligations toward former members of the management and supervisory boards**

As at 31 December 2024, neither Budimex SA nor companies from the Budimex Group had any retirement and similar benefit obligations toward former members of management and supervisory boards.

An aerial photograph of a multi-lane concrete bridge crossing a wide river. The bridge is supported by several piers. The surrounding area is densely wooded with green trees. The entire image is overlaid with a semi-transparent yellow filter. The text '6. STATEMENT ON CORPORATE GOVERNANCE' is positioned in the lower-left quadrant of the image.

**6.**  
**STATEMENT ON**  
**CORPORATE GOVERNANCE**

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## 6 CORPORATE GOVERNANCE

### 6.1 Corporate governance policies at Budimex SA and public availability of the underlying document

In 2024, the Company applied the Best Practices of WSE Listed Companies 2021 (“BPWLC 2021”) introduced by Resolution No 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange of 29 March 2021. The scope of the Company’s application of BPWLC 2021 did not change in 2024. In 2024, the Company did not apply nine principles, namely: 1.3.1., 1.3.2., 1.4., 1.4.1., 2.1., 2.2., 3.4., 3.7. and 4.1:

- principles 1.3.1, 1.3.2, 1.4 and 1.4.1 – in connection with the ongoing work on the Company’s strategy. In 2023, the Management Board adopted an ESG strategy for the 2023–2026 (EIB report of 30 June 2023). The planned date for adoption of the business strategy according to the EIB report of 18 December 2024 is the end of 2025;
- principles 2.1 and 2.2 concerning diversity policy – the Company published the Budimex Group Diversity Policy on its website, followed by the Budimex SA Management Board Diversity Policy adopted by the Company’s Supervisory Board and the Budimex SA Supervisory Board Diversity Policy adopted by the Ordinary General Meeting of Shareholders (the Policy was adopted on 19 May 2022). All the aforesaid documents do not contain a requirement for participation of the minority group of at least 30 per cent. Instead, they provide for the introduction of a minimum level of representation of each gender in the selection process of 30 per cent of all candidates if they are represented among the candidates and their competences are at least equal to those of the remaining candidates,
- principle 3.4 – concerning the remuneration of persons responsible for risk and compliance management and of the head of internal audit – the Company explained that according to principle 3.4. remuneration of the person in charge of the internal audit and employees of the Internal Audit Office as well as the person responsible for compliance depends on the performance of assigned tasks, and not on the short-term performance of the Company. Remuneration of risk management by combining these functions with other duties depend on the Company’s short-term performance. As soon as these tasks are entrusted to persons dealing only with risk management, the principle will be applied by the Company;
- principle 3.7 – in accordance with this principle, principles 3.4 – 3.6 apply also to members of the company’s group which are material to its activity if they appoint persons to perform such tasks – in this respect, the Company explained that a company of significant importance to the operations of Budimex is FBSerwis S.A. The company has appointed a Compliance Coordinator who reports directly to the President of the Management Board of FBSerwis SA and organisationally to the Director of the Legal Department, a member of the Management Board of FBSerwis SA. The Coordinator’s remuneration depends partly on the financial results of FBSerwis S.A. The company has implemented regulations and a risk management structure. A Management Board Representative for Systems and Risk Management – reporting directly to the President of the Management Board of FBSerwis SA, and organisationally to the Director of the Legal Division – a member of the Management Board of FBSerwis SA – has been appointed. The Representative’s remuneration depends partly on the financial results of FBSerwis S.A. The company regularly analyses strategic and operational risks. In the field of internal audit, the company concluded an agreement under which it uses the support of Budimex S.A. in this regard;
- principle 4.1 – the Company explained that it does not apply this principle for the same reasons, and therefore it did not apply recommendation IV.R.2. point 2) and point 3) of DPSN 2016. The Company upholds the position presented so far in connection with the continued doubts as to the possibility of ensuring legally safe participation of shareholders in the General Meeting of Shareholders by means of electronic communication, in particular taking into account the number of shareholders who usually participate in the General Meeting of Shareholders of Budimex SA. Thus, in the opinion of the Company, there are still both technical and legal threats to the proper and efficient conduct of the e-general meeting.

Information on the scope of application of BPWLC 2021 and the text of BPWLC 2021 are published on the Company’s website (“Corporate governance” tab).

### 6.2 Compliance policy

Since September 2017, Budimex SA has had in place a Compliance Policy, which was adopted by the Management Board of Budimex SA. The policy was updated on 7 November 2024. The Policy demonstrates the importance that the Company attaches to conducting its business in compliance with applicable laws, internal regulations and ethical standards. The Compliance Policy aggregates the internal regulations in place at the Company, making them more formal in scope and nature. It was also important to draw the attention of both the Company’s external environment and employees/associates to the importance of complying with the applicable laws and with ethical and moral principles in day-to-day business operations. The Compliance Policy contains a catalogue of prohibited activities, although this catalogue is not exhaustive, and indicates the main areas of the Company’s business where there may be a risk of violation of the law. It also refers to internal legal acts in force at the Company and aimed at organising and formalising specific processes in order to mitigate the risks indicated above. The day-to-day supervision of the implementation of the Policy is entrusted to the Legal Director of the Compliance area, reporting directly to the Member of the Company’s Management Board – Director of the Legal and Organisational Division. It is also noteworthy that the Company has implemented a unified whistleblowing system, in line with the Whistleblower Protection Act, enabling the use of the four available Compliance communication channels. the Company regularly organises compliance training

to raise employees' awareness in this area and to encourage them to actively shape an ethical organisational culture in line with their own value system (Integrity).

### **6.3 Diversity policy**

Full details of Budimex SA's diversity policy are presented in section 9.1 of the Budimex Group Sustainability Statement for 2024.

### **6.4 Key features of the Company's internal control and risk management systems with respect to the process of preparation of the financial statements of Budimex SA and the Budimex Group**

The Management Board of Budimex SA is responsible for the implementation and functioning of the internal control system in the process of the preparation of separate financial statements of Budimex SA and the consolidated financial statements of the Budimex Group.

The obligation to prepare financial statements is realised in practice by qualified personnel of the Financial Department under the supervision of a Management Board Member – the Chief Financial Officer of Budimex SA.

The preparation of annual financial statements is preceded by a meeting of the Audit Committee with independent auditors in order to determine the audit scope and plan, and to discuss potential risk areas which may have an impact on the truthfulness and fairness of the financial statements. Additionally, the Budimex Group uses a computer program that supports the identification and management of risks related to the preparation of any financial information, including financial statements.

Preparation of the financial statements is an orderly process which accounts for the delegation of duties of the personnel of the Financial Department of Budimex SA, in accordance with their competences and qualifications. Separate financial statements of the Company are prepared on the basis of its books of account. The books of account of most of the Group's companies are maintained using the finance and accounting system, SAP R/3, which has been used for financial and management accounting purposes since 1 January 2003. The SAP R/3 system is managed centrally by qualified employees of Budimex SA who define authorisation levels for the implementation and modification of transaction data, templates of key reports and changes in the Company's chart of accounts.

Consolidated financial statements are drafted on the basis of consistent consolidation packages prepared electronically by individual Group companies. The process of consolidation is executed by the Department of Reporting and Consolidation and is supervised by the Head of the Accounting Department.

The companies of the Budimex Group apply consistent accounting policies approved by the Management Boards of Budimex SA and subsidiary companies. The correctness of application of the accounting policies by individual SA companies is regularly monitored by the Department of Reporting and Consolidation and by the Controlling Office of Budimex SA.

The Department of Reporting and Consolidation of Budimex SA is responsible for recommending solutions relating to modifying and updating accounting policies and other WSE reporting requirements, as well as for implementing solutions approved by the Management Board.

During the preparation of the financial statements, among others, the following control activities are carried out:

- assessment of significant, non-routine transactions in terms of their effect on the financial position of the Group or the manner of their presentation in the financial statements,
- verification of the correctness of the assumptions underlying accounting estimates,
- comparative and substantive analyses of financial data,
- verification of the arithmetical correctness and consistency of financial data,
- analysis of disclosure completeness.

Annual financial statements are forwarded to the Chief Financial Officer for preliminary verification and then to the Management Board for final verification and authorisation.

Annual financial statements are subject to an audit by an independent certified auditor who presents post-audit conclusions and observations to the Audit Committee and then to the Supervisory Board. After reviewing the contents of the financial statements as well as the auditor's report, the Supervisory Board issues an assessment on their consistency with the accounting records, supporting documentation, and the actual state of affairs.

## 6.5 Shareholders with direct or indirect ownership of significant blocks of shares

According to the information available to Budimex SA, the shareholding structure of the Company as at 31 December 2024 was as follows:

**Table 24. Shareholding structure of Budimex SA as at 31 December 2024**

Shareholder	Type of shares	Number of shares	% share in the share capital	Number of votes	% share in the number of votes at the GMS
Ferrovial Construction International SE	ordinary	12,801,654	50.14%	12,801,654	50.14%
Nationale-Nederlanden OFE	ordinary	2,399,223	9.40%	2,399,223	9.40%
Allianz OFE	ordinary	2,085,000	8.17%	2,085,000	8.17%
Other shareholders	ordinary	8,244,221	32.29%	8,244,221	32.29%
<b>Total</b>		<b>25,530,098</b>	<b>100.00%</b>	<b>25,530,098</b>	<b>100.00%</b>

The above figures show the shareholding structure as at the last General Meeting of Shareholders (GMS) on 23 May 2024.

## 6.6 Holders of all securities which confer special control rights

The Company did not issue any securities that give special control rights.

## 6.7 Restrictions on exercising voting rights

There are no restrictions concerning the exercise of voting rights.

## 6.8 Restrictions on transferring ownership rights to the securities of Budimex SA

There are no restrictions on the transfer of ownership rights to securities of Budimex SA, except for the rights concerning registered shares whose disposal requires the pre-approval of the Company. Such approval has to be granted by the Management Board in writing to be valid.

## 6.9 Regulations concerning appointment or removal of Management or Supervisory Board Members, the rights of those persons, in particular, the right to make decisions on share issue or redemption

The Supervisory Board appoints and removes the President of the Management Board and, upon his/her request, the Vice-Presidents of the Management Board or other Board Members for a joint three-year term of office.

The Management Board is not authorised to take a decision on share issue. The rights of the Management Board regarding the decision to redeem shares do not vary from those set forth in the Code of Commercial Companies.

During 2024, policies concerning the appointment or removal of members of managing bodies as well as the rights of members of these bodies, including the right to make a decision on the issuance or redemption of the Company shares, as provided for in the Articles of Association, did not change.

In accordance with the provisions of the Company's Articles of Association, the Management Board conducts the Company's affairs and represents the Company, which effectively means that the scope of duties of this body does not differ from that defined in the Code of Commercial Companies. Detailed rights of the Management Board of Budimex SA specified in the Company's Articles of Association are as follows:

- granting approval for disposal of registered (inscribed) shares,
- determining the share issue price in the case of a share capital increase,
- cancelling or limiting the pre-emptive right to newly issued shares upon approval by the Supervisory Board,
- defining the method of determining the share issue price or issuing shares in exchange for non-monetary contribution upon approval by the Supervisory Board,
- making a decision on the purchase or disposal of property, perpetual usufruct or a share in property, machines and equipment, securities or other asset items where the unit price on acquisition or disposal does not exceed one fifth of the Company's share capital,
- taking a decision on the prepayment of year-end dividend upon approval by the Supervisory Board.

## **6.10 Implementing changes to the Articles of Association of Budimex SA**

Changes to the Articles of Association are made by way of a resolution of the General Meeting of Shareholders and an entry in the National Court Register. These issues are regulated in sec. 13 letter r) of the Articles of Association in the description of the rights of the General Meeting of Shareholders. A draft resolution on amending the Company's Articles of Association should be submitted to the Supervisory Board for approval, as is the case for all resolutions of the General Meeting of Shareholders. In accordance with the provisions of the Code of Commercial Companies, such resolution should be adopted with a qualified majority of votes, i.e. (i) as a rule, three quarters of the total voting rights, and (ii) in the case of a significant change to business activities – two thirds of the votes.

## **6.11 Functioning of the General Meeting of Shareholders, its fundamental powers, rights of the shareholders and the manner of exercising those rights**

The General Meeting of Shareholders of the Company operates on the basis of the Articles of Association, By-laws of the General Meeting (both documents are posted on the Company's website) and provisions of other laws, including the provisions of the Code of Commercial Companies. Detailed powers of the General Meeting of Shareholders have been described in sec. 13 of the Articles of Association. Shareholders exercise their rights in the manner specified in the Articles of Association, By-laws of the General Meeting of Shareholders and binding laws.

The General Meeting of Shareholders is convened as ordinary or extraordinary. Ordinary General Meetings of Shareholders take place, at the latest, within 6 months of the end of each financial year. General Meetings of Shareholders are convened by the Company's Management Board. The Supervisory Board may convene an Ordinary General Meeting of Shareholders if the Company's Management Board does not convene it within the period defined in the Code of Commercial Companies or in the Articles of Association; the Supervisory Board may also convene an Extraordinary General Meeting of Shareholders if such a meeting is deemed advisable. An Extraordinary General Meeting of Shareholders may also be convened by the shareholders representing at least half of the Company's share capital or at least half of the total number of votes in the Company. If this is the case, the shareholders appoint the chairman of the Meeting.

The shareholder or shareholders representing at least 1/20th of the Company's share capital may request in writing, or using electronic means of communication, that the Company's Management Board convene an Extraordinary General Meeting of Shareholders and include certain specific matters on the meeting agenda or matters that are to be introduced to the meeting agenda. If, within two weeks of the date of forwarding such a request, the Extraordinary General Meeting of Shareholders is not convened, the court of registration may authorise the shareholders initiating such a request to convene the Meeting. The court of registration appoints the person chairing the Meeting, and in the notification about the Meeting the shareholders should refer to such decision of the court of registration. The Meeting convened in this manner takes a resolution on whether the costs of convening and holding the Meeting are to be borne by the Company. The shareholders who requested that the Meeting should be convened may apply to the court to be exempted from the costs imposed by the resolution of the Meeting of Shareholders.

A dedicated email address which may be used in cases defined by the Code of Commercial Companies in connection with convening General Meetings of Shareholders is posted on the Company's website.

The General Meeting of Shareholders of the Company is convened by way of posting an announcement on the Company's website and in the manner reserved for forwarding current information, in accordance with the provisions of the Act on the Public Offering and the Terms and Conditions of Introducing Financial Instruments to an Organised System of Trading and on Public Companies. The announcement should be made at least twenty six days before the scheduled date of the General Meeting of Shareholders.

A General Meeting of Shareholders may also take place in the manner specified in the Code of Commercial Companies on condition that the provisions of Article 405 of the Code of Commercial Companies are fulfilled.

A shareholder or shareholders representing at least one twentieth of the Company's share capital may request that certain matters be included on the agenda of the next General Meeting of Shareholders. The request should be forwarded to the Management Board of the Company no later than twenty-one days before the scheduled date of the meeting and should include justification for or a draft of the resolution concerning the proposed matter for the agenda. The request may be forwarded in an electronic form. The request may be forwarded in an electronic form. The Management Board must immediately, but no later than 18 days before the scheduled date of the General Meeting, announce changes to the meeting agenda that were introduced at the request of the shareholders. Such announcement is executed in the manner applicable to convening the General Meetings of Shareholders.

A shareholder or shareholders representing at least one twentieth of the Company's share capital may, before the date of the General Meeting of Shareholders, send to the Company in writing, or using electronic means of communication, draft resolutions concerning items placed on the agenda of the General Meeting of Shareholders or items that are to be placed on the agenda. The Company shall immediately post such drafts of resolutions on its website. During a General Meeting of Shareholders, each shareholder may submit draft resolutions concerning matters entered on the agenda.

The shareholders may participate in the General Meeting of Shareholders and exercise their voting rights in person or through authorised representatives. The authorisation to participate in the General Meeting of Shareholders and to exercise voting rights should be granted in writing or in an electronic form. Granting authorisation in electronic form does not require the use of a qualified electronic signature.

In accordance with the Articles of Association and applicable laws, the General Meeting of Shareholders adopts resolutions in particular on the following matters:

- considering and authorising the report on the Company's activities and of the financial statements for the prior financial year,
- reviewing and approving the directors' report on the Group's activities and the consolidated financial statements of the Budimex Group,
- acknowledging the fulfilment of duties by members of the Management and Supervisory Boards,
- creating and reversing of special funds and reserve capital, and their utilisation,
- profit appropriation or defining the manner of loss absorption, the General Meeting of Shareholders may resolve that dividend, in whole or in part, be allocated towards increasing the share capital and the shareholders are issued new shares in exchange,
- claims for losses incurred at the incorporation of the Company, or losses resulting from performing management or supervisory functions,
- disposing or leasing/renting the company or its organised part, or establishing restrictions on its use or disposal,
- taking decisions on company merger or liquidation, and in the case of the latter – appointing Company liquidators,
- issuing convertible bonds or bonds with pre-emptive rights, or subscription warrants,
- redemption of shares,
- an amendment to the Company's Articles of Association, especially concerning a share capital increase or decrease, or an amendment to the Company's objects,
- adopting By-laws of the General Meeting of Shareholders of Budimex SA,
- appointing and removing Supervisory Board members,
- defining the principles and amount of remuneration for Supervisory Board members,
- re-acquisition of own shares to offer them to employees or persons who were employed at the Company or any related company for the period of at least three years,
- conclusion by the Company of a loan, borrowing or suretyship agreement, or other similar agreement with a member of the Management or Supervisory Board, authorised commercial representative, liquidator, or concluding an agreement in favour of any of the said persons,
- determining the date on which the list of shareholders entitled to receive dividend for the year is prepared (dividend date).

Matters forwarded by the Management Board for consideration by the General Meeting of Shareholders are first forwarded for the Supervisory Board's consideration.

Resolutions of the General Meeting of Shareholders are adopted by an absolute majority of votes, irrespective of the number of shares represented at the meeting, unless the provisions of the Code of Commercial Companies state otherwise.

## **6.12 Composition of the Management and Supervisory Boards, changes thereto in the last financial year and functioning of the management and supervisory bodies of the Company and their committees**

### **Composition of the Management Board**

**As at 31 December 2024, the Management Board of Budimex SA was composed of the following persons:**

- Artur Popko – President of the Management Board, General Director,
- Anna Karyś-Sosińska – Board Member, Chief HR Officer,
- Jacek Daniewski – Board Member, Chief Legal and Organisational Officer,
- Cezary Łysenko – Board Member, Chief Operating Officer of Infrastructure and General Construction,
- Maciej Olek – Board Member, Chief Operating Officer Railway, Power, Industrial Construction
- Marcin Węglowski – Board Member, Chief Financial Officer.

In 2024, the composition of the Management Board did not change.

In 2024, there were no changes as regards authorisations to represent the Company granted by the Management Board.

### **Composition of the Supervisory Board and its Committees**

As at 31 December 2024, the Supervisory Board of Budimex SA was composed of the following persons:

- Marek Michałowski – Chairperson of the Supervisory Board
- Juan Ignacio Gaston Najarro – Deputy Chairperson of the Supervisory Board
- Igor Adam Chalupec – Supervisory Board secretary
- Danuta Dąbrowska – Supervisory Board Member

- Silvia Rodriguez Hueso – Supervisory Board Member
- Janusz Dedo – Supervisory Board Member
- Ignacio Aitor Garcia Bilbao – Supervisory Board Member
- Artur Kucharski – Supervisory Board Member
- Mario Manuel Menendez Montoya – Supervisory Board Member.

There were no changes in the composition of the Supervisory Board in 2024.

As at 31 December 2024, the Audit Committee was composed of the following persons:

- Danuta Dąbrowska – Chairperson,
- Janusz Dedo – Member,
- Ignacio Aitor Garcia Bilbao – Member.

There were no changes in the composition of the Audit Committee in 2024.

As regards the independence of an Audit Committee member, the Company applied the following provisions in 2024: Article 129 par. 3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 and criteria of independence of Board members, within the meaning of the Best Practices of WSE Listed Companies 2021.

The status of independence of a Supervisory Board member is determined by the Company in accordance with the criteria defined in the Operating Instruction No. IO-01-07-02, relating to obtaining information from Supervisory Board members and the publication of this information, based on representations filed by Board members and based on Article 129 par. 3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017.

As at 31 December 2024, the Investment Committee was composed of the following persons:

- Janusz Dedo – Chairperson,
- Ignacio Aitor Garcia Bilbao – Member.

There were no changes in the composition of the Investment Committee in 2024.

As at 31 December 2024, the Remuneration Committee was composed of the following persons:

- Marek Michałowski – Chairperson,
- Silvia Rodriguez Hueso – member,
- Igor Chalupiec – Member,

There were no changes in the composition of the Remuneration Committee in 2024.

### **Operation of the Management Board**

The Management Board operates based on the provisions of the Company's Articles of Association, By-laws of the Management Board and other binding regulations, including the Code of Commercial Companies. The Management Board is composed of one or more members. The Management Board conducts the Company affairs and formally represents the Company.

The President of the Management Board is appointed and removed by the Supervisory Board. The President of the Management Board is, at the same time, the Company's General Director. The Supervisory Board, at the request of the President of the Management Board, appoints vice-presidents and other members of the Management Board for a 3-year joint term of office.

The functioning of the Management Board is managed by the President of the Management Board. The detailed manner of Management Board functioning has been defined in the By-laws of the Management Board approved by the Supervisory Board.

Resolutions of the Management Board may be adopted with an absolute majority of votes. In the event of an equal number of votes, the casting vote is that of the President of the Management Board.

The persons authorised to make representations or sign documents on behalf of the Company are:

- President of the Management Board – individual representation,
- two Board Members – acting together or one Board Member acting together with an authorised commercial representative.

Representations filed with the Company or submissions of documents are considered valid if addressed to one Board Member, or authorised commercial representative of the Company.

### **Operation of the Supervisory Board**

The Supervisory Board operates on the basis of the Articles of Association, By-laws of the Supervisory Board of Budimex SA and other legal regulations, including the Code of Commercial Companies. The organisation and operation of the Supervisory Board is defined in the By-laws of the Supervisory Board.

The Supervisory Board takes decisions provided at least half of Board Members are present at the meeting and all its members were invited to the meeting. The Supervisory Board meetings may also be attended by means of direct remote communication. The Supervisory Board adopts resolutions with an absolute majority of votes. In the case of equal number of votes, the casting vote is that of the Chairperson of the Supervisory Board. It is allowed that resolutions of the Supervisory Board are taken in writing

or using means of direct communication. Resolutions of the Supervisory Board are valid and effective if all Board members were informed about the content of the draft resolution and at least half of the Board members participated in passing the resolution. Supervisory Board members may participate in taking resolutions by voting in writing by proxy i.e. through another member of the Supervisory Board, in all matters listed on the agenda of the Supervisory Board meeting, except for matters that were added to the agenda during the course of the Supervisory Board's Meeting.

In performing its duties, the Supervisory Board is authorised to review all documents of the Company or to request reports and explanations from the Management Board or employees of the Company; it may also verify the company's assets, books of account, registers and documents. The Supervisory Board is also entitled to order, for its own use, appropriate expert research in matters of its supervision and control.

The Supervisory Board supervises all aspects of the Company's operations in an ongoing manner. Included in the scope of duties of the Supervisory Board are, in particular, the following:

- assessment of the directors' report on the company's activities and evaluation of the financial statements for the previous year,
- evaluation of profit appropriation or loss absorption proposals made by the Management Board,
- recommending to the General Meeting of Shareholders the acknowledgement of the fulfilment of duties by members of the Management Board,
- presenting to the General Meeting of Shareholders annual written reports on the results of the assessment referred to above,
- suspending, for valid reasons, individual or all Management Board members and delegating Supervisory Board members for a period lasting no more than 3 months to temporarily perform the duties of those Management Board members who were removed, resigned or could not perform their duties for other reasons,
- approval of the By-laws of the Management Board of the Company,
- concluding agreements with the Company Management Board members, determining the remuneration of the President of the Management Board and of other Board members, determining policies for granting management bonuses, exercising rights towards Management Board members resulting from work relations; with the proviso that such agreements should be signed by the Chairperson of the Supervisory Board on behalf of the Supervisory Board,
- appointment of a new certified auditor from the list of certified auditors maintained by the National Council of Certified Auditors to audit the financial statements of the Company,
- approval of the agreement between the Company's Management Board and the underwriter to take up the Company's shares,
- granting approval to a Board member to deal with competitive business or to participate in a competing company,
- granting approval to excluding or limiting by the Management Board a pre-emptive right to newly issued shares,
- granting approval to the method of determining share issue price proposed by the Management Board or to issue shares for an in-kind (non-monetary) contribution,
- granting approval for the purchase or disposal of property, perpetual usufruct right or share in property, machines, equipment, securities or other assets, if the unit price on acquisition or disposal exceeds 1/5th of the Company's share capital; if the value of the transactions referred to in this point does not exceed the amount stated above, the decision is made independently by the Management Board,
- overseeing the implementation of the Company's Tax Policy (Tax Strategy) and supervising the effectiveness and adequacy of the Internal Tax Oversight Framework.

In accordance with sec. 12, par. 3 of the By-laws of the Supervisory Board, the Supervisory Board may establish committees or appoint teams from among its members, or delegate a Board member to such bodies. As stated above, the following three committees operate as part of the Supervisory Board: Audit Committee, Investment Committee and Remuneration Committee.

#### **Tasks of the Audit Committee**

The role of the Audit Committee is to:

- monitor the process of preparation of the financial statements of the Company and the consolidated financial statements for the previous year, perform detailed reviews of the results of audits performed by a statutory auditor at each audit stage; monitor the process of preparation of the Directors' Report, including statements on non-financial information;
- monitor the effectiveness of the internal control systems, risk management systems and internal audit, also in the area of financial reporting;
- monitor the performance of audit activities, in particular performance by an audit firm of an audit, while taking into consideration any and all motions and findings of the Audit Supervision Authority arising from the control activities carried out within the audit firm;
- control and monitor the independence of the statutory auditor and of the audit firm, in particular when the services other than audit and review of financial statements are provided to the Company by the audit firm;
- inform the Supervisory Board about the results of the audit and explain the manner in which the audit contributed to reliability of financial reporting at the Company and the role of the Audit Committee in the audit process;
- assess the independence of the statutory auditor and grant consent to provision by the statutory auditor of permitted services other than the audit in the Company;

- develop a policy for selecting the audit firm to conduct the audit;
- develop a policy governing provision by the audit firm, entities affiliated with that audit firm and by any member of the audit firm's network of permitted services other than audit;
- define the procedure for selection of the audit firm by the Company;
- present to the Supervisory Board a recommendation referred to in Article 16 par. 2 of Regulation No. 537/2014 (a recommendation for the appointment of statutory auditors or audit firms) in compliance with the policies referred to above;
- submit recommendations designed to ensure integrity of the financial reporting process at the Company;
- forward to the Supervisory Board conclusions and recommendations relating to the audit and assessment of the financial statements of the Company and of the consolidated financial statements for the previous year;
- forward to the Supervisory Board conclusions and recommendations concerning acknowledgement of the fulfilment of duties by the Chief Financial Officer;
- perform other tasks commissioned by the Supervisory Board depending on the current situation of the Company;
- submit a report on the Committee's activities to the Supervisory Board on a semi-annual basis, by the date of approval of annual financial statements and after publication of semi-annual financial statements.
- give an opinion on changes to the Internal Tax Oversight Framework model proposed by the Management Board and changes to Budimex S.A.'s Tax Policy (Tax Strategy) and Tax Governance;
- advise the Supervisory Board on the selection, re-election or dismissal of the Company's independent auditor of the tax function, including the preparation of a list of candidates and the presentation of a recommendation to the Supervisory Board;
- prepare a report for the Supervisory Board on the activities and development of cooperation with the Company's independent auditor of the tax function, at least once every three years and in the event of termination of the agreement with the independent auditor.

The statutory criterion of independence during 2024 was met by the following members of the Audit Committee: Danuta Dąbrowska and Janusz Dedo.

In 2024, the member of the Audit Committee who has the most extensive experience, knowledge and skills in the field of accounting and management was: Danuta Dąbrowska, member of the Association of Chartered Certified Accountants (ACCA), member of supervisory boards of WSE-listed companies.

Ignacio Aitor Garcia Bilbao – Chief Financial Officer of Ferrovial Construcción SA, the main company in the Ferrovial Group's construction segment – was the Audit Committee member with the greatest experience, knowledge and skills in the broadly understood construction industry.

The Audit Committee held 6 meetings in 2024.

#### **Key elements of the audit firm selection policy**

In accordance with the Articles of Association of Budimex SA, the audit company is selected by the Supervisory Board on the basis of a recommendation of the Audit Committee. It is prohibited to introduce any contractual clauses that would require the Supervisory Board to select an audit firm from a specific category or list of audit firms. Such clauses shall be null and void by operation of law.

At the same time, the Supervisory Board – during the selection of the audit firm – and the Audit Committee – at the stage of preparing recommendations – follow, among other things, the following guidelines concerning the audit firm:

- the price proposed by the audit firm,
- the ability to ensure full range of services defined by Budimex SA,
- previous experience of an audit firm in auditing financial statements of entities whose business profile is similar to that of the Budimex Group and experience in auditing financial statements of public interest entities,
- professional qualifications and experience of persons directly involved in the audit carried out in the Budimex Group,
- the ability to collaborate with the Ferrovial Group auditors and to meet the deadlines for reporting to the Ferrovial Group.

The Audit Committee's recommendation to the Supervisory Board regarding the extension of agreement with audit firm to perform the audit was issued in 2024 and met the applicable conditions. The aforementioned recommendation regarding the selection of the audit firm was issued in 2017 and prepared as a result of Budimex SA's procedure for selecting an audit firm, carried out in the second half of 2016 and at the beginning of 2017. The procedure for selecting an audit firm was consistent with the "Budimex SA's policy and procedure for selecting an audit firm to audit financial statements".

#### **Key elements of Budimex SA's policy for provision of authorised non-audit services by audit firms and entities affiliated with them**

The audit firm, entities affiliated with it and entities belonging to the same network may provide authorised non-audit services, as defined in Article 136 par. 2 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017, to Budimex SA, to its subsidiaries and to the parent company of Budimex SA. However, the Audit Committee is required to approve the conclusion of an agreement for such services, after prior analysis of threats to and safeguards for independence, referred to in Articles 69–73 of the Act. This approval must be recorded in the minutes of the Committee's meeting or be given in circular form and confirmed in the minutes of the next Committee meeting. If the seriousness of the threats to the independence of the audit firm is such that independence is compromised, the Audit Committee shall not approve the signing of an agreement for additional

services. The services referred to above may be provided only to the extent not related to the tax policy of Budimex SA. All other non-audit services are prohibited.

#### **Tasks of the Investment Committee**

The role of the Investment Committee is to provide opinions or approve decisions material for the Company from the point of view of the value of operations relating to: making investments or de-investments in non-financial assets, company incorporation or dissolution, making investments or de-investments or issuing financial assets, Budimex Group company mergers, divisions or transformations, carrying out financial operations, establishing special purpose vehicles (SPVs) to perform works or to render services based on terms and conditions other than those prevailing in the consortium agreements concluded by Budimex Group, preliminary agreements and non-binding initial offers.

The Investment Committee operates based on the procedure authorised by the Supervisory Board. The Supervisory Board is informed at its subsequent meetings about matters on which the Investment Committee was to provide opinions during the period in between the Supervisory Board's meetings.

#### **Tasks of the Remuneration Committee**

The tasks of the Remuneration Committee comprise:

- submitting for approval by the Supervisory Board, proposals concerning remunerating Management Board Members, especially in the form of fixed remuneration, performance-based remuneration, retirement benefit schemes and retirement benefit and long-term incentive programs, together with recommendations concerning objectives and assessment criteria for appropriate adjustment of remuneration of Management Board Members to long-term shareholder interests and the Company's objectives defined by the Supervisory Board; providing the Supervisory Board with proposals concerning the remuneration of individual Management Board Members and ensuring that the remuneration proposed is consistent with the remuneration regulations adopted by the Company and the assessment of the work performance of individual Board Members; providing the Supervisory Board with proposals concerning the appropriate form of employment contracts for individual Board Members; providing the Supervisory Board with proposals concerning bonus ratios, their weight for Board members based on the budget for the given year; offering assistance to the Supervisory Board in supervising the process under which the Company fulfils binding regulations in the area of remuneration disclosure requirements (in particular in the area of remuneration of members of the Management Board); monitoring the level and structure of remuneration of Management Board members based on independent payroll reports, market ratios and submitting to the Supervisory Board appropriate underlying analyses and conclusions; providing opinions on the appointment and removal of members of Supervisory Boards at Budimex SA subsidiary companies, except for SPVs;
- accepting, at the request of the Management Board, the bonus ratio for employees of the Budimex SA head office to be used in the calculation of the previous year's bonus and the percentage ratio for salary/wage increase in the current year;
- preparation of the annual report on activities of the Remuneration Committee.

### **6.13 Remuneration Policy for Members of Management and Supervisory Boards, as well as key managers at Budimex SA**

On 18 June 2020, the General Meeting of Shareholders adopted the remuneration policy of the Budimex SA Governing Bodies. The policy was revised in 2024.

The purpose of the policy is to set the general guidelines and framework for the remuneration of members of the Company's Management Board and Supervisory Board. The implementation of the purpose and objectives of the Policy is oriented towards incentivising the authorities of the Budimex Group to achieve the best possible performance, in correlation with its strategic objectives in a responsible manner and in line with the values of the Budimex Group.

The objectives and goals of the policy are the basis for the rules of remuneration of members of the Management Board of Budimex SA and members of the Supervisory Board.

The policy regulates, among other things:

- components of remuneration of members of the Management Board,
- components of remuneration of members of the Supervisory Board,
- it indicates the proportions between the components,
- it sets out a detailed framework for the award of variable remuneration components,
- it specifies how the bonus criteria are linked to the objectives.

The Supervisory Board is responsible for overseeing the policy and, at least annually, based on, among other things, salary reports and observation of market trends, reviews the remuneration policy and assesses its impact on the management of the organisation. In order to ensure the highest possible quality of the process, the Board is assisted in these reviews by an external audit firm.

### **Supervisory Board Members**

The body authorised to determine the remuneration policy for members of the Supervisory Board of Budimex SA is the General Meeting of Shareholders. On 28 April 2015, the General Meeting of Shareholders resolved that members of the Supervisory Board of Budimex SA would receive monthly remuneration for their work in the following amounts:

- Chairperson of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.7 ratio,
- President of the Audit Committee of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.5 ratio,
- President of the Investment Committee of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.3 ratio,
- President of the Remuneration Committee of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.3 ratio,
- Deputy Chairperson of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.1 ratio,
- Secretary of the Supervisory Board – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.2 ratio,
- Supervisory Board Member – twice the amount of the average monthly remuneration in the enterprise sector without out of profit payments, calculated using the 1.1 ratio.

### **Management Board Members**

The remuneration of the President and members of the Management Board is determined by the Supervisory Board, taking into account the recommendations made by the Remuneration Committee. The overall remuneration package includes fixed remuneration, variable remuneration in the form of bonuses and long-term incentive schemes, and fringe benefits. In addition, the Supervisory Board performs all labour-law based activities in relations between Budimex SA and members of the Management Board.

Members of the Management Board of Budimex SA (“Company”), in connection with the work performed and position occupied on the Management Board, are employed at either Budimex SA or at subsidiary companies where they receive remuneration based on an employment contract concluded for a fixed term of office, with a termination notice period resulting from the Labour Code provisions. In addition, the employment contracts provide for severance pay in the amount of 6–12 monthly salaries, depending on the position, in the case of removal or non-appointment for the next term of office of the Management Board for reasons due to the Company. Where the contract is terminated due to an employee's resignation or his/her wilful misconduct to the detriment of the Company, severance pay is not paid and only the termination notice period resulting from the applicable Labour Code provisions remains in effect.

In addition, Members of the Management Board of Budimex SA have concluded, with the Company or the company paying their remuneration, separate non-competition agreements which are valid for a period of 12 months after the date of dissolution of the respective employment contracts. During the period of validity of the non-competition clause, the Company will pay the employee 25–100 per cent of his/her basic monthly remuneration, depending on the manner in which the employment contract is terminated and the party that initiated the termination. Contractual penalties have been established for the breach of the non-competition clause by a member of the Management Board.

Information on the remuneration of Members of the Management Board was presented in the consolidated financial statements of the Budimex Group and in the financial statements of Budimex SA.

The remuneration of Management Board members is composed of the following items:

- fixed remuneration – basic monthly salary,
- performance-based remuneration (annual bonus) which is composed of the following elements: task-related bonus which is determined on the basis of an annual assessment of task completion, and ratio-related bonus relating to the business activities of the Budimex Group,
- share-based remuneration under the “Plan przyznania akcji związanych z celami Ferroviału” [“Ferroviał's objective-related share incentive scheme”] which consists in conditional awarding of rights to acquire shares in Ferroviał SA. Management Board members who have been employed at the Company for at least 36 months will be eligible to subscribe for the shares in Ferroviał. Both the fact of awarding and the number of awarded shares depends on achieving economic parameters budgeted by the Ferroviał Group in three consecutive years and on the eligible persons' remaining employed by the Company at the date of awarding the shares.

As part of the ECP (Employee Capital Plan), the Company operates the voluntary Employer's Additional Contribution Scheme. Contributions are calculated as a percentage of the employee's remuneration. Members of the Management Board participate in the scheme on the same basis as all Budimex employees.

### **Key managers**

The body authorised to determine the remuneration policy for Key managers is the Management Board of Budimex SA. The remuneration policy has been determined in individual employment contracts.

The remuneration of key managers is composed of the following items:

- fixed remuneration – basic monthly salary,
- performance-based remuneration (annual bonus) which is composed of the following elements: task-related bonus, which is determined on the basis of an annual assessment of task completion, and ratio-related bonus relating to the business activities – areas under management,
- share-based remuneration under the “Plan przyznania akcji związanych z celami Ferrovialu” [“Ferrovial’s objective-related share incentive scheme”] which consists in conditional awarding of rights to acquire shares in Ferrovial SA. Key managers who have been employed at the Company for at least 36 months will be eligible to subscribe for the shares in Ferrovial. Both the fact of awarding and the number of awarded shares depends on achieving economic parameters budgeted by the Ferrovial Group in three consecutive years and on the eligible persons’ remaining employed by the Ferrovial Group at the date of awarding the shares,
- in addition, for key employees with above-average business performance, the Company has introduced retention contracts.

### **Non-financial components of remuneration**

Non-financial components of remunerations to which individual Board Members and key managers are entitled are the same and include “in-kind” benefits such as free-of-charge medical care (including dental care), payment of life insurance policy premiums, Employee Capital Plans, company car.

### **Significant changes to the remuneration policy**

There were no significant changes to the remuneration policy during the last financial year.

### **Assessment of the remuneration policy**

The remuneration policy in place is an effective management tool supporting the Company’s strategic development objectives and enabling a flexible response to changes in the business environment caused by the shortage of subcontractors and the need to expand the Company’s own execution capacities.

# **7. SUSTAINABILITY REPORTING**

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## **SUSTAINABILITY STATEMENT**

## 7 GENERAL INFORMATION

### 7.1 Basis for preparation

#### General basis for preparation of sustainability statements (BP-1)

#### Disclosures in relation to specific circumstances (BP-2)

##### Sustainability reporting standard

The Sustainability Statement ("**Statement**") for the Budimex Group has been prepared in accordance with Chapter 6c of the Accounting Act of 29 September 1994 (according to the version dated 6 December 2024). The Statement also contains disclosures under European Taxonomy regulations, including Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. This report is based on the ESRS (*European Sustainability Reporting Standards*) introduced by the Delegated Regulation of the Commission (EU) 2023/2772 of 31 July 2023.

##### Consolidation

The information, data and indicators and statements contained in the Statement refer to the Budimex Group, i.e. the parent company together with its consolidated subsidiaries, unless otherwise indicated. The Report contains information on the sustainability of the Budimex Group for the period from 1 January 2024 to 31 December 2024. The scope of consolidation in this report is the same as for the 2024 consolidated financial statements. Sustainability Statements are prepared on an annual basis.

The Report is part of the Directors' Report on the activities of the Budimex Group in 2024 (the "**Directors' Report**") and was approved for publication by the Management Board on 8 April 2025. It contains references to the Directors' Report and the Group's Consolidated Financial Statements for 2024 (the "**Financial Statements**") and should be analysed in conjunction with the Directors' Report and Financial Statements.

The information incorporated by reference required by the ESRS and included in the Directors' Report or Financial Statements includes data on corporate governance, including the role and powers of the Management Board and Supervisory Board, the compensation of the Management Board and Supervisory Board – Compliance Policy, as well as the structure of the Budimex Group. Any references to the *Directors' Report* and *Financial Statements* are stated in the Report.

##### Data coverage and comparability

The Statement covers the upstream and downstream of the value chain when describing the Budimex Group's value chain, Scope 3 GHG emissions, and issues related to:

- ESRS S2 – Workers in the value chain,
- ESRS S3 – Affected communities,
- ESRS S4 – Consumers and end-users.

The 2024 Report introduces changes in the preparation and presentation of sustainability information compared to previous years' reports: for the first time, the Statement follows the ESRS standard introduced by the Delegated Regulation of the Commission (EU) 2023/2772 of 31 July 2023. Due to the above, comparative data is not presented in the 2024 Report.

All of the methods that were used to estimate the numerical data are presented in this Statement.

The Budimex Group has taken the option to omit information on intellectual property, know-how and innovation results.

In accordance with Appendix C to ESRS 1, the Group has taken the option to omit disclosure of the following information or datapoints provided for in the ESRS disclosure requirements:

- SBM-1 Information prescribed by ESRS 2 SBM-1 paragraph 40(b) (breakdown of total revenue by significant ESRS sector) and 40(c) (list of additional significant ESRS sectors)
- SBM-3 Information prescribed by ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects)
- E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities,
- E3-5 Anticipated financial effects from water and marine resources-related risks and opportunities,
- E5-6 Anticipated financial effects from resource use and circular economy-related risks and opportunities.

Time horizons used in this Statement are consistent with the definition in the ESRS.

Metrics, including those for the value chain, are estimated based on indirect sources. The key indicator in this respect is Scope 3 GHG emissions, which is calculated partly on the basis of physical data and partly on the basis of financial data, as explained in Section 8.2 *Climate change*. These calculations are based on budget assumptions and estimates for part of the year.

Some of the metrics disclosed in this Statement are subject to a degree of uncertainty. They include, among other things:

- Scope 3 GHG emissions that result from estimates based on available secondary data,
- estimates covering part of the reporting period, when full documentation is not available to allow detailed calculations (e.g., as a result of delays in the provision of invoices by energy suppliers),
- determining the amount of electricity from renewable sources, which, due to delays in the operation of the Register of Guarantees of Origin, is estimated on the basis of invoices or statements from suppliers,
- forward-looking projections, such as the valuation of the Group's future cash flows.

In addition, the targets presented in this Statement have not been reviewed by independent third parties for consistency with current scientific evidence.

All policies described in this Sustainability Statement regarding significant impacts, risks and opportunities identified by the Budimex Group are approved at the level of the Management Boards of individual Budimex Group companies.

No measurements of metrics presented in this Sustainability Statement were confirmed by an external entity.

#### **External assurance**

This Sustainability Statement of the Budimex Group has been subject to external assurance process. The assurance process was performed by the audit firm Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. in accordance with the National Standard on Assurance Engagements for Sustainability Reporting 3002PL – “Assurance Engagement Providing Limited Assurance on Sustainability Reporting” (“KSUA 3002PL”) and, respectively, the National Standard on Assurance Engagements Other than Audit and Review 3000 (Z) as amended by International Standard on Assurance Engagements 3000 (amended) – “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (“KSUA 3000 (Z)”).

## **7.2 Business conduct**

### **The role of the administrative, management and supervisory bodies (GOV-1)**

The bodies of Budimex SA, which is the parent company of the Budimex Group, are the Shareholder Meeting, the Supervisory Board and the Management Board.

Detailed information on the composition of the Supervisory Board and the Management Board is presented in Section 6.12 of the Directors' Report. No representatives of employee organisations sit on any of these bodies. The responsibilities of the Budimex Group's bodies related to sustainability management are described in Section 7.3 *Sustainability management*. All Management Board members have many years of experience related to the Group's operations in the construction sector in Poland and neighbouring countries (among others in connection with the Group's expansion to Germany, the Czech Republic and Slovakia).

The Management Board and the Supervisory Board do not include stakeholder representatives, such as a trade union delegate, but the aforementioned management bodies take into account information provided by the Group's external stakeholders in their decision-making, as outlined in Section 10.1 *Business conduct*.

In accordance with the disclosures presented in Section 10.1 *Business conduct*, under the Budimex Group compliance system, the Management Board of the relevant Budimex Group company is notified of all such information provided. The oversight over the implementation of the Compliance Policy is described in Section 6.2 of the Directors' Report.

#### **Composition and diversity of administrative, management and supervisory bodies**

In 2024, 16.67% of Management Board members were female and 83.33% of Management Board members were male.

In 2024, 22.22% of Supervisory Board members were female and 77.78% of Supervisory Board members were male.

No representatives of employee organisations sit on any of these bodies.

In 2024, 33% of the members of the Supervisory Board were independent members. The independent status of a Supervisory Board member is determined in accordance with the criteria described in *Operating Instruction No. IO-01-07-02*, regarding obtaining and publishing information from Supervisory Board members based on statements provided by Supervisory Board members and pursuant to Article 129(3) of *the Act on auditors, audit firms and public supervision*.

The Diversity Policy of the Budimex SA Supervisory Board and the Diversity Policy of the Budimex SA Management Board are described in Section 9.1 *Budimex Group's own workforce*.

#### **Budimex Group structure**

The Budimex Group's structure as at 31 December 2024 is presented in Section 2 of the Directors' Report.

## **7.3 Sustainability management**

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## **Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)**

### **Accountability and sustainability reporting**

Sustainability is an area of ongoing interest for the management, including the Management Board and senior management of Budimex, and is subject to validation and oversight by the Supervisory Board.

The ESG, Quality and Environmental Protection Department provides comprehensive supervision over the implementation of ESG measures in the Budimex Group, i.e. in the area of social, environmental and governance responsibility. It has an organisational unit whose responsibilities include:

- agreeing and aligning ESG strategies with market standards,
- communicating with internal stakeholders to agree on ESG strategy,
- coordinating the reporting of ESG indicators,
- collaborating on IT projects to support reporting of ESG indicators,
- monitoring progress against targets arising from the ESG strategy,
- sustainability reporting standard,
- conducting taxonomic evaluation of projects,
- conducting ongoing verification and internal communication of legal requirements associated with the ESG area.

The coordination and supervision of activities in specific ESG areas have been assigned to the following units:

- Area E (environmental responsibility) – the ESG, Quality and Environmental Protection Department,
- Area S (social responsibility) – the Human Resources Division,
- Area G (responsible corporate governance) – the Legal and Organisational Division.

The Management Board evaluates the progress of the company's ESG and sustainability strategy and its members support the achievement of the relevant targets as part of their business responsibilities by allocating appropriate financial and human resources and collaborating on solutions. This evaluation occurs during Management Board meetings, based on target progress reports provided by the ESG Director. The Supervisory Board receives quarterly updates on the achievement of sustainability targets, and reporting on this topic started in 2024. Based on the analysis of indicators included in the strategy, the Supervisory Board assesses the effectiveness of the supervision of the units responsible for managing the organisation's impact on sustainability matters. The Audit Committee receives information on the stages of the sustainability reporting process and on the results of the auditor's work related to sustainability reporting. In addition, the Audit Committee monitors the effectiveness of internal control, risk management systems and internal audit.

The Budimex SA Supervisory Board and Management Board provide strategic and qualitative oversight of sustainability processes in the Budimex Group, monitoring their effectiveness. In addition, the Management and Supervisory Boards act as the final authority in the mechanisms for signaling and addressing irregularities in the Group. The Management Board receives regular information on the results of sustainability-related processes, including key risks (including in the ESG area) and instances of violations of laws and internal regulations.

The Management Board engages in the organisation's ESG processes and activities, recommending their improvements after receiving relevant information on the subject. It also makes decisions on the strategic development directions of the Budimex Group, taking into account the principles of sustainable development. Its responsibilities also include approving strategic plans in this area and accepting sustainability reports that include detailed information on ESG.

### **Integration of sustainability-related performance in incentive schemes (GOV-3)**

The method of setting remuneration of Management Board and Supervisory Board members and the *Remuneration Policy for Budimex S.A. Management Board and Supervisory Board Members* pertaining to these matters are described in section 6.13 of the Directors' Report. The amount of remuneration of the Management Board is approved by the Supervisory Board, taking into account the recommendations of the Remuneration Committee. The amount of remuneration of the Supervisory Board is approved by the Shareholder Meeting.

The comprehensive remuneration package for Members of the Management Board includes fixed remuneration, variable remuneration in the form of bonuses and long-term incentive programs, as well as additional benefits.

Variable remuneration is granted on the condition that the company meets the annual goals set by the Supervisory Board (financial and sales targets). The amount of this remuneration is also influenced by the level of achievement of the employee's individual annual goals. The selection of goals for individual Members of the Management Board takes into account the scope of their individual duties and responsibilities in the management process of the organisation.

The metrics by which sustainability performance was measured influenced the level of variable remuneration and, depending on the individual Management Board Member, were related to e.g. implementing health and safety solutions, reducing CO<sub>2</sub> emissions, reducing the pay gap and increasing the proportion of women in the Group's structures. The indicated metrics were not quantified – they had a general nature. The individual targets of certain Management Board members related to sustainability and positive environmental impact, together with other annual targets, affect the annual bonus in the range of 25% to 42%.

Currently, the Budimex Group is working on expanding the individual goals of the Management Board members for the year 2025 to include ESG indicators.

In 2024, the remuneration of the Supervisory Board was not linked to any sustainability matters.

#### Statement on due diligence (GOV-4)

**Table 25. Basic elements of the due diligence process**

Basic elements of the due diligence process	Elements of the sustainability statement
Embedding due diligence in governance, strategy and business model	[S1-1, S2-1, S3-1, S4-1]
Engaging with affected stakeholders in all key steps of the due diligence	[S1-2, S2-2, S3-2, S4-2]
Identifying and assessing adverse impacts	[IRO-1, SBM-3]
Taking actions to address those adverse impacts	[S1-3, S2-3, S3-3, S4-3]
Tracking the effectiveness of these efforts and communicating	[S1-17, S2-4, S3-4, S4-4]

#### Risk management and internal controls over sustainability reporting (GOV-5)

##### Risks management processes in the Budimex Group

The top level document governing the risk identification area is the *Budimex Group Risk Control and Management Policy*. The Management Board of Budimex SA (at the Group level) and the presidents of subsidiaries are responsible for adopting the risk control and management policy, including tax risks. They are also responsible for monitoring information systems and internal control mechanisms.

Risks are managed at two levels: strategic and operational.

The risk management process at the strategic level includes the following risk categories:

- Strategic: potential events that jeopardise the company's mission or strategy,
- Operational: potential events that jeopardise the effective and efficient use of company resources,
- Compliance: potential events that jeopardise the fulfillment of the company's contractual obligations or its obligations under internal and external regulations,
- Financial: potential events that jeopardise the effective management or control of a company's finances and/or the reliability of its financial data.

Risk management at the operational level includes, but is not limited to, the following risk areas:

- Formal requirements: potential events that jeopardise the achievement of the Group's production targets as formally/contractually required,
- Design: potential events that jeopardise the effective management of the implementation of contract budgets,
- Procurement: potential events that jeopardise the effective management of contract budgets or the execution of works in accordance with the approved execution plan, as well as risks related to possible violations of environmental, human rights or labour laws by suppliers or subcontractors,
- Execution schedule: potential events that jeopardise the execution of works in accordance with contract performance schedules or business unit schedules,
- Other: potential threats to the fulfillment of targets that cannot be classified in any of the above groups.

The risk management process is overseen by the Budimex SA Management Board. The system of risk identification in the Budimex Group is based on risk reviews: annual, half-yearly and quarterly. As part of these reviews, the Group considers the impacts and risks it is involved in given its own operations and as a result of business relationships, as well as the results of consultations with the Group's external stakeholders.

ESG Risks were identified as part of the double materiality study conducted at Budimex Group in 2023 and updated in 2024. The list of ESG risks identified as part of the double materiality analysis process is presented in chapter 7.7 *Material impacts, risks and opportunities*.

A map of strategic risks is presented twice a year to the Audit Committee of the Budimex SA Supervisory Board.

The flow of the process of identifying and assessing strategic and operational risks is as follows:

- Risk identification – performed by business unit managers based on the identification of risks that pose a significant threat to the achievement of set targets and through a risk management tool that is used to identify, estimate and report strategic and operational risks and contingencies,
- Risk assessment – follows detailed instructions and consists of an assessment of the impact that the materialization of risks would have on business targets (very serious, serious, moderate, minor, no impact) and the likelihood of its occurrence (high, medium, low and unlikely),
- Risk classification – determining the probability of materialization and potential impact of risks,
- Description of countermeasures – specific steps that will be taken to reduce the likelihood of a given risk or minimise its impact if it materialises.

The review of risks for 2024, carried out as part of the Budimex Group's strategic risk management process, identified the following material risks.

- risks related to the business conditions in the construction market, resulting from increasing competition in public tenders from companies coming from outside the European Union, as well as difficulties in obtaining qualified personnel for the performance of contracts, mitigated by the Budimex Group through foreign expansion and entry into new areas of activity
- risks related to climate change and its impact on the performance of construction works, including the risk of increase in the costs of contract performance resulting from new legal regulations, mitigated by conducting activities minimising the negative climate impact (among other things, investing in own renewable energy sources, increasing energy efficiency of buildings, searching for alternative raw materials, including recycled ones) and changes in the design process in order to design structures resistant to weather events
- risks of cyber threats arising from global escalation and increasingly sophisticated forms of hacking attacks, mitigated by implementing cyber security solutions
- risks of accidents, particularly serious or fatal accidents, mitigated by implementing health and safety solutions
- risks related to the implementation of projects with a significant impact on the environment or surroundings, mitigated in particular by the Budimex Group's dialogue with stakeholders.

### **Management systems**

Budimex Group companies have in place Integrated Management Systems (IMS). Each includes all the organisational units and functions of the entity and is characterised by:

- clear division of responsibilities and powers related to official positions,
- involving all employees in achieving the goals of the IMS,
- conducting activities in accordance with the Integrated Management System Book and relevant procedures and instructions,
- documenting required activities,
- periodic evaluation and continuous improvement.

The framework for the policies governing IMS in the companies is provided by the *Budimex Group Policy*. Some IMS documents are managed centrally and apply in unchanged form and content to all Group companies. The shared system makes it possible to deepen the integration and organise the activities of all Group entities.

The above *Policy* is discussed with the employees of the companies during training sessions. It is subject to regular reviews, the results of which are the basis for corrective actions and other activities aimed at continuous improvement of the systems.

### **BUDIMEX SA**

To organise and implement investment projects, Budimex SA uses an Integrated Management System that includes:

- a quality management system in accordance with the requirements of ISO 9001,
- an environmental management system in accordance with ISO 14001,
- a health and safety management system in accordance with ISO 45001,
- an energy management system in accordance with ISO 50001,
- a welding quality management system in accordance with ISO 3834-2,
- a quality assurance system based on the requirements of the NATO AQAP 2110 standard,
- an information security system in accordance with ISO/IEC 27001,
- an IT service quality management system in accordance with ISO/IEC 20000-1.

The Integrated Management System is coordinated together with the associated systems, including:

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- supervision of the fulfillment of the relevant organisational and technical requirements to maintain the authorizations granted by the Office of Technical Inspection, and concerning the manufacture, repair and modernization of technical equipment, as well as materials and components used in their manufacture,
- Company Production Control (ZKP), which is a permanent internal monitoring following from the laws ensuring repeatability of production and providing evidence of compliance with the technical specifications adopted for individual construction products used in EU countries. At Budimex SA, the ZKP includes in particular the production of mineral and asphalt mixes and aggregates used in road construction, as well as projects in the area of railroad construction.

Supervision of the functioning of the IMS and associated systems at Budimex SA is exercised by the Corporate Systems Department and the Management Board Systems Representative. Internal audits in this area are carried out by the Management Systems Audit Department, a unit of the Internal Audit Office.

### **MOSTOSTAL KRAKÓW GROUP**

At Mostostal Kraków Group, the Integrated Management System consists of:

- a quality management system in accordance with ISO 9001,
- an environmental management system in accordance with ISO 14001,
- a health and safety management system in accordance with ISO 45001.

They are supervised by the Management Board's representative for the Integrated Management System.

The scope of the IMS described above includes the organisation and management of project implementation, construction, supply and installation of general, industrial and communications construction facilities, as well as the implementation of industrial pipelines. The scope of IMS applies to construction contracts carried out in the Republic of Poland and in international markets, including Germany, the Czech Republic, Slovakia and Latvia.

In the case of Mostostal Kraków SA, the associated systems that are consistent with the IMS and use part of its procedures and instructions, include:

- Company Production Control (ZKP) system – based on the requirements of the harmonised standard PN-EN 1090-1, which is part of the group of European standards for the design and manufacture of steel or aluminum supporting structure elements,
- a welding quality management system – based on the requirements of ISO 3834-2,
- a quality assurance system for the company's laboratory – based on the requirements of ISO/IEC 17025.

For Konstalex Sp. z o.o., the associated systems include:

- Company Production Control (ZKP) system – based on the requirements of the harmonised standard PN-EN 1090-1,
- a welding quality management system – based on the requirements of ISO 3834-2.

### **FBSERWIS GROUP**

The environmental management system at the FBSerwis Group is based on policies grounded in the requirements of *Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 establishing best available techniques (BAT) conclusions for waste treatment*. BAT conclusions have been implemented at FBSerwis Dolny Śląsk Sp. z o.o., FBSerwis Karpatia Sp. z o.o., FBSerwis Kamieński Sp. z o.o. and FBSerwis Wrocław Sp. z o.o. based on operational procedures.

FBSerwis Wrocław Sp. z o.o. has implemented an Integrated Management System in accordance with ISO 9001 and ISO 14001 standards. Its scope includes pick-up, collection and transportation of solid waste (municipal and industrial), collection and transportation of liquid waste, mechanical-biological processing of municipal waste, trading in recyclables, cleaning of outdoor and indoor areas, and summer and winter maintenance of roads and sidewalks.

### **Management systems certificates**

The effectiveness of the implemented management systems is guaranteed by the constant supervision of external independent certification bodies. In 2024, the systems discussed above underwent external supervision audits, which resulted in the maintenance of certificates of compliance with the relevant ISO standards.

### **Internal audit**

Budimex SA, as a public company, is subject to a number of regulations and best practices, which establish requirements for the corporate governance area. These include, among others: *International Standards for the Professional Practice of Internal Auditing*<sup>3</sup>, *Best Practice for GPW Listed Companies 2021*<sup>4</sup>, *Best Practices of Public Interest Entities regarding the Rules for Appointment, Composition and Operation of Audit Committees*<sup>5</sup>, and the Office of Technical Inspection. In order to ensure compliance with these requirements, Budimex SA has appointed the internal audit function.

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<sup>3</sup> Compiled by the Institute of Internal Auditors (IIA) and available at: <https://www.iaa.org.pl/o-nas/standardy>.

<sup>4</sup> *Best Practice for GPW Listed Companies* is available at: <https://www.gpw.pl/best-practice2021>.

<sup>5</sup> The practices were developed by the Office of the Polish Financial Supervision Authority and are available at: [https://www.knf.gov.pl/knf/pl/komponenty/img/Dobre\\_praktyki\\_dot\\_zasad\\_powolania\\_skladu\\_i\\_funkcjonowania\\_komitetu\\_audytu\\_konsultacje\\_24-12-2019\\_68378.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/Dobre_praktyki_dot_zasad_powolania_skladu_i_funkcjonowania_komitetu_audytu_konsultacje_24-12-2019_68378.pdf).

Internal audit is an independent and objective function supporting the implementation of business objectives through systematic evaluation and improvement of risk management processes, the internal control system and corporate governance. This function is fulfilled by the Internal Audit Office, which is organisationally subordinated directly to the CEO of Budimex SA, which the Head of the Office reports directly to the Supervisory Board's Audit Committee.

The Internal Audit Office consists of two units:

- The Corporate Audit Department, which is responsible for assurance and consulting services, which meet the requirements of financial markets,
- SOX team – which coordinates the company's testing program for compliance with the requirements of the Sarbanes-Oxley Act,
- Management Systems Audit Department, which verifies compliance with the requirements of the Construction Project Assessment System (Health and Safety and Environmental Protection), the Integrated Management System and Company Production Control system.

Internal auditors operate in accordance with the Group's internal regulations, in particular the Code of Ethics of Internal Auditors, which is in line with the Code of Ethics of the Institute of Internal Auditors.

### **Risk management**

In the organisation, risks play an important role in decision-making processes, and in the internal auditing function they are a key part of the assessment process. Risk management makes it possible to identify risks and implement strategies to minimise their impact. In this context, Budimex SA uses a model of three lines of defense:

- First line – management and employees responsible for operational activities and risk management.
- Second line – supervisory functions such as compliance management and internal control.
- Third line – internal audit, which evaluates the effectiveness of first and second line activities and recommends improvements.

### **Sustainability reporting**

Sustainability reporting in the Budimex Group is an important element of governance and is subject to specific control mechanisms. The process involves the identification, collection, analysis and reporting of ESG data in accordance with applicable regulations (including CSRD). To ensure the reliability of the information, internal control procedures have been implemented, including data verification by dedicated teams and independent audits by the Internal Audit Office.

### **Identification of risks and controls in ESG**

In order to manage the risks relating to sustainability reporting, the Group regularly identifies and assesses the risks in the scope indicated. The main risks associated with ESG reporting include:

- lack of completeness or accuracy of data,
- correctness of estimates made,
- non-compliance with regulations,
- misinterpretation of ESG indicators,
- timeliness of data collection and release,
- risk of failure to adapt to dynamically changing market and regulatory requirements.

Due to the materiality of the ESG topic (and given the complexity and novelty of the topic), the Group did not evaluate the above risks in the current year. Measures have been taken (including the implementation of control measures) to mitigate the above risks (which at this stage, in the Group's view, are equally as important). In subsequent years, the assessment of the identified risks will be subject to annual evaluation by the Internal Audit Office (similar to other processes).

To minimise these risks, the Budimex Group has implemented, since 2023:

- systematic monitoring of key ESG indicators,
- digitalization of reporting processes to improve data accuracy,
- inspections and internal reviews to ensure compliance with the organisation's requirements,
- consulting from external companies to improve the quality and transparency of ESG reporting,
- internal audits evaluating the effectiveness of the system of internal control over ESG reporting.

A key aspect of the Budimex Group's risk management system process is the ongoing incorporation of findings from risk assessments and internal control into the relevant internal processes. The Group determines the formula and the functions and internal processes that the activity mitigating the identified risks should be allocated (including the development of appropriate policies/procedures).

The above arrangements (including updates), are communicated to administrative, management and supervisory bodies, during quarterly ESG meetings.

### **Role of the Internal Audit Office in ESG**

The Internal Audit Office, as part of its annual risk assessment, identifies key areas to be audited. Due to materiality, ESG reporting is included in this process.

The ESG audits performed, in addition to assessing compliance with regulations, also cover the impact of sustainability reporting on the Group's strategic goals and the adaptation of processes to changing requirements. The results of the audits are reported to the Management Board and the Audit Committee, which allows the Group strategy to be adjusted to regulatory and market requirements.

The way in which control is exercised over the process of preparing sustainability reporting and managing risks in this regard is described in the initial section of Chapter 7.3 *Sustainability management*. The issues of risk management and assessment of the effectiveness and efficiency of internal controls over sustainability reporting are considered during each annual risk assessment in the organisation performed by the Director of the Internal Audit Office for the development of the Annual Audit Plan.

## **7.4 Business model**

### **Strategy, business model and value chain (SBM-1)**

#### **Business model**

The Budimex Group provides a wide range of construction and installation services, performed under the general contracting system in Poland and abroad, using the mineral and asphalt mixes and prefabricated steel products it produces. It is also expanding its presence in the waste management, infrastructure maintenance, building maintenance, renewable energy production and electromobility sectors.

The largest entities in the Budimex Group are:

- Budimex SA (the parent company), which is a general contractor of infrastructure, railroad, building and power and industrial facilities, which it executes in cooperation with Budimex Budownictwo Sp. z o.o. and Budimex Kolejnictwo SA,
- The Mostostal Kraków Group, offering prefabrication, supply and assembly of steel structures, as well as mechanical assembly services for machinery and equipment for the cement and lime, power, metallurgical and chemical industries,
- The FBSerwis Group, which is comprised of six companies providing services in waste management (they have, among other things, their own processing facilities and landfills), road infrastructure maintenance.

The Budimex Group carries out economic activities primarily in Poland, but also in foreign markets (Germany, Slovakia, Czech Republic, Latvia).

Total revenues generated by the Budimex Group revenues generated in the period from 1 January to 31 December 2024 on the Polish and international markets amounted to PLN 9,117.843 million <sup>6</sup>. As at 31 December 2024, the headcount was 7,665 employees, including 6,732 employees in Poland and 933 in other countries.

#### **Main areas of activity**

##### **BUDIMEX SA**

#### **Infrastructure construction**

As part of the Infrastructure Construction Division, the Company carries out road, bridge and hydraulic engineering construction projects. The Division has its own equipment base, an asphalt mixing plant and a network of certified laboratories. Its technological and equipment base enables it to undertake technically advanced investments throughout the country. Its offer is complemented by the FBSerwis Group, which provides services related to the maintenance of road infrastructure.

#### **General construction**

The company's General Construction Division performs the full range of services of this segment and provides support at every stage of the project. The General Construction Division's offer includes general contracting of public buildings, and commercial, industrial, military, residential and sports facilities.

Budimex SA's activities in the building segment are supported by other companies of the Budimex Group: Mostostal Kraków SA, specialising in the execution of steel structures, and FBSerwis in the area of technical maintenance of facilities.

#### **Railroad construction**

Budimex SA carries out railroad projects with full infrastructure facilities, including platforms, stations and overpasses, including participation in the construction of new and modernisation of existing railroad lines. The Railway Construction Division has equipment facilities and is developing the competence of its staff, including in the construction of high-speed railroads. The Division's offer is supplemented by Budimex Kolejnictwo SA, which provides specialised equipment and transportation services on the rail market and results in special construction works, including the installation of railroad superstructure, turnouts, electrofusion welding and thermite welding.

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<sup>6</sup> Information on total revenues is presented on the basis of the Consolidated Financial Statements of the Budimex Group for the period from 1 January to 31 December 2024.

### **Power and industrial construction**

As a general contractor or in consortia with other market players, Budimex SA builds, among others, gas and steam units, gas transmission pipelines, thermal waste conversion installations, as well as water treatment stations and flue gas desulfurisation or denitrification installations.

### **Laboratory services**

The company has its own laboratory and technological facilities, consisting of the Central Laboratory and 29 field laboratories. They make it possible to conduct ongoing quality control of individual assortments of construction work, in accordance with contract terms and technical specifications, and to perform as-built analyses. Budimex SA laboratories also provide services to third parties. The Central Laboratory is accredited by the Polish Accreditation Center under number AB1414.

### **MOSTOSTAL KRAKÓW GROUP**

#### **Manufacturing of steel structures**

The company's core business areas include prefabrication, supply and assembly of steel structures, as well as the provision of design services. The company has steel structures manufacturing plants located in Kraków and Kleszczów, and from May 2023, also the Konstalex plant in Radomsko, which deals with heavy, mainly bridge steel structures. The company's total production potential exceeds 18 000 tons per year. The structures are supplied for the needs of, among others, industrial facilities, bridges and environmental protection projects.

#### **Industrial projects**

The company is a designer and general contractor of steel structures for the construction of logistics centers, warehouses, industrial and power facilities, among others. It has established teams responsible for developing its modular construction offerings and implementing multi-level steel system parking lots.

### **FBSERWIS GROUP**

#### **Waste management**

FBSerwis Group companies offer services in the area of municipal and industrial waste management, including collecting and transporting waste, managing waste processing facilities and landfills. They also post employees to handle processes at customer sites, and advise on waste management and legal requirements in the environmental area. They also perform tasks related to the maintenance of green areas and cleaning in cities and townships. The FBSerwis Group's operations are complemented by Circular Construction SA, a company collecting and storing and processing waste. It specialises in the recycling of building materials.

#### **Road infrastructure maintenance services**

The FBSerwis Group provides summer and winter maintenance services for roads, engineering structures and outdoor areas, taking care of their proper condition, as well as maintenance of horizontal and vertical road signs and traffic lights, etc. It also performs construction work and temporary signage for road works and events.

#### **Lighting infrastructure management**

FBSerwis performs lighting modernisation projects – from the system design stage, through obtaining construction permits and implementing the works, to ongoing maintenance, warranty and post-warranty repairs.

#### **Technical building maintenance**

The company provides technical maintenance and upkeep of installations in buildings, fit-out services, i.e. landscaping of buildings, cleaning services and maintenance of green areas, as well as providing administrative and security services for facilities. In addition, it performs energy audits, i.e. reviews of energy consumption with an indication of achievable savings.

In addition to these areas, the Budimex Group is also active in renewable energy production, development of electromobility infrastructure, and operates in international markets, as described below.

### **GERMANY**

On the German market, the Group conducts its activities through the Budimex SA Branch, Mostostal Kraków SA Branch for steel structures, Budimex Bau GmbH for road and general construction and RailBX for railway construction.

### **SLOVAKIA**

Budimex SA entered the Slovakian market in 2021. Its Bratislava branch office focuses its efforts on infrastructural investments. In July 2022, the first contract was concluded for the construction of the D1/D4 motorway between Bratislava and Triblavina. Work on the project site began in 2023 and continued in 2024.

### **CZECH REPUBLIC**

Budimex SA has had a branch in Prague since December 2022.

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In December 2023, a contract was signed for the construction of a polder in Kutřín. It includes the construction of a 146-meter-long dam and the revitalisation of 2 kilometers of a river.

The second contract won by Budimex in the Czech Republic is a 7.6-kilometer section of the D35 motorway from Džbánov to Litomyšl. The contract will entail the construction of a total of 147 structures, including bridges, overpasses, flyovers and 6.3 km of noise barriers. About 16 km of local roads will also be rebuilt.

#### **LATVIA**

Budimex SA's Riga branch was opened in September 2023, and its activities are currently focused on the railroad construction segment. In December 2023, the E.R.B Rail JV PS consortium, consisting of France's Eiffage Génie Civil, Poland's Budimex and Italy's Rizzani de Eccher, entered into a contract to build a high-speed rail line as part of the Rail Baltica project from the Lithuanian border to the Estonian border across the entire territory of Latvia.

#### **Other activities**

##### **BXF ENERGIA Sp. z o.o.**

In April 2023, Budimex SA and Ferrovial EG S.E. established a new company, BXF Energia Sp. z o.o., in which they hold a 51% and 49% stake, respectively. The purpose of the joint venture is to initiate and develop large-scale renewable electricity generation projects. This electricity is intended to satisfy part of the Budimex Group's demand, but may also be sold to external customers.

The portfolio of BXF Energia Sp. z o.o. includes photovoltaic projects and wind farms at various stages of development, with a total capacity of about 1 GW at the end of November 2024. The company is also in the process of reviewing investments at various stages of development with a total capacity of about 2 GW. In 2024, as a result of an acquisition, the company acquired the rights to the documentation and began the construction of the Azalia photovoltaic project with an installed capacity of 60 MWp. The company plans to start producing electricity from this project after Q2 2025.

##### **MAGNOLIA Sp. z o.o.**

Wind farm purchased by Budimex SA in 2022 at the ready-to-build phase. It consists of two turbines with a total capacity of up to 7 MW. In January 2023, the project obtained financing under a project finance formula from Bank Gospodarstwa Krajowego. In 2024, the plant generated and fed 22997.4813 MWh into the grid.

##### **BUDIMEX MOBILITY Sp. z o.o.**

Budimex Mobility Sp. z o.o. began operations in the Budimex Group in 2022, with the goal of creating a network of publicly accessible electric vehicle charging stations across the country.

In 2024, Budimex Mobility Sp. z o.o. opened 14 public and private stations: AC (slow, alternating current, 11–44 kW) and DC (fast, direct current, 30–180 kW) among others in the warmińsko-mazurskie, podkarpackie, śląskie, zachodniopomorskie, lubuskie, mazowieckie and dolnośląskie voivodships.

## **7.5 Value chain**

### **Strategy, business model and value chain (SBM-1)**

The Budimex Group's value chain includes its own operations, which consist of all operational processes taking place within the organisation and covering the range of construction and assembly services performed under the general contracting system in the country and abroad, using its own production potential. The Group is also expanding its operations in the waste management, infrastructure maintenance, building maintenance, renewable energy production and electromobility sectors. In order to deliver products and services to customers, the Group requires essential activities of suppliers and other upstream business partners, which include mainly the supply of natural raw materials and construction materials, as well as the construction activities of suppliers. The Group's downstream value chain includes mainly clients – both public (state and local government) and private entities.

Budimex SA performs contracts for both public (state and local government) and private entities.

The most common types of entities in the company's supply chain are:

- construction contractor,
- suppliers of building materials,
- providers of construction machinery services,
- suppliers of fuel and energy,
- suppliers and service providers in supporting processes.

The company's clients include:

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- road infrastructure managers (General Directorate for National Roads and Motorways, voivodship, county and township governments),
- railroad infrastructure managers (PKP Polskie Linie Kolejowe, DSDiK and other),
- manufacturing companies,
- developers,
- public institutions and companies in the areas of infrastructure, administration, health care, culture, sports, etc.

Mostostal Kraków SA's clients include both private and public entities:

- industrial enterprises (including those in the cement and lime, metallurgical, chemical and energy and fuel industries),
- railroad and municipal transport companies,
- international customers, who mainly purchase steel structures (including power and bridge companies and waste incineration plants).

The most common types of entities in the company's supply chain are:

- suppliers of metallurgical materials and steel structures,
- providers of installation services,
- providers of steel structure assembly services,
- hourly employee leasing companies,
- suppliers of construction materials and scaffolding.

FBSerwis Group's clients are public and private entities, including in particular:

- road managers,
- local governments (cities, townships, counties),
- retail chains,
- logistics and distribution centers,
- building owners/administrators,
- individual customers (including entrepreneurs of all sizes, including micro-entrepreneurs).

The most common types of entities in the company's supply chain are:

- providers of waste management services – mainly waste processing and transportation, including waste collection,
- providers of construction services,
- providers of services performed with vehicles, machinery and specialised equipment,
- providers of vehicle, machinery and specialised equipment rental services,
- suppliers of fuel and energy,
- suppliers of materials,
- suppliers and service providers in supporting processes.

In 2024, there were no significant changes in the value chain (*upstream, downstream*) of any of the key Budimex Group companies.

Table 26. Budimex Group value chain

Budimex Group value chain		
Upstream	Own operations	Downstream
<p><b>Upstream entities and resources essential for the provision of products and services</b></p>	<p><b>Budimex Group's own operations</b></p>	<p><b>Downstream entities</b></p>
<p><b>Entities:</b></p> <ul style="list-style-type: none"> <li>- construction contractor,</li> <li>- suppliers of building materials,</li> <li>- providers of construction machinery services,</li> <li>- suppliers of fuel and energy,</li> <li>- suppliers and service providers in supporting processes,</li> <li>- suppliers of metallurgical materials and steel structures,</li> <li>- providers of installation services,</li> <li>- providers of steel structure assembly services,</li> <li>- hourly employee leasing companies,</li> <li>- suppliers of building materials and scaffolding,</li> <li>- providers of waste management services – mainly waste processing and transportation, including waste collection,</li> <li>- providers of construction services,</li> <li>- providers of services performed with vehicles, machinery and specialised equipment,</li> <li>- providers of vehicle, machinery and specialised equipment rental services,</li> </ul> <p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>- raw materials (e.g., steel, wood),</li> <li>- construction materials (e.g., concrete, insulation materials, finishing materials),</li> <li>- water,</li> <li>- electricity,</li> <li>- fuels.</li> </ul>	<ul style="list-style-type: none"> <li>- management of the organisation,</li> <li>- construction and installation services (general contracting),</li> <li>- production of mineral and asphalt mixes and prefabricated steel products,</li> <li>- waste management,</li> <li>- infrastructure maintenance,</li> <li>- building maintenance,</li> <li>- renewable energy production,</li> <li>- electromobility.</li> </ul>	<p><b>Entities:</b></p> <ul style="list-style-type: none"> <li>- road infrastructure managers (General Directorate for National Roads and Motorways, voivodship governments),</li> <li>- railroad infrastructure manager (PKP Polskie Linie Kolejowe),</li> <li>- manufacturing companies,</li> <li>- developers,</li> <li>- public institutions, in the areas of administration, health care, culture, sports, etc.</li> <li>- industrial enterprises (including those in the cement and lime, metallurgical, chemical and energy and fuel industries),</li> <li>- railroad and municipal transport companies,</li> <li>- international customers, who mainly purchase steel structures (including power and bridge companies and waste incineration plants),</li> <li>- road managers,</li> <li>- local governments (cities, townships, counties),</li> <li>- retail chains,</li> <li>- logistics and distribution centers,</li> <li>- building owners/administrators,</li> <li>- individual customers (including entrepreneurs of all sizes, including micro-entrepreneurs).</li> </ul>

### Interests and views of stakeholders (SBM-2)

Budimex Group cares about building long-term relationships with stakeholders. We encourage stakeholders to share insights, and we use their conclusions in development processes or analyse them from the point of view of the applied business model and strategy. The communication form is selected to meet the specific needs of a given group and to communication possibilities of both parties. We make sure that we provide transparent information about the Group's impact on the environment and local communities, about our internal regulations for managing this impact, and communicate the activities that we take in the sustainability area.

For the double materiality assessment, the directory of the Group's stakeholders was reviewed and summarised below.

Table 27. Identified Budimex Group stakeholders and forms of engagement

Stakeholder group		Form of dialogue	Purpose of engagement
Management Board	Management Board of Budimex SA	Face-to-face and online meetings with the Supervisory Board, Internal communication Participation in the double materiality assessment Reports received within the Budimex Group structure	Strategic decisions, management issues, diversity on management bodies, Group development remuneration policy, management of material impacts, risks and opportunities, in accordance with Chapter 7.3 <i>Sustainability management</i>
Supervisory Board	Supervisory Board of Budimex SA	Face-to-face and online meetings with the Management Board, Internal communication Participation in the double materiality assessment Reports received within the Budimex Group structure	Supervisory function, monitoring of legal compliance, influence on strategic decisions and Group development, performance of the supervisory function in relation to material influences, risks and opportunities, in accordance with Chapter 7.3 <i>Sustainability management</i>
Employees and social partners	full-time employees, students and potential employees, former employees, unions, employees of subcontractors and suppliers, labour inspection and other regulatory agencies	Direct contact with the supervisor E-mail communication Website Face-to-face and online meetings with the Management Board and Supervisory Board	Fulfillment of responsibilities as described in Chapter 9.1 <i>Budimex Group's own workforce</i> , ethics, anti-corruption and anti-bribery, relations with workers in the value chain, impact on environmental aspects
Investors	strategic investor, institutional investors, retail investors, Warsaw Stock Exchange, brokerage houses, banks	Financial reports E-mail and written communication Website	Management issues, Group development, information on the Group's activities, diversity on management bodies, remuneration policy
Customers	General Directorate for National Roads and Motorways, PKP PLK, institutional customers, individual customers, business partners, local government administration government administration	Online and on-site meetings E-mail communication Website	Fulfillment of the obligations described in Chapter 9.4 <i>Consumers and end-users</i> , assurance of quality standards in the execution of projects and services, sales of services by the Group
Society	residents of areas adjacent to the ongoing projects, community leaders, secondary and higher education institutions and academics and students, technical and industry organisations	Contact with city authorities Local events	Fulfillment of the obligations described in Chapter 9.3 <i>Affected communities</i> , communication of Group activities
Suppliers and subcontractors	Subcontractors on projects, suppliers of key raw materials and materials	Subcontractor opinion surveys Face-to-face meetings at project sites E-mail communication Industry and technical conferences	Payments, commercial terms, fulfillment of obligations described in Chapter 9.2 <i>Workers in the value chain</i> , rules of cooperation
Environmental organisations		Conferences and industry events Environmental reports Results of environmental surveillance audits	Sharing of information on Budimex Group's activities, obtaining feedback on Budimex Group's impact on the environment
Media, public opinion		Press conferences Website Interviews, press releases	Sharing of information on Budimex Group's activities, obtaining feedback on Budimex Group's impact on the environment

The following units are responsible for dialogue with stakeholders:

- in Budimex SA: the Office of Communications and Public Relations and the Office of Strategic Analysis,
- in Mostostal Kraków Group: the Office of the Management Board, Administration and Communication,
- in the FBSerwis Group: mainly the Management Board, but also the Marketing and Communication Department and customer service employees.

In the remaining Budimex Group companies, the management boards are responsible for dialogue with external stakeholders.

The actions of the Companies in this area are based on obtaining feedback from stakeholders, reviewing it and taking specific, jointly developed actions. The frequency and forms of contact match the needs and relations with a particular stakeholder group. Information is provided, among other things, through publication of the results of social surveys, subcontractor opinion surveys, integrated opinions of neighbours of construction sites, and also through public consultations with representatives of local administration, meetings with councilors.

The results of surveys conducted for the double materiality analysis as one of due diligence processes was used to identify material risks, impacts and opportunities – more on this topic in SBM-3.

The results of stakeholder surveys are published in opinionated and public media, on the website at [www.budimex.pl](http://www.budimex.pl), and on social media channels. They are also communicated to representatives of the administration at face-to-face meetings. One such example was a survey of residents' opinions conducted on behalf of Budimex with regard to the ongoing Streetcar to Wilanów project. The data was provided to the principal in order to identify the needs and problems arising from the ongoing project. In this case, ongoing communication is conducted with residents through social media channels and then discussed with the principal and representatives of the Mokotów and Wilanów districts during bi-weekly communication meetings.

## 7.6 Sustainability strategy

### Strategy, business model and value chain (SBM-1)

#### ESG strategy

Responsibility, ethics, cooperation and ambition are values that Budimex Group has been following for years. The creation of the Budimex Group CSR Strategy for 2021–2023 was aimed solely at organising and accelerating activities in this regard and did not require a change in the company's identity or organisational culture. In order to strengthen its potential and respond even better to the challenges of the future and become an even more reliable partner in business, the organisation's past experience in the sustainability area has been transformed into the *ESG Strategy for 2023–2026 with an outlook until 2050*. The document announced on 30 June 2023, whose title and, at the same time, guiding principle is *We change the world for you! And We Change Ourselves*, systematises the approach and plans of the Budimex Group with regard to the environment (E), social responsibility (S) and governance (G). In each of these areas, strategic targets have been set that address key challenges facing the construction sector and are consistent with global UN Sustainable Development Goals. They are intended to set the pace for the organisation's activities and make it easier to measure progress. Fulfilling them will support the Group's sustainable development, including allowing it to achieve climate neutrality in the long term and lead positive change in the construction industry as a whole. The implementation of the commitments set forth in the *Strategy* is the responsibility of the team leaders who had a hand in drafting the document: the ESG Director (strategy oversight and environmental area), the Director of the Human Resources Division (social area) and the Director of legal corporate areas (corporate governance).

The specified ESG Strategy was developed before the Budimex Group became subject to the ESRS requirements, therefore the goals described in the various topical chapters do not take into account the requirements indicated by the standards. At the same time, the Group will take the above requirements into account when continuing the ESG Strategy and defining the subsequent targets (after 2026).

The strategy was developed based on the then-current requirements and guidelines of Ferrovial. The base year for all goals is 2023, except for the gender pay gap, for which the base year is 2022, and for greenhouse gas emissions, the base year is 2020.

#### Targets of the ESG Strategy

##### Environmental commitments and targets

We build with respect for the **environment** because we believe that our responsible decisions can positively shape industry standards.



**We prevent climate change**

We are tying this to taking measures to bring us to climate neutrality. This means, on the one hand, the need to invest in renewable sources to ensure access to clean energy, and on the other hand, it obliges us to undertake projects to reduce CO<sub>2</sub> emissions from the design stage of the project to its implementation. Accordingly, we plan to optimise our design processes to include an analysis of the reduction potentials of a given construction site, and we intend to gradually increase the share of low-carbon transportation and heavy machinery in the construction process.

**Our strategic targets:**

**2026** Ensure that 100% of energy produced by Budimex Group companies for Budimex comes from RES

**2030** Aim to reduce Scope 1 and 2 CO<sub>2</sub> emissions by 20% (compared to 2020)<sup>7</sup>

**2050** Achieve climate neutrality



**Advancing circularity in raw materials**

We will start closing the loop on raw materials by analysing the potentials of implementing the circular model throughout the value chain, in order to develop and implement a *Circularity Policy* in the next step. The resulting operating standards will apply both within the Group and in cooperation with business partners. We want to use raw materials from certified sources and those that have a lower carbon footprint. We intend to consistently increase the percentage of waste that is recovered, including through recycling, and use raw materials that are already recycled.

**Our strategic targets:**

**2025** Develop the *Circularity Policy*

**2026** Perform circularity analyses for each new project



**We protect resources**

At the same time, we want to increase our commitment in the field of natural resource conservation. In order to do this in an informed and responsible manner, it is essential to conduct impact analyses on the use of water resources and biodiversity. We are working on developing comprehensive plans to reduce our footprint in these two dimensions.

**Our strategic targets:**

**2025** Conduct an assessment of the exposure of the company's operations to water stress

**2025** Conduct an analysis of the company's dependencies on biodiversity and the company's impact on biodiversity

**2025** Perform *Corporate Biodiversity Footprint (CBF)* calculations<sup>8</sup>

**2026** Strive for the *Biodiversity Net Positive* status<sup>9</sup>

**Commitments and targets in the Social Area**

We empower **employees and business partners** because we know that only dialogue is a guarantee of sustainable growth.



**We are a company that integrates generations**

Our strength lies in building diversity. We value both experience and innovation, which is why we form close-knit, strong and multi-generational teams. We believe in equal access to work. We break stereotypes, especially in the perception of the role of women in construction. For years, we have been increasing their share of the workforce, including in managerial positions. We help them develop through tailored leadership programs. At the same time, we take care to level the playing field in the area of wages – we have established a dedicated fund for this purpose. Continuously building team competence and strong leadership is one of the pillars of Budimex Group's activities. By developing key business areas, we support our employees and motivate them to succeed.

<sup>7</sup> This target includes a 33% reduction in emissions from the vehicle fleet and a shift to using only renewable electricity

<sup>8</sup> An indicator measuring the scale of a company's impact on Biodiversity, developed by Iceberg Data Lab. For more information: <https://www.icebergdatalab.com/solutions/biodiversity/>.

<sup>9</sup> I.e., to achieve a net positive impact on biodiversity, which is a state, in which the Group's unavoidable negative impacts on biodiversity become less than its contribution to restoration of ecosystems.

**Our strategic targets:**

- 2026** Strive to maintain a voluntary turnover rate of no more than 8.5%
- 2026** Aim for a GPGR (*gender pay gap ratio*)<sup>10</sup> of less than 9%
- 2026** GCR (*glass ceiling ratio*) – aiming to increase the percentage of women in middle and senior management to 22% (up from 19% in 2022)



**We guarantee safe and decent work**

Every day we do everything to ensure the safety of our employees and the participants of the projects we implement and their beneficiaries. Our strategy in this area is based on two pillars: "Always Safe, Always Ready." Its foundations are: accountability, dialogue within teams, and the constant search for and implementation of new solutions to support the creation of a safe workplace. We are not the only ones guided by this idea. We also promote it among our stakeholders and the business community-subcontractors and business partners, as part of our annual Safety Week.

**Our strategic targets:**

Each year, top management will make regular safety visits to contract performance sites combined with meetings with company employees and business partners.

- Annually** Conduct training and programs to promote a safety culture with 100% of employees
- Annually** Organise the Safety Week in the Budimex Group for at least 90% of contracts



**We are a good neighbour and we strengthen our relations**

We are aware that through our projects we significantly affect the daily life of local communities. Our goal is to improve people's quality of life, but we are not indifferent to their needs – here and now. We are open to dialogue. We regularly meet with local stakeholders, listen to their expectations and make every effort to maintain good neighbourly relations. We support local initiatives, facilitate communication about pending projects and join in charitable activities, building valuable relationships for years to come. By promoting areas that are important to the Budimex Group – development and education – we establish contacts with universities and technical schools in the regions, offering programs that prepare people for work in the construction industry. By sharing our experience, we believe we are enabling younger generations to have a better start in the future.

**Our strategic targets:**

Conduct educational programs in schools and technical universities for 5 000 students each year.

- Annually** No less than 50 outreach activities on all ongoing contracts

**Commitments and targets in the area of governance**

We manage **responsibly** because we always put our values first.



**We are an ethical company**

We conduct a number of actions to strengthen the ethical culture among both employees and business partners. In order to exercise the utmost diligence in adhering to sustainability standards, we are taking a number of measures, including implementing a *Business Partner Code of Conduct*, as well as conducting awareness-building training on preventing and addressing conflicts of interest.

**Our strategic targets:**

- Regular** awareness campaigns in the area of ethics and management of conflict of interest

<sup>10</sup> Gender pay gap index, calculated in accordance with the methodology adopted for all Ferrovial Group companies.



### We fight corruption

We do not condone any form of corruption in the actions of our employees in internal and external relations. In order to exercise the greatest care in complying with anti-corruption standards, we have implemented an Anti-Corruption Policy and we regularly conduct training among our employees to keep them knowledgeable and sensitive in this area.

#### Our strategic targets:

Conduct **periodic** training among employees on anti-corruption issues



### We consciously manage risks

We do not view ESG issues and risks as a separate area unrelated to the Group's business strategy. We want to manage business and ESG risks in an integrated manner, so as to promote sustainable development and ensure stable and long-term growth of the Group's value.



### We care about cyber security

Ensuring the highest standards of cyber security is a priority for us, so we will improve the protection of IT systems and enhance the security of sensitive data through monitoring and increased oversight of data processing. At the same time, we train our employees in this area and raise awareness of the risks, as well as the ability to respond appropriately to their occurrence.

#### Our strategic targets:

**Continuous** improvement of protection mechanisms against cyber risks for Budimex Group's information systems.

You can find our sustainability strategy at <https://esg.budimex.pl/>.

### Summary of achievement of environmental (E) targets in 2024

The Budimex Group is taking actions to reduce the actual and potential environmental impacts of its operations on nature and natural resources. The initiatives are based on the Group's values and ESG strategy, and on the UN Sustainable Development Goals in the areas of energy (goal 7), responsible consumption and production (goal 12), climate protection (goal 13) and protection of ecosystems (goal 15).

In an effort to reduce GHG emissions, the Budimex Group continued its actions to increase the share of renewable energy in its energy mix in 2024. One of the key achievements was to ensure that 100% of the energy procured from the market came from renewable energy sources (RES), indicating the achievement of the strategic target in this area. The efforts to develop green energy were also continued by BXF Energia Sp. z o.o., a company jointly established by Budimex SA and Ferrovial EG SE. In 2024, BXF Energia Sp. z o.o. expanded its portfolio of investments under analysis, including photovoltaic projects and wind farms with a total capacity of about 800 MW. Looking ahead to 2028, the company will continue to develop a portfolio of wind and solar projects, both under construction and in operation, with a projected capacity of approximately 500 MW.

Recovery and recycling rates were achieved in 2024 at: 99.71% of soil and earth waste processed by Budimex that was reused. In addition, 99.54% of non-hazardous waste was recovered or recycled.<sup>11</sup> Thanks to these measures, the circular economy criteria have been met.

In 2024, the company continued the implementation of four major educational campaigns. The "Green April" campaign included pro-environmental actions and a tree-planting initiative that resulted in the planting of 10 000 trees in the Celestynów Forest District. The "Autumn under the Sign of ESG" campaign included educational actions, through which a total of 1105 people were trained in ESG regulations. The company also carried out an environmental emergency response campaign to raise awareness of preventive measures and emergency procedures. The "Green Tram Stop" campaign succeeded in donating 510 trees as replacement plants for the streetcar route to Wilanów in Warsaw.

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<sup>11</sup> The data considers Budimex SA in the Polish market.

In 2024, the Budimex Group conducted environmental protection training to improve employee competencies in sustainable resource management and minimising the environmental impact of construction projects. The following groups were trained as part of these activities: 503 individuals in “Waste management on construction sites,” 275 in BDO training, 217 in “Selective collection of construction waste,” 53 in “Waste management of asphalt rubble,” 31 people in “Nature conservation in construction investments,” 30 people in “Water Law in construction investments”, 489 people in the “Welcome to the Group” orientation program, which includes certain aspects related to the ecological approach to the execution of projects.

The Group continued to publish the quarterly “Budimex ESG Newsletter” for employees, providing information on the Group’s activities and progress in the area of sustainability.

#### **Summary of achievement of social (S) targets in 2024**

Through its *ESG Strategy for the 2023–2026*, the Group is contributing to the UN Sustainable Development Goals related to good health and well-being (Goal 3), education (Goal 4) and gender equality (Goal 5).

In 2024, Budimex continued the initiatives to promote diversity and support professional development of its employees. The campaigns carried out to integrate and engage teams included: Week of Women in Construction (4–8 March 2024) – 589 people, Diversity Month (20 May – 14 June 2024) – 2,196 people participated in 2 online webinars, a debate, a competition and articles on diversity, the “Women Inspire” Conference – 358 participants, the GoFurther Program – 5 people went to Canada and the UK, 1 person relocated to France as part of the Global Mobility program and 5 people went to Spain for an internship.

As part of initiatives to support students: a scholarship program was extended to students from Ukraine, 23 students from Ukraine were accepted for internships in July 2024, a student from Ukraine was invited to work with us as part of the Ambassador Program on a contract basis, a total of about 10 495 people took part in 23 different HR development programs (an employee can take part in several training courses/webinars).

The Budimex Group met its stated goal of reaching at least 5000 pupils and students annually with educational programs. In 2024, 164 events addressed to students and technical students were held in order to support the development of future professionals in the construction industry.

Safety on construction sites and in offices remains one of the Budimex Group’s priorities. One of the annual goals was to carry out the “Safety Week” in the Budimex Group. The event extended to 210 contracts and offices, involved 12,337 people, including 5 245 subcontractors’ employees, delivering 532 activities. The fulfillment of the remaining targets from 2024 resulted in 424 safety reviews conducted on contracts combined with meetings with employees and business partners; senior management of Budimex SA carried out 599 safety visits, 667 people were trained in firefighting and first aid. The assumed goal of preparing HIPO analysis and conclusions was achieved at 98% – 166 HIPO analyses were prepared for 169 incidents.

As part of the “Foundations of Health” program, the Budimex Group promoted preventive health care by organising Health Week (June 2024), in which the events were attended by about 2,500 people, Blue November – International Male Cancer Awareness Month, Pink October – Breast Cancer Awareness Month, which included a practical workshop for 84 attendees.

The Budimex Group continued its social programs, focusing on supporting local communities and equalising opportunities. In 2024, three new Parent Zones were established in hospitals in Bratislava, Poznań and Bielsko-Biała; as part of the third edition of the Home from the Heart program, a fully-finished house in Wołomin was handed over to Ms. Teresa in December 2024; 160 educational meetings attended by more than 20 000 children from various educational institutions were held as part of the Hello ICE program; the Help for Flood Victims campaign was organised in Głuchołazy, Nysa and Kłodzko, supporting communities affected by natural disasters.

#### **Summary of achievement of governance (G) targets in 2024**

Confidence in the Budimex Group and its market position is based, among other things, on its ethics and the quality of its work, as well as its strict compliance with applicable laws and regulations. All actions implemented in the governance area are consistent with the Group’s corporate values, its long history and experience, and the commitments set forth in the *ESG Strategy for 2023–2026*. They are also consistent with the UN Sustainable Development Goals for economic growth and decent work (goal 8) and innovation (goal 9).

In 2024, the Budimex Group developed a *Business Partner Code*, which defines the standards of responsible management in the supply chain, as well as environmental and social standards. The document is an important element of the Group’s ethical policy and serves to raise the standards of cooperation with suppliers and business partners.

In the compliance and ethics area, the Budimex Group took steps to raise awareness among employees and business partners. Key initiatives included: adoption of the *Anti-Corruption Policy*, publication of the *Conflict of Interest – Budimex Group Handbook*; organisation of workshops on conflict of interest and procedures; implementation of a compliance strategy for Budimex Group companies; compliance training courses attended by 2287 employees; inclusion of anti-corruption training in Budimex Group training programs; discussion of key compliance issues during meetings with employees as part of Roadshow 2024; implementation of the “Compliance Weekend” campaign to raise awareness of ethics and compliance.

The Budimex Group has published *the Code of Ethics*, which defines the key principles of conduct and values in place in the organisation. In addition, ethics awareness campaigns have been conducted to educate employees about honest and transparent conduct.

In terms of internal audit, the Annual Audit Plan was implemented featuring a review of key business processes in the Budimex Group. These actions have enabled further optimisation of operational processes and assurance of compliance with applicable regulations.

Through these initiatives, the Group is fulfilling its ESG commitments by ensuring ethical and governance standards.

## **7.7 Material impacts, risks and opportunities**

### **Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)**

#### **Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)**

##### **Double materiality analysis**

Double materiality analysis was carried out within the framework of the mentioned stages:

##### **Understanding the business context:**

- mapping of business operations, value chain and stakeholders,
- identification of priority stakeholders and development of engagement plans,

##### **Identification of potential and actual impacts, risks and opportunities (IROs) and assessment of financial materiality and impact:**

- definition of evaluation criteria and materiality thresholds,
- review of existing processes in terms of impacts, risks and opportunities,
- identification of actual and potential IROs by a dedicated working group,
- performance of an impact assessment and a financial assessment for identified IROs by a dedicated working group.

##### **Identification of IROs and relevant topics:**

- conducting a stakeholder engagement process,
- analysis of stakeholder engagement results and setting of priorities by a dedicated working group,
- verification of results by a dedicated working group,
- aggregation of impact and financial materiality scores.

In 2023, The Budimex Group conducted the first double materiality analysis in accordance with CSRD and ESRS requirements.

The critical stage of the process was a diagnostic workshop with the management staff preceded by an analysis of past reports and a study performed by an external consultant. The workshop provided an understanding of the Budimex Group's value chain, the unique features of the company's operations and key operational aspects (including the Group's geographic areas). The deliverables of this stage included a list of key aspects of the Group's operations in the value chain (including upstream and downstream operations). Then the key stakeholders of the Budimex Group were identified.

The process of identifying material topics required 6 internal workshops with management staff and representatives of financial departments of Budimex Group companies (Budimex SA, Mostostal Kraków SA, FB Serwis SA), supplemented by a study, which covered company documents, competitor reports and industry literature. The results were then consulted during 3 workshops with external stakeholders, including subcontractors, contractors, customers and journalists. The final result was an extensive table of material topics, which took both internal and external perspectives into account.

##### **Materiality assessment of the impact on the environment**

The materiality assessment process engaged internal and external stakeholders, with surveys conducted with Budimex Group employees as well as customers, investors and contractors. The surveys included closed and open-ended questions, and responses were evaluated on a 5-point Likert scale. The criteria used included:

- severity,
- scope,
- irremediable character of business activities.

The management staff was engaged in the materiality analysis process, identifying and assessing impacts, risks and opportunities for dedicated sustainability matters. Key stakeholders were also engaged, including the Group's employees and selected suppliers, who also took part in the materiality assessment of sustainability matters. Employee surveys were promoted by management, which ensured a high response rate. The opinions collected were analysed and then used to validate material topics.

##### **Financial materiality assessment**

From a financial materiality perspective, we conducted an identification and assessment of actual and potential risks and opportunities affecting the financial position, performance and development of the Budimex Group.

As part of the financial materiality assessment, three workshops were held with representatives of the financial departments of Budimex SA, Mostostal Kraków and FB Serwis. Participants rated the materiality of topics on a 5-point Likert scale (where

1 indicates a Topic that is not material from a financial perspective, and 5 indicates a Key Topic from a financial materiality perspective, where a failure to act on this topic can lead to critical and irreversible financial consequences for the company), and the results were averaged. When prioritising topics, their impact on sales, customer and employee expectations were taken into account, with emphasis on responsible waste management, innovative solutions and the importance of policies and procedures in management. In addition, each workshop participant was given the opportunity to point to other material topics (outside the areas that were assessed) that could have a significant financial impact for the Group.

A comprehensive assessment of ESG risks, including climate-related risks, was first conducted in 2023, in cooperation with an external consulting firm. Double materiality analysis, consistent with *the Corporate Sustainability Reporting Directive (CSRD)*, identified ESG risks, including those related to climate. Risks were identified through the following processes:

- analysis of Budimex Group's documentation, expert and industry reports,
- diagnostic workshop with internal stakeholders,
- expert workshop with external stakeholders,
- results of the Budimex Group's risk analysis in 2021–2022,
- analysis of climate-related risks,
- specialist consultations within the team of the consulting agency.

As a result of the analysis, individual risks were assigned a probability of materialisation based on a four-point scale:

- high,
- average,
- low,
- very low,

and one of four levels of severity/impact:

- very severe,
- severe,
- moderate,
- minor.

The collected assessments of material topics were analysed and presented in two dimensions-impact materiality and financial materiality. With respect to materiality of impact, the assessments by external stakeholders and employees were aggregated by averaging the results, and a structured interview was additionally conducted with the Management Board.

In 2024, we took steps to refine our materiality assessment of the Budimex Group's sustainability matters. As a result, materiality of impact was analysed in relation to the material actual or potential positive or negative impacts of the Budimex Group's own operations and its upstream and downstream value chain on people or the environment.

When we updated the materiality analysis, we included the list of sustainability matters included in the topical ESRS (in accordance with Application Requirement AR16 presented in ESRS 1). Key internal stakeholders, workers' representatives and Budimex Group supervisory bodies were engaged in the process. Based on the list, we conducted an identification and assessment of potential and actual impacts, risks and opportunities in the short-, medium- or long-term time horizon for all sustainability matters. In the analysis, we also considered issues specific to our business that were not covered by the above-mentioned list of sustainability matters.

The impact assessment criteria included quantitative and qualitative thresholds to assess the materiality of impacts related to Budimex Group's own operations, as well as those related to the upstream and downstream value chain.

If there was an actual positive impact, the materiality assessment was based on the average of parameters such as:

- scale (how severe the impact is),
- scope (how widespread the impact is).

If there was a potential positive impact, the materiality assessment was based on the average of parameters such as:

- scale (how severe the impact is),
- scope (how widespread the impact is),
- probability of occurrence.

If there was an actual negative impact, the materiality assessment considered the average of parameters such as:

- scale (how severe the impact is),
- scope (how widespread the impact is) and
- irremediable character (to what extent the negative impacts can be remediated).

For potential negative impacts, the materiality assessment considered the average of parameters such as:

- scale (how severe the impact is),
- scope (how widespread the impact is) and
- irremediable character (to what extent the negative impacts can be remediated).
- probability of occurrence.

For positive and negative impact, scoring descriptions were prepared on a scale of 1 to 4, where 1 means “minimal impact” and 4 means “very high impact.” The listed criteria serve as a framework to determine specific criteria for each IRO. Potential and actual impact were both considered in the assessment.

Financial assessment criteria included quantitative and qualitative thresholds for assessing the materiality of risks and opportunities.

For both risks and opportunities, financial materiality was assessed based on two parameters: the potential magnitude of financial effects multiplied by the probability of occurrence in the short-, medium- and long-term time horizon.

The assessment criteria were developed based on the *Strategic Risk Management Operating Instructions* document.

The assumptions that we took while setting the materiality thresholds:

- topics, subtopics and smaller topical units are always material for IROs rated as “highly material”.
- if the irremediable character (in the case of a negative impact) was rated at 4 on the scale described above (very difficult to mitigate) and the scale, scope and probability were rated as low (for example, 1–2 on the scale), the topic should be classified as “highly material”.
- for potential negative impacts on human rights, the severity of the impact takes precedence over its probability.

**Table 28. Materiality thresholds for impacts, risks and opportunities**

<b>Materiality thresholds</b>	<b>Materiality results</b>	<b>Reporting results</b>
High	Material	Subject to reporting
Medium	Not material	Not subject to reporting
Low	Not material	Not subject to reporting

The results have been analysed and approved by the Management Board.

The detailed results of the double materiality analysis are presented in table 29.

Table 29. Results of Budimex Group's double materiality analysis process

Category	Time horizons	Occurrence in the value chain	Description
<b>ESRS E1 Climate change</b>			
<b>Subtopic: Climate change adaptation</b>			
Negative impact (actual)	Short-term Long-term	Upstream Downstream Own operations	Negative impact of Budimex Group typical for the construction sector on the generation of greenhouse gases, which causes climate change and manifests in increased intensity of extreme weather events causing disruptions to work schedules, reducing the availability of raw materials and increasing energy costs.
Risk (actual)	Short-term Medium-term Long-term	Own operations	Risks to the Budimex Group's operations due to climate change (rapid weather changes), such as an increase in average temperatures, heat waves, frosts, storms or hurricanes, causing power outages, damage to infrastructure, transportation disruptions and halting construction and production work. Sudden weather events can also disrupt supply chains, limiting the availability of raw materials and supplies.
<b>Subtopic: Climate change mitigation</b>			
Negative impact (actual)	Short-term	Upstream Downstream Own operations	Negative impact of the Budimex Group typical for construction industry, in relation to energy consumption for heating, cooling and powering buildings, and emissions related to the production and transportation of materials and the construction process.
Positive impact (actual)	Medium-term	Upstream Downstream	Positive impact of actions taken to address climate change. Examples of such actions are: investments in RES (wind and solar projects) and construction of micro RES installations. Implementation of environmental standards that also apply to subcontractors. Purchase of energy with guarantees of origin and the construction of wind and photovoltaic farms to meet the demand for electricity from renewable sources.
Risk (actual)	Medium-term	Own operations	Risk of lack of or reduced access to financing if the expectations of banks, investment funds or insurers to address the climate crisis are not met.
Risk (actual)	Medium-term	Own operations Downstream	Risk of changes in extreme temperatures, which may affect the durability of building materials, forcing their modification and adaptation of building designs, including ventilation systems, to cope with a wider range of temperatures.
<b>Subtopic: Energy</b>			
Negative impact (actual)	Medium-term	Upstream Downstream Own operations	Negative impacts related to the use of electricity during construction and, indirectly, during the manufacture of building materials purchased from third parties.
Risk (actual)	Medium-term	Own operations	Risk of rising energy prices as a result of the high-carbon electricity mix and reduced access to renewable energy in Poland and in other countries. In Poland, more than 75% of available electricity capacity comes from the combustion of fossil fuels.

Category	Time horizons	Occurrence in the value chain	Description
Risk (actual)	Medium-term	Own operations	Risk of stricter energy efficiency regulations for buildings, and increased costs due to the introduction of carbon-related taxes, duties or other fees (CBAM).
Opportunity (actual)	Short-term	Own operations	An opportunity for cheaper financing of projects supporting energy transition, after meeting the criteria for addressing the climate crisis, opens the way for effective energy management.
<b>ESRS E2 Pollution</b>			
<b>Subtopic: Pollution of air</b>			
Negative impact (actual)	Short-term	Upstream Own operations Downstream	Actual negative impact resulting from the emission of pollutants into the air, such as particulate nitrogen oxides (NOx) and sulfur oxides (SOx), which is particularly important in the context of the transportation of construction materials and the use of machinery and vehicles during execution of projects, and the use of installations for the production of mineral/asphalt mixtures; such emissions may lead to a deterioration of air quality and adversely affect the health of residents in the neighbourhood of the construction site. This is particularly important for own operations, such as construction and installation services (general contracting).
<b>Subtopic: Pollution of water</b>			
Negative impact (potential)	Short-term	Upstream Own operations Downstream	Potential negative impact associated with the emission of pollutants to water, resulting from construction activities, which may occur in the case of incidents such as spills of fuels or hazardous substances due to accidents at the construction site, or inadequate protection and storage of waste. Such situations pose a threat to the quality of surface water and groundwater. The scale of the impact depends on the location of the project, distance from water bodies and the geological conditions of the site. This is particularly important for own operations, such as construction and installation services (general contracting).
<b>Subtopic: Pollution of soil</b>			
Negative impact (potential)	Short-term	Upstream Own operations Downstream	Potential negative impact associated with contamination of the site during construction activities, for example as a result of spills of fuels or other substances, which may lead to soil degradation and adversely affect the quality of soil and water and disrupt the natural balance of the environment.

Category	Time horizons	Occurrence in the value chain	Description
			This is particularly important for own operations, such as construction and installation services (general contracting).
<b>Subtopic: Substances of concern</b>			
Negative impact (actual)	Short-term	Upstream Own operations Downstream	Actual negative impact due to the presence of hazardous substances in construction and finishing materials that may pose a health risk to employees and the environment.  This is particularly important for own operations, such as construction and installation services (general contracting).
<b>Subtopic: Substances of very high concern</b>			
Negative impact (actual)	Short-term	Upstream Own operations Downstream	Actual negative impact resulting from the presence of substances of very high concern in construction, finishing materials and interior furnishings that may pose health risks to workers and the environment. It applies especially to the own operations segment – construction and installation services (general contracting).
<b>ESRS E3 Water and marine resources</b>			
<b>Subtopic: Water consumption and water withdrawals</b>			
Negative impact (actual)	Short-term	Own operations Upstream	Actual negative impact on water consumption and withdrawal resulting from the construction of projects is related primarily to technological processes that require intensive use of natural resources, especially freshwater. This is particularly important for own operations, such as construction and installation services (general contracting).
Risk	Long-term	Own operations	Risks of increased costs and the need for changes in investment plans due to dwindling water resources, a possible shortage of water for the production of construction materials, and the location of the investment in an area subject to water stress.
<b>Subtopic: Water discharges</b>			
Negative impact (actual)	Short-term	Own operations	Actual negative impact on the environment associated with the large amount of water discharge compared to water withdrawal.
<b>ESRS E4 Biodiversity and ecosystems</b>			
<b>Subtopic: Land-use change, fresh water-use change and sea-use change</b>			
Negative impact (actual)	Short-term	Upstream Own operations Downstream	Actual negative impact on reduction of biodiversity resulting from the degradation of habitats, the loss of species and the disruption of local ecosystems as a result of the implementation of the project.

Category	Time horizons	Occurrence in the value chain	Description
<b>Subtopic: Soil sealing</b>			
Negative impact (actual)	Short-term	Own operations Downstream	Actual negative impact on biodiversity resulting from the sealing of the ground as a result of the development, particularly through the use of impermeable materials such as asphalt or concrete. This leads to a biodiversity loss in soil, reduces retention and increases surface water runoff, and can increase the risk of sudden flooding.
<b>ESRS E5 Circular economy</b>			
<b>Subtopic: Resources inflows, including use of resources</b>			
Negative impact (actual)	Short-term	Upstream Own operations Downstream	Actual negative impact resulting from the use of resources, which may contribute to the gradual depletion of raw materials and non-renewable resources. This is especially true for own operations- construction and installation services (general contracting), production of mineral-asphalt mixtures and prefabricated steel products, waste management.
Opportunity	Short-term	Upstream Own operations Downstream	Opportunity resulting from responsible management of raw materials and waste; introduction of <i>Circularity Policies</i> in 2025; the performance of circularity analyses for each new project starting in 2026, and the introduction of circular economy principles, including the use of recycled materials, segregation of waste at construction sites, recovery – including recycling of 70% of non-hazardous waste in order to reuse raw materials contained in waste at ongoing investments, which reduces the amount of waste generated and the consumption of natural resources.
<b>Subtopic: Waste</b>			
Negative impact (actual)	Short-term	Upstream Own operations Downstream	Actual negative impact resulting from the generation of waste during construction resulting in additional consumption of water, energy and raw materials, including fuels, for transportation and processing (recovery and disposal) of waste. This is especially true for own operations – construction and installation services (general contracting), production of mineral-asphalt mixtures and prefabricated steel products, waste management.

Category	Time horizons	Occurrence in the value chain	Description
<b>ESRS S1 Own workforce</b>			
<b>Subtopic: Secure employment</b>			
Positive impact (potential)	Short-term	Own operations	Positive impact of employing workers under the legal form of employment contracts on their perception of job stability.
<b>Subtopic: Working time</b>			
Negative impact (actual)	Short-term	Own operations	Negative impact of the need to work flexibly and requiring mobility (e.g. on business trips) due to the specific nature of the industry in which the Budimex Group operates, affecting the work-life balance.
<b>Subtopic: Health and safety</b>			
Negative impact (actual)	Short-term	Own operations	Negative impact on health and safety of employees in the event of injury, occupational disease and fatal work-related accident.
Risk (actual)	Short-term	Own operations	Risks of injury, occupational disease, work-related death causing costs associated with accidents (e.g. compensation, replacement of employee on site, project delays). Risk of extreme weather events, such as heat waves, leading to a lower work efficiency and reduced manual worker activity.
<b>Subtopic: Gender equality and equal pay for work of equal value</b>			
Opportunity	Short-term	Own operations	Positive impact of implementing strategies on diversity management, pay level monitoring and pay gap reduction targets on leveling the playing field and closing the pay gap, which affects employee satisfaction and retention (including the monitoring of remuneration, reviews of remuneration and job descriptions based on market benchmarks and market salary rates).
<b>Subtopic: Training and skills development</b>			
Positive impact (actual)	Short-term	Own operations	Support for employee satisfaction and development by providing access to specialised training, including co-financing of additional training.
<b>ESRS S2 Workers in the value chain</b>			
<b>Subtopic: Secure employment</b>			
Negative impact (actual)	Short-term	Upstream	Negative impact related to a potential workplace accident or occupational disease.
Negative impact (actual)	Short-term	Upstream	Negative impact in the event that incidents of discrimination occur in the value chain.
<b>Subtopic: Health and safety</b>			
Positive impact (actual)	Short-term	Upstream	Positive impact on employee safety resulting from adherence to health and safety standards, consistent with contracts and enforced under agreements with contractors and suppliers, through regular safety audits, regular health and safety training, requiring statements of medical examinations and training, and periodic reporting.

Category	Time horizons	Occurrence in the value chain	Description
Positive impact (actual)	Short-term	Upstream	Positive impact related to efforts to implement ethical business conduct solutions among suppliers and subcontractors.
Risk (actual)	Short-term	Own operations Upstream	Risk of extreme weather events, such as prolonged heat waves, which can lead to reduced work efficiency and reduced activity of manual workers due to hazardous conditions.
Risk (actual)	Short-term	Own operations Upstream	Risks to the health and lives of construction workers resulting from injury, occupational diseases or death as a result of work, as well as the failure of contractors and suppliers to provide safe working conditions resulting in reduced revenues due to negative reputational impact due to increased risks of accidents and injuries. In addition, the occurrence of such incidents entails additional costs due to delays in execution of projects.
<b>Subtopic: Diversity</b>			
Risk (actual)	Short-term	Own operations Upstream	Reputational risks associated with inadequate supervision of a subcontractor which may lead to incidents of discrimination in the value chain on the basis of ethnicity or citizenship.
<b>ESRS S3 Affected communities</b>			
<b>Subtopic: Security-related impacts</b>			
Negative impact (actual)	Short-term	Downstream	Potential negative environmental impacts of the projects executed by the Budimex Group (e.g., noise, traffic disruption, pollution, health and safety risks).
Positive impact (actual)	Short-term	Downstream	Positive impact of cooperation with local communities on dialogue with external stakeholders, support for ongoing investments, implementation of amenities for local communities.
<b>ESRS S4 Consumers and end-users</b>			
<b>Subtopic: Access to products and services</b>			
Positive impact (actual)	Short-term	Downstream	Positive impact of the construction work performed and its accessibility to a wide range of consumers.
Risk (potential)	Medium-term	Own operations Downstream	Risks associated with the entry on the market of foreign construction companies, which benefit from less restrictive regulations and a cheaper labour force, may lead to consolidation of their competitive advantage and lower costs of project execution. Deterioration of economic conditions on the Polish construction market, postponement of infrastructure and railroad investments, reduced funding, high inflation and increased production, fuel and energy costs, causing delays in project implementation and increased operating costs.

Category	Time horizons	Occurrence in the value chain	Description
Opportunity (potential)	Medium-term	Own operations Downstream	Opportunity to improve relationships with consumers and principals, which may translate into more contracts in the future and regular long-term cooperation on domestic and international projects and international projects. Stronger bargaining position for local investments, improved relations with minority shareholders, and increased public support for the company and its projects.
Opportunity (potential)	Short-term	Value chain	Opportunity to shape customer trends, demands and expectations through technological innovations.
<b>ESRS G1 Business conduct</b>			
<b>Subtopic: Corporate culture</b>			
Positive impact (actual)	Short-term	Own operations	Positive impact on developing a culture of ethics among employees resulting from the introduction and practical application of <i>the Code of Ethics</i> , including monitoring compliance, conducting employee awareness training, and using communication channels for this purpose among internal employees.
Risk (potential)	Medium-term	Own operations	Risk of sanctions in case of non-compliance with applicable laws, which may reduce our competitiveness in the market, diminish trust of business partners and lower ratings.
<b>Subtopic: Management of relationships with suppliers including payment practices</b>			
Positive impact (actual)	Short-term	Value chain	Positive impact on relations with external stakeholders as a result of compliance with the contractor code of conduct, monitoring of late invoices and timely payments.
<b>Subtopic: Prevention and detection including training</b>			
Positive impact (actual)	Short-term	Value chain	Positive impact on business standards resulting from the Budimex Group's ethical conduct resulting from the adopted management model and policies, such as the anti-corruption policy, which strengthen corporate governance.
<b>Subtopic: Incidents</b>			
Risk (potential)	Short-term	Own operations	Risk of occurrence of incidents of corruption and fraud, including violations of anti-corruption laws, the law on preventing money laundering and terrorism financing, and fraud in the awarding of public contracts.

Material impacts, risks and opportunities and their interrelations to the strategy and the business model are presented in the section of this report pertaining to climate change, biodiversity and ecosystems and social issues.

The identified significant risks and opportunities did not affect the financial results achieved in 2024. A detailed description of the actions taken by the Group to manage its impact, risks, and opportunities is included in the *ESG Strategy for the years 2023–2026*. The investment expenditures necessary to implement the assumptions of the ESG Strategy are currently financed from the Group's own financial resources and long-term bank loans arranged in the form of "project finance." In the future, the Group intends to continue this operational model. At the same time, no specific amount of planned future expenditures has been determined. Decisions in this regard will be made on an ongoing basis along with the assessment of current circumstances (including materiality).

Disclosure requirements in ESRS covered by the undertaking's sustainability statement (IRO-2) are outlined in Appendix 1.

A large, semi-transparent image of a wind turbine is centered on the page. The turbine's three blades are spread out, and its tower is visible. The background is a bright, golden-yellow sky with a low sun, creating a hazy, atmospheric effect. The overall color palette is monochromatic, dominated by shades of yellow and gold.

## **8. ENVIRONMENTAL INFORMATION**

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## 8 ENVIRONMENTAL INFORMATION

### 8.1 Taxonomy

#### What is the EU Taxonomy?

The EU Taxonomy is a classification system that establishes criteria that economic activities must meet to be considered environmentally sustainable. It is a set of pan-European principles and technical indicators that reflect the EU's climate goals and ambitions for specific areas of the economy, and is designed to redirect capital flows toward more sustainable activities to implement the EU climate and broader environmental policies over the 2030 horizon and beyond. The Taxonomy provides companies, investors and policymakers with clear and uniform definitions of environmentally sustainable activities. In this way, it helps protect companies and investors from greenwashing, among other things.

#### An environmentally sustainable economic activity is one that meets the following criteria:

- contributes substantially to one or more environmental objectives,
- does not significantly harm any of the environmental objectives,
- is carried out in accordance with minimum safeguards,
- complies with technical screening criteria.

#### Environmental objectives aligned with the taxonomy include:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

#### In accordance with the Taxonomy Regulation<sup>12</sup>, the Budimex Group discloses in its sustainability Statement:

- the percentage of revenue derived from products or services related to environmentally sustainable activities,
- the percentage of capital expenditures (CAPEX) corresponding to assets or processes related to environmentally sustainable activities,
- the percentage of operating expenses (OPEX) corresponding to assets or processes related to environmentally sustainable activities.

Detailed requirements for the calculation and disclosure of the aforementioned indicators are set forth in Commission Delegated Regulation (EU) 2021/2178.<sup>13</sup>

#### Examination of Taxonomy alignment of the Budimex Group

A four-step process was conducted to verify taxonomy alignment:

##### Identification

The stage consisted of reviewing all the activities carried out by the Budimex Group and determining which activities are EU Taxonomy-eligible. The review covered the companies' earned revenues, capital expenditures and operating expenses. To identify individual activities the companies used the descriptions in the annexes to Commission Delegated Regulation (EU) 2021/2139, as amended (i.e., supplemented by Commission Delegated Regulation (EU) 2023/2485) and Commission Delegated Regulation (EU) 2023/2486. In case of insufficient clarity in the qualification of the activities, the NACE code classification was used as an auxiliary measure.<sup>14</sup>

Eligibility was assessed against all six environmental objectives for which lists of eligible activities were published:

- OBJECTIVE I – Climate change mitigation (CCM) – as per Annex I of Commission Delegated Regulation (EU) 2021/2139 and for new activities added to the catalogue of activities supporting Objective I as defined in Commission Delegated Regulation (EU) 2023/2485,
- OBJECTIVE II – Climate change adaptation (CCA) – as per Annex II of Commission Delegated Regulation (EU) 2021/2139 and for new activities added to the catalogue of activities supporting Objective II as defined in Commission Delegated Regulation (EU) 2023/2485.

<sup>12</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

<sup>13</sup> Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

<sup>14</sup> NACE (French: Nomenclature statistique des Activités économiques dans la Communauté Européenne, Statistical Classification of Economic Activities in the European Union) - a classification made up of a series of letters and numbers corresponding to five levels of classification.

For the other four environmental objectives specified in the corresponding annexes to Commission Delegated Regulation (EU) 2023/2486:

- OBJECTIVE III – Sustainable use and protection of water and marine resources (WTR),
- OBJECTIVE IV – Transition to a circular economy (CE),
- OBJECTIVE V – Pollution prevention and control (PPC),
- OBJECTIVE VI – Protection and restoration of biodiversity and ecosystems (BIO).

In the previous and current reporting period, the Group identified activities eligible for all environmental objectives.

More than 1 environmental goal was indicated for Table 32 (turnover) and table 33 (CAPEX) in part A2. The most adequate goal referring to particular activities concerns “CCM”.

#### **Allocation**

The allocation stage consisted of assigning the value of revenue, capital expenditures and operating expenses to the various identified activities eligible for the EU Taxonomy. Details of the allocation methods used are described in the “Accounting principles” section.

#### **Verification of alignment**

The stages of verification of alignment with the EU Taxonomy consisted of two levels of evaluation, as described below.

- An assessment of the criteria of substantial contribution and doing no significant harm was carried out using the technical screening criteria set out in the annexes to Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2023/2486. Details of the assessment are presented in the section “Verification of alignment with technical screening criteria”.
- The fulfillment of minimum safeguards was based on the evaluation conducted in 2022 and the recommendations implemented in 2023 and a repeated verification performed in 2024. Details of the assessment conducted are presented in the “Minimum safeguards” section.

In accordance with Commission Delegated Regulation (EU) 2021/2178 (as amended by Commission Delegated Regulation (EU) 2023/2486), the Budimex Group assesses eligibility and alignment for six environmental objectives in accordance with the EU Taxonomy.

#### **Calculation**

The process consisted of using the results of verification from stages two and three to produce tables containing the required data in accordance with the requirements of Commission Delegated Regulation (EU) 2021/2178, as amended, and Commission Delegated Regulation (EU) 2023/2486.

The verification was carried out by representatives of the ESG, Quality and Environmental Protection Department, representatives of the Controlling Department representatives of operational workers of the Budimex Group.

#### **Verification of alignment with technical screening criteria**

Alignment with technical screening criteria was verified for all taxonomy-eligible activities, and consisted of analysing the individual substantial contribution criteria and do no significant harm criteria in respect of the objectives. The Budimex Group carried out the taxonomy assessment on the basis of active contracts, which are in the implementation phase (in the case of Budimex SA, the analysis was carried out on projects in the execution phase; no technical screening criteria were analysed for contracts in the design phase). During the process of verifying the technical screening criteria for activities found not to meet the substantial contribution criteria, the “do no significant harm” criteria were not analysed.

The main types of activities carried out in the Budimex Group are those included in the taxonomy as 6.14 Infrastructure for rail transport, 6.16 Infrastructure enabling low-carbon water transport, 7.1 Construction of new buildings, 7.2 Renovation of existing buildings, 5.5 Collection and transport of non-hazardous waste in source segregated fractions and 5.9 Material recovery from non-hazardous waste.

The analysis of alignment with the technical screening criteria was carried out from October 2024 to December 2024 by representatives of Budimex SA's ESG, Quality and Environmental Protection Department as part of the work specified in the contracts for services provided by the Group to its business partners. The verification was carried out using tools in the form of alignment checklists implemented from the Ferrovial Group, which is the majority investor in the Budimex Group. In particular, documents such as environmental impact assessments, environmental monitoring plans, construction and demolition waste recovery rate reports, flora and fauna management plans, and corrective action plans for mitigating noise, dust, among others, were analysed to assess whether DNSH criteria are met.

The analysis was conducted on the basis of active contracts generating revenue in 2024 or on the basis of active contracts or assets held by the Group that generate capital expenditures or operating expenses. In this way, the percentage of revenue, capital expenditures and operating expenses aligned with the technical screening criteria, which are reported in the tables in this section of the non-financial report, was established for each of the activities.

### Verification of compliance with minimum safeguards

According to Article 18 of Regulation 2020/852: The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the *OECD Guidelines<sup>15</sup> for Multinational Enterprises* and the *UN Guiding Principles on Business and Human Rights*, including the principles and rights set out in the eight fundamental conventions identified in the *Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work* and the *International Bill of Human Rights*.

Compliance with minimum safeguards was based on the assessment conducted in 2022 and the recommendations implemented in 2023 and the re-verification conducted in 2024. The examination of compliance with minimum safeguards was conducted in accordance with the recommendations in the *Final Report on Minimum Safeguards* by the Platform on Sustainable Finance.

According to the recommendations, any of the following four signs indicate non-compliance with minimum safeguards:

- inadequate or non-existent corporate due diligence processes on human rights, including labour rights, bribery, taxation, and fair competition,
- the company has been held finally liable or found to have breached labour or human rights laws in certain types of labour or human rights court cases,
- the lack of collaboration with the OECD National Contact Point (hereafter OECD NCP) on a notification accepted by the OECD NCP,
- Business and Human Rights Resource Centre (BHRRC) has made allegations against the company and the company did not respond within 3 months.

In the Budimex Group's verification process, non-compliance based on the above-mentioned signs was examined as follows:

- **Sign 1:** The verification of the completeness of due diligence processes was based on internal and external verification of the existence and operation of due diligence process elements derived from the framework of those processes contained in the documents listed in the definition of minimum safeguards. The design of due diligence processes as defined proposed in Article 3(c) of *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088* is primarily influenced by the provisions of the *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*. The verification of compliance was carried out with a compliance assessment tool using the assessment methodology proposed by the Platform on Sustainable Finance: World Benchmark Alliance Core UNGP<sup>16</sup> Indicators. As a result of the analysis, it was determined that the organisation has in place a functioning complete due diligence process that fulfills the guidelines.
- **Sign 2:** This sign was verified in the process of supplementing the responses to Sign 1 by verifying that there were no final convictions against the persons listed in the body of the sign during the period under review. As a result of the verification, it was found that there was no information qualifying the Group to meet the conditions of sign 2.
- **Sign 3:** A verification of the OECD NCP notification database<sup>17</sup> was conducted, showing that no notifications occurred against the Group during the period under review.
- **Sign 4:** A verification of the BHRRC notification database<sup>18</sup> was conducted, showing that no notifications occurred against the Group during the period under review.

As a result of the verification process, it was determined that the Group's activities are carried out in compliance with the minimum safeguards.

### Accounting principles

The following rules were used to calculate the percentage of revenue, capital expenditures (CAPEX) and operating expenses (OPEX) that are taxonomy-eligible or aligned:

#### Revenue

The denominator of the taxonomy's revenue-related indicators is the Budimex Group's total consolidated revenue in 2024, as disclosed in the consolidated financial statements in the consolidated profit and loss account under "Revenue from contracts with customers." Revenues from sales of products, goods and materials are described in Note 29.

The numerator of the EU taxonomy-eligible revenue indicator included revenues from taxonomy-eligible activities (aligned and non-aligned). The numerator of the EU taxonomy-aligned revenue indicator included the portion of revenues that result from activities aligned with the technical criteria.

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<sup>15</sup> The Organisation for Economic Co-operation and Development.

<sup>16</sup> United Nations Guiding Principles.

<sup>17</sup> The database is available at: <https://mneguidelines.oecd.org/database>.

<sup>18</sup> The database is available at: <https://www.business-humanrights.org/en/companies>.

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### **Capital expenditures (CAPEX)**

The denominator includes the total value of additions to property, plant and equipment and intangible assets made during the year in all Budimex Group companies, before depreciation and amortisation and any new valuations, including those resulting from revaluations and impairments, corresponding to the reporting period, excluding changes in fair value. Also included as CAPEX are increases in property, plant and equipment and intangible assets resulting from business combinations. Also included as CAPEX are increases in property, plant and equipment and intangible assets resulting from business combinations.

The calculation of CAPEX took into account expenditures accounted for in accordance with International Financial Reporting Standards (IFRS) adopted by Regulation (EC) 1126/2008:

- IAS 16 Property, Plant and Equipment, paragraph 73 (e) (i) and (iii);
- IAS 38 Intangible Assets, paragraph 118 (e) (i);
- IFRS 16 Leases, paragraph 53(h).

All CAPEX expenditures subject to taxonomic analysis are included in the Budimex Group's consolidated financial statements in notes "10. Property, plant and equipment" and "11. Intangible assets".

The numerator of the indicator of EU Taxonomy-eligible expenditures includes the portion of CAPEX that relates to the types of activities eligible for the taxonomy (aligned and non-aligned with the technical screening criteria). The numerator of the EU Taxonomy-aligned expenditure indicator includes the portion of CAPEX that relates to activities that are aligned with technical screening criteria.

The main capital expenditures concerned the expansion and modernisation of the construction equipment base at Budimex SA, the purchase and construction of new photovoltaic farms and construction of new photovoltaic farms, purchase of adhesive equipment at Budimex Kolejnictwo SA and FB Serwis Group companies. For capital expenditures incurred for railroad equipment, vehicles, construction equipment, expansion of loading bases and storage yards, the method of direct allocation to the type of business in which the acquired assets will be used was applied. As for the remaining expenditures, which cannot be directly assigned to specific taxonomy activities, the proportional allocation method was applied, since they will be used in the performance of various contracts, both related to taxonomy-eligible and non-eligible activities.

Please note that the EU Taxonomy report for 2023 used a different CAPEX eligibility methodology, in which capital expenditures included expenses reported in the consolidated statement of cash flows as part of investing activities in the "Acquisition of intangible assets and property, plant and equipment" line item.

### **Operating expenses (OPEX)**

The denominator of taxonomy indicators for operating expenses (OPEX) represents (as required by Annex I to Commission Delegated Regulation (EU) 2021/2178) all direct, non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing and maintenance of the Group's property, plant and equipment items.

The numerator of the EU Taxonomy-eligible expenses indicator includes the portion of OPEX that relates to the types of taxonomy-eligible activities (aligned and non-aligned with technical criteria). The numerator of the EU Taxonomy-aligned expense indicator includes the portion of OPEX that relates to activities that are aligned with the technical criteria.

In the case of operating expenses for construction machinery and equipment, the direct allocation method was applied in a manner analogous to the CAPEX case described above. For other operating expenditures not directly attributable to activity types, the indirect allocation method was used.

In the case where operating expenses are not material to the business model of non-financial companies, the standard allows non-capitalised direct costs referred to above not to be reported if the lack of materiality of operating expenses in relation to their business model is analysed and explained.

Budimex proceeded with comparative calculations of total operating costs and taxonomy-related expenses. The value of total operating costs incurred by Budimex Group Companies in FY 2024 amounted to PLN 8 489 million, while the sum of OPEX as defined by the EU Commission's Delegated Regulation amounted to PLN 208 million. Total OPEX account for 2.45% of the Group's total operating costs, and are therefore considered immaterial for reporting purposes. For this reason, the data in the OPEX table is reported as equal to zero, in accordance with Section 1.1.3.2. of Annex I to Commission Delegated Regulation (EU) 2021/2178.

### **Other information**

The data used for the calculations came from the Budimex Group's financial and accounting system and from the financial and accounting systems of the individual subsidiaries comprising the Group.

The Group avoided double counting when allocating turnover and capital expenditures by making appropriate consolidation eliminations, in accordance with applicable accounting regulations. For operating expenses, which are defined in the Commission Delegated Regulation (EU) 2021/2178 in a manner that does not refer to international financial reporting standards, all accounts in the Group's accounting system were reviewed, and then the identified items meeting the definition of OPEX were assigned to given the taxonomy-eligible activity type in each case.

The Group discloses in this report for the third time the share of taxonomy-aligned activities and for the fourth time the share of activities that are taxonomy-eligible. The disclosure in this report relates to the most recent fiscal year, i.e., the period from 1 January to 31 December 2024.

The analysis showed that there was no need for a detailed disaggregation of key performance indicators among the Group's operating units in accordance with Section 1.2.2.3 of Annex I to Commission Delegated Regulation (EU) 2021/2178. For more information, see the comments on each key performance indicator.

The Group does not carry out, finance or have exposure to the activities referred to in Sections 4.26–4.31 of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139 (activities related to nuclear power generation and energy production from gaseous fossil fuels). Accordingly, the Group only discloses the following qualitative regulatory formula in this regard and does not disclose the other quantitative tables set forth in Annex XII of Commission Delegated Regulation (EU) 2021/2178, when all of these quantitative tables would contain zero values for activities related to fossil gas or nuclear energy.

**Table 30. Nuclear energy related activities**

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

# RESULTS OF TAXONOMY ANALYSIS

Table 31. TURNOVER

Financial Year 2024	Year			Substantial contribution criteria						Criteria for no significant harm ("No significant harm")						Minimum guarantees	Proportion of Turnover conforming to taxonomy (A.1.) or eligible according to taxonomy (A.2), year 2023 (%)	Facilitating activity category	Transition activity category
	Economic activities	Codes	Turnover (Mill. PLN)	Proportion of turnover year 2024(%)	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy				
<b>A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY</b>																			
<b>A1. Environmentally sustainable activities (conforming to the taxonomy)</b>																			
Photovoltaic solar energy	CCM 4.1	41.73	0.46%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-		
Wind energy	CCM 4.3	9.56	0.10%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.03%		
Construction and operation of WWTPs	CCM 5.3	60.50	0.66%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.09%		
Regound and transportation of non-hazardous waste	CCM 5.5	199.57	2.19%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.39%		
Recovery of non-hazardous waste material	CCM 5.9	-	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.30%		
Pedestrian infrastructure	CCM 6.13	143.36	1.57%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.85%	F	
Railroad construction and maintenance	CCM 6.14	1,124.77	12.34%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	25.54%	F	
Construction and maintenance of ports and waterways	CCM 6.16	412.86	4.53%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.45%	F	
Construction of new buildings	CCM 7.1	169.20	1.86%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.64%		
Building rehabilitation	CCM 7.2	94.44	1.04%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0.70%	T	
Installation and maintenance of recharging stations for electric vehicles in buildings	CCM 7.4	15.52	0.17%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
Installation and maintenance of instruments to measure, regulate and control the energy efficiency of buildings	CCM 7.5	66.71	0.73%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	F	
<b>Turnover of environmentally sustainable activities (conforming to the taxonomy) (A.1)</b>		<b>2,338.22</b>	<b>25.65%</b>	<b>25.65%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>36.99%</b>		
Of which: facilitators		1,747.70	19.17%	19.17%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	29.84%	F	
Of which: transitional		94.44	1.04%	1.04%						Y	Y	Y	Y	Y	Y	Y	0.70%	T	

\*\* CCM - Climate change mitigation  
 \* WTR - Water and marine resources  
 \* CE - Circular economy  
 \* PPC - Pollution  
 \* CCA - Climate change adaptation  
 \* BIO - Biodiversity  
 \*\* The analysis has not been conducted because it is not mandatory in this examination for four objectives not connected with climate change (adaptation and mitigation)

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective  
 EL - Eligible, Taxonomy-eligible activity for the relevant environmental objective

	Proportion of total Turnover/Turnover	
	that conforms to the Taxonomy by objective ( Aligned and eligible)	eligible according to taxonomy by objective
CCM	25.65%	51.48%
CCA	0.00%	25.83%
WTR	0.00%	0.00%
CE	0.00%	0.40%
PPC	0.00%	0.40%
BIO	0.00%	0.00%

## Budimex Group Activity Report for 2024

Financial Year 2024	Year			Substantial contribution criteria						Criteria for no significant harm ("No significant harm")						Minimum guarantees	Proportion of Turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2023 (%)	Facilitating activity category	Transition activity category
	Działalność gospodarcza	Codes	Turnover (Mill. PLN)	Proportion of turnover year 2024(%)	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy				
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)</b>																			
Photovoltaic solar energy	CCM 4.1 / CCA 4.1	21.31	0.23%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.00%	
Wind energy	CCM 4.3 / CCA 4.3	0.20	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.01%	
Electricity transmission and distribution	CCM 4.9	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.77%	
Construction and operation of WWTPs	CCM 5.3/ CCA 5.3	58.81	0.65%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.42%	
Regound and transportation of non-hazardous waste	CCM 5.5/ CCA 5.5/ CE 2.3 / PPC 2.1	36.20	0.40%	EL	EL	N/EL	EL	EL	N/EL									0.98%	
Recovery of non-hazardous waste material	CCM 5.9 / CCA 5.9	344.57	3.78%	EL	EL	N/EL	N/EL	N/EL	N/EL									3.14%	
Pedestrian infrastructure	CCM 6.13 / CCA 6.13	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.00%	
Railroad construction and maintenance	CCM 6.14 / CCA 6.14	622.28	6.82%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.00%	
Construction and maintenance of ports and waterways	CCM 6.16 / CCA 6.16	15.29	0.17%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.54%	
Construction of new buildings	CCM 7.1 / CCA 7.1	1,205.07	13.22%	EL	EL	N/EL	N/EL	N/EL	N/EL									15.54%	
Building rehabilitation	CCM 7.2 / CCA 7.2	51.45	0.56%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.27%	
Installation and maintenance of instruments to measure, regulate and control the energy efficiency of buildings	CCM 7.5 / CCA 7.5	0.28	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.70%	
<b>Turnover of taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)</b>		<b>2,355.46</b>	<b>25.83%</b>	<b>25.83%</b>	<b>25.83%</b>	<b>0.00%</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.00%</b>									<b>22.37%</b>	
<b>A. Turnover of eligible activities according to taxonomy (A.1+A.2)</b>		<b>4,693.68</b>	<b>51.48%</b>	<b>51.48%</b>	<b>25.83%</b>	<b>0.00%</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.00%</b>									<b>59.36%</b>	
<b>B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY</b>																			
Turnover of ineligible activities according to taxonomy		4,424.16	48.52%																
<b>TOTAL</b>		<b>9,117.84</b>	<b>100%</b>																

\*\* CCM - Climate change mitigation  
 \* WTR - Water and marine resources  
 \* CE - Circular economy  
 \* PPC - Pollution  
 \* CCA - Climate change adaptation  
 \* BIO - Biodiversity  
 \*\* The analysis has not been conducted because it is not mandatory in this examination for four objectives not connected with climate change (adaptation and mitigation)

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective  
 EL - Eligible, Taxonomy-eligible activity for the relevant environmental objective

	Proportion of total Turnover/Turnover	
	that conforms to the Taxonomy by objective ( Aligned and eligible)	eligible according to taxonomy by objective
CCM	25.65%	51.48%
CCA	0.00%	25.83%
WTR	0.00%	0.00%
CE	0.00%	0.40%
PPC	0.00%	0.40%
BIO	0.00%	0.00%

Table 32. CAPEX

Financial Year 2024	Year		Substantial contribution criteria							Criteria for no significant harm ("No significant harm")							Minimum guarantees	Proportion of Turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2023 (%)	Facilitating activity category	Transition activity category
	Economic activities	CODES	CAPEX (Mill. PLN)	Proportion of capex year 2024 (%)	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity				
<b>A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY</b>																				
<b>A1. Environmentally sustainable activities (conforming to the taxonomy)</b>																				
Photovoltaic solar energy	CCM 4.1	124.67	33.06%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	9.83%		
Wind energy	CCM 4.3	0.90	0.24%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	11.43%		
Construction and operation of WWTPs	CCM 5.3	0.39	0.10%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.18%		
Regound and transportation of non-hazardous waste	CCM 5.5	11.85	3.14%	Y	N	N/EL	N	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	6.25%		
Electricity transmission and distribution	CCM 4.9	0.00	0.00%	Y	N	N/EL	N	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-		
Pedestrian infrastructure	CCM 6.13	0.41	0.11%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.14%	F	
Railroad construction and maintenance	CCM 6.14	34.95	9.27%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	8.37%	F	
Construction and maintenance of ports and waterways	CCM 6.16	1.56	0.41%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.56%	F	
Construction of new buildings	CCM 7.1	0.71	0.19%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.60%		
Building rehabilitation	CCM 7.2	0.55	0.15%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.06%	T	
Installation and maintenance of recharging stations for electric vehicles in buildings	CCM 7.4	6.55	1.74%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	5.80%		
Installation and maintenance of instruments to measure, regulate and control the energy efficiency of buildings	CCM 7.5	9.29	2.47%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-	F	
<b>CAPEX of environmentally sustainable activities (conforming to the taxonomy) (A.1)</b>		<b>191.83</b>	<b>50.88%</b>	<b>50.88%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>43.22%</b>		
Of which: facilitators		46.21	24.09%	24.09%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	Y	9.07%	F	
Of which: transitional		0.55	0.29%	0.29%						Y	Y	Y	Y	Y	Y	Y	Y	0.06%	T	

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 \* WTR - Water and marine resources  
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 \* BIO - Biodiversity  
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Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
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 EL - Eligible, Taxonomy-eligible activity for the relevant environmental objective

	CapEx/Total CapEx ratio	
	that conforms to the Taxonomy by objective (Aligned and eligible)	eligible according to taxonomy by objective
CCM	50.88%	58.85%
CCA	0.00%	7.97%
WTR	0.00%	0.10%
CE	0.00%	0.01%
PPC	0.00%	1.74%
BIO	0.00%	0.00%

**Budimex Group Activity Report for 2024**

Financial Year 2024	Year			Substantial contribution criteria						Criteria for no significant harm ("No significant harm")						Minimum guarantees	Proportion of Turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2023 (%)	Facilitating activity category	Transition activity category
	Economic activities	CODES	CAPEX (Mill. PLN)	Proportion of capex year 2024(%)	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy				
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)</b>																			
Photovoltaic solar energy	CCM 4.1 / CCA 4.1	1.19	0.32%	EL	EL	N/EL	N/EL	EL	N/EL								-		
Wind energy	CCM 4.3 / CCA 4.3	0.00	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Electricity transmission and distribution	CCM 4.9	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.12%		
Construction and operation of WWTPs	CCM 5.3/ CCA 5.3	0.36	0.10%	EL	EL	EL	N/EL	N/EL	N/EL								0.07%		
Regound and transportation of non-hazardous waste	CCM 5.5/ CCA 5.5/ CE 2.3/ PPC 2.1	0.05	0.01%	EL	EL	N/EL	EI	EI	N/EL								1.47%		
Recovery of non-hazardous waste material	CCM 5.9/ CCA 5.9	0.00	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								5.12%		
Pedestrian infrastructure	CCM 6.13 / CCA 6.13	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Railroad construction and maintenance	CCM 6.14 / CCA 6.14	22.99	6.10%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Construction and maintenance of ports and waterways	CCM 6.16 / CCA 6.16	0.06	0.02%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.09%		
Construction of new buildings	CCM 7.1 / CCA 7.1 / CE 3.1	5.01	1.33%	EL	EL	N/EL	N/EL	EL	N/EL	N/EL							2.57%		
Building rehabilitation	CCM 7.2 / CCA 7.2/ CE 3.2	0.30	0.08%	EL	EL	N/EL	N/EL	EL	N/EL	N/EL							0.03%		
Installation and maintenance of recharging stations for electric vehicles in buildings	CCM 7.4 / CCA 7.4	-	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
Installation and maintenance of instruments to measure, regulate and control the energy efficiency of buildings	CCM 7.5 / CCA 7.5	0.04	0.01%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.45%		
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)</b>		<b>30.00</b>	<b>7.97%</b>	<b>7.97%</b>	<b>7.97%</b>	<b>0.10%</b>	<b>0.01%</b>	<b>1.74%</b>	<b>0.00%</b>								<b>9.92%</b>		
<b>A. CapEx of eligible activities according to taxonomy (A.1+A.2)</b>		<b>221.83</b>	<b>58.85%</b>	<b>58.85%</b>	<b>7.97%</b>	<b>0.10%</b>	<b>0.01%</b>	<b>1.74%</b>	<b>0.00%</b>								<b>53.14%</b>		
<b>B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY</b>																			
CapEx of ineligible activities according to taxonomy		155.23	41.15%																
<b>TOTAL</b>		<b>377.06</b>	<b>100%</b>																

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 EL - Eligible, Taxonomy-eligible activity for the relevant environmental objective

	CapEx/Total CapEx ratio	
	that conforms to the Taxonomy by objective ( Aligned and eligible)	eligible according to taxonomy by objective
CCM	50.88%	58.85%
CCA	0.00%	7.97%
WTR	0.00%	0.10%
CE	0.00%	0.01%
PPC	0.00%	1.74%
BIO	0.00%	0.00%

Table 33. OPEX

Financial Year 2024	Year			Substantial contribution criteria						Criteria for no significant harm ("No significant harm")						Minimum guarantees	Proportion of Turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2023 (%)	Facilitating activity category	Transition activity category
	Economic activities	CODES	OPEX (MIL. PLN)	Proportion of OPEX year 2024(%)	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy	Biodiversity	Climate change mitigation	Adaptation to climate change	Water	Contamination	Circular economy				
<b>A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY</b>																			
<b>A1. Environmentally sustainable activities (conforming to the taxonomy)</b>																			
OPEX of environmentally sustainable activities (conforming to the taxonomy) (A.1)		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%		
Of which: facilitators		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	F	
Of which: transitional		-	0.00%	0.00%	0.00%												0.00%	T	
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)</b>																			
OPEX of taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							0.00%		
A OPEX of eligible activities according to taxonomy (A.1+A.2)		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							0.00%		
<b>B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY</b>																			
OPEX of ineligible activities according to taxonomy		207.58	100%																
<b>TOTAL</b>		<b>207.58</b>	<b>100%</b>																

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 \* WTR - Water and marine resources  
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Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
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 EL - Eligible, Taxonomy-eligible activity for the relevant environmental objective

## 8.2 Climate change

The Budimex Group is focused on minimising its carbon footprint from the design stage of a construction project to its implementation. As part of its operations, it invests in renewable energy installations for its own use. The Group optimises the design processes of each construction project to reduce pollution to the environment (including CO<sub>2</sub>) and aims to implement low-carbon means of transportation and heavy construction machinery, minimise waste generation and emissions of hazardous waste.

The Group's objective is not only to deliver high-quality facilities to customers, but also to make sure they comply with climate neutrality requirements. Investing in renewable energy projects and optimising the construction process to reduce the carbon footprint at every stage of construction and operation are the cornerstone of the Group's long-term climate strategy.

### Integration of sustainability-related performance in incentive schemes (GOV-3)

General principles for incorporating sustainability results into incentive systems are described in disclosure GOV-3 in Section 7.3 *Sustainability Management*. The results of individual Board Members in 2024 were not assessed in light of climate-related issues (including greenhouse gas reductions described as part of the E1-4 subsection of this chapter).

### Transition plan for climate change mitigation (E1-1)

Currently, the Budimex Group does not have an approved transition plan for climate change mitigation. The work on developing such a plan should begin in 2025. The plan will include a strategy and actions aimed at reducing global warming in accordance with the Paris Agreement and a commitment to achieve climate neutrality by 2050.

For details on the targets adopted, see Section E1-4: *Targets related to climate change mitigation and adaptation*.

### Material impacts, risks and opportunities and their interaction with strategy and business model (E1.SBM-3)

#### Description of the processes to identify and assess material climate-related impacts, risks and opportunities (E1.IRO-1)

Budimex Group is working within the Ferrovial Group, which uses TCFD to identify, analyse and manage climate change-related risks and opportunities in order to carry out an analysis of the Group's resilience.

The Group periodically assesses and quantifies risks across all of its business units and geographies for various time horizons (short-, medium- and long-term: 2025, 2030 and 2050) and climate scenarios.

The Budimex Group's methodology identifies climate risks based on the Ferrovial Risk Management (FRM) methodology. This approach assesses the probability of risks, their impact on operations and frequency. The resilience analysis is reviewed and updated in accordance with the guidelines provided in the FRM.

The methodology takes into account transition scenarios based on the degree of implementation of climate change policies presented annually by the International Energy Agency in its World Energy Outlook:

- Stated Policies Scenario (STEPS) – takes into account current policies set at the sectoral level, as well as policies announced by countries. The scenario would result in a global temperature increase of 2.4/2.8°C in 2100.
- Announced Pledges Scenario (APS) – a scenario, which assumes that all climate commitments set by governments around the world, including contributions and long-term net-zero targets set at the country level, will be met on time and within budget. The scenario would result in a global temperature increase of 1.9/2.3°C in 2100.
- Net Zero Emissions by 2050 Scenario (NZE). It shows a difficult but achievable pathway in which the global energy sector achieves net zero CO<sub>2</sub> emissions by 2050, with advanced economies reaching this goal before others. This Scenario would result in a global temperature increase of 1.3/1.5°C in 2100.

Physical climate scenarios account for anthropogenic changes through concentration pathways of greenhouse gases, known as Representative Concentration Pathways (RCP):

- RCP 4.5. Emissions peak around 2040 and then decline. In this scenario, temperatures may increase by 2.6°C in 2100.
- RCP 8.5. Emissions continue to rise until they double by 2050 – this is known as the “business as usual” scenario. The increase in average global temperatures will increase by 4.4°C in 2100.

To analyse physical climate risks, Ferrovial, as the parent company of the Budimex Group, collaborated with the Hydraulics Institute of the University of Cantabria to develop the ADAPTARE Climate Risk and Adaptation methodology and tool. ADAPTARE is based on the EU taxonomy and is consistent with the framework methodology proposed by the IPCC. It takes into account three variables: climate-related risks, vulnerability (asset sensitivity and adaptive capacity) and exposure (asset characteristics and valuation) of infrastructure, and considers the geographical location of infrastructure around the world. The tool uses different

data sets describing the infrastructure and climate projections to model climate risks that reflect the change in risk levels for the physical climate scenarios and time horizons mentioned above.

The time horizons take into account the duration of contracts for the assets being assessed. The company analyses infrastructure with long concession periods or owned by the Group itself. By considering selected time horizons, the Group is able to understand the key climate risks as they evolve over the lifetime of its assets and allows it to take adaptive measures to create more resilient infrastructure.

**Physical risks**

Physical risks associated with climate change can lead to potential (acute) events or long-term (chronic) changes in weather patterns. This can have financial consequences for the organisation, such as direct damage to assets or indirect impacts due to interruptions in the production chain.

**Transition Risks**

Transition to a low-carbon economy may potentially cause policy, legal, technological and market changes necessary to meet climate change mitigation and adaptation requirements. Depending on the nature, speed and direction of these changes, transition risks may involve financial and/or reputational risks at different levels.

**Table 34. Results of the Group’s resilience analysis pointing to key climate risks and mitigation and/or adaptation measures<sup>19</sup>**

Climate transition scenarios	Major climate risks	Mitigation and/or adaptation measures
Stated Policies Scenario (STEPS)  Announced Pledges Scenario (APS)  NetZero by 2050 Scenario (NZE)	Impact on Budimex Group’s share price resulting from failure to meet SBTi targets and its potential financial impact on share value due to negative market reaction. Increased reporting on emissions and other environmental and climate aspects. Loss of competitiveness in bidding processes due to non-compliance with environmental requirements. Increased costs of energy, both fossil fuels and electricity. Penalties or additional costs resulting from a failure to meet targets under Sustainability Linked Bonds (SLBs). Payment of a premium on the debt margin under the credit facility due to non-compliance with the ESG score in DJSI. Potential grants in the Euro Commercial Paper (ECP) program for non-compliance with every sustainability target. These risks could potentially affect revenue, the Group’s stock price or difficulty in accessing new contracts.	Reviewing and controlling management systems implemented in the Group (risks management, remuneration, etc.). Monitoring and tracking energy consumption to ensure compliance with emission reduction targets. Verifying greenhouse gas emissions in accordance with the international standard ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, which guarantees the reliability of the data. Developing and implementing a deep decarbonisation pathway, a plan to reduce internal emissions through the use of renewable energy sources, self-generation, energy efficiency or replacement of machinery and vehicles. In 2024, the Ferrovia Group worked to update its decarbonisation plan to align it with the 1.5% decarbonisation pathway. In addition, the Group has committed under the SBTi initiative to achieve net zero emissions by 2050 or earlier. Development and application of Shadow Carbon Price mechanisms for new investments. Forecasting increased operating costs related to climate change in tenders. Seeking innovative technological solutions to reduce energy consumption and emissions. Conducting research and working with key stakeholders to develop projects that foster the transition to a low-carbon economy.

<sup>19</sup> The risks have been ranked according to their potential financial impact on the company, where the highest priority risks or those with the greatest impact are at the top of the list for each type of risk (physical or transition).

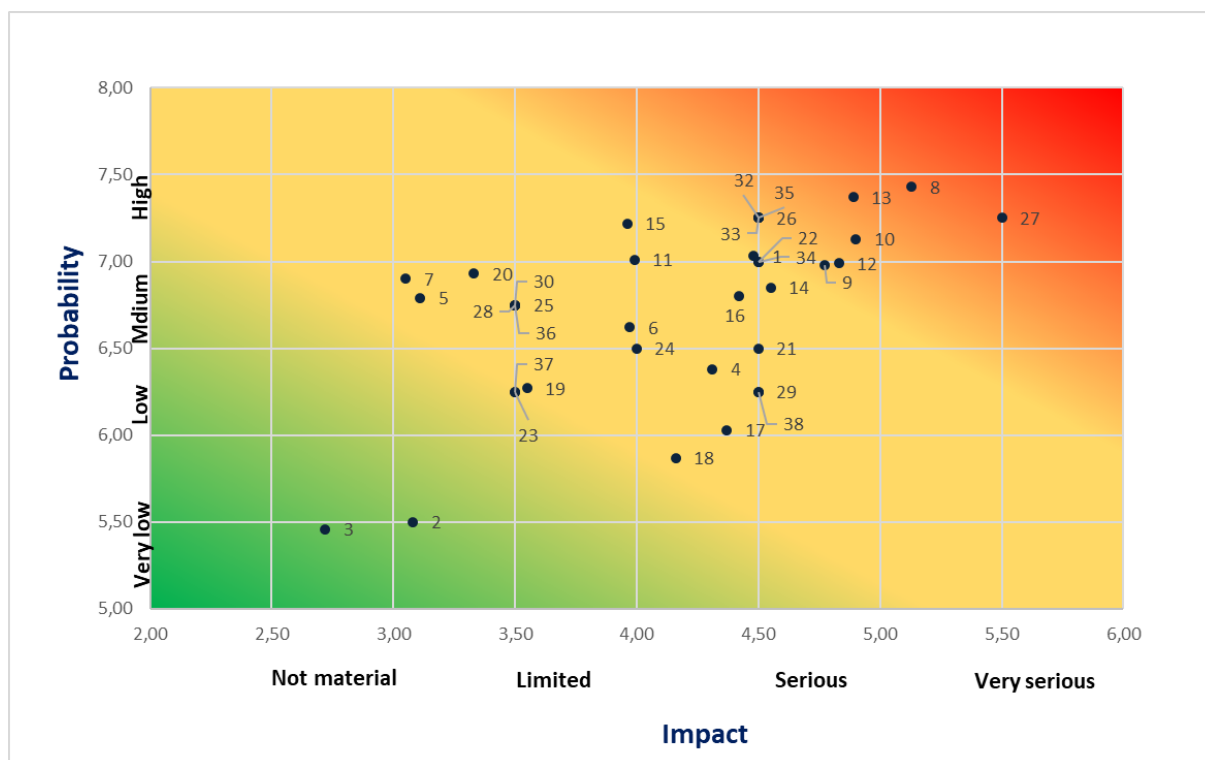
**Table 35. Results of periodic assessment – opportunities related to climate change**

Mobility	Water	Energy	Infrastructure
<p>Innovative solutions to reduce mobility-related emissions that include connectivity between infrastructure, vehicles and users, vehicle sharing, and electrification of transportation, reducing congestion and pollution in cities.</p> <p>Vehicle charging points: a service offered to local governments and public institutions, businesses, homeowners, etc. to promote the use of low-carbon vehicles.</p>	<p>Wastewater treatment plants (WWTP): treatment of wastewater in industrial and municipal facilities to ensure supply of drinking water, protect the environment and prevent contamination.</p>	<p>Integrated solutions for the development, construction, management and operation of energy infrastructure, and energy management.</p> <p>Construction and maintenance of renewable energy infrastructure: high-tech engineering, construction, installation and electrical maintenance services for Renewable energy sectors.</p> <p>Renewable energy generation: development of photovoltaic power plants, wind farms and cogeneration in waste-to-energy plants, as well as PPA (Power Purchase Agreement) projects. The Group is involved in the generation of clean energy in order to accelerate the energy transition.</p> <p>Renovation of buildings: transforming buildings using solutions to reduce demand for energy and facilitate the use of renewable energy.</p>	<p>Opportunities to develop sustainable and resilient infrastructure that offers climate change adaptation solutions that could provide a competitive advantage by delivering differentiated solutions.</p> <p>ADAPTARE. The Group, in cooperation with an expert from the IPCC (Intergovernmental Panel on Climate Change), has developed a unique methodology for identifying, analysing and assessing the physical risks associated with climate change and proposing adaptation measures to mitigate the impact they may have on infrastructure. The methodology is being applied to the different types of projects the Group develops and operates around the world. The analysis is carried out in the short, medium and long-term in various climate scenarios. It takes into account the risks framework set by the IPCC, as well as the adaptation criteria set by the EU Taxonomy Regulation.</p>

In 2021, Budimex SA conducted an analysis of risks and opportunities associated with climate change. The study was carried out in cooperation with an external consulting firm. The consulting firm then incorporated the results of this analysis into the analysis of ESG and climate risks. Assessment of ESG risks, including climate-related risks, was performed again in 2023. Double materiality analysis, consistent with the *Corporate Sustainability Reporting Directive (CSRD)*, identified ESG risks, including risks related to climate. For each identified material climate-related risk, the Budimex Group determines whether it considers the risk to be a climate-related physical risk or a climate-related transition risk. The analysis of climate-related risks and opportunities was completed with a matrix of the impact and probability of occurrence of all risks using a standardised assessment scale in accordance with the risk assessment methodology of Budimex Group’s risk management system. No assets or business activities were identified for which the transition to a climate-neutral economy was not taken into account.

The climate risks of Budimex SA were assessed based on the four-point scale, which was used to assess all of Budimex SA’s risks for the short-term (up to 1 year), medium-term (up to 5 years) and long-term (over 5 years) time horizons, taking into account changes in probability over the time horizon. The assessment scale for probability was set as: very low, low, medium and high. The assessment scale for severity/impact was set as: very severe, severe, moderate, minor.

The assessment examined 2 physical risks (one of them being chronic climate change with 6 descriptions) and 14 transition risks, which covered a total of 16 risks with 21 descriptions and 10 opportunities associated with climate change. According to the methodology used, risks where the probability or severity/impact exceeded certain thresholds (high probability and severe or very severe impact) were deemed to be material. All risks occur in the short to medium term, while opportunities arise in the medium to long term. The interrelations between probability and impact for ESG and climate risks are plotted below. The points numbered from 1 to 21 refer to risks and descriptions related to climate change.



**Matrix.** Matrix of analysis results of ESG and climate risks and opportunities – Budimex Group.

According to the methodology used, 1 description from physical risks (No. 1) and 9 transition risks (Nos. 8, 9, 10, 11, 12, 13, 14, 15 and 21) were classified as risks material to the Budimex Group which should be actively managed. Risks with numbers 22–38 shown in the Matrix above refer to categories that are not related to climate change (not listed in Table 36).

Monitoring and identification of new climate change-related risks and opportunities is conducted periodically as part of risk reviews.

The following list presents the risks from the analysis performed by Ferrovial and the Budimex Group, including physical risks and an assessment of their level. The list also shows the probability, scale and timing of the risks.

The Budimex Group points to 2050 for the planned achievement of climate neutrality.

**Table 36. Climate risks (physical and transition)**

No.	Risk type	Risk description	Severity/ impact	Probability	Time horizons
1	Climate risks (physical)	Risks associated with the global phenomenon of climate change including the threat of the impact of rising average temperatures on contract working conditions.	Very severe	High	Medium-term (up to 5 years)
2		Risks related to the global phenomenon of climate change including the threat to the Group's operations by more frequent fires.	Very severe	Low	Medium-term (up to 5 years)

No.	Risk type	Risk description	Severity/ impact	Probability	Time horizons
3		Threats associated with the impact of changing weather patterns on the availability of renewable energy (lower wind intensity).	Minor	Very low	Short-term (up to 1 year)
4		The threat of the impact of rising average temperatures on the feasibility of using existing solutions in construction.	Severe	Low	Short-term (up to 1 year)
5		Threat of flooding of suppliers' production facilities or transportation infrastructure located close to the sea shoreline.	Moderate	Medium	Medium-term (up to 5 years)
6		Threat of increasing frequency of epidemics and pandemics.	Moderate	Medium	Medium-term (up to 5 years)
7		Violent weather changes such as cyclones, storms and thunderstorms.	Very severe	Very low	Medium-term (up to 5 years)
8		The threat of increased costs due to the introduction of a carbon tax, duty or other carbon fees.	Very severe	High	Medium-term (up to 5 years)
9		Threat of rising energy prices as a result of high-carbon electricity mix in Poland or other countries.	Moderate	Medium	Short-term (up to 1 year)
10	<b>Climate risks (transition)</b>	Threat of stricter energy efficiency regulations for buildings.	Severe	High	Medium-term (up to 5 years)
11		Infrastructure constraints for electromobility.	Moderate	High	Medium-term (up to 5 years)
12		Threat of increased costs of raw materials, supplies and services caused by other climate-related risks.	Very severe	High	Medium-term (up to 5 years)
13		Threat of having to calculate and report the carbon footprint of buildings.	Very severe	High	Medium-term (up to 5 years)
14		Threat of having to calculate the carbon footprint of all products and services throughout their life cycle.	Severe	Medium	Medium-term (up to 5 years)

No.	Risk type	Risk description	Severity/ impact	Probability	Time horizons
15		Risk of lack of or reduced access to financing if banks or investment funds or insurers fail to meet expectations to address the climate crisis.	Moderate	High	Short-term (up to 1 year)
16		Threat of climate change adaptation legislation.	Severe	Medium	Medium-term (up to 5 years)
17		Threat of lawsuits over company's contribution to climate crisis.	Severe	Low	Short-term (up to 1 year)
18		Threat of lawsuits for failure to properly adapt buildings to climate change.	Severe	Very low	Short-term (up to 1 year)
19		Threat of low energy efficiency of buildings, vehicles and machinery.	Moderate	Low	Short-term (up to 1 year)
20		Threat of persistence of high-carbon electricity mix in Poland or other countries.	Moderate	Medium	Short-term (up to 1 year)
21		Rising investment insurance costs due to stakeholder pressure.	Severe	Medium	Medium-term (up to 5 years)

Double materiality analysis for the Budimex Group identified the following significant impact in the area of climate change adaptation:

- Negative impact of the construction sector on the generation of greenhouse gases, which causes climate change and manifests in increased intensity of extreme weather events; this disrupts work schedules, reducing the availability of raw materials and increasing energy costs.

Another risk identified was the risk to the Budimex Group's operations due to climate change (rapid weather changes), such as an increase in average temperatures, heat waves, frosts, storms or hurricanes, causing power outages, damage to infrastructure, transportation disruptions and halting construction and production work. Sudden weather events can also disrupt supply chains, limiting the availability of raw materials and supplies.

In the area of climate change mitigation, the following significant impacts were identified through the double materiality analysis process:

- negative impact of the construction industry, in relation to energy consumption for heating, cooling and powering buildings, and emissions related to the production and transportation of materials and the construction process,
- positive impact of actions taken to address climate change. The examples of such actions include: investments in RES (wind and solar projects) and construction of RES micro-installations, implementation of environmental standards involving subcontractors, purchase of energy with guarantees of origin, and construction of wind farms and photovoltaic farms to meet electricity demand from Renewable energy sources.

In addition, the following risks were identified:

- risk of lack of or reduced access to financing if the expectations of banks, investment funds or insurers to address the climate crisis are not met,
- risk of changes in extreme temperatures, which may affect the durability of building materials, forcing their modification and adaptation of building designs, including ventilation systems, to cope with a wider range of temperatures.

In the area of energy, the following significant impacts were identified through the double materiality analysis process:

- negative impacts related to the use of electricity during construction and, indirectly, during the manufacture of building materials purchased from third parties.

In addition, the following risks were identified:

- risk of rising energy prices as a result of the high-carbon electricity mix and reduced access to renewable energy in Poland and in other countries (in Poland, more than 75% of available electricity capacity comes from the combustion of fossil fuels),
- risk of stricter regulations on building energy efficiency, and increased costs due to the introduction of a carbon tax, duty or other carbon fees (CBAM),

In the area of energy, an opportunity has also been identified related to easier access or cheaper financing for projects supporting the energy transition if the criteria for addressing the climate crisis are met, which opens the way for effective energy management.

The material topics identified for the Group in the double materiality analysis are presented in Section 7.7 *Material impacts, risks and opportunities*.

### **Policies related to climate change mitigation and adaptation (E1-2)**

The documents regulating the management of environmental and climate impacts at the Group level are: *the Budimex Group Policy*, which is the top level document for all established environmental documents in the Group, as well as the policies implemented by the Budimex SA Management Board in 2024: *the Environmental and Quality Policy*, *the Biodiversity Policy* and *the Water Footprint Policy*. The Budimex Group Policies indicated above relate to climate change mitigation, climate change adaptation, energy efficiency and use of renewable energy. Their provisions override all the documents adopted by individual Group companies and are implemented in them. At company level, there are additional Integrated Management System Policies, internal procedures, operating instructions and environmental performance standards.

The Group understands that its impact is not limited to its own operations, so the guidelines included in environmental performance standards extend also to subcontractors. With increasing regulatory requirements and global environmental challenges, the Policies provide a foundation for actions to protect the environment and to ensure sustainable use of natural resources.

The Budimex Group has set targets aimed at a continuous reduction of its negative impact on the environment and climate. One of the key factors in this regard is the way energy is used. In accordance with *the Energy Policy*, adopted in 2022, the Group undertakes initiatives and takes measures to ensure efficient use of energy, and strives to optimise energy consumption by implementing solutions to improve conservation of energy and pursuing a low-carbon policy and a circular economy. The Policy applies to all company employees, its suppliers and contractors, who have received a demand to apply the energy conservation standards, applicable procedures and energy conservation instructions.

### **Actions and resources in relation to climate policy (E1-3)**

The Group's actions in the area of energy management, in accordance with the adopted *Energy Policy*, focus on:

- identifying the areas with the highest energy consumption and/or with the greatest potential for energy savings,
- acquiring energy-efficient products and services that will affect the energy balance,
- meeting legal and other requirements relating to energy efficiency and energy use and consumption,
- considering energy efficiency as a factor in designing buildings,
- acquiring and purchasing energy with guarantees of origin,
- striving to cooperate with other science and research facilities in the acquisition and implementation of innovative low-carbon technological solutions,
- using a modern low-carbon fleet of vehicles and equipment,
- ensuring access to information and all necessary resources for the achievement of set targets and continuous improvement, including raising employee awareness.

In order to reduce carbon emissions and fight climate change, the Budimex Group uses decarbonisation levers, which involve various approaches and technologies focused on activities that contribute to the reduction of carbon emissions.

Planned actions include reductions of fuel and energy consumption in buildings and installations, as well as in the machinery fleet and transportation.

Decarbonisation levers used include:

- optimisation of the use of energy in various operations, from industrial processes to building management; the main energy efficiency measures include, among others: implementation of energy-efficient technologies and equipment, adoption of best energy management practices, and conducting regular energy audits to identify areas for improvement,
- shift from fossil fuels to renewable energy sources; the key renewable energy measures include: installation of solar panels and wind turbines, investments in renewable energy projects, integration of renewable energy into the energy mix,
- transition from energy based on fossil fuels to electricity, especially when combined with renewable energy sources.

These measures are an important part of the Budimex Group's sustainability activities, which consolidate the awareness of employees regarding their impact on the environment. Development and education are embedded in the company's identity and corporate values. For this reason, pro-environmental attitudes in the workplace and in private life are promoted, as well as sensitivity to the issue of climate protection. Projects promoting these goals included: "Autumn under the Sign of ESG", "Green April", "Environmental Emergency Response Campaign", "Nature conservation in construction investments", "Water Law", "Welcome to the Group", "New sustainability regulations for the construction industry".

In 2024, the climate risks described in Note No. 4 (climate risk) of the Group's consolidated financial statements did not impact the financial results achieved in 2024. A detailed description of the actions taken by the Group to mitigate climate change is included in the ESG Strategy for 2023–2026.

The capital expenditures incurred by the Budimex Group in 2024 for the development of the renewable energy and electromobility segments are included in the taxonomy report in Table 32 CAPEX under the following items:

- 4.1 Installation, maintenance, and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings),
- 4.3 Production of electricity from wind energy,
- 7.4 Installation, maintenance, and repair of electric vehicle charging stations in buildings (and in parking lots adjacent to buildings).

The capital expenditures necessary to implement the ESG strategy, develop the green energy segment, and electromobility are currently financed from the Group's own financial resources and long-term bank loans arranged in the form of "project finance." In the future, the Group intends to continue this operating model. At the same time, no specific amount of planned future expenditures has been determined at present. Decisions in this regard will be made on an ongoing basis along with the assessment of current circumstances (including materiality).

#### **BUDIMEX SA**

The energy demand and emission intensity of construction works are closely related to the stage of the project and factors such as the production of mineral and asphalt mixes, as well as the transportation and construction equipment involved. Nevertheless, the Budimex Group, including Budimex SA, is taking many measures to sustainably reduce energy consumption and emissions, such as replacing construction equipment, investing in renewable energy, training and energy efficiency initiatives. Budimex SA has introduced an energy management system that identifies areas that require improvements in energy efficiency. The company has an energy efficiency improvement policy, the implementation of which is monitored by the Energy Management Committee. This entity is responsible for monitoring the progress of the organisation's energy management targets and related policies and guidelines at both the Polish and European Union levels. In its deliberations, the Committee takes into account the potential development of electromobility, decarbonisation based among other things on RES, and analyses the possibility of implementing new technologies.

#### **MOSTOSTAL KRAKÓW GROUP**

Energy consumption and emissions at steel construction plants are dependent on the phase of work and the quantity of structures produced in a given year, as well as the distance over which they are transported. A portion of consumption and emissions is also linked to assembly work performed at construction sites.

#### **FBSERWIS GROUP**

The FBSerwis Group has introduced energy efficiency plans which include measures such as shutting down individual machines and equipment during process downtime, inspecting and servicing process lines to eliminate points of excessive energy consumption, using equipment with low electricity consumption.

**Targets related to climate change mitigation and adaptation (E1-4)**

Budimex Group's targets for GHG emission reductions have been defined in the ESG Strategy. The ESG Department oversees the implementation of the ESG Strategy targets by providing periodic communications to the Budimex SA Management and Supervisory Boards. Budimex SA also oversees the implementation of energy-related targets as part of the Energy Management Committee operating within its structures. The targets in absolute values are overseen within the organisation.

Budimex SA has set the following strategic targets in the area of climate change mitigation and adaptation:

**Table 37. Strategic targets**

Strategic target	Year of achievement
Aim to source 100% of electricity from RES from the market	2024
Ensure that 100% of energy generated by Budimex Group companies for Budimex comes from RES	2026
Aim to reduce Scope 1 and 2 CO <sub>2</sub> emissions by 20% (compared to 2020)	2030
Achieve climate neutrality	2050

The targets set for the Budimex Group support the net neutrality by 2050 ambition envisioned by the Paris Agreement and the ESG Strategy of the Ferrovial Group, whose decarbonisation targets have been approved by SBTi.

In terms of its own operations, the Group's target is to reduce absolute Scope 1 and Scope 2 GHG emissions by 20% by 2030 compared to 2020 (the base year). The total GHG reduction target for Scopes 1 and 2, in absolute values calculated as a percentage of the 2020 base year emissions, is about 21,000 Mg CO<sub>2</sub>e by 2030. The year 2020, which is considered as the base year, requires special caution in interpretation, especially in Scope 1 (direct emissions). The COVID-19 pandemic and related global restrictions led to a temporary but significant drop in emissions, mainly due to the closure of economic sectors and reduced scale of transportation. As a result, the year did not reflect typical operating conditions, and treating it as a benchmark may lead to incorrect conclusions and distort assessment of actual progress. The Budimex Group is in the process of updating the base year, which will be presented in the next sustainability Statement.

The largest Scope 3 emissions, and therefore most significant from the operational perspective, are category 1 emissions, i.e., emissions from purchased construction materials and raw materials (92%), and category 2 emissions, i.e., emissions from purchased capital goods (3%).

**Energy consumption and mix (E1-5)**

Energy and fuels are important elements of the following processes: the construction process (Budimex SA), the production process (Mostostal Kraków SA) and the service and technology process (FBSerwis Group). The other Budimex Group companies do not have a significant impact on energy consumption and energy mix according to E1-5 ESRS requirements.

**Table 38. Total energy consumption by main energy source (data for the year ended 31 December 2024)**

Energy consumption and mix	Unit	Budimex SA	Budimex Group
1. Fuel consumption from coal and coal products	MWh	56,301.23	56,301.23
2. Fuel consumption from crude oil and petroleum products	MWh	124,062.73	173,938.67
3. Fuel consumption from natural gas	MWh	5,563.00	12,233.05
4. Fuel consumption from other fossil sources	MWh	0	0
5. Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	2,642.07	13,059.10
Total fossil energy consumption (calculated as the sum of lines 1 to 5)	MWh	188,569.04	255,532.05
Share of fossil sources in total energy consumption	%	89.48	91.28
7. Consumption from nuclear sources	MWh	0	0
Share of consumption from nuclear sources in total energy consumption	%	0	0
8. Fuel consumption for renewable sources (wood pellets)	MWh	61.4	61.4
9. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	21,848.98	22,616.25
10. Consumption of self-generated non-fuel renewable energy	MWh	258.37	1,729.20
11. Total renewable energy consumption	MWh	22,168.75	24,406.85
Share of renewable energy in total energy consumption	%	10.52	8.72
Total water consumption (sum of items 6, 7 and 11)	MWh	210,737.79	279,938.90

**Table 39. Energy intensity based on net revenue** (data for the year ended 31 December 2024)

Energy intensity metric	Unit	Budimex SA	Budimex Group
Total energy consumption in sectors with significant climate impact <sup>20</sup>	MWh	210,737.79	279,938.90
Net revenues from operations in sectors with a significant climate impact <sup>21</sup>	PLN million	7,509,382	9,117,843
Energy intensity ratio per net revenue	MWh/PLN 1 million	28.06	30.70

**Table 40. Energy production** (data for the year ended 31 December 2024)

Energy production	Unit	Budimex SA	Budimex Group
Own production of non-renewable energy	MWh	1,876.01	1,876.01
Own production of renewable energy	MWh	258.37	1,729.20
Own production of renewable energy at the Magnolia wind farm	MWh	0	22,997.48
Sales of own renewable energy generated at the Magnolia wind farm	MWh	0	22,997.48

The energy classified as renewable energy consumption in Budimex SA has RES guarantees of origin certificates. The Budimex Group, as a company operating in the infrastructure sector, operates in its business lines, which are listed in NACE Sections A through H and Section L, which are considered high climate impact sectors (as defined in Regulation (EU) 2019/2088 and Annex 1 of the related Commission Delegated Regulation 2022/1288). Therefore, all activities of the Budimex Group were included in the calculation of total energy consumption and energy intensity. Budimex Group's net revenues from sales of products and services and goods and materials were taken from the Group's Consolidated Financial Statements for 2024.

### Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

Budimex SA, FBŚerwis Group and Mostostal Kraków Group remain the largest greenhouse gas emitters in the Budimex Group. Scope 1 and Scope 2 emissions resulting from the activity of the other companies in the Group, together do not exceed the threshold of a 10% share of total Scope 1 and Scope 2 (*market-based*) emissions.

The scope of the Budimex Group's greenhouse gas emissions inventory includes subsidiaries and the parent company.

The Budimex Group reports Scope 1, 2 and 3 emissions in accordance with the GHG Protocol standard:

- Direct (Scope 1) emissions arise from the combustion of fuels in stationary or mobile sources owned or controlled by the company, as well as from technological processes or escape of refrigerants into the atmosphere,
- Indirect (Scope 2) emissions are related to the production of purchased electricity and heat. Scope 2 emissions are calculated using two methods: the *location-based* method takes into account average generation-related emission factors for specific geographic locations, while the *market-based* method is based on emission factors specific to energy suppliers (if they are available) and the AIB database (if no direct factor is available from a supplier).
- Scope 3 emissions are other indirect emissions created in the entire value chain, e.g. as a result of producing raw materials or semi-finished goods, managing waste, transporting raw materials and products, or employee business travel. The calculations used either the *spend-based* method, using information from operating expense accounting accounts, or the *average-data* method.

<sup>20</sup> Only report energy consumed from processes owned or controlled by the undertaking applying the same perimeter for reporting Scopes 1 and 2 GHG emissions.

<sup>21</sup> To calculate the ratio, the company's total net revenues were taken into account, as the Budimex Group's core business is homogeneous and is classified as a sector with a significant climate impact.

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### Scope 1 and 2 calculation methodology and assumptions adopted

- Emissions were calculated in accordance with the GHG Protocol methodology. The calculations were performed for six greenhouse gas<sup>22</sup> (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>). Emissions are stated in metric tons (t) of carbon dioxide equivalent (CO<sub>2</sub>e).
- The level of emissions from the generation of purchased energy according to the *market-based* method was calculated on the basis of emission factors published by energy suppliers (where the supplier was known). For electricity from RES confirmed by guarantees of origin, an indicator equal to 0 kg CO<sub>2</sub>e/kWh was adopted.
- In the case where the heat supplier did not make the data available, the indicators were adopted in accordance with the data reported for Poland by the Energy Regulatory Office in the document *Thermal Energy in Numbers – 2022, Warsaw, October 2023* (also applied in the case of calculations using the *location-based* method).
- The global warming potential (GWP) coefficients used in the calculations are consistent with the Fifth Assessment Report of the IPCC (AR5).
- 2020 was adopted as the base year.

In the calculation of Scope 2 *location-based emissions*, the EFC (*emissions factor at consumption*) was used due to the precautionary approach. The use of the above factor ensures that the calculation includes greenhouse gas emissions resulting from transmission losses. The dataset and Scope 2 calculation were based on actual and estimated energy consumption.

### Scope 3 calculation methodology and assumptions

The economic value method used in the carbon footprint analysis is associated with high uncertainty because market prices of materials and services do not always reflect their actual emission intensity. Additionally, cost variability resulting from factors such as inflation, contract negotiations, or local market conditions can lead to significant deviations in emission estimates.

The indicators from the Exiobase 3.8.2 database have been adjusted for inflation<sup>23</sup>.

Category 1 – was calculated using two methods: the economic value method (spend-based method) and the average data method. For operational expenses related to the purchase of goods and services, the economic value method was used, utilising the Exiobase 3.8.2 database. For materials for which quantitative data was available, emissions were calculated based on indicators from the DEFRA database (Department for Environment, Food & Rural Affairs of the UK government, 2024) or FoCA (Free of Carbon Architecture)<sup>24</sup>.

For purchased materials for which no quantitative data was available, estimates were based on an internal emission factor calculated based on the total expenditure on key materials (kg CO<sub>2</sub>e/PLN). Emissions calculated using the economic value method in the Group amount to 32% from subcontractor services, 12% from materials purchased by the Group estimated by an internal indicator, and 10% from other sources, while emissions calculated based on averaged data constitute 46% and result from materials purchased by the Group in physical units.

Category 2 – was calculated using the economic value method. To calculate it, a detailed list of fixed assets was used for increases (change in the Group's composition, purchase, buyout from leasing, increase in fixed assets under construction, advance payments, and other increases). Emission factors from the Exiobase 3.8.2 database were selected for the appropriate categories of expenditures. The largest emissions are attributed to increases in fixed assets under construction, which account for 39% of the emissions of the entire category. Subsequently, emissions result from costs incurred for technical equipment and machinery (24%), changes in the Group's composition (12%), advance payments for fixed assets under construction (10%), means of transport (7%), buildings and structures (4%), and other fixed assets (3%).

Category 3 – was calculated based on Budimex Group's energy and fuel consumption data. For fossil fuels, the DEFRA (2024) – *Well-To-Tank* Emissions database was used. To calculate emissions related to electricity, the national energy transmission loss factor and the location-based emission factor for electricity generation (KOBiZE) were used.

Category 4 – calculations used the economic value method to calculate greenhouse gas emissions related to transportation and distribution. The analysis was data-based, based on operating expenses for transportation of goods or materials obtained from accounting ledgers. Emission levels were estimated by assigning emission factors from the base Exiobase 3.4 to the appropriate financial data.

Category 5 – calculations were based on the data on waste (based on information from BDO – waste database) and emission factors from the DEFRA (2024) database applied to appropriate waste streams. The analysis includes emissions generated at installations outside the Group.

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<sup>22</sup> Based on the emission factors data provided by DEFRA, the contribution of CH<sub>4</sub> and N<sub>2</sub>O to the total emission factor expressed in CO<sub>2</sub> equivalent is: 0.2% for natural gas, 0.6% for gasoline, 1.25% for diesel, and 0.53% for coal used in electricity production. In the case of electricity generation, the share of greenhouse gases other than CO<sub>2</sub> will be similar to the value for coal, as coal combustion is the main source of greenhouse gas emissions from electricity production in Poland. Based on the IEA source, other gases account for 0.49% of emissions for electricity in Poland (data for 2023). Therefore, NF3 is below the materiality threshold and has not been included in Table 41.

<sup>23</sup> Eurostat – <https://ec.europa.eu/eurostat/databrowser/view/tec00118/default/table?lang=en>.

<sup>24</sup> <https://foca.plgbc.org.pl>.

Category 6 – was calculated using the economic value method. The calculation used statements of expenditures on business travel and personnel transport, with corresponding emission factors from Exiobase 3.8.2.

Category 7 – greenhouse gas emissions were estimated based on available data, including the number of office and construction workers (by company) and the number of company cars. In addition, information from Eurostat (on the percentage of transportation modes chosen for employee commuting) was used. Calculations were made using emission factors from the DEFRA (2024) database.

Category 8 – upstream leased assets is covered by Scope 1 and Scope 2 emissions.

Category 9 – carbon footprint was calculated for two Budimex Group companies – FBSerwis and Budimex SA (this category does not apply to the remaining Budimex Group companies. Due to the lack of detailed data on the type of modes of transportation, distances traveled and number of trips, averaged assumptions were adopted regarding the type of transport used, the number of trips and the average weight of each transport. The calculations were made using emission factors from the DEFRA (2024) database. The emissions were calculated based on factors from the DEFRA (2024) database. The emissions related to transportation of steel structures sold were not included in the calculations.

Category 10 does not apply to Budimex Group companies. The companies' activities do not include emissions arising from third-party processing of semi-finished products sold by Budimex Group companies.

Category 11 – calculations looked into greenhouse gas emissions related to the use of products sold. Emissions from the combustion of sold RDF alternative fuel have been included, while emissions associated with the use of compost and mineral and asphalt mix have been omitted because their use does not generate emissions. The emissions were calculated based on emission factors from the DEFRA (2024) database.

Category 12 – the calculation includes end-of-life emissions from the product, i.e. mineral and asphalt mixes sold to external contractors. It was assumed that the mixes are recycled at the end of their life cycles. The emissions were calculated using emission factors from the DEFRA (2024) database.

Category 13 – emissions are related to downstream leased assets. Only construction containers used as temporary office and sanitary facilities at the construction phase were identified. Since there was no quantitative data on these assets, neither calculations nor estimates were possible.

Category 14 – no greenhouse gas emissions were identified in this category, as the Budimex Group is not a franchisor.

Category 15 – emissions related to concessions held by the Budimex Group are included. Since the concessions are located within the organisational boundaries of the Group, they have already been included in Scope 1 and 2. The only company holding a concession is Budimex Parking Wrocław Sp. z o.o., which holds a concession for a parking lot in Wrocław. The Budimex Group also holds a 26.31% stake in an associated company, Promos Sp. z o.o. (which is outside of its financial and operational control). Given the business profile of Promos (which specialises in the comprehensive service of properties, employs 150 people, and has a share capital of PLN 500 000), and the scale of its operations (it has a single office in Kraków), emissions related to this company do not constitute high-intensity emissions and were excluded from the inventory. Also, no emission sources have been identified in relation to loans or other forms of financial support for projects outside the specified organisational boundaries, over which the Budimex Group has no operational control, and which could be considered significant in relation to the organisation's emission profile.

As a result of the continuing work to improve the accuracy of Budimex Group's greenhouse gas emissions reporting, in addition to preparations for Scope 3 emissions reporting, the emission factors previously used to calculate emissions for selected fuels, i.e. "UK Government Conversion Factors for greenhouse gas (GHG) reporting", published by the UK Department for Environment, Food and Rural Affairs (UK DEFRA), were replaced with the "National Calorific Value (WO) factors and CO emission factors (WE) in 2020 for Emission Trading Scheme 2023 reporting", published by KOBIZE, which offer a better match with the characteristics of the fuels used by the Budimex Group. To calculate Scope 2 GHG emissions using the *location-based* method, we used the most recent emission factors from the document *Emission factors of CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>2</sub>, CO and total dust for electricity' based on the information contained in the National Greenhouse Gas and Other Substances Emissions Database for 2023*, which was published by KOBIZE in December 2024 and adapted to the requirements of the GHG Standard. The expenditure indicators used in the calculations for range 3 from the Exiobase 3.8.2 database are available in EUR currency. To convert the values from EUR to PLN, the exchange rate from the European Central Bank (average value for 1Y from January 1 to December 31, 2024) of 4.3058<sup>25</sup> was used. The indicators from the Exiobase 3.8.2 database have been adjusted for the inflation rate<sup>26</sup>.

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<sup>25</sup> [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/eurofxref-graph-pln.pl.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-pln.pl.html)

<sup>26</sup> Eurostat – <https://ec.europa.eu/eurostat/databrowser/view/tec00118/default/table?lang=en>.

**Table 41. Scope 1, 2 GHG emissions in base year 2020 and Scope 1, 2 and 3 in 2024 – Budimex SA, Budimex Group** <sup>27</sup>

Disclosure requirement - Emission volumes - description	Unit	Budimex SA	Budimex Group	Budimex SA	Budimex Group
Calculation year		2020 <sup>28</sup>		2024	
<b>Scope 1</b>					
Total gross Scope 1 GHG emissions	Mg CO <sub>2</sub> e	79,645.38	89,027.06	73,351.15	107,028.92
Percentage of total Scope 1 GHG emissions that are regulated under emissions trading schemes	%	0	0	0	0
<b>Scope 2</b>					
Total gross Scope 2 GHG emissions, <i>location-based</i>	Mg CO <sub>2</sub> e	0	5,197.02	13,999.93	20,651.39
Total gross Scope 2 GHG emissions, <i>market-based</i>	Mg CO <sub>2</sub> e	15,659.49	15,659.49	0	3,226.24
<b>Scope 3</b>					
Volume of gross Scope 3 GHG emissions	Mg CO <sub>2</sub> e	n.a.	n.a.	834,248.39	1,085,980.34
Volume of gross Scope 3 GHG emissions, Category 1 Purchased goods and services.	Mg CO <sub>2</sub> e	n.a.	n.a.	788,342.67	1,001,055.42
Volume of gross Scope 3 GHG emissions, Category 2 Capital goods	Mg CO <sub>2</sub> e	n.a.	n.a.	9,174.01	30,116.29
Volume of gross Scope 3 GHG emissions, Category 3 Fuel and energy-related activities	Mg CO <sub>2</sub> e	n.a.	n.a.	14,553.74	20,572.74
Volume of gross Scope 3 GHG emissions, Category 4 Transportation and distribution	Mg CO <sub>2</sub> e	n.a.	n.a.	5,836.05	10,173.73
Volume of gross Scope 3 GHG emissions, Category 5 Waste generated in operations	Mg CO <sub>2</sub> e	n.a.	n.a.	3,179.86	3,179.86
Volume of gross Scope 3 GHG emissions, Category 6 Business travel	Mg CO <sub>2</sub> e	n.a.	n.a.	634.87	961.42
Volume of gross Scope 3 GHG emissions, Category 7 Employee commuting	Mg CO <sub>2</sub> e	n.a.	n.a.	9,312.33	15,679.62
Volume of gross Scope 3 GHG emissions, Category 8 Leased assets	Mg CO <sub>2</sub> e	n.a.	n.a.	Included in Scopes 1 and 2	Included in Scopes 1 and 2
Volume of gross Scope 3 GHG emissions, Category 9 Transportation and distribution	Mg CO <sub>2</sub> e	n.a.	n.a.	3,147.6	3,763.81
Volume of gross Scope 3 GHG emissions, Category 10 Processing of sold semi-finished products	Mg CO <sub>2</sub> e	n.a.	n.a.	Not applicable	Not applicable
Volume of gross Scope 3 GHG emissions, Category 11 Use of sold products	Mg CO <sub>2</sub> e	n.a.	n.a.	Not applicable	410.17
Volume of gross Scope 3 GHG emissions, Category 12 End-of-life treatment of sold products	Mg CO <sub>2</sub> e	n.a.	n.a.	67.27	67.27
Volume of gross Scope 3 GHG emissions, Category 13 Leased assets	Mg CO <sub>2</sub> e	n.a.	n.a.	0	0

<sup>27</sup> All greenhouse gas emissions presented in this table apply to the Budimex Group – not applicable to disaggregation in accordance with E1-6 paragraph 50b. Emissions include all actions over which the Budimex Group has operational control, in accordance with ESRS 1 - DR 62 and 67.

<sup>28</sup> The CO<sub>2</sub>e emissions for Budimex SA for Scope 2 were calculated using the market-based method, while for the other companies in the Budimex Group, the location-based method was used.

**Budimex Group Activity Report for 2024**

Disclosure requirement - Emission volumes - description	Unit	Budimex SA	Budimex Group	Budimex SA	Budimex Group
Calculation year		2020 <sup>29</sup>		2024	
<b>Scope 3</b>					
Volume of gross Scope 3 GHG emissions, Category 14 Franchises	Mg CO <sub>2</sub> e	n.a.	n.a.	Not applicable	Not applicable
Volume of gross Scope 3 GHG emissions, Category 15 Investments	Mg CO <sub>2</sub> e	n.a.	n.a.	Not applicable	Not applicable
Biogenic CO <sub>2</sub> emissions from the burning of biodegradation of biomass <sup>30</sup>	Mg CO <sub>2</sub> e	n.a.	n.a.	0	0
<b>Total greenhouse gas emissions (scope 1 and 2)</b>					
Total GHG emissions ( <i>location-based</i> )	Mg CO <sub>2</sub> e	79,645.38	94,224.08	87,351.08	127,680.31
Total GHG emissions ( <i>market-based</i> )	Mg CO <sub>2</sub> e	95,304.87	104,686.55	73,351.15	110,255.16
Gross biogenic emissions	Mg CO <sub>2</sub> e	n.a.	n.a.	0	0
Gross out-of-scope emissions	Mg CO <sub>2</sub> e	n.a.	n.a.	0	0
<b>GHG intensity per net revenue</b>					
Net revenue from activities in sectors with significant impact on climate <sup>31</sup>	mIn PLN	7,276.48	8,382.6	7,509.382	9,117.843
Total ( <i>location-based</i> ) emissions per sales revenue <sup>32</sup>	Mg CO <sub>2</sub> e/PLN million	10.95	11.24	11.63	14.00
Total ( <i>market-based</i> ) emissions per sales revenue <sup>33</sup>	Mg CO <sub>2</sub> e/PLN million	13.10	12.49	9.77	12.09

<sup>29</sup> The CO<sub>2</sub>e emissions for Budimex SA for Scope 2 were calculated using the market-based method, while for the other companies in the Budimex Group, the location-based method was used.

<sup>30</sup> This information considers Budimex Group (no information available for the value chain of the Group).

<sup>31</sup> To calculate this coefficient total net revenues of the Group were taken into account because the activities of Budimex Group are uniform and in the area of sectors with significant impact on climate.

<sup>32</sup> The reconciliation of net revenues used to calculate the greenhouse gas emission intensity comes from the Consolidated Financial Statement from the consolidated income statement.

<sup>33</sup> The reconciliation of net revenues used to calculate the greenhouse gas emission intensity comes from the Consolidated Financial Statement from the consolidated income statement.

### 8.3 Pollution

#### Description of the processes to identify and assess material pollution-related impacts, risks and opportunities (E2.IRO-1)

As part of the double materiality analysis process, we reviewed our locations and our own activities, identified and then assessed actual and potential pollution impacts, risks and opportunities both within our own operations and upstream and downstream in the value chain. Key stakeholders were engaged in the process as described in section 7.7 *Material impacts, risks and opportunities*.

The Budimex Group conducts regular consultations on this topic, including with affected communities, as described in Section 9.3 *Affected communities*. As a result of our analysis, we identified the following important aspects:

- actual negative impacts resulting from a project construction process may be related to emissions of pollutants into the air, such as dust, nitrogen oxides (NOx) and sulfur oxides (SOx); this problem is particularly relevant in the context of the transportation of construction materials and the use of machinery and vehicles during the project, as well as the use of the installations for the production of mineral and asphalt mixes; such emissions may lead to a deterioration of air quality and adversely affect the health of residents located in the neighbourhood of the construction site;
- potential negative impact associated with the emission of pollutants to water, resulting from construction activities, which may occur in the case of incidents such as spills of fuels or hazardous substances due to accidents at the construction site, or inadequate protection and storage of waste; such situations pose a threat to the quality of surface water and groundwater, and the level of the threat depends on the location of the project, distance from water bodies and geological conditions of the site;
- potential negative impact associated with contamination of the site during construction activities, for example as a result of spills of fuels or other substances, which may lead to soil degradation and adversely affect the quality of soil and water and disrupt the natural balance of the environment;
- actual negative impact due to the presence of hazardous substances in construction and finishing materials that may pose a health risk to employees and the environment;
- actual negative impact resulting from the presence of Substances of Particular High Concern in construction, finishing and furnishing materials that may pose a risk to Employee health and the environment.

#### Policies related to pollution (E2-1)

The documents regulating the management of environmental and climate impacts at the Group level are: *the Budimex Group Policy*, which is the top level document for all established environmental documents in the Group, as well as the *Environmental and Quality Policy* implemented in 2024. Their provisions override all the documents adopted by individual Group companies and are implemented in them. The policy refers to avoiding incidents and emergencies, and if and when they occur, controlling and limiting their impact on people and the environment.

At company level, there are additional Integrated Management System Policies, internal procedures, operating instructions and environmental performance standards.

The policies in place describe the Group's environmental commitments and the principles that guide its operations. They do not contain details of the pollutants or substances covered by the policy.

The Group understands that its impact is not limited to its own operations, so the guidelines included in environmental performance standards extend also to subcontractors.

#### BUDIMEX SA

Budimex SA conducts its operations in compliance with the principle of care for pollution of air, water and soil, as set forth in the Group's Environmental and Quality Policy.

Regulations in this respect ensue from the *Integrated Management System Policy*, which governs the management of environmental impacts and includes commitments to minimise the negative environmental impact of operations, reduce the amount of waste generated, reduce water consumption and greenhouse gas emissions.

Budimex SA's environmental principles relating to the adequate protection of water, soil and air during construction works and ancillary activities are included in the applicable environmental management procedures, environmental operating instructions and *Budimex SA's Environmental Standards*.

#### MOSTOSTAL KRAKÓW GROUP

The Mostostal Kraków Group conducts its operations in compliance with the principle of care for pollution of air, water and soil, as set forth in the Group's *Environmental and Quality Policy*. The company has not adopted a separate policy relating to pollution issues. Also, the *Integrated Management System Policy*, which governs environmental impact management in the company points to an obligation to minimise emissions of hazardous substances.

#### FBSERWIS GROUP

FBSerwis conducts its operations in compliance with the principle of care for pollution of air, water and soil, as set forth in the Group's Environmental and Quality Policy. The company has not adopted a separate policy relating to pollution issues.

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## **Actions and resources related to pollution (E2-2)**

In 2024, Budimex Group implemented the following measures to prevent pollution of air, water and soil.

### **BUDIMEX SA**

In order to reduce and monitor pollution, the Company has developed and implemented the following measures:

- environmental management,
- identification and assessment of Budimex SA's impact on the natural environment,
- emissions reporting and monitoring of environmental effects,
- instructions on qualification and management of materials acquired as part of the works,
- detailed rules for recording fixed assets and low-value items – containing controlled substances,
- procedures for the management of asphalt rubble,
- 14 environmental standards at Budimex SA.

Each time, prior to the start of construction work, the environmental aspects that are subject to supervision are identified. They are identified according to an internal procedure that defines a uniform method of evaluation by determining:

- character of the environmental impact (positive/neutral/negative),
- scale of the environmental impact,
- duration of the impact,
- intensity of the impact, by determining the scale of the impact,
- legal requirements for the given impact,
- probability of occurrence.

Based on the identified potential environmental risks and impacts of the planned construction work, an environmental protection plan (hereinafter: EP plan) is agreed internally. The document specifies, among other things:

- rules for protecting the soil and water environment during construction works,
- earthworks related to the excavation of earth masses (including contaminated ones) and indicates safeguards for the soil and water environment,
- sources of waste emissions with an indication of the ways of proceeding to reduce these emissions – including ways to protect the land and water environment from the effects of waste
- sources of pollution emissions into air with identification of ways to minimise emissions,
- principles of handling hazardous substances with indication of safety features
- potential emergency situations with indication of rescue equipment.

In addition, the consumption of fuels and energy used to power machinery, vehicles and installations in the construction process is monitored – their operation should be carried out in an economical way and minimise emissions to the environment.

Each organisational unit of Budimex SA, for which factors affecting the environment and climate have been identified, is responsible for implementing the operational actions specified in the EP plan.

All subcontractors performing work for Budimex SA are obliged to comply with Budimex SA's applicable standards and rules relating to the protection of the environment from pollution.

In the course of construction works and auxiliary processes, the principles of proper protection of water, soil and air resulting from *Budimex SA's Environmental Standards* are always applied.

In order to reduce potential pollution of air (excluding greenhouse gases), works generating dust emissions are organised accordingly, in accordance with the *Dust Nuisance Reduction* standard.

To protect water and soil, the following actions were taken:

- storage of hazardous waste in an environmentally safe manner,
- safe handling of liquid fuels during storage and refueling of equipment and vehicles,
- safe handling of hazardous substances during storage and use,
- equipping construction sites with so-called "environmental first-aid kits" to ensure efficient elimination of small spills and leaks,
- organisation of drainage works in such a way as to protect water from suspended solids emissions,
- cleaning vehicle wheels from mud and equipment contaminated with concrete, cement-lime or gypsum mixtures in a way that is safe for the water and soil environment.

### **MOSTOSTAL KRAKÓW GROUP**

As part of its measures, the Group updated the following procedures:

- *Organisation and environmental management during contract performance,*
- *Identification and qualification of environmental aspects,*
- *Emissions reporting,*
- *Instructions for qualification and management of materials acquired in the course of works,*
- *Detailed rules for recording fixed assets and low-value items – containing controlled substances,*
- *Environmental monitoring and measurement,*
- *Environmental emergencies and incidents.*

In order to reduce the impact of pollution on contracts, the *Questionnaire of Environmental Requirements and Aspects* is filled out during the performance of contracts.

In 2024, the Mostostal Kraków Group conducted training on spill/environmental emergency response at WKS in Kraków, in Żłobnica and at Konstalex Sp. z o.o.

### **FBSEWIS GROUP**

Actions taken to protect air, water and soil:

- at the Group's bases and installations, waste is stored in accordance with its decisions in a manner that limits emissions to water, air and soil,
- water and wastewater management at the Group's installations is carried out in accordance with water permits,
- waste treatment processes are carried out in accordance with the available decisions with the use of technology that minimises and reduces release of dust and pollutants to the air and industrial wastewater to water and soil,
- landfill installations are monitored to measure emissions and composition of landfill gas and leachate,
- waste is collected using specialised vehicles that meet the requirements of current regulations, which limit dust emissions, among other things.

### **Targets related to pollution (E2-3)**

Budimex Group currently does not have specific targets related to pollution of air, water and soil. As part of the work on another ESG strategy, the Group will consider pollution targets into account.

### **Pollution of air, water and soil (E2-4)**

Air emissions may result from construction activities and the operation of installations and equipment associated with the construction process.

In connection with the need to ensure business continuity, Budimex SA operates asphalt mixing plants and fuel tanks to enable uninterrupted operation. The asphalt mixing plants and fuel tanks emit volatile organic compounds (VOCs), persistent organic pollutants (POPs), nitrogen oxides and benzo(a)pyrene as well as sulfur oxides and dust. Since pollution is treated as an important issue, Budimex SA monitors emissions of dust and other substances and analyses the results.

The impact of Mostostal Kraków Group on the environment is largely related to the operation of the Steel Structures Manufacturing Plant in Kraków and Żłobnica. The Żłobnica manufacturing plant calculates TVOC<sup>34</sup> for each year. The Group's impact is also due to the steel structure assembly services performed and work carried out directly at construction sites.

The FBSEwis Group has waste treatment installations and landfills that require an integrated permit.

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<sup>34</sup> *Total Volatile Organic Compounds (TVOC).*

**Table 42. Emissions of dust and other substances into the air <sup>35</sup> (data for the year ended 31 December 2024)**

Substance <sup>36</sup>	Threshold value for releases to air [kg]	Budimex SA [kg]	Budimex Group <sup>37</sup> [kg]
Zinc and its compounds	200	0	16,004.62
Naphthalene	100	278.85	278.85
Polycyclic aromatic hydrocarbons (PAHs)	50	692.51	17,855.40

Emissions of pollutants into the air in excess of the applicable thresholds set forth in Annex II to Regulation (EC) No. 166/2006 in 2024 involved two substances for Budimex SA and three substances for the Budimex Group.

In 2024 no incidents of pollution emissions to water and soil were reported in the register of environmental accidents.

#### Substances of concern and substances of very high concern (E2-5)

In 2024, in connection with the operations of Budimex SA and Budimex Group, substances of concern and substances of very high concern were used. Budimex SA, as part of the operations of the Asphalt Mixing Plant, produced 94,516.20 kg of substances of concern in the form of emissions (benzo(a)pyrene, PAHs, carbon monoxide).

In 2024, Budimex SA did not use, produce or cause emissions of substances of very high concern, while a substance of very high concern was used and released in the form of emissions in the operations of the Budimex Group.

<sup>35</sup> Specified the pollutants in accordance with Annex II of Regulation (EC) No. 166/2006 of the European Parliament and of the Council (Regulation on the European Pollutant Release and Transfer Register) for which the applicable thresholds specified in Annex II of Regulation (EC) No. 166/2006 have been exceeded.

<sup>36</sup> In accordance with Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council (Regulation on the European Pollutant Release and Transfer Register).

<sup>37</sup> Emission of substances into the air for the Budimex Group includes total data for all Budimex Group Companies.

Table 43. Substances of concern and of very high concern (data for year ended 31 December 2024)

Substances	Main hazard classes of substances of concern <sup>38</sup>		Budimex SA [kg/year]	Budimex Group [kg/year]
	Hazard class and category	Hazard statement		
Substances of concern that leave the entity's facilities in the form of emissions, either as products or as part of products or services, by major hazard class of substances of concern (organised emission from the installation).				
Benzo[a]pyrene; benzo[d,e,f]chrysene	Carc. 1B <sup>39</sup> Muta. 1B Repr. 1B <sup>40</sup> Skin Sens. 1 <sup>41</sup> Aquatic Acute 1 <sup>42</sup> Aquatic Chronic 1 <sup>43</sup>	H350 H340 H360-FD H317 H400 H410	2.63	2.63
Carbon monoxide	Flam. Gas 1 <sup>44</sup> Press. Gas <sup>45</sup> Repr. 1A <sup>46</sup> Acute Tox. 3 (*) <sup>47</sup> STOT RE 1 <sup>48</sup>	H220 H360D H331 H372	93,821.06	93,821.06
Polycyclic aromatic hydrocarbons (PAHs)	Carc. 1B <sup>49</sup>	H350	692.51	692.51
Solvent naphtha (petroleum), light aromatic hydrocarbons; low boiling point naphtha – unspecified	Carc. 1B <sup>50</sup> Asp. Tox. 1 <sup>51</sup>	H350 H304	0.00	113.43
2- Methoxypropan-1-ol	Flam. Liq. 3 <sup>52</sup> Repr. 1B <sup>53</sup> STOT SE 3 <sup>54</sup> Skin Irrit. 2 <sup>55</sup> Eye Dam. 1 <sup>56</sup>	H226 H360D H335 H315 H318	0.00	0.17
Hydrotreated naphtha (petroleum); low boiling point hydrotreated naphtha fraction	Carc. 1B <sup>57</sup> Asp. Tox. 1 <sup>58</sup>	H350 H304	0.00	53.38

<sup>38</sup> The main hazard classes of substances of concern are defined based on the definitions in Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006. Source: <https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:32008R1272>.

<sup>39</sup> Carcinogenicity, category 1B.

<sup>40</sup> Reproductive Toxicity, category 1B.

<sup>41</sup> Skin Sensitization, category 1.

<sup>42</sup> Aquatic Acute 1 – Hazardous to the Aquatic Environment – Acute Hazard, category 1.

<sup>43</sup> Aquatic Chronic 1 – Hazardous to the Aquatic Environment – Chronic Hazard, category 1.

<sup>44</sup> Flammable Gas, category 1.

<sup>45</sup> Gases under Pressure.

<sup>46</sup> Reproductive Toxicity, category 1A.

<sup>47</sup> Acute Toxicity, category 3 (route of exposure marked with an asterisk).

<sup>48</sup> Specific Target Organ Toxicity – Repeated Exposure, category 1.

<sup>49</sup> Carcinogenicity, category 1B.

<sup>50</sup> Carcinogenicity, category 1B.

<sup>51</sup> Aspiration Hazard, category 1.

<sup>52</sup> Flammable Liquid, category 3.

<sup>53</sup> Reproductive Toxicity, category 1B.

<sup>54</sup> Specific Target Organ Toxicity – Single Exposure, category 3.

<sup>55</sup> Skin Irritation, category 2.

<sup>56</sup> Serious Eye Damage, category 1.

<sup>57</sup> Carcinogenicity, category 1B.

<sup>58</sup> Aspiration Hazard, category 1.

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Substances	Main hazard classes of substances of concern <sup>38</sup>		Budimex SA [kg/year]	Budimex Group [kg/year]
	Hazard class and category	Hazard statement		
2-methoxypropyl acetate	Flam. Liq. 3 <sup>59</sup> Repr. 1B <sup>60</sup> STOT SE 3 <sup>61</sup>	H226 H360D H335	0.00	0.15
Total			94,516.20	94,683.34
Total quantities of substances of concern that it uses in production or that are purchased, broken down by major hazard classes of substances of concern*				
* Budimex SA and the Budimex Group do not manufacture substances of concern.				
Solvent naphtha (petroleum), light aromatic hydrocarbons; low boiling point naphtha – unspecified <sup>62</sup>	Carc. 1B <sup>63</sup> Asp. Tox. 1 <sup>64</sup>	H350 H304	0.00	3.91
2- Methoxypropan-1-ol	Flam. Liq. 3 <sup>65</sup> Repr. 1B <sup>66</sup> STOT SE 3 <sup>67</sup> Skin Irrit. 2 <sup>68</sup> Eye Dam. 1 <sup>69</sup>	H226 H360D H335 H315 H318	0.00	0.90
2-methoxypropyl acetate	Flam. Liq. 3 <sup>70</sup> Repr. 1B <sup>71</sup> STOT SE 3 <sup>72</sup>	H226 H360D H335	0.00	10.35
Hydrotreated naphtha (petroleum); low boiling point hydrotreated naphtha fraction <sup>73</sup>	Carc. 1B <sup>74</sup> Asp. Tox. 1 <sup>75</sup>	H350 H304	0.00	0.86
Total			0.00	16.02
Total quantities of substances of very high concern (SVHCs) that it uses in production or that are purchased, by major hazard class of substances of very high concern*.				
* Budimex SA and Budimex Group do not manufacture substances of very high concern (SVHCs)				

<sup>59</sup> Flammable Liquid, category 3.

<sup>60</sup> Reproductive Toxicity, category 1B.

<sup>61</sup> Specific Target Organ Toxicity – Single Exposure, category 3.

<sup>62</sup> A complex mixture of hydrocarbons obtained during distillation of aromatic streams. It consists predominantly of aromatic hydrocarbons with carbon numbers mainly in the range of C8 to C10, boiling in the temperature range from about 135°C to 210°C.

<sup>63</sup> Carcinogenicity, category 1B.

<sup>64</sup> Aspiration Hazard, category 1.

<sup>65</sup> Flammable Liquid, category 3.

<sup>66</sup> Reproductive Toxicity, category 1B.

<sup>67</sup> Specific Target Organ Toxicity – Single Exposure, category 3.

<sup>68</sup> Skin Irritation, category 2.

<sup>69</sup> Serious Eye Damage, category 1.

<sup>70</sup> Flammable Liquid, category 3.

<sup>71</sup> Reproductive Toxicity, category 1B.

<sup>72</sup> Specific Target Organ Toxicity – Single Exposure, category 3.

<sup>73</sup> A complex mixture of hydrocarbons obtained by treating a petroleum fraction with hydrogen in the presence of a catalyst. It consists of hydrocarbons with carbon numbers mainly in the range of C6 to C13, boiling in the temperature range from about 65°C to 230°C.

<sup>74</sup> Carcinogenicity, category 1B.

<sup>75</sup> Aspiration Hazard, category 1.

Substances	Main hazard classes of substances of concern <sup>38</sup>		Budimex SA [kg/year]	Budimex Group [kg/year]
	Hazard class and category	Hazard statement		
1,3,5-Triazine-2,4,6-triamine	Carc. 2 <sup>76</sup> Repr. 2 <sup>77</sup> STOT RE 2 <sup>78</sup>	H351 H361f H373	0	534.37
Total quantities of substances of very high concern (SVHCs) that leave an entity's facilities in the form of emissions, either as products or as part of products or services, by major hazard class of substances of very high concern (emissions from the installation).				
1,3,5-Triazine-2,4,6-triamine	Carc. 2 <sup>79</sup> Repr. 2 <sup>80</sup> STOT RE 2 <sup>81</sup>	H351 H361f H373	0	404.71

The values indicated have their source in the calculations provided to KOBiZE.

## 8.4 Water and marine resources

### Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities (E3.IRO-1)

As part of the double materiality analysis process, we identified and then assessed the actual and potential impacts, risks and opportunities associated with water and marine resources both within our operations and upstream and downstream in the value chain. The Budimex Group conducts regular consultations on this topic, including with affected communities, as described in Section 9.3 *Affected communities*.

As a result of the analysis, the following were identified as important aspects in this area:

- Actual negative impact on water consumption and withdrawal resulting from the construction of projects is related primarily to technological processes that require intensive use of natural resources, especially freshwater, this is especially true for own operations such as construction and installation (general contracting) services,
- Risk of increased costs and the need for changes in investment plans due to dwindling water resources, a possible shortage of water for the production of construction materials, and the location of the investment in an area subject to water stress,
- Actual negative impact on the environment associated with the large water discharge volumes compared to water withdrawals.

No significant negative impacts, risks and opportunities have been identified in relation to pollution of water. In 2024 no incidents of pollution emissions to water and soil were reported in the register of environmental accidents.

### Policies related to water and marine resources (E3-1)

The documents regulating the management of environmental and climate impacts related to water and marine resources at the Group level are: *the Budimex Group Policy*, which is the top level document for all established environmental documents in the Group, as well as the policies implemented in 2024: *the Environmental and Quality Policy*, *the Biodiversity Policy* and *the Water Footprint Policy*. Their provisions override all the documents adopted by individual Group companies and are implemented in them.

<sup>76</sup> Carcinogenicity, category 2.

<sup>77</sup> Reproductive toxicity, category 2.

<sup>78</sup> Specific Target Organ Toxicity – Repeated Exposure, category 2.

<sup>79</sup> Carcinogenicity, category 2.

<sup>80</sup> Reproductive toxicity, category 2.

<sup>81</sup> Specific Target Organ Toxicity – Repeated Exposure, category 2.

At company level, there are additional Integrated Management System Policies, internal procedures, operating instructions and environmental performance standards.

The Group understands that its impact is not limited to its own operations, so the guidelines included in environmental performance standards extend to subcontractors.

In 2024, *the Water Footprint Policy* was adopted with the aim of defining and establishing principles and criteria that govern actions related to water and wastewater management in the Group's own operations and in the value chain. The document is addressed to Budimex SA and all Group companies, regardless of their area of operations or geographic location. The Policy defines the principles that must be implemented in Budimex Group companies. The Policy focuses on acting in compliance with applicable laws, regulations and standards. It supports the development of a regulatory framework focusing on the efficient and sustainable use of water and responsible management of water resources.

The Policy emphasises responsible and efficient management of water throughout the cycle. Budimex strives to effectively manage the complete water cycle and use this resource responsibly in its operations. The Group emphasises responsible and efficient management of water resources covering its entire integral cycle – from groundwater and surface water to wastewater.

The Budimex Group conducts its operations in compliance with applicable water laws and regulations and is committed to implementing water management to achieve the highest quality standards. To this end, the Company has implemented the *Budimex SA Environmental Standards*, which apply to both the company's employees and its subcontractors, and specify the ways of safeguarding and organising work to protect groundwater, underground water and water bodies from pollution.

The *Water Footprint Policy* aims to seek solutions to the growing demand for drinking water and deterioration of water quality due to contamination. As a general contractor, Budimex has no control over the solutions that are designed into the projects it develops.

The Policy does not address the sustainability of the oceans and seas due to the fact that the activities carried out by Budimex in 2024 had no significant impact on these resources.

*The Water Footprint Policy* highlights water risk management as a key element of management at the company which includes the inclusion of water consumption and water management in Budimex's risk management strategy. The Group plans to implement indicators, targets and monitoring mechanisms to measure and assess water cycle management and water use in its operations.

#### **BUDIMEX SA**

In order to improve environmental performance, Budimex SA implemented an environmental management system based on the requirements of PN-EN ISO 14001:2015 and established *an Integrated Management System Policy*. The company has undergone a certification process by an external, independent and accredited certification body. As part of the management system, targets and indicators have been developed by which the Group's environmental impact is monitored. Responsibility for managing the environmental area stems from the adopted internal procedures, operating instructions and standards of operation.

The key measures undertaken by Budimex SA include:

- minimising the negative impact of the company's operations on the environment,
- ensuring efficient use of natural resources, energy and materials through energy-efficient solutions and recycled materials,
- reducing waste generation, consumption of water and energy, and greenhouse gas emissions.

#### **MOSTOSTAL KRAKÓW GROUP**

The top level document governing environmental management in the Mostostal Kraków Group is the *Budimex Group Policy* and *the Policies* adopted in 2024: the *Environmental and Quality Policy*, the *Water Footprint Policy* and the *Biodiversity Policy*. The Company has also established an *Integrated Management System Policy*. It contains the company's commitments to minimise emissions and the amount of waste generated, as well as to systematically raise environmental awareness.

The Group has implemented an environmental impact management system based on the requirements of PN-EN ISO 14001:2015 and has undergone certification by an external, independent and accredited certification body. Responsibility for managing the environmental area stems directly from the internal procedures that are in place.

The basic principles of *the Integrated Management System Policy* in the area of environmental impact in the Mostostal Kraków Group are:

- continuously reducing the environmental impact of the Group's operations,
- meeting the requirements and obligations under applicable laws and standards,
- minimising waste generation and emissions of hazardous substances,
- systematically raising the environmental awareness of employees and suppliers,
- protecting natural resources by reducing waste generation and water consumption, electricity and fuels.

The Group's responded to these challenges by developing and implementing procedures such as:

- *Organisation and environmental management during contract performance,*
- *Identification and qualification of environmental aspects,*
- *Emissions reporting,*
- *Instructions for qualification and management of materials acquired in the course of works,*
- *Detailed rules for recording fixed assets and low-value items – containing controlled substances,*
- *Environmental monitoring and measurement,*
- *Environmental emergencies and incidents.*

The impact of Mostostal Kraków on the environment is largely related to the operation of the Steel Structures Manufacturing Plant in Kraków and Kleszczów.

#### **FBSERWIS GROUP**

The main aspects of the Group's *Environmental and Quality Policy* include:

- managing environmental impacts, risks and opportunities,
- commitment to environmental protection, including prevention of emergencies and pollution, and fulfilment of compliance obligations,
- continuous improvement of the quality and environmental management system to improve environmental performance,
- continuous improvement of the environmental performance of the installations,
- aiming for a "net positive impact" in the area of biodiversity.

The environmental impact management system policies, which follow from the requirements of *Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 establishing best available techniques (BAT) conclusions for waste treatment* pertain to:

- control, mitigation and protection measures in connection with the generation of dust and gas emissions, odors, wastewater and noise,
- monitoring and management of waste streams from receipt, through the treatment process, to final management of the treatment residue,
- measures to prevent and mitigate the consequences of potential accidents that have a negative impact on the environment,
- measures to monitor and reduce energy consumption.

The Group responded to these challenges by developing and implementing procedures:

- *Procedure for controlling and methods to reduce pollutants discharged into the environment in the form of gas, dust and wastewater emissions,*
- *Waste handling procedure,*
- *Emergency management plan,*
- *Odor management plan,*
- *Noise management plan,*
- *Energy efficiency plan.*

The FBSerwis Group has implemented procedures governing an environmental impact management system at individual companies (FBSerwis Dolny Śląsk Sp. z o.o., FBSerwis Karpatia Sp. z o.o., FBSerwis Kamieński Sp. z o.o., FBSerwis Wrocław Sp. z o.o.).

FBSerwis Wrocław Sp. z o.o. has implemented the PN-EN ISO 9001:2015 and ISO 14001:2015 management systems.

In addition, the Group has in place the *FBSerwis Group CSR Policy*, which reinforces the synergy between business targets and corporate social responsibility activities. The CSR Policy describes actions undertaken by FBSerwis Group companies, directed both internally in the organisation and externally. In the environmental area, the Group strives to conduct its operations in such a way as to minimise its impact on the environment and to ensure that all areas of operations comply with applicable laws and good practices for environmental protection and management of natural resources.

Other subsidiaries of the Budimex Group have accepted the *Budimex Group Policy* and other implemented policies as priority regulations.

#### **Actions and resources related to water and marine resources (E3-2)**

In 2024, as part of the ongoing projects of the Budimex Group, measures were taken to minimise the impact on water resources and to prevent possible pollution.

#### **BUDIMEX SA**

Budimex SA operates according to accepted procedures, instructions and environmental standards. Operational activities, i.e. the performance of construction contracts, comply with environmental management procedures and internal operating standards, among other environmental issues.

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Examples of measures undertaken to ensure appropriate protection of water during construction work and ancillary processes:

- organisation of works performed in the riverbed or in the basin of a lake, pond or sea, as well as in the proximity of watercourses and reservoirs and on the shoreline of watercourses and reservoirs in a manner that is safe for the aquatic environment,
- organisation of drainage works in such a way as to protect water from suspended solids emissions,
- cleaning vehicle wheels from mud and equipment contaminated with concrete, cement-lime or gypsum mixtures in a way that is safe for the water and soil environment,
- storage of substances that pose a threat to the environment using protective measures.

Prior to the start of construction work, the environmental aspects that are subject to supervision are identified. They are identified according to an internal procedure that defines a uniform method of evaluation by determining:

- character of the environmental impact (positive/neutral/negative),
- scale of the environmental impact,
- duration of the impact,
- intensity of the impact, by determining the scale of the impact,
- legal requirements for the given impact,
- probability of occurrence.

Based on the identified potential environmental risks and impacts of the planned construction work, an environmental protection plan (hereinafter: EP plan) is agreed internally.

EP plans are implemented for all active contracts and include all important environmental aspects at the given site, including among others an environmental task plan that, based on identified activities, identifies types of emissions and identifies the threats and the actions to protect and minimise environmental impacts during construction activities.

With regard to water-related resources, EP plans specify rules for water use and wastewater disposal taking into account the safest water supply and wastewater disposal for the existing conditions, rules for protecting the soil and water environment during construction work, earthwork for excavation of earth mass (including contaminated soil) and indicate safeguards for the groundwater environment, warn against potential emergencies and specify emergency equipment.

Each organisational unit of Budimex SA, for which factors affecting the environment and climate have been identified, is responsible for implementing the operational actions specified in the EP plan. They are then subjected to an assessment to identify significant threats and opportunities generated by the company's activities. For significant environmental aspects, actions are identified that will be subject to environmental impact analysis. On this basis, Budimex SA's environmental targets are set.

The significant aspects identified by the organisation in 2024 are closely related to the type of conducted operations and, in relation to water resources, relate to the conduct of work in riverbeds or reservoir basins, as well as on the shorelines of watercourses and reservoirs that result in a change in water flow and carry the risk of water pollution. In addition, they include the handling of fuels and hazardous waste and the use of rainwater.

Mitigating measures have been implemented to minimise the identified impact and maximise environmental gains:

- allowing only fully-operational equipment units and vehicles on construction sites,
- organising construction compounds in existing structures,
- safe handling of liquid fuels during storage and refueling of equipment and vehicles,
- safe handling of hazardous waste during storage and transfer to authorised recipients,
- safe handling of hazardous substances during storage and use of these substances,
- equipping construction sites with an environmental emergency kit to efficiently deal with small spills and leaks to prevent environmental pollution.

#### **MOSTOSTAL KRAKÓW GROUP**

The Mostostal Kraków Group develops for contracts a *Questionnaire of Environmental Requirements and Aspects*, which identifies and addresses all relevant environmental matters. In addition, a *Waste Management Plan* and an *Environmental Measurements Monitoring Plan* are developed.

#### **FBSEWIS GROUP**

The Group conducts its operations in accordance with the rules set forth in the *Water Footprint Policy*, which regulates the use and management of water in the company's operations. These actions focus on responsible management of resources, seeking solutions to the growing demand for drinking water and deterioration of water quality due to pollution, supporting the development and use of new technologies that enable more efficient use of water, and also on including water consumption and management in the company's risk management strategy.

Water and wastewater at the Company's installations is managed in accordance with the terms of water law decisions in relation to rainwater, industrial wastewater and water withdrawal from own intakes.

The Budimex Group has calculated water withdrawal in areas at water risk, including areas of high water stress. The information is provided in Table 46.

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### Targets related to water and marine resources (E3-3)

The Budimex Group considers the protection of natural resources, including the reduction of water consumption, as a priority. Strategic environmental targets are included in the *ESG Strategy 2023–2026 with an Outlook to 2050*. This document sets targets for different organisational levels in Budimex SA depending on specific environmental challenges. Targets for water management are presented below.

#### BUDIMEX SA

In order to manage water resources, the Company has committed to conducting analyses of the impact of its operations on water resources. Budimex aims to develop a plan to reduce its water footprint and reduce water withdrawal and consumption in its operations. The company monitors and reports on its progress, enabling it to improve its practices. It is also implementing water-efficient solutions to minimise the impact on water resources. The company has set a specific target related to protection of water resources.

**Table 44. Strategic target**

Strategic target	KPI	Year of achievement
Conduct an assessment of the exposure of the company's operations to water stress	Perform an assessment of the exposure of the Company's operations to water stress	2025

Assessing the exposure of the Company's operations to water stress is a key step in the sustainable management of water resources. This assessment will allow the Company to identify areas exposed to water stress and contamination, which will enable it to take action to improve water quality and effectively manage risks. In the future, analysis of the assessment will enable the company to develop strategies to reduce water consumption, especially in water-stressed areas, which will contribute to sustainable water management.

Targets adopted by Budimex SA are voluntary.

**Table 45. The target and important water and marine resources issues**

Issue	Assessment	Justification
Management of significant impacts, risks and opportunities associated with areas at water risk, including water quality improvements.	Yes	Assessing the exposure of the company's operations to water stress helps manage risks related to water availability and quality. It helps identify regions and processes exposed to water stress, as well as minimise the negative impact of the company's operations on water resources, such as by reducing water consumption. It also makes it possible to improve water quality through wastewater treatment and efficient water management. It also allows the company to prepare for climate change and take advantage of opportunities related to the implementation of water-saving technologies.
Responsible management of impacts, risks and opportunities related to marine resources, including the nature and quantities of commodities related to marine resources (such as gravels, deep-sea minerals, seafood) used by the entity.	No	Budimex SA's operations are not directly related to marine resources.
Reduction of water consumption, including an explanation of how those targets relate to areas at water risk, including areas of high water stress.	Yes	The target addresses directly the need to reduce water consumption, particularly in regions exposed to water-related risks, including areas of high water stress. Such an assessment will support the company in identifying water risks and facilitate the implementation of a strategy that minimises water consumption while increasing its resilience to climate change and operational risks.

#### MOSTOSTAL KRAKÓW GROUP

As part of its activities, Mostostal Kraków Group focuses on implementing the commitments contained in the *Budimex Group Policy*, the *Water Footprint Policy* and the *Integrated Management System Policy*, striving to reduce the environmental impact of the company.

## FBSERWIS GROUP

The Group conducts its operations in accordance with the principles set forth in the *Water Footprint Policy*, which regulates activities related to the use and management of water in the company's operations. These actions focus on responsible management of resources, finding solutions to the growing demand for drinking water and deterioration of water quality due to pollution, supporting the development and application of new technologies that enable more efficient use of water as a resource and including water consumption and management in the company's risk management strategy.

### Water consumption (E3-4)

At Budimex SA, water is drawn mainly for social and domestic purposes and partly for production and technological purposes. Water is mainly drawn from the existing water supply networks, less frequently from deep wells or reservoirs. Water is withdrawn from the company's own intakes (deep wells) and from water reservoirs only on the basis of appropriate permits.

Tap water consumption is determined directly, based on data from invoices provided by network managers. The amount of water withdrawn from deep wells is determined directly, by reading the values from meters.

Water consumption in the Mostostal Kraków Group results from the day-to-day operation of the company's headquarters, the Steel Structures Manufacturing Plant and construction site facilities, and is limited to social and domestic purposes.

The FBSErwis Group draws water for the operation of its plants and accompanying infrastructure. The withdrawal is from the existing water supply network and its own intakes on the basis of water permits. Water is also used for social and domestic purposes, similarly as in other Budimex Group companies.

**Table 46. Water consumption** (data for the year ended 31 December 2024)

Water consumption		Unit	Budimex SA	Budimex Group
Water consumption	Total water consumption	m <sup>3</sup>	193,419.16	268,968.61
	Total water consumption in m <sup>3</sup> in areas at water risk, including areas of high water stress	m <sup>3</sup>	81,191.06	81,191.06
	Total water recycled and reused	m <sup>3</sup>	0	0
	Total water stored	m <sup>3</sup>	190	3,235
Water consumption intensity	Total water consumption per EUR <sup>82</sup> 1 million net revenue	m <sup>3</sup> /1 million EUR	110.86	126.97
Water withdrawal and discharge	Total water withdrawal	m <sup>3</sup>	190,751.47	228,513.20
	Total water discharge	m <sup>3</sup>	40,834.78	103,488.34

### Anticipated financial effects from water and marine resources-related risks and opportunities (E3-5)

The Budimex Group has not yet analysed the anticipated financial effects of water-related impacts, risks and opportunities, and therefore has not disclosed detailed information as required by ESRs E3-5.

<sup>82</sup> Average EUR exchange rate for 2024 was used – 4,3042 PLN

## 8.5 Biodiversity and ecosystems

### Material impacts, risks and opportunities and their interaction with strategy and business model (E4.SBM-3)

The following major impacts on biodiversity and ecosystems that may be generated by Budimex Group's operations have been identified:

- greenhouse gas emissions,
- land ecosystem use or occupation, potentially leading to land degradation, impact on ecosystem health, habitat fragmentation,
- generating large amounts of waste.

These actions also depend on ecosystem services to support projects and operational resilience, mainly:

- key natural resources, such as water
- and ecosystem services related to climate regulation and soil structure (erosion).

The company integrates biodiversity risks and opportunities into its business strategy, addressing physical risks (such as severe weather events and ecosystem health) as well as transition risks from regulatory changes or reputational aspects. To analyse the company's resilience, material risks and opportunities are extracted from priority or significant impacts and dependencies.

Budimex Group considers how impacts could potentially affect stakeholders, including affected communities, public authorities and environmental organisations. This includes consulting with communities near sensitive areas to adjust protection priorities and identify avoidance or mitigation strategies.

In case of unavoidable impacts, the company follows the environmental impact assessments (EIAs) of projects (implementing various measures such as restoration of habitats and other offsets) to maintain the functionality and value of the ecosystem.

#### **BUDIMEX SA**

In 2024, Budimex SA was performing more than 200 contracts. Some of them were located within biodiversity sensitive areas or in the immediate vicinity of such areas.

#### **MOSTOSTAL KRAKÓW GROUP**

In 2024, Mostostal Kraków Group's operations included work sites located near sensitive areas. The Group worked there as a subcontractor and had no direct influence on the location of the site.

#### **FBSERWIS GROUP**

In 2024, the FBSerwis Group did not operate within or in close proximity to biodiversity sensitive areas.

Detailed information indicating the number and area of investments located within or in the immediate vicinity of biodiversity sensitive areas is provided in the section related to indicator E4-5 *Impact metrics related to biodiversity and ecosystems change*.

### Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities (E4.IRO-1)

In order to identify material impacts, dependencies, risks and opportunities and their interaction with the strategy and business model, Budimex Group implemented the LEAP methodology developed by Ferrovial and established by TNFD. Based on the LEAP approach, the business lines that have a negative impact on biodiversity-sensitive areas (such as: roads, wastewater treatment plants, landfills, water treatment and desalination plants, photovoltaic parks, wind farms and transmission lines) and Group-wide priority sites were identified.

As part of the double materiality analysis process, actual and potential impacts, risks and opportunities related to biodiversity and ecosystems were identified and then assessed. The following material impacts were identified in this area:

- actual negative impact on reduction of biodiversity resulting from the degradation of habitats, the loss of species and the disruption of local ecosystems as a result of the implementation of the project,
- actual negative impact on biodiversity resulting from the sealing of the ground as a result of the development, particularly through the use of impermeable materials such as asphalt or concrete. This leads to a biodiversity loss in soil, reduces retention and increases surface water runoff, and can increase the risk of sudden flooding.

The double materiality process has not identified significant negative impacts with regard to land degradation and desertification. To date, there has been no analysis of biodiversity risks and transition risks, and therefore there were also no consultations with affected communities in this regard.

**Table 47. Nature-related risks identified by Budimex Group in its risk management process (physical risks) based on Ferrovia's methodology<sup>83</sup>**

Scenarios <sup>84</sup>	Major risks	Mitigation and/or adaptation measures
<ul style="list-style-type: none"> <li>- <i>Ahead of the game</i></li> <li>- <i>Go fast or go home</i></li> <li>- <i>Sand in the gears</i></li> <li>- <i>Back of the list</i></li> </ul>	<p>Infrastructure affected by extreme events and external physical factors: extreme storms, landslides or runoff.</p> <p>This risk may have a potential impact on operating costs or additional ordinary costs.</p>	<p>The Budimex Group uses ADAPTARE, an in-house tool developed by Ferrovia, to assess physical risks under different scenarios and time horizons, thus covering different infrastructures.</p> <p>The methodology takes into account physical climate risks, which also include nature-related hazards (landslides, extreme storms, among others), vulnerability of assets (their sensitivity and adaptive capacity), and exposure of human and natural systems.</p> <p>The analysis takes into account different time horizons, allowing the assessment to be tailored to the duration of contracts.</p>

**Table 48. Nature-related risks identified by Budimex Group in its risk management process (transition risk) based on Ferrovia's methodology<sup>85</sup>**

Scenarios <sup>86</sup>	Major risks	Mitigation and/or adaptation measures
<ul style="list-style-type: none"> <li>- <i>Ahead of the game</i></li> <li>- <i>Go fast or go home</i></li> <li>- <i>Sand in the gears</i></li> <li>- <i>Back of the list</i></li> </ul>	<p>Technology risks associated with adaptation of designs or materials for greater resilience.</p> <p>Reputational risks associated with alteration of habitats of protected species.</p> <p>These risks could potentially affect operating costs, additional ordinary costs or the company's share price.</p>	<p>Integrated Natural Capital Assessment (INCA): to ensure responsible management of biodiversity, Ferrovia has developed a methodology and an internal tool for calculating net natural capital debt called INCA, based on automated calculation of infrastructure impacts on biodiversity and ecosystem services. INCA measures the impact of projects and evaluates alternatives that minimise impact on biodiversity and ecosystems.</p> <p>Budimex Group uses a "Go – No Go" procedure developed and approved by Ferrovia to define a set of environmental criteria to be taken into account when deciding whether to pursue a new project. In order to protect the most valuable natural areas, in 2023, Budimex SA by way of Management Board resolution, undertook not to carry out construction works in areas listed as UNESCO World Heritage Sites under criterion IX and X.</p>

Information on cases in which the projects being implemented were located within areas of natural value is presented in the disclosure section of E4-5 of this Statement.

Detailed information relating to the double materiality analysis process is presented in chapter 7.7 *Material impacts, risks and opportunities*.

<sup>83</sup> Physical hazards: Nature-related physical hazards are those resulting from degradation of nature (such as changes in the balance of ecosystems, including soil quality and included species) and the resulting loss of ecosystem services on which economic activities depend.

<sup>84</sup> Scenario names are from [https://tnfd.global/wp-content/uploads/2023/09/Guidance\\_on\\_scenario\\_analysis\\_V1.pdf](https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf).

<sup>85</sup> Transition risk: nature-related transition risk is a risk to organisations that arises from the failure of business entities to align with actions to protect, restore and/or reduce negative impacts on nature.

<sup>86</sup> Scenario names are from [https://tnfd.global/wp-content/uploads/2023/09/Guidance\\_on\\_scenario\\_analysis\\_V1.pdf](https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf).

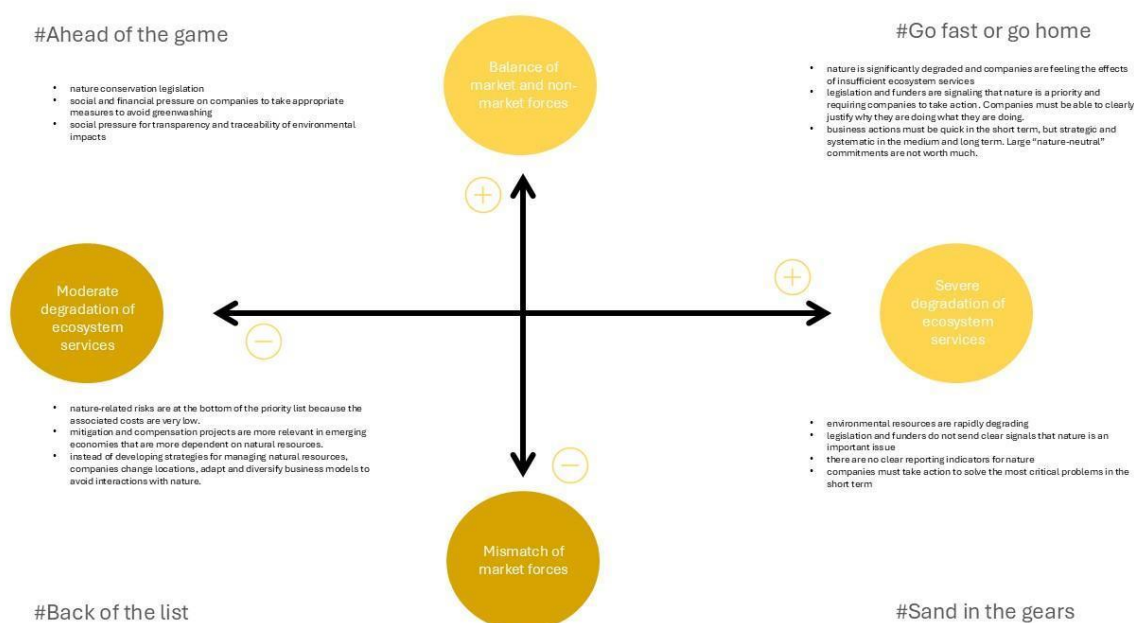
## Transition plan and consideration of biodiversity and ecosystems in strategy and business model (E4-1)

The Budimex Group was included in Ferrovial's 2024 analysis of the company's resilience to direct operations in terms of biodiversity and ecosystems. First, the priority areas were identified and infrastructure owned or with a long-term concession was taken into account for this purpose and their interaction with nature (with so-called sensitive areas) was assessed. This infrastructure is linked to various company activities. Impacts and dependencies were then identified and assessed using publicly available tools such as ENCORE or WWF Risk Filter and the knowledge of the company's environmental experts. The impacts and dependencies were prioritised to identify related risks and opportunities for all of the company's operations.

The analysis included physical risks, transition risks and systemic risks, as well as the measures to manage the company's impact and risks in the corporate strategy. Risks were assessed in accordance with the Ferrovial Risk Management (FRM) process.

For the resilience analysis, TNFD guidelines were used in the absence of suitable standard scenarios. The scenario analysis under TNFD identifies a range of likely future variants defined based on critical uncertainties and compliant with the Kunming-Montreal Agreement.

These scenarios include:



The scenarios were analysed for three time horizons:

- current status,
- medium-term (2030),
- long-term (2050).

These horizons are used to assess risks to nature and are aligned with horizons analysed for climate risks.

In 2024, the Budimex Group did not have a transition plan for biodiversity and ecosystems. A *Biodiversity Policy* was adopted to define and establish principles governing actions related to biodiversity in the company's operations and value chain. In addition, the existing ESG Strategy 2023–2026 with an outlook to 2050 "*We change the world for you! And We Change Ourselves*" systematises Budimex's approach and plans with regard to environmental aspects, including biodiversity by indicating strategic targets relating to biodiversity issues.

## Policies related to biodiversity and ecosystems (E4-2)

The Budimex Group is covered by Ferrovial's Biodiversity Policy based on the protection of species and ecosystems, the mitigation hierarchy, responsible use of natural resources and the integration of natural capital in risk management. It is guided by the principle of "zero net loss," aiming for a "net positive impact."

The documents regulating the management of environmental and climate impacts at the Group level are: *the Budimex Group Policy*, which is the top level document for all established environmental documents in the Group, as well as the policies

implemented in 2024: *the Environmental and Quality Policy, the Biodiversity Policy and the Water Footprint Policy*. Their provisions override all the documents adopted by individual Group companies and are implemented in them.

At company level, there are additional Integrated Management System Policies, internal procedures, operating instructions and environmental performance standards.

The Group understands that its impact is not limited to its own operations, so the guidelines included in environmental performance standards extend also to subcontractors.

The Policy sets out the basic principles governing actions with regard to biodiversity in the company's operations and value chain, including in particular:

- compliance with current biodiversity laws and regulations in effect in the various regions in which the Group operates, as well as with contractual requirements established with customers,
- commitment to implementing environmental management systems that reduce environmental impacts, especially in protected areas and areas with high biodiversity,
- effective and responsible management of natural resources,
- addressing deforestation through land restoration, reforestation and certified timber harvesting,
- integrating biodiversity and natural capital into the company's risk management strategy,
- establishing targets, monitoring and strategies for management control and improvement.

In the *Biodiversity Policy*, the Group commits to integrating biodiversity and natural capital management into the company's risks strategy. The *Policy* does not contain a reference to material dependencies and material physical risks and transition risks and opportunities.

Budimex is committed to taking measures to combat deforestation, which is linked to its operations and supply chain. It focuses on restoring and reforesting degraded areas and sourcing certified timber. Through these initiatives, it supports the traceability of raw materials that have a significant impact on biodiversity and ecosystems. Sourcing certified raw materials will help improve conditions for biodiversity and ensure sustainability at every stage of the value chain.

The *Biodiversity Policy* takes into account the aspect of social consequences of biodiversity-related impacts by creating value for society. In executing its projects, Budimex engages in activities, while striving for responsible use of natural resources. Budimex SA pays special attention to creating relationships with stakeholders, while taking actions to raise awareness, as well as to preserve and protect biodiversity.

The Policy does not address the sustainability of oceans and seas due to the fact that the activities carried out by Budimex have no significant impact on these resources.

#### **BUDIMEX SA**

Budimex SA conducts its operations taking into account the principles relating to the protection of biodiversity as indicated in the Group-wide *Biodiversity Policy*.

#### **MOSTOSTAL KRAKÓW GROUP**

The top level document governing environmental management in the Mostostal Kraków Group is the *Integrated Management System Policy*. It contains the company's commitments to protect natural resources by, among other things, continuously reducing the environmental impact of the company's operations, minimising the emission of hazardous waste, and protecting natural resources by reducing waste and water, electricity and fuel consumption.

The Mostostal Kraków Group conducts its operations taking into account the principles relating to the protection of biodiversity as indicated in the Group-wide *Biodiversity Policy*.

#### **FBSERWIS GROUP**

In 2024, the FBSerwis Group adopted a *Biodiversity Policy*, which sets out the basic principles regulating the activities in the company's own operations and in the value chain in accordance with the requirements of the Group-wide Policy.

The FBSerwis Group extends compliance with the Policy to all subcontractors who provide services on ongoing projects.

Other subsidiaries of the Budimex Group have accepted the *Budimex Group Policy* and other implemented policies as priority regulations.

### **Actions and resources related to biodiversity and ecosystems (E4-3)**

In 2024, the Budimex Group took measures to protect and enhance biodiversity and ecosystems. The work is carried out in accordance with the standards in effect in each company.

#### **BUDIMEX SA**

Budimex SA strives to minimise its impact on the environment, including biodiversity. It should be noted that Budimex SA as a general contractor has no direct influence on the location of construction sites, but still takes measures to mitigate the impact of the construction process on protected areas. To this end, it undertakes measures related to the protection of plants and animals and the reduction of noise or vibration.

Examples of measures undertaken based on standards implemented by Budimex SA:

- ensuring protection of trees and shrubs from damage or destruction at the stage of execution of construction works,
- ensuring protection of amphibian populations during ongoing construction work, and minimising the loss of individual specimens,
- organising works in proximity to watercourses and water reservoirs in order to ensure execution of works that is safe for the aquatic life in riverbeds, lake basins, ponds or seas, including shorelines of watercourses and reservoirs
- organising works related to site drainage to protect water from pollution by suspended solids.

In addition, when felling trees and shrubs that interfere with the project, supervision is carried out for compliance with the investor's documentation. This is done to avoid the cutting of plants not intended for removal.

The company undertakes additional measures affecting biodiversity, i.e., planting vegetation, installing nesting boxes for birds and bats, as well as activities such as installing herpetological fences to reduce amphibian population losses, creating refuge points for lizards, and installing floating islands for aquatic animals, depending on the environmental needs of particular sites.

Acting as a general contractor, Budimex SA takes measures to mitigate the impact of the construction process on environmentally valuable, including protected, areas, taking into account:

- implementation of works in accordance with the applicable *Budimex SA's Environmental Standards*,
- implementation of internal and external natural oversight,
- training for own workforce and business partners' workers,
- information campaigns to build environmental awareness.

This area in the company is overseen by the ESG, Quality and Environmental Protection Department.

In order to protect the most valuable natural areas, in 2023 Budimex SA, by a Management Board resolution, undertook not to carry out construction and assembly work in areas listed as UNESCO World Heritage Sites under Criterion IX and X.

#### **MOSTOSTAL KRAKÓW GROUP**

In its operations, the Mostostal Kraków Group strives to minimise negative impacts on the environment, surroundings and biodiversity. During the execution of works, national regulations (*Environmental Protection Law*) are observed, as well as internal instructions of conduct and the *Environmental Standards*.

In 2024, Mostostal Kraków Group began work on updating the existing procedures under the IMS, including those related to the environmental management system.

#### **FBSERWIS GROUP**

The FBSerwis Group strives to reduce the negative impact of its operations on the environment, biodiversity and local communities. To this end, it strictly adheres to the provisions of the applicable legal acts, with particular emphasis on the provisions of the *Environmental Protection Law*, the *Nature Protection Law* and the resulting regulations.

### **Targets related to biodiversity and ecosystems (E4-4)**

Conservation of natural resources is a key element of Budimex Group's strategy. The company is committed to minimising the impact that its operations have on biodiversity and ecosystems by increasing its involvement in the conservation of natural resources.

Strategic environmental targets are included in the *ESG Strategy 2023–2026 with an Outlook to 2050*. This document sets targets for different organisational levels in Budimex, depending on specific environmental challenges. Biodiversity and ecosystems-related targets adopted by Budimex are presented below.

**BUDIMEX SA**

Budimex SA has adopted the following environmental targets in the area of biodiversity and ecosystems:

**Table 49. Environmental targets for biodiversity and ecosystems**

Targets	Year of achievement
Conduct an analysis of the company's dependencies on biodiversity and the company's impact on biodiversity	2025
Perform Corporate Biodiversity Footprint (CBF) calculations	2025
Strive for Biodiversity Net Positive	2026

The targets adopted by Budimex SA are voluntary and refer to activities carried out by the company regardless of the area of operations and geographic location. By analysing the dependency of the company's operations on biodiversity and its impact on ecosystems, the company will identify those aspects of its operations that have the strongest impact on biodiversity. This allows for the implementation of specific mitigation measures in the areas that require the most attention.

The adopted targets are in line with the *Kunming-Montreal Global Biodiversity Framework* and the EU Biodiversity Strategy 2030. The targets are also consistent with national legislation that supports the implementation of sustainable natural resource management practices.

The adopted strategic targets for the biodiversity area can be assigned to different levels of the mitigation hierarchy, i.e.:

- conduct an analysis of the company's dependencies on biodiversity and the company's impact on biodiversity – avoidance and minimisation,  
The target is directed to the identification of key areas of impact and dependencies to avoid negative impacts of activities on biodiversity and minimise these impacts in the future.
- **Performing Corporate Biodiversity Footprint (CBF) calculations – minimisation**  
Calculating the biodiversity footprint is critical for gaining the understanding of the actual impact of a company's operations on biodiversity and enables dedicated measures to be taken as a result to minimise the negative impact.
- **Striving for Biodiversity Net Positive – restoration and compensation**  
Aiming for Biodiversity Net Positive means that Budimex's biodiversity measures will go beyond minimising biodiversity impacts from its operations. As part of this target, implementation of measures compensating for biodiversity loss are anticipated. The measures taken will also be aimed at creating new or restoring existing ecosystems elsewhere.

In setting the targets, no ecological thresholds defining the level or status of key environmental parameters were used. Exceeding these thresholds could lead to significant, and often irreversible, changes in the ecosystem. The dynamic nature of ecosystems, which are constantly changing, both naturally and as a result of human activities, means that fixed ecological thresholds can quickly become obsolete. In addition, the complex interactions between species in ecosystems make it difficult to predict at what point changes in one element can lead to significant changes in the entire system. There is also a lack of widely accepted methodologies and standards for setting ecological thresholds. As a result, fixed ecological thresholds may not reflect these changing conditions, which makes setting them a very complex exercise.

**MOSTOSTAL KRAKÓW GROUP**

The Group has not yet defined specific targets for biodiversity and ecosystems protection.

**FBSERWIS GROUP**

Group has not yet set any specific targets related to biodiversity and ecosystems protection.

## Impact metrics related to biodiversity and ecosystems (E4-5)

### **BUDIMEX SA**

In 2024, Budimex SA was implementing more than 200 projects. In 151 cases, the projects encroached on areas covered by one of the forms of nature protection:

- 5 cases of work carried out in the area of a nature reserve,
- 3 cases of work carried out in the area of a national park,
- 11 cases of work carried out in the area of a landscape park,
- 27 cases of work carried out in a protected area,
- 32 cases of work carried out in a Natura 2000 area,
- 10 cases of work carried out in an area covered by conservation of plant species,
- 6 cases of work carried out in an area covered by conservation of animal species,
- 1 case of work carried out in an area covered by conservation of fungal species,
- 2 cases of work carried out in the area of the natural and landscape complex,
- 2 cases of work carried out near a nature monument,
- 1 case of work carried out in the area of ecological use,
- 49 cases of work carried out in the area of an ecological corridor
- 1 case of work carried out in a biocenter area.

In 120 cases, the work was conducted in the immediate vicinity of parcels where protected areas had been delineated:

- national park,
- landscape park,
- protected landscape area,
- Natura 2000 area,
- nature monument.

Budimex as a general contractor has no direct influence on the location of the construction site.

### **MOSTOSTAL KRAKÓW GROUP**

In 2024, within the framework of the activities carried out by the Mostostal Kraków Group, there were cases in which the projects were located in nature conservation areas, i.e.:

- 1 case of work carried out in a protected area,
- 1 case of work carried out in a reserve area in the buffer zone of a national park,
- 1 case of work carried out in a reserve and protected area,
- 7 cases of work carried out in a Natura 2000 area.

In 6 cases, work was carried out in areas strictly adjacent to ecological land.

In these cases, the Group acted as a subcontractor and had no direct influence on the location of the site.

### **FBSERWIS GROUP**

The FBSerwis Group does not operate in the areas of the forms of nature protection referred to in Article 6(1)(1–5) and (7–9) of the *Nature Protection Act*.

The total area of protected zones identified as investment sites for the Budimex Group amounts to 1393.69 hectares.

## 8.6 Resource use and circular economy

### Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (E5-IRO-1)

As part of the double materiality analysis process, actual and potential impacts, risks and opportunities related to a circular economy were identified both within the Group's operations and upstream and downstream in the value chain. The Budimex Group conducts regular consultations on this topic, including with affected communities, as described in Section 9.3 *Affected communities*.

As a result of the analysis, the following were identified as important aspects in this area:

- actual negative impact resulting from the use of resources, which may contribute to the gradual depletion of raw materials and non-renewable resources,
- actual negative impact resulting from the generation of waste during construction resulting in additional consumption of water, energy and raw materials, including fuels, for transportation and processing (recovery and disposal) of waste,
- opportunity resulting from responsible management of raw materials and waste; introduction of *Circularity Policies* in 2025; the performance of circularity analyses for each new project starting in 2026, and the introduction of circular economy principles, including the use of recycled materials, segregation of waste at construction sites, recovery – including recycling of 70% of soil and earth waste and recovery of at least 70% of non-hazardous waste in order to reuse raw materials contained in waste at ongoing investments, which reduces the amount of waste generated and the consumption of natural resources.

### Policies related to resource use and circular economy (E5-1)

The documents governing the management of environmental impacts related to resource use and circular economy at the Group level is the *Budimex Group Policy*, which is the top level document for all established environmental documents in the Group and also the policy implemented in 2024: the *Environmental and Quality Policy*. Their provisions override all the documents adopted by individual Group companies and are implemented in them.

At company level, there are additional Integrated Management System Policies, internal procedures, operating instructions and environmental performance standards.

The Group understands that its impact is not limited to its own operations, so the guidelines included in environmental performance standards extend also to subcontractors. Currently, the Budimex Group does not have a separate circular economy policy. It plans to develop a *Circularity Policy* in 2025.

The Group's *Environmental and Quality Policy* indicates the principles and criteria that must be implemented in Budimex companies, including in particular compliance with applicable standards and laws and regulations, as well as rules for reducing environmental interference. In terms of environmental efficiency, the Group promotes the sustainable use of resources by focusing on circular economy criteria and minimising waste generation.

The largest entities in the Budimex Group conduct their operations in accordance with the guidelines of environmental policies that address waste management issues.

#### **BUDIMEX SA**

The Company does not have a separate policy on circular economy. Budimex SA conducts its activities on the basis of the *Environmental and Quality Policy* in effect in the Group.

Moreover, waste management issues are included in the *Integrated Management System Policy*, in the part dealing with environmental impact management. This document defines the company's obligations to minimise the amount of waste generated.

#### **MOSTOSTAL KRAKÓW GROUP**

The Group has not adopted a separate policy relating to circular economy and conducts its operations based on the provisions of the Budimex Group's *Environmental and Quality Policy*.

The commitment to the minimisation of waste is included in the *Integrated Management System Policy*, which is Mostostal Kraków Group's top level document for managing environmental impacts.

The procedures that apply under the integrated management system create an obligation to develop a *Waste Management Plan for project sites*.

## **FBSERWIS GROUP**

The Group has not adopted a separate policy for circular economy and conducts its operations on the basis of the Group's *Environmental and Quality Policy*.

The *Environmental and Quality Policy* adopted in 2024 addresses the issues related to resource use and circular economy. According to its provisions, the FBSerwis Group promotes the sustainable use of resources in its operations by focusing on circular economy criteria and minimising waste generation.

Other subsidiaries of the Budimex Group have accepted the *Budimex Group Policy* and other implemented policies as priority regulations.

## **Actions and resources related to resource use and circular economy (E5-2)**

The Budimex Group carries out scientific and research activities related to the circular economy and the development of innovative raw materials.

In 2024, the Budimex Group implemented the following actions related to circular economy.

### **BUDIMEX SA**

Budimex SA participates in the development of technologies that enable the cost optimisation of execution work and the reduction of its environmental impact, as well as the more sustainable operation of completed facilities. One of the company's primary areas of interest is recycling of construction materials, which reduces the industry's need for natural raw materials. Budimex SA focuses on the reuse of materials resulting from the milling of pavement from mineral-asphalt mixtures or cement concrete, which it recovers in waste processing operations pursued as part of its own operations.

Measures taken in the area of waste management included the following:

- implementation of circular economy principles,
- obtaining permits to process waste to be used again in the construction process or in the production of recycled material.

Each organisational unit of Budimex SA, for which factors affecting the environment and climate have been identified, is responsible for implementing the operational actions specified in the EP plan.

### **MOSTOSTAL KRAKÓW GROUP**

In its operations, the Mostostal Kraków Group strives to minimise negative impacts on the environment. During ongoing work, it adheres to national regulations (including the provisions of the *Waste Act* and *the Environmental Protection Law*), as well as the Environmental Standards and internal instructions of conduct, including instructions relating to waste management issues:

- *Instructions for handling waste at the construction site and WKS<sup>87</sup>,*
- *Environmental emergencies and incidents.*

### **FBSERWIS GROUP**

In its operations, the FBSerwis Group strictly adheres to the provisions of applicable legal acts, in particular the *Environmental Protection Law*, *the Waste Law* and the secondary regulations, which govern, among other things, the storage of waste, and contain detailed requirements for collecting municipal waste from property owners. The Group also complies with local laws.

The Group undertakes actions described in the Impact Management System Policy, which derives from the requirements of *Commission Implementing Decision (EU) 2018/1147 of August 10, 2018, establishing best available techniques (BAT) conclusions for waste treatment*, addresses:

- control, mitigation and protection measures in connection with the generation of dust and gas emissions, odors, wastewater and noise,
- monitoring and management of waste streams from receipt, through the treatment process, to final management of the treatment residue,
- measures to prevent and mitigate the consequences of potential accidents that have a negative impact on the environment,
- measures to monitor and reduce energy consumption.

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<sup>87</sup> WKS – Steel Structures Manufacturing Plant.

**Targets related to resource use and circular economy (E5-3)**

A key element of the Budimex Group’s strategy is to implement a circular model across the value chain. The standards resulting from the Circularity Policy, which is to be adopted in 2025, will apply both within the Group and in relations with business partners. In its operations, Budimex SA wants to use raw materials from certified sources and those with a lower carbon footprint. The company intends to increase the percentage of waste that is recovered, including recycled, and use raw materials that have been recycled.

The Budimex Group has adopted the following strategic targets for resource use and circular economy:

**Table 50. Strategic targets for resource use and circular economy**

Targets	Year of achievement
Recycle and recover at least 70% of soil and earth waste	2024
Recover at least 70% of non-hazardous waste	2024
Develop a <i>Circularity Policy</i>	2025
Perform circularity analyses for each new project	2026

The targets for circular economy are voluntary and not driven by current legislation.

The adopted targets are directly relevant to resource management, and to the inflows and outflows of waste and products, materials, and relate as follows to important issues of circular economy and use of resources:

**Table 51. Targets for circular economy**

Circular economy issue <sup>88</sup>	Justification
Increase the scale of creating circular economy-ready designs	The targets, which assume recycling and recovery of 70% of soil and earth waste and recovery of 70% of non-hazardous waste, support the concept of a circular economy by encouraging reuse of materials and reducing landfill. The target recycling and recovery levels provide an incentive to design processes and products in a way that will allow raw materials to be more easily processed and returned to circulation instead of being landfilled.
Increase the ratio of material reuse	The target assuming that 70% of soil and earth waste would be recycled and recovered directly contributes to the recycling rate. Recovery of at least 70% of non-hazardous waste supports reuse of materials. The development and subsequent implementation of the <i>Circularity Policy</i> in the Group aims to create conditions for increasing the efficiency of material use and minimising waste generation. By performing circularity analysis, the ability to increase material reuse can be analysed at the design stage.
Minimise the use of primary raw materials	Recycling and recovery of 70% of soil and earth waste enables the reuse of existing resources, which contributes to reducing the exploitation of natural resources. Recovery of at least 70% of non-hazardous waste allows it to be reused in production processes, thereby reducing the need for virgin raw materials. The <i>Circularity Policy</i> planned to be developed will promote an approach, in which resources are used as efficiently as possible.  Conducting circularity analysis provides support in identifying ways to reduce the use of virgin raw materials already at the design stage, emphasising recycling and reuse of materials.
Sustainable sourcing and use of renewable resources	Recycling and recovery of materials (targets: recycle and recover 70% of soil and earth waste, and recover at least 70% of non-hazardous waste) enables their reuse, which reduces the need for virgin raw materials and promotes sustainable management of resources.  The <i>Circularity Policy</i> , which is planned to be developed and implemented, will support the efficient management of resources, including renewable resources.

<sup>88</sup> Circular economy and sustainable use of resources.

Circular economy issue <sup>88</sup>	Justification
	Circularity analyses performed for each new project will support the identification of opportunities to use renewable resources and to source these resources sustainably.
Waste management, including preparation of waste for appropriate treatment	The adopted targets relate to waste management because: they focus on effective preparation of waste for recycling and recovery (targets: recycle and recover 70% of soil and earth waste and recover at least 70% of non-hazardous waste), promote sustainable resource management (Circularity Policy, circularity analysis performed for each new project) promote measures to minimise waste (all targets).
Other matters related to the use of resources or circular economy	The targets adopted include closing the raw material cycle and refer to the use of raw materials from certified sources and those with a lower carbon footprint. Accordingly, they support the reduction of the carbon footprint, the Budimex Group's pursuit of climate neutrality and more efficient use of materials.

Each of the adopted targets related to resource use and circular economy corresponds to a specific level of the waste hierarchy<sup>89</sup>:

- **The target “Perform circularity analyses for each new project”** fits into the first level of the waste hierarchy: waste prevention, and also: preparing for reuse, recycling and other recovery, since a circularity analysis makes it possible to evaluate and optimise resource-efficient solutions already at the design stage, and to design processes to minimise waste generation.
- **The target “Recover at least 70% of non-hazardous waste”** refers to the hierarchy levels of: preparing for reuse, recycling, and other recovery; in this process, it is important to maximise the amount of waste that can be recovered and reused rather than landfilled or otherwise disposed of.
- **The target “Recycle and recover 70% of soil and earth waste”** refers to the hierarchy levels of: preparing for reuse, recycling, other recovery processes; in this process it is important to maximise the amount of soil and earth waste that can be recycled and reused rather than landfilled or otherwise disposed of.
- **The target “Develop the Circularity Policy”** refers to all levels of the hierarchy and is a key element of waste management; the *Circularity Policy* will take a holistic approach to waste management and cover all levels of the hierarchy, including waste prevention, preparing for reuse, recycling, other recovery processes and as the last level, waste disposal.

Targets related to circular economy are the responsibility of the company's Management Board.

The adopted strategic targets relate directly to resource management, as well as important issues related to the inflows and outflows of waste, products and materials.

### Resources inflows (E5-4)

The construction industry consumes significant amounts of natural resources and building materials. The materials most commonly used in the construction process important for the Company and the Group are: concrete, cement, steel, asphalts and aggregates. In our operations, we do not directly use critical raw materials and rare earth metals. The data in table comes from quantitative data collected by the Company.

<sup>89</sup> The waste hierarchy: (a) prevention; (b) preparing for reuse; (c) recycling; (d) other recovery, e.g., energy recovery; and (e) disposal.

Table 52. Raw materials and materials used (data for the year ended 31 December 2024)<sup>90</sup>

Non-renewable materials and raw materials	Unit	Budimex SA	Budimex Group <sup>91</sup>
<b>Total weight of products and technical and biological materials used to manufacture its products and services during the reporting period</b>			
Concrete	m <sup>3</sup>	579,162.34	596,940.91
Cement	Mg	95,753.48	103,150.89
Steel	Mg	38,541.12	56,718.38
Asphalt	Mg	55,506.00	55,517.89
Aggregates	Mg	6,451,946.00	6,552,609.03
Materials recovered and recycled	Mg	1,911,810.00	1,911,810.00
Waste accepted <sup>92</sup>	Mg	0.00	431,422.00
Total <sup>93</sup>	Mg	8,553,556.60	9,111,228.19
<b>Weight of biological materials (and biofuels used for non-energy purposes) used to manufacture the undertaking's products and services (including packaging ) that is sustainably sourced</b>			
Timber for production (FSC-certified)	Mg	197.47	197.47
Timber for production (with non-FSC certification)	Mg	100.54	100.54
Total (certified timber)	Mg	298.01	298.01
<b>Total weight of biological materials (and biofuels used for non-energy purposes) used to manufacture the undertaking's products and services</b>			
Timber for production (uncertified)	Mg	3,577.50	3,942.97
Total (certified and uncertified timber)	Mg	3,875.51	4,240.98
Percentage of biological materials (and biofuels used for non-energy purposes) used to manufacture the undertaking's products and services (including packaging) that is sustainably sourced	%	7.7	7.0
<b>Weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services</b>			
Earthmass used on site (not waste)	Mg	8,751,831.12	8,790,344.89
Recycling materials obtained under a waste processing permit: asphalt rubble, earth masses, demolition waste	Mg	1,911,810.00	1,911,810.00
Purchased recycled materials	Mg	0	429.1
Total (non-waste earth masses, recycled materials obtained from processing, recycled materials purchased)	Mg	10,663,641.12	10,702,583.99
Total volume of raw materials/materials used <sup>94</sup>	m <sup>3</sup>	579,162.34	596,940.91
Total weight of raw materials/materials used <sup>95</sup>	Mg	17,305,387.72	17,905,814.06
Percentage of processed raw materials used in relation to total weight of raw materials and materials used in construction <sup>96</sup>	%	11.04	10.68
Percentage by weight of reused or recycled components, products and secondary materials used to manufacture products and provision of services by the unit / relative to the total weight of raw materials and materials used in construction <sup>97</sup>	%	61.5	60.0

<sup>90</sup> The categories relating to reuse and recycling do not overlap.

<sup>91</sup> Includes aggregate data for all Budimex Group companies.

<sup>92</sup> Waste used e.g. in order to produce RDF fuel.

<sup>93</sup> The total does not include concrete, the volume of which is given in m<sup>3</sup>.

<sup>94</sup> Including the amount of concrete mix stated in m<sup>3</sup>.

<sup>95</sup> Does not include the amount of concrete, the amount of which is given in m<sup>3</sup>.

<sup>96</sup> Total weight does not include the amount of concrete presented in m<sup>3</sup>.

<sup>97</sup> Total weight does not include the amount of concrete presented in m<sup>3</sup>.

**Resource outflows (E5-5)**

**Products and materials**

The key product created in connection with the Budimex Group's operations is mineral and asphalt mix.

**Waste**

In 2024, Budimex Group's operations generated a total of 3,210,207.72 Mg of non-hazardous waste and 3,985.12 Mg of hazardous waste.

**Table 53. Total waste generated from own operations (data for year ended 31 December 2024)**

Total quantity of waste from own operations	Unit	Budimex SA	Budimex Group
Total amount of waste generated	Mg	2,506,742.45	3,214,192.84
Total amount of non-hazardous waste generated	Mg	2,504,125.80	3,210,207.72
Total amount of hazardous waste generated	Mg	2,616.65	3,985.12

The classification of generated waste used takes into account waste streams relevant to the activities carried out by the Budimex Group.

A significant share of the mass of non-hazardous waste produced consists of the stream of construction waste generated during the construction of linear and cubature objects, including waste with the following codes:

- 17 01 01 Concrete waste and concrete rubble from demolitions and renovations,
- 17 03 02 Bituminous mixtures other than those mentioned in 17 03 01,
- 17 05 04 Soil and earth, including stones, other than those mentioned in 17 05 03,
- 17 05 08 Track ballast (aggregate) other than that mentioned in 17 05 07,
- 17 01 07 Mixed waste from concrete, brick rubble, waste ceramic materials, and equipment elements other than those mentioned in 17 01 06.

The second significant stream in terms of the share of the mass of non-hazardous waste produced consists of the waste generated in waste processing installations, including waste with the following codes:

- 19 12 12 Other waste (including mixed substances and objects) from mechanical waste processing other than those mentioned in 19 12 11,
- 19 12 10 Combustible waste (alternative fuel),
- 19 05 01 Uncomposted fractions of municipal and similar waste,
- 19 05 03 Compost not meeting requirements (unsuitable for use),
- 19 05 99 Other unspecified waste,
- The most significant share of the mass of hazardous waste produced consists of the stream of construction waste generated during the construction of linear and cubature objects, including waste with the following codes:
  - 17 02 04\* Waste wood, glass, and plastics containing or contaminated with hazardous substances (e.g., wooden railway sleepers),
  - 17 03 01\* Bituminous mixtures containing tar.

Waste generated during construction works includes, among others, metals, non-metallic minerals, biomass, plastics, organic substances. Waste generated during the operation of waste processing installations includes, among others, biomass, plastics, metals, non-metallic minerals.

- 17 02 04\* Waste wood, glass, and plastics containing or contaminated with hazardous substances (e.g., wooden railway sleepers),
- 17 03 01\* Bituminous mixtures containing tar.

Waste generated during construction works includes, among others, metals, non-metallic minerals, biomass, plastics, organic substances. Waste generated during the operation of waste processing installations includes, among others, biomass, plastics, metals, non-metallic minerals.

Information on the composition of waste indicated in the table was determined in accordance with *the Waste Act and the Regulation of the Minister of Climate of 2 January 2020 on the waste catalogue*. Information on the weight of waste classified in each category was determined based on data from registration documents and transfer documents contained in the BDO system. The weight of waste specified in waste record cards was determined by weighing or was calculated from the volume of waste.

**BUDIMEX SA**

The total weight of non-hazardous and hazardous waste redirected to recovery (including recycling) in 2024 by Budimex SA was 96.48%. Waste was subjected to R3, R4, R5 recycling processes and R1, R11, R12, R13 recovery processes.

In order to reduce waste generation, Budimex SA has been increasing its potential for recovery of construction waste under its permits year after year, which is in line with the idea of circular economy promoted by the company.

**BUDIMEX GROUP**

The total weight of non-hazardous and Hazardous waste directed to Recovery, including Recycling in 2024 by Budimex Group was 85.69%. Waste was subjected to R3, R4, R5 recycling processes and R1, R11, R12, R13 recovery processes.

**Table 54. Waste management methods (data for the year ended 31 December 2024)**

Category	Unit	Budimex SA	Budimex Group <sup>98</sup>
<b>Total amount of non-hazardous waste for which disposal was avoided, broken down by the following types of recovery process</b>			
Preparing for reuse	Mg	33,147.16	41,683.80
Recycling	Mg	520,145.08	634,146.18
Other recovery processes	Mg	1,865,096.69	2,078,385.73
Total	Mg	2,418,388.93	2,754,215.71
<b>Total amount of non-hazardous waste forwarded for disposal, by the following types of disposal process</b>			
Incineration	Mg	0.003	6,769.36
Landfilling	Mg	2,395.63	243,927.67
Other disposal processes	Mg	9,109.64	128,137.22
Total	Mg	11,505.27	378,834.25
<b>The total amount of hazardous waste for which disposal was avoided, by types of recovery process</b>			
Preparing for reuse	Mg	0	0
Recycling	Mg	1410.32	1412.34
Other recovery processes	Mg	147.36	170.73
Total	Mg	1557.68	1,583.07
<b>Total amount of hazardous waste forwarded for disposal, by the following types of disposal process</b>			
Incineration	Mg	2.93	12.54
Landfilling	Mg	0	0
Other disposal processes	Mg	700.66	701.88
Total	Mg	703.59	714.42
Total amount of waste not recycled	Mg	1,877,452.91	2,458,105.12
Percentage of waste not recycled	%	77.19	78.40

<sup>98</sup> Includes waste generated collectively by all Budimex Group Companies.



# 9. SOCIAL INFORMATION

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## 9 SOCIAL INFORMATION

### 9.1 Budimex Group's own workforce

#### **SBM-2 SBM-3**

Competent employees and leaders are the foundation of the Budimex Group who create lasting and committed teams. Ethics, responsibility, cooperation and ambition are the key values of the Budimex Group, which are the pillars of its organisational culture. They indicate how the Group operates and form the basis of the *Code of Ethics* adopted by the Budimex Group. All persons who are employees of the Budimex Group and who may be materially impacted by the Group are included in the scope of disclosure in accordance with ESRS 2. The Budimex Group defines own workforce as all of its employees (i.e., persons employed under an employment contract), as well as those who cooperate with it on the basis of other forms of cooperation, as described in the *Characteristics of non-employee workers* (S1-7) section of this chapter.

As part of the double materiality analysis process, actual and potential impacts relating to own workforce were identified and then assessed.

According to the double materiality analysis, the Budimex Group may have an actual negative impact on its own workforce mainly in the event when:

- a work-related accident, work-related injury or occupational disease occurs,
- the work requires flexible hours or mobility (e.g. on business trips) due to the nature of the industry in which the Budimex Group operates, which would cause a negative impact on work-life balance.

The following actual positive impacts were also identified and assessed:

- a positive impact on the sense of employment stability, by providing employment in the form of employment contracts,
- supporting employee development by providing access to specialised training (including health and safety) - including subsidizing additional training.

In the same area, the Budimex Group has identified and assessed an actual risk factor:

- related to the occurrence of injury, occupational disease, work-related death resulting in costs linked to accidents (e.g., compensation, employee on site, project delays).

In addition to the factors above, the Budimex Group has identified an important actual opportunity related to managing diversity in the organisation in accordance with *the Code of Ethics*, thereby creating a sense of inclusion among employees and increasing their satisfaction with the workplace.

The impacts, risks and opportunities described above are included in the *ESG Strategy*, which is designed to contribute to maximising the Budimex Group's positive impacts on its own workforce and minimising negative impacts and risks.

When implementing the human capital management strategy, which is consistent with the *ESG Strategy*, the Budimex Group focuses mainly on building commitment, developing talent and ensuring equal opportunity. These actions are reinforced by building an attractive offer for employees and job candidates (pay, benefits, development offer) and effective communication with these groups, as well as promoting diversity in employment.

#### **Policies related to own workforce (S1-1)**

##### **General work-related policies**

The most important internal documents that are relevant to the formation of labour conditions in the Budimex Group include work regulations, remuneration and bonus regulations in effect in the Group's respective companies. For example, the *Budimex SA Organisational Rules and Regulations* are in effect in Budimex SA. They contain not only the organisational chart of Budimex SA, but also the responsibilities and tasks carried out by the various departments. Similar documents are in place in other Group companies.

The purpose of the work, remuneration and bonus regulations is to ensure transparency and uniformity in the management of human resources. The *Work Regulations* set out, among other things, the basic obligations of the employer and the employees, the rules on remuneration and working time, and other provisions on the general organisation of work. The Employee Compensation and Bonus Regulations set out the rules and criteria for rewarding employees, awarding bonuses and other benefits, with the aim of motivating employees to perform better and build a positive organisational culture. In addition, the regulations are a tool that helps maintain fairness and compliance with applicable labour laws.

The Budimex Group also has operating procedures and operating instructions governing, among other things, recruitment and the organisation and implementation of training and other development activities. Other fundamentally important documents include the human rights and diversity management policies, as described below.

Moreover, Budimex SA and Mostostal Kraków have in effect company collective bargaining agreements covering a total of 5,234<sup>99</sup> employees, or 77.75% of the Group's total workforce employed in the Polish market.

An important element of the Budimex Group's due diligence is the existing whistleblowing mechanisms available to those who constitute its own workforce, as described in Section S1-3 *Processes to remediate negative impacts and channels for own workers to raise concerns* of this chapter. Through these, the Budimex Group examines compliance of its actions with the policies described in this chapter.

#### **Human rights policies relevant to Budimex Group's own workforce**

The Budimex Group observes the principles set out in the following documents:

- *Universal Declaration of Human Rights*,
- *International Bill of Human Rights*,
- *UN Guiding Principles on Business and Human Rights*,
- *OECD Guidelines for Multinational Enterprises*.

This means a commitment in all areas of activity to:

- respect and observe human rights,
- avoid significant negative impacts on human rights,
- conduct appropriate due diligence processes with regard to entities with which we have business relationships, in all areas of activity.

The Budimex Group is bound by the Ferrovia Group's common Human Rights Policy. The key document for respecting human rights and ensuring compliance with the documents indicated above is the *Human Rights Policy*. The purpose of the document is to raise the companies' awareness of human rights and increase their capacity to solve problems in this sphere. It obliges all persons constituting Budimex Group's own workforce, its customers, suppliers and contractors having relations with Budimex Group to refrain from discrimination and promote equal opportunities, and to observe the prohibition of child labour and forced labour, as well as to respect the right of association and the right to conduct collective disputes. The principles described in the document are rooted in the *Universal Declaration of Human Rights* adopted by the United Nations and the eight international conventions indicated in the *International Labor Organization's Declaration on Fundamental Principles and Rights at Work*.

The Company oversees processes and mechanisms for compliance with human rights regulations through:

- obliging its business partners to comply with such regulations incorporated in the *Business Partner Code*,
- mandatory contractual clauses authorizing the Company to verify the contractor's compliance with human rights regulations,
- mandatory contractual clauses allowing the Company to withdraw from / terminate the Agreement in the event of becoming aware of the violation of human rights regulations by the contractor,
- by creating Compliance communication channels for notification of any human rights violations.

The documents that, at the operational level, ensure that human rights are respected in the day-to-day operation of our companies, including in the context of labour rights, are the following documents approved by the Management Board:

- *Code of Ethics*,
- *Compliance Policy*,
- *Anti-Harassment and Discrimination Instruction*.

They are the points of reference among others for all those who make up the Budimex Group's own workforce.

#### **Occupational health and safety policy**

The *Occupational Health and Safety Policy*<sup>100</sup> is the commitment of the top management of the Budimex Group to use experience, technical solutions and effective management systems to ensure safe and healthy conditions for the execution of contracts that will effectively prevent accidents and occupational diseases of representatives of the Budimex Group's own workforce and those employed by its subcontractors, and to maintain a high level of occupational safety.

The detailed tenets of the *Occupational Health and Safety Policy* are:

- ensuring that the organisation has the right context for the scope of its operations, including all stakeholders and the associated risks and opportunities,
- ensuring oversight and mitigation of health and safety risks in accordance with the supervisory hierarchy principle,
- monitoring and strict compliance with applicable laws and other regulations in the area of occupational health and safety and related to the operations of the company in question,
- ensuring proper training of people who constitute own workforce of Budimex Group companies in order to raise their commitment and awareness to improve working conditions and build leadership at every organisational level,
- creating conditions for all individuals who are Budimex Group's own workforce and their representatives to consult and participate in the creation of common safety by supporting initiatives to improve health and safety processes,

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<sup>99</sup> All employment figures cited in this Report are expressed in number of people as at 31 December 2024.

<sup>100</sup> The document is available at <https://www.budimex.pl/pl/zrownowazony-rozwoj/zintegrowany-system-zaradzania>.

- improving the OHS management system by implementing new practices to prevent incidents and building an OHS culture.

#### **Addressing discrimination (including harassment) and promoting diversity**

Diversity issues are regulated in corporate documents that apply to all companies in the Budimex Group. These include primarily the *Corporate Responsibility Policy* developed at the Ferrovial Group level, which obliges all persons constituting the Budimex Group's own workforce to, among other things, foster equality and diversity and to take care of work-life balance. The second document in force throughout the Ferrovial Group is the *Human Rights Policy*, which deals with avoiding discrimination, promoting equal opportunities in employment, and recognizing the value of diversity in the workplace. The Budimex Group's *Code of Ethics*, in turn, implements the assumptions of the aforementioned policies at the operational level of the Budimex Group and, among other things, prohibits discrimination in employment within the Budimex Group.

The Budimex Group has an *Anti-Harassment and Discrimination* instruction, the purpose of which is to establish policies against harassment and discrimination in the workplace, as well as policies for dealing with suspected harassment or discrimination of any Budimex Group employee.

In addition, a *Diversity Policy* has been implemented at Budimex SA and Mostostal Kraków SA. It focuses on:

- managing diversity as part of its human resource management policy,
- creating an open and diverse work environment,
- countering all forms of discrimination,
- ensuring equal opportunities in access to education and promotion,
- ensuring fair and objective employee evaluations,
- ensuring equal opportunity to access information on the Group's ethical standards,
- achieving pay equality as measured by the gender pay gap index,
- maintaining the level of women's representation in the total number of employees at a level above the average for the construction sector,
- maintaining the level of women's representation in senior management and among managers at a level at least equal to the level of women's representation in the total number of employees,
- promoting diversity and education in cooperation with the organisation's stakeholders.

The provisions of this document cover the areas of recruitment, pay, work-life balance, and protection against bullying, discrimination and unjustified dismissal. In order to efficiently manage the aforementioned policy, a system of educational tools, training and workshops has been introduced. Respect for and adherence to the provisions of the Code of Ethics is guaranteed by the Ethics Committee appointed by the Budimex SA CEO. The Budimex SA Ethics Committee consists of the Director of the Human Resources and Recruitment Office, Legal Director of the Compliance area and the Director of Internal Control. The Committee examines violations of the Code of Ethics and provides guidelines for compliance with the principles contained therein, while maintaining standards of confidentiality. The Committee's task is also to recommend actions to increase the effectiveness of the application of the Code of Ethics and present an annual report on its activities to the Management Board of Budimex SA. The FBSerwis Ethics Committee is composed of the Head of Compliance, the Chief Financial Officer (FBSerwis Management Board Member) and the HR Director (Management Board Member). Mostostal Kraków's Ethics Committee consists of the Legal Counsel (Compliance Coordinator), CFO (Management Board Member) and HR Coordinator.

The results of implementing the *Diversity Policy* are reported annually to the Management Boards of, respectively, Budimex SA and Mostostal Kraków.

In the area of anti-discrimination, the document introduces an obligation of equal treatment based on gender, age, disability, health status, race, nationality, ethnicity, religion, creed, irreligion, political belief, union membership, psychosexual orientation, gender identity, family status, lifestyle, form, scope and basis of employment, other types of cooperation, and other grounds that may expose individuals to discriminatory behavior, including other forms of discrimination covered by EU regulations and national law.

*The Diversity Policy* applies to the entire employment structure at Budimex SA and Mostostal Kraków SA. No formal anti-discrimination policies have been implemented in other Budimex Group companies. The prohibition of discrimination is based on the Group-wide Budimex Group Code of Ethics, the Compliance Policy and the anti-harassment and discrimination instructions implemented in each of the Companies.

In view of how adherence to diversity principles at the highest levels of the organisation impacts the rest of the staff, the *Diversity Policy of the Budimex SA Management Board* was adopted in 2021. Its purpose is to ensure compliance with the principles of equal treatment and diversity at the level of Budimex Group management boards. The Policy sets the direction of the organisation's efforts for observing best practices in diversity, including those enshrined in the *Best Practice for GPW Listed Companies 2021* developed by the Warsaw Stock Exchange. *The Diversity Policy of the Budimex SA Management Board* introduces a minimum level of gender representation in the recruitment process for positions on the Budimex SA Management Board at 30% of all individuals at the final stage of recruitment, if such persons are represented in the pool of candidates applying for the position and their competencies are at least equal to those of other candidates.

In addition, since 2022, the *Diversity Policy of the Budimex SA Supervisory Board* <sup>101</sup> has been in effect. It serves the following purpose:

- taking into account diversity principles in the process of selecting the company's Supervisory Board,
- obligating the Shareholder Meeting to be guided by objective selection criteria in the process of appointing Supervisory Board members,
- supporting the implementation of initiatives seeking to ensure equal opportunities in access to training, promotions and benefits,
- using objective criteria for evaluating the Supervisory Board's actions.

No formal diversity policies have been implemented in the remaining Budimex Group companies.

**Table 55. Diversity metrics (S1-9)**

Gender distribution at top management level <sup>102</sup>	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Number of women and men at top management level	36	155	191	47	204	251
% of women and men at top management level	18.85%	81.15%	100%	18.73%	81.27%	100%

**Preventing discrimination against women**

In order to achieve the *Gender Pay Gap Ratio* of less than 9% in 2026, as described in the *ESG Strategy*, remuneration changes in the Budimex Group are awarded on a gender-equal basis, and starting in 2022, all Group companies allocate a portion of their salary raise budgets for salary raises to equalise remuneration.

The Budimex Group also attaches importance to the absence of discrimination in the recruitment process, as well as to the transparency of decisions on the selection of individual candidates. Other actions aimed at evening the playing field at work for women include the "Ironclad Success" development program for women and the "Mother on Maternity Leave" program (described in more detail in the subsection *Training and skills development metrics (S1-13)*).

Internal regulations from the employee area are modified within the timeframes stipulated by law (e.g., 2 weeks must pass for a regulation to come into force). Good practices adopted by the Group, however, assume that each modification is preceded by a communication campaign, which generally involves the organisation of additional meetings, preparation of information materials and lists of questions and answers, for the sake of clarity and transparency of the activities carried out.

The content of and any amendments to internal regulations are communicated to those individuals constituting the Group's own workforce, also in foreign markets:

- as part of the onboarding process and in training sessions,
- via intranet,
- using boards on construction sites (this applies especially to health and safety documents).

The policies applied in the Budimex Group cover its own workforce.

**Processes for engaging with own workers and workers' representatives about impacts (S1-2)**

As part of the management of material impacts, risks and opportunities, the opinions of the individuals constituting Budimex Group's own workforce are taken into account in setting the Group's course of action and in the process of adopting key documents. A key form of cooperation in this regard is the *Budimex Group Engagement Survey*. The survey is conducted in the form of a questionnaire addressed to people constituting the Group's own workforce, on a biannual basis. The most recent survey of this kind was held in 2023, while its conclusions were implemented in 2024. The next engagement survey is planned for 2025.

<sup>101</sup> All three diversity policies implemented in the company are available at: <https://www.budimex.pl/pl/o-budimex/lad-korporacyjny>.

<sup>102</sup> Employees in positions: Director/Manager (pay grade 18+).

### **Budimex Group Engagement Survey**

As part of the ongoing work, after the 2023 engagement survey, 7 workshop days for project groups were held in January and February 2024, with more than 70 participants. During the year, there were also working meetings of leaders and teams from each project group, followed by a meeting of leaders with the Budimex Group Management Board. The purpose of the leaders' meeting with the Management Board was to present solutions that should be introduced in the Budimex Group to improve the quality of work and environment in the organisation. All groups received support from the HR department and business units to implement and deploy the solutions developed. At the same time, local activities of project groups were also established.

According to the *Budimex Group Engagement Survey*, Budimex Group's own workforce believed that one of the strengths of their place of employment is that the Budimex Group attached great importance to health and safety and responded quickly and effectively to problems in this area. They also appreciated the ethical conduct of business, relations with direct supervisors (open communication, fair treatment or provision of necessary support), and relations in teams (sharing knowledge and experience, cooperation in achieving goals). Areas identified as needing improvement included, among others, access to information about directions of activities, plans and results, consistency of targets across different areas, and work-life balance. In order to implement the conclusions of the engagement survey, the employees who volunteered for the work and their leaders were formed into teams working on the areas for improvement identified in the engagement survey.

Some of the projects implemented as a result of the engagement study included:

- leadership,
- review of the annual appraisal process and the structure of annual targets,
- actions for the benefit of women,

and employee training needs were examined. Actions were also implemented to provide greater access to current information on the Group's targets and their implementation (including company-wide online access to the Group's quarterly investor conferences and a monthly dedicated live intranet program called *Budiexpress*, which discusses the most important events in the Budimex Group).

Projects under development include:

- code of communication in the Budimex Group,
- review of bonus systems, review of procedures in place in the Budimex Group.

Some of these projects are briefly described in section (S1-13) *Training and skills development metrics* of this chapter.

In addition to the regular *Budimex Group Engagement Survey* described above, the Group's own workforce may submit comments and requests directly to their supervisors. It is the responsibility of the management boards of respective group companies and the directors of each department to take proper account of the opinions of Budimex Group employees. The *ESG Strategy* has been prepared taking into account the opinions of Budimex Group employees.

Budimex Group's own workforce may report violations of material, actual and potential, positive or negative impacts that may affect them in accordance with the disclosure set forth in the section entitled *Processes to remediate negative impacts and channels for own workers to raise concerns* (S1-3) of this chapter.

### **Processes to remediate negative impacts and channels for own workers to raise concerns and related actions (S1-3)**

The Budimex Group monitors and evaluates the effectiveness of actions taken in response to risks and the negative impact they may have on its own workforce, and uses this information to improve the processes and systems in place at the Group. This includes engaging stakeholders and vulnerable groups in the assessment of the effectiveness of any steps taken. A number of procedures and instructions have been implemented to counteract and offset negative impacts on own workforce, such as:

- *Compliance Policy*,
- *Code of Ethics* for Budimex Group employees,
- *Countering bullying and discrimination*,
- *Procedure for reporting violations of the law, violations of the compliance policy, taking follow-up measures, protection of whistleblowers and prevention of violations*.

The following compliance communication channels are provided for in Budimex SA:

- compliance emergency phone number,
- e-mail address for compliance matters,
- an electronic platform provided by a third-party supplier and allowing submissions to be made anonymously,
- direct meetings with the legal director of the compliance area.

In the FBSerwis Group (FBSerwis SA and its subsidiaries), reports can be made through the following compliance communication channels:

- through a compliance mailbox,
- through a special external platform available on the website that allows complete anonymity,
- in person or by phone to the Head of the Compliance Department.

In the Mostostal Kraków Group (Mostostal Kraków SA and its subsidiaries), all violations of laws and internal regulations (including potential violations) should be reported to the compliance coordinator through:

- a special mailbox,
- personally,
- through a supervisor,
- through a special external platform available on the website that allows complete anonymity.

The Budimex Group endeavors to ensure that the availability of communication channels is ensured for all persons forming part of its own workforce and for the Group's external stakeholders. Persons responsible for compliance in the Budimex Group in accordance with the applicable *Compliance Policy* check the availability of the channels and the correctness of their functioning, ensuring the continuous processing of incoming reports. The Budimex Group has uniform internal rules for reporting and handling violations. Persons responsible for the Compliance area have been appointed in the Budimex Group, the FBSerwis Group and the Mostostal Kraków Group. The Legal Director of the Compliance area (Budimex Group), the Head of the Compliance Department (FBSerwis Group) and the Compliance Coordinator (Mostostal Kraków Group) are responsible for receiving and recognising reports of violations from companies in each Group.

Compliance communication channels are listed in internal regulations. Additionally, information about existing channels is regularly published through various tools, such as mailings, information campaigns (e.g. Compliance Week), or training. Through these actions, individuals comprising Budimex Group's own workforce are informed about the available paths for reporting violations and how they work. The Budimex Group has also implemented whistleblower protection regulations, which are required by law, as presented in Section 10.1 *Business conduct*. In accordance with the disclosures in Section 10.1 *Business conduct*, retaliation is prohibited in the Budimex Group.

Reports submitted through the channels described above can be accessed by authorised persons only, which ensures the confidentiality and security of the entire process. Full anonymity is ensured by the external platform channel, which is available on the websites of individual Budimex Group companies. Once a report is submitted through this platform, the applicant immediately receives information about its receipt, which allows them to track the handling of the report. A detailed analysis of each case with confidentiality rules is carried out by: Legal Director of the Compliance area / Head of the Compliance Department / Compliance Coordinator, or the persons authorised to handle notifications.

The Budimex Group does not have a separate tool to survey the satisfaction of its own workforce regarding the functioning of the compliance communication channels mentioned above, as no such obligation arises from the Whistleblower Protection Act or the EU Whistleblowing Directive. Should any comments arise regarding the functioning of the compliance communication channels, whistleblowers can report them through these very same channels.

The reports are not used to undermine the role of legitimate trade unions and other equivalent labour organisations in resolving disputes with the employer. They do not prevent or impede access to courts or out-of-court mechanisms for reporting violations and handling complaints.

Each report is entered in the register of internal reports, which records the course of the internal investigation and the recommendations issued for further action.

The Budimex Group Code of Ethics is guarded by Ethics Committees established in individual companies. The persons responsible for Budimex Group's compliance function are also responsible for, among other things, ensuring compliance of the companies' operations with laws and internal regulations, including in the area of human rights (e.g. in the area of counteracting harassment, discrimination and counteracting corruption and bribery). Human rights policies are in place also in international companies of the Budimex Group.

Responsibility for specific risk management areas related to own workforce has been distributed among experts, managers and directors. Their responsibilities include the identification, assessment and prioritisation of risks – taking into account the requirement to engage the Budimex Group's stakeholders, including its own workforce.

#### **Taking action on material impacts on own workforce, and tracking effectiveness of policies and actions through targets (S1-4, S1.MDR-T)**

The Budimex Group identifies risks and impacts related to its own workforce on an ongoing basis and where necessary adjusts internal regulations accordingly. As disclosed in the initial part of this section (S1-1), the Budimex Group identifies a number of impacts and risks related to its own workforce. The Budimex Group takes action on these impacts and monitors how they are managed, as described in the table below.

Table 56. Actions taken by Budimex Group regarding its own workforce

Type of impact	Description of impact	Type of actions taken	How to monitor the effectiveness of actions taken
Negative impact	Possibility of a work-related accident	Implementing the solutions described below and in section S1-14 – including health and safety training, Safety Week	As described in section S1-14 and below Monitoring of the indicators described in section S1-14
	The work requires flexible hours or mobility due to the nature of the industry in which the Budimex Group operates, which has a negative impact on work-life balance.	Offering employees the working conditions described among others in section S1-6 Offering the benefits described in section S1-11 Training offer described in section S1-13	Budimex Group Engagement Survey Conversations between employees and supervisors
Positive impact	Impact on the sense of employment stability, by providing employment in the form of employment contracts	Offering employees the working conditions described among others in section S1-6 Offering the benefits described in section S1-11 Training offer described in section S1-13	Budimex Group Engagement Survey Conversations between employees and supervisors
	Implementation of health and safety solutions and standards	Implementing the solutions described below and in section S1-14 – including health and safety training, Safety Week	Implementing the solutions described below and in section S1-14 – including health and safety training, Safety Week As described in section S1-14 and below Monitoring of the indicators described in section S1-14
Risk	Health and safety risk	Implementing the solutions described below and in section S1-14 – including health and safety training, Safety Week	As described in section S1-14 and below Monitoring of the indicators described in section S1-14
Opportunity	Implementation of diversity management solutions and standards	Training offer described in section S1-13	Budimex Group Engagement Survey Conversations between employees and supervisors

Potential risks in the labour area are reported on the basis of *the Risk Management Operating Procedure*, which includes a process for reporting risks by people representing various business areas in the organisation. In addition, there is regular communication with trade unions and workers' representatives regarding the protection of human and employee rights.

The Budimex Group keeps a risk register, which also includes risks concerning its employees, particularly in the area of human and employee rights, identified by the Budimex Group's organisational units. Actions are taken on an ongoing basis when potential or actual negative impacts of the Group on human and labour rights are detected or reported.

The double materiality analysis has shown that, due to the character of the Budimex Group's business, the area of health and safety and related impacts is particularly important. The manner in which the Budimex Group manages this area is described below.

#### **OHS committees and OHS Executive Committee**

Budimex Group companies have occupational health and safety committees with the participation of workers' representatives and the employer's representatives. Their role is to represent all employees.

At the end of 2019 and beginning of 2020, additionally an Occupational Health and Safety Executive Committee. It takes actions aimed at raising the level of health and safety in the Budimex Group. One of its tasks is to develop plans for subsequent years, that is to set safety related goals for the entire Group.

A regular item of the agenda of the committee's meetings is a discussion on the current occupational health and safety statistics in the company and decisions regarding lines of actions aimed at ensuring safe working conditions.

Employees at all levels of the organisation are engaged in monitoring the safety status. Occupational health and safety services conduct safety inspections and a team of auditors monitors the correctness of operation of the occupational health and safety management system with the use of system audits. The compliance of the systems of work under contracts is verified through the Construction Project Assessment System audits.

Since 2019, the senior management of the Budimex Group has been making visits aimed at building a safety culture at all levels of the organisation. There were 599 such visits in 2024.

The Budimex Group also involves its subcontractors in the development of a safety culture, which is why one of the goals set for 2024 is to conduct a joint review with the subcontractor's supervision on each active contract every quarter. 424 such reviews have been carried out.

The aforementioned purpose is also served by providing all employees of the Budimex Group with an IT system that enables them to report observations, incidents and accidents. These reports are then analysed by the Health and Safety Department. The Group places particular emphasis on encouraging employees to report as many health and safety issues as possible, as this allows us to focus on the most serious risks and seek solutions.

#### **Accident prevention and health and safety training**

The Budimex Group strives to ensure that teams follow best practices in health and safety in their daily work. Training in this area is organised in accordance with the *Agreement for Safety in Construction* and its program is designed together with employees.

Every health and safety incident in the Budimex Group is described in accordance with legal requirements, but also in accordance with the procedures and classification adopted by the Ferrovial Group. The Group also conducts in-depth analyses of health and safety incidents with fatal potential, i.e. internally defined as HiPo (*High Potential*). According to the definition, it is any incident that potentially results in an accident or an actual accident which in other circumstances could result in actual serious injuries or diseases, death or serious material damage. Conclusions from such incidents are discussed at weekly meetings conducted by Budimex Group's top management among several hundred executives throughout the company (known as *executive incident review*, EIR), and then cascaded to the entire organisation as so-called *lessons learned*. Moreover, in cases agreed by the OHS Executive Committee, other actions are taken at the level of companies and contracts.

The Group has decided that not every accident in the same category has the same potential outcome, so it focused on a detailed analysis of the most serious incidents. This approach not only made it possible to perform a more thorough analysis and better tailor solutions to the company-wide structure, but also, by involving senior management, it assigned the right weight to the decisions made and ensured the resources necessary to implement them.

Examples of decisions made in 2024:

- equipping each project with an AED,
- adding a requirement for additional security features for hoists ordered,
- implementing garments containing fiber optics for improved employee visibility during work,
- introducing training for vertical transportation coordinators.

Through periodic instruction from their immediate supervisors, employees can update their knowledge of the most important hazards and health and safety rules related to the tasks they perform.

The Budimex Group conducts campaigns on its safety standards, using both the intranet and standard communication tools, such as posters and flyers distributed in offices and on construction sites. In addition to the standard training required by law, a health and safety module was also delivered throughout the year as part of the Contract Manager Academy and the Young Engineer Academy, as described briefly later in this section (S1-13).

In 2023, as a development measure for the OHS function, the Kelvin TOP-SET training focused on root cause analysis was organised to increase the quality of post-incident and accident analyses. A selected group of specialists became in-house trainers of this incident and accident investigation methodology. In 2024, this knowledge was shared with more than 80 specialists performing OHS Service tasks in the Budimex Group.

### Safety Week

In 2024, the Budimex Group and the Agreement for Safety in Construction initiative organised the 11th Safety Week. This year's slogan, "Everything in order #OGARNIĘTE!" emphasised the importance of organisation and order on the construction site and in the workplace. With a focus on the mental and physical health of attendees, the event featured a series of webinars such as "Prescription for Mental Health" and "Good Sleep as a Key to Better Well-Being and Productivity". In addition, pre-work warm-ups were organised, as well as meetings with physiotherapists and psychologists, and activities aimed at maintaining cleanliness, such as cleaning on and around construction sites and reviewing office workstations and safety equipment.

Initiatives were delivered during Safety Week 2024 to promote safe work, including local measures at construction sites and production plants. Training workshops were organised in first aid, fire protection, working at height, environmental protection, and veterinary assistance. Together with the Mountain Volunteer Search and Rescue (GOPR), missing persons searches were performed, and evacuation drills from a crane, from a pit, and from a construction office were carried out. Safety Week 2024 also included contests, field games and educational sessions for children. The 11th edition of the event extended to 210 contracts and offices in the Budimex Group and involved 12,337 people, including 5,245 employees of subcontracting companies. Overall, 532 activities were conducted as part of the Safety Week.

### Other health and safety measures

Labour health and safety information was included in a number of periodic education and development programs launched in the Budimex Group. In 2024, as part of the Young Engineer Academy, training sessions for young construction engineers were held, presenting the most important aspects of safety management at the level of a construction contract and cooperation with subcontractors, and the practical application of this knowledge, which was illustrated using the example of works at a height. As part of the Contract Manager Academy, employees preparing for the role of a manager attended classes on building a safety culture and leadership in this area.

In addition, the preparation of the OHS Academy was started, which is a measure aimed at improving the qualifications of the employees of the OHS function in the Budimex Group.

In 2024, the Budimex Group also continued a series of campaigns dedicated to raising safety awareness. These included meetings on shuttering and openings on projects (*SOR 24*), driving safety (*Nie (przy)dzwoń*), as well as campaigns carried out jointly with the Ferrovia Group – the dangers of working in the proximity of machines (*Mind the proximity*), verification of proper force protection at work (*Deadly Force*), or a campaign guided by reported trends (*We expect perfection*).

### Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

As disclosed in Section 7.3 *Sustainability management* the Budimex Group has adopted the following targets related to its own workforce:

<b>2026</b>	Strive to maintain a voluntary turnover rate of no more than 8.5%
<b>2026</b>	Aim for a GPGR ( <i>gender pay gap ratio</i> ) <sup>103</sup> of less than 9%
<b>2026</b>	GCR ( <i>glass ceiling ratio</i> ) - aiming to increase the percentage of women in middle and senior management to 22% (up from 19% in 2022)
<b>Every year</b>	Conduct training and programs to promote the safety culture with 100% of employees

These goals were set taking into account the opinions of Budimex Group's own workforce, which were communicated upwards to the Group's management through supervisors and other channels described in this chapter.

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<sup>103</sup> The gender pay gap ratio calculated pursuant to the methodology adopted by all Ferrovia Group companies.

**Characteristics of Budimex Group's own workforce (S1-6)**

As the Budimex Group is developing both on international markets and on its home market (including through the acquisition of Konstalex, growth in the renewable energy market), the number of its employees is gradually increasing and on 31 December 2024, it reached 7,665 people under permanent and temporary employment contracts, and was 4.5% higher than the previous year.

**Table 57. Characteristics of Budimex Group employees (S1-6) by gender**

Characteristics of Budimex Group employees as at 31 December 2024	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Number of employees	1,462	3,194	4,656	1,830	5,835	7,665
Number of permanent employees	1,145	2,557	3,702	1,435	3,749	5,184
Number of temporary employees	274	532	806	338	1,911	2,249
Number of employees hired for a trial period	43	105	148	57	175	232

**Table 58. Employee age structure at the Budimex Group**

Employee age structure at the Budimex Group as at 31 December 2024	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Under 30	390	474	864	470	790	1,260
30 To 50 years old	984	2,185	3,169	1,239	3,608	4,847
Over 50 years old	88	535	623	121	1,437	1,558
Total	1,462	3,194	4,656	1,830	5,835	7,665

**Table 59. Employee turnover rate (S1-6)**

Employee turnover in the Budimex Group in 2024	Budimex SA	Budimex Group
Number of total employees who left their jobs	609	1,125
Employee turnover <sup>104</sup>	13.33%	14.78%

<sup>104</sup> Number of employees who left during the reporting period (2024) divided by average employment in 2024.

**Table 60. Characteristics of Budimex Group employees by country**

Number of employees by country as at 31 December 2024	Budimex SA	Budimex Group
Poland	4,577	6,732
Germany	12	866
Other countries <sup>105</sup>	67	67
Total	4,656	7,665

**Characteristics of non-employee workers (S1-7)**

Due to the nature and scope of its operations, the Budimex Group also has its own workforce consisting of non-employee workers. The Budimex Group uses the following forms of cooperation in addition to the employment contract:

- mandate contract,
- B2B,
- apprenticeship agreement,
- appointment.

**Table 61. Characteristics of forms of employment of Budimex Group's own workforce for non-employee workers, by gender (S1-7)**

Number of employees constituting Budimex Group's own workforce other than its employees as at 31 December 2024	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Mandate contract	51	36	87	98	193	291
Cooperation agreement (B2B)	3	10	13	7	16	23
Apprenticeship agreement	60	34	94	60	34	94
Appointment	2	7	9	4	12	16
Total	116	87	203	169	255	424

In addition to the forms of cooperation described above, the Budimex Group also uses a form of management contract, but it did not have any contracts of this kind during the reporting period.

<sup>105</sup> Other countries include workers employed in the Czech Republic, Slovakia and Latvia.

### Collective bargaining coverage and social dialogue (S1-8)

Social dialogue in the Budimex Group is carried out by ensuring that the trade unions operating in the Group, i.e. the NSZZ Solidarność Intercompany Trade Union Organisation, have full freedom to exercise their rights, and we cooperate closely with them in shaping internal regulations on human resources management.

**Table 62. Number of employees covered by collective bargaining agreements by country**

Number of employees covered by collective bargaining agreements by country as at 31 December 2024	Budimex SA	Budimex Group
Poland <sup>106</sup>	4,570	5,234
Germany	0	0
Other countries <sup>107</sup>	0	0
Total	4,570	5,234
Total number of employees	4,656	7,665
Percentage of all employees covered by collective bargaining agreements	98.15%	68.28%

In Poland, the global percentage of Budimex Group employees represented by workers' representatives was 77.75% <sup>108</sup> as at 31 December 2024. In Germany and other foreign countries, the percentage is 0%. In 2024, the Budimex Group had no agreements with employees on representation by a European works council, a works council of a European joint stock company or a works council of a European cooperative.

The terms and conditions of work and employment of Budimex Group employees who are not covered by collective bargaining agreements and non-employee workers comprising the Budimex Group's own workforce are determined on the basis of individual arrangements with these persons.

### Adequate wages in the Budimex Group (S1-10)

The Remuneration Policy at the Budimex Group is aimed primarily at supporting the achievement of the organisation's long-term and sustainable development by ensuring optimum levels of pay, an attractive and tailored package of fringe benefits for different generational groups, and ensuring pay consistency between men and women. The adopted remuneration practices allow the Group to attract and retain qualified and competent employees, and support the effective achievement of the organisation's annual targets through tailored incentive systems.

The Budimex Group ensures compliance of the Remuneration Policy with legal requirements. In Poland, the minimum wage was raised on 1 January and 1 July 2024, as required by generally applicable law. All Budimex Group employees receive at least the minimum wage required by local regulations. This also applies to Budimex Group employees working in international companies and foreign branches of Group companies. Remuneration components are accounted for in accordance with generally applicable laws on personal income tax and social security.

<sup>106</sup> Company collective bargaining agreements cover employees working at Budimex SA and Mostostal Kraków SA.

<sup>107</sup> Other countries include workers employed in the Czech Republic, Slovakia and Latvia.

<sup>108</sup> According to Table 60, as at 31 December 2024 the Budimex Group had 6,732 employees in Poland, of which 5,234 were covered by collective bargaining agreements.

Remuneration in the Budimex Group is based on:

- work regulations – in the case of all employees,
- company's collective bargaining agreement – in the case of Budimex SA and Mostostal Kraków SA employees,
- remuneration regulations – in the case of employees of other Group companies with headcount over 50 persons,
- remuneration agreement – in the case of employees of other Group companies with headcount under 50 persons,
- bonus regulations in force in individual companies,
- document entitled *Remuneration Policy for Members of Budimex SA Management Board and Supervisory Board*<sup>109</sup> – in the case of Management Board and Supervisory Board members (more information on the rules for remunerating members of the company governing bodies can be found in Section 7.2 *Business conduct*)
- provisions of the remuneration regulations for a given market or, if no such regulations need to be adopted, the provisions of employment contracts – in the case of employees working abroad.

The terms of employment in foreign markets are additionally regulated by the *Policy of posting employees to foreign markets* and the *Benefit policy*.

### **Social protection (S1-11)**

Employees of the Budimex Group are covered by social protection against loss of income caused by any serious events such as: illness, workplace accident, acquired disability, parental leave and retirement. Social protection is offered through public programs or voluntary benefits offered by the Budimex Group, as described below.

Budimex Group provides more than basic social protection to all employee groups through the continuous development of a tailored offer of fringe benefits both on the Polish market and in companies and branches in foreign countries.

The strategy of benefits focuses on offering employees benefits to:

- flexibly met the needs of different generational groups,
- increase the sense of security for employees and their family members,
- support employee well-being (mental, physical, financial),
- help create an engaging workplace.

The basic benefits package focuses on providing health care and financial security through:

- psychological support and permanent service of a psychologist,
- subsidies to the Employee Capital Schemes – the companies of the Budimex Group have decided to provide voluntary additional subsidies to monthly contributions,
- activity of the Company Social Benefit Fund (in 2024, the dedicated housing loan fund was increased, gift cards and Christmas benefits were awarded as part of the #ChristmasSurpriseCard campaign),
- life insurance for employees and their loved ones in case of health loss, medical expenses or death. In 2024, the life insurance offer was also implemented in foreign markets: Czech Republic and Slovakia.

Budimex Group's own workforce also has access to, among other things:

- co-financing for corrective glasses (in 2024, as part of the #zBudimexWidzęWyraźniej [I can see more clearly with Budimex] campaign, the subsidy rates were raised and the offer included both corrective and corrective-protective eyeglasses for employees at project sites; in addition, a dedicated program of discounts for the purchase of eyeglasses was organised, as well as the opportunity to examine eyesight at Budimex locations),
- an additional paid day off on a birthday or name day.

### **Employees with disabilities (S1-12)**

The Budimex Group has implemented solutions for promoting diversity and preventing discrimination as described in the part *Policies related to own workforce* (S1-1) of this chapter. As at 31 December 2024, the Budimex Group employed a total of 48 persons with disabilities, which accounted for 0.63% of the Budimex Group's total headcount of 7,665. This number includes 12 women (0.66% of 1 830) and 36 men (0.62% of 5 835).

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<sup>109</sup> The document is available at [https://www.budimex.pl/repository/relation/Lad\\_Korporacyjny\\_2020/PL/Polityka\\_wynagrodzen\\_czlonkow\\_organow\\_Budimex\\_SA.pdf](https://www.budimex.pl/repository/relation/Lad_Korporacyjny_2020/PL/Polityka_wynagrodzen_czlonkow_organow_Budimex_SA.pdf).

### Training and skills development metrics (S1-13)

Employee development policy is regulated internally through operating instructions, which regulate: training topics, professional certifications, subsidised language learning and postgraduate studies.

Employee development activities are based on the 70–20–10 model. The Budimex Group attaches importance to ensuring that employees benefit from various forms of development activities, i.e. develop their skills through practical performance of tasks (70%); develop with the support of others, e.g. coaches, mentors (20%) and use a form of training (10%).

The Budimex Group is building a training system that is tailored to the needs of its employees and the Group. As a result, Budimex Group employees are offered opportunities for continuous professional development, while the Group gains qualified personnel. Employee development planning is part of the evaluation and target setting process for each year. Individual training and development needs of each employee are determined during the employee's interview with the supervisor as part of the development planning exercise. For employee groups, development and training plans are prepared based on a training needs analysis. The Budimex Group also relies on the competence of its employees and engages them as trainers. As a result, training is closely tailored to the characteristics of work performed in the company. The involvement of internal trainers promotes knowledge and experience sharing among employees.

#### Annual appraisal

The Group is committed to building awareness of the importance of feedback – which is directed from managers to employees, but also from employees to managers. The company's intranet contains materials on the rules of giving feedback. One of the key tools for communicating to employees their strengths and areas for improvement is dialogue with their immediate supervisors, which takes place for example during the annual appraisal process.

As part of the annual appraisal process, nearly 400 Budimex Group employees participated in webinars and training sessions in January and February 2024. In order to support supervisors in conducting effective interviews, 4 webinars were created under the title Build the atmosphere at the annual appraisal interview and achieve the intended results. These webinars were attended by a total of 160 supervisors. A two-day on-site workshop was held for the supervisors who evaluated employees for the first time. To prepare employees for annual appraisal, the Group organised 2 webinars entitled "Annual appraisal is not an obligation but a privilege", which were attended by 230 Budimex Group employees. The purpose of these activities was to help in the preparation for interviews, systematise knowledge and provide tools and techniques that will affect the effectiveness of the process.

**Table 63. Summary of training initiatives conducted by Budimex Group in 2024**

Name of the initiative	Brief description of the initiative
Management Pillars	A path for the development of managerial skills from entry-level manager to top management, taking into account the position, experience and competencies necessary for effective management at each career level. Workshops are held periodically for closed and open groups and 210 managers completed them in 2024.
Leadership Academy	A program for the development of leadership competencies for managers, carried out in cooperation with business partners. In 2024, 120 managers were invited to the program.
Super Leader	A leadership skill-building program for senior managers, consisting of modules presenting leadership styles, exercises on diagnosing organisational climate, workshops and coaching sessions.
Perspectives	A development project to support the organisation in the process of strengthening leadership, focusing on developing key successors at various levels of the organisation. In 2024, 52 Budimex Group managers took part in the project.
Coaching and mentoring	Coaching and mentoring programs for middle and senior managers to develop competencies, share knowledge and experiences, and build cooperation.
Academies and Development Programs	Programs that build interpersonal, specialised, expert and managerial skills for professionals and managers, divided into stages that take into account successive levels of advancement.
Foreman Academy	The Foreman Academy is a program that develops competencies of Foremen and their Managers. Participants expand their knowledge of effective communication, motivation, task

Name of the initiative	Brief description of the initiative
	delegation and situational management. They gain skills in assertiveness, giving feedback and working with different personality types. The Academy supports Foremen in their new role, helping them build strong and committed teams. The Academy was dedicated to Employees of the Directorate of Equipment and Manufacturing Services.
Advanced Contractor Academy	A development program for employees of the Office of Contract Conditions serving as chief specialists, experts and managers, aimed at expanding knowledge of contractual conditions and creating a strong team of experts. The program was implemented from March 2024 to November 2024 by internal and external trainers for a group of 22 people.
GROW Young Engineer Academy	An implementation program for newly hired engineers and trainees, including training in compliance, the economic and formal side of production, and building relationships with partners. The eighth edition of the Academy was organised in 2024, with a total of 62 participants.
Engineer Academy	Training series for personnel working on contracts, covering topics such as waste management, legal liability or ESG-related regulations. In addition, 16 technical webinars were held, attended by 2,262 employees.
Contract Manager Academy	A program supporting newly appointed contract managers and those preparing for promotion, including modules on Budimex Group standards, business safety, negotiation and team management. 43 people took part in the program.
Ironclad Success	The Ironclad Success program supports the professional development of women in the Budimex Group, through a series of workshops and experience sharing. It was attended by 48 female employees of the Budimex Group - from specialists to managers.
"KobieTY Inspiruj" Conference	A meeting for women held on 21 November 2024, with the participation of 358 women, to talk about challenges and opportunities for growth within the company.
In-house Trainers	A program launched in 2023 to build a community of in-house trainers, share experiences and improve the effectiveness of in-house training.
Academy for Regional Economic Managers	The program started in 2023, consisted of 4 substantive modules, in which participants shared their experiences and learned about management methods; the program was completed in 2024.
Spread Your Wings - a program for employees of the Economics Office	Regular training for employees of the Production Economics Office to update and expand knowledge and develop analytical skills.
Foundations of Communication	A program, in which an individual employee analysis was performed in accordance with the Extended DISC model, to learn about natural predispositions and improve communication skills; attended by 75 people in 2024.
Foundations of Negotiation	A topical training package for employees for whom negotiation is part of their daily work; the training consisted of three levels and was attended by 211 people in 2024.
Language training	Language skills development program for employees, including language learning in individual, group and intensive courses, attended by 850 people in 2024.

Name of the initiative	Brief description of the initiative
Stress management	Training on stress management techniques, work organisation and time management, conducted on the occasion of World Mental Health Day and attended by 85 employees in 2024 in classrooms and nearly 400 in the form of a webinar.
Strengthening Course	A five-month program for managers to help them deal with stress and difficult emotions and counteract professional burnout.
Health Foundations	A health promotion program including webinars, focus groups, preventive screenings and educational events, promoting physical and mental health among Budimex Group employees.

### Training and skills metrics (S1-13)

**Table 64. Statistics of performance and career development reviews, by gender**

Statistics of performance and career development reviews in 2024	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Number of employees participating in regular performance reviews	1,080	1,994	3,074	1,287	2,332	3,619
% of all employees participating in regular performance reviews	73.87%	62.43%	66.02%	70.33%	39.97%	47.21%

The following are not subject to annual appraisal: manual workers, people who were on a long-term leave, people who have been laid off.

**Table 65. Training statistics (by gender)**

Total number of training hours <sup>110</sup> in 2024	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Total number of training hours	50,724	73,404	124,128	56,659	91,015	147,674
Average number of training hours per employee	34.7	23.0	26.7	31.0	15.6	19.3

<sup>110</sup> Total number of training hours rounded to the nearest whole hour, average number of training hours per employee rounded to one decimal place.

**Table 66. Health and safety training statistics (by gender)**

Total number of training hours in 2024	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Total number of training hours	15,061.5	41,912	56,973.5	16,950	62,806	79,756
Average number of training hours per employee	10.3	13.1	12.2	9.3	10.8	10.4

**Table 67. Compliance training statistics (by gender)**

Total number of training hours in 2024	Budimex SA			Budimex Group		
	Women	Men	Total	Women	Men	Total
Total number of training hours	4,374.5	6,127.5	10,502	4,626.2	6,507.8	11,134
Average number of training hours per employee	3.1	2.0	2.3	2.5	1.1	1.5

**Table 68. Training statistics (by position)**

Training statistics in 2024 – by position <sup>111</sup>	Budimex SA			Budimex Group		
	Senior management	Managers	Other employees	Senior management	Managers	Other employees
Number of employees	192	1,361	3,103	251	1,626	5,788
Total number of training hours	12,214	55,606	56,307	15,053	64,275	68,345
Average number of training hours per employee	63.6	40.9	18.1	59.97	39.5	11.8

<sup>111</sup> Senior management – Employees in the positions of: Director/Manager (pay grade 18+); Managers: other employees in positions: Director/Manager/Coordinator; Other Employees – all other employees.

## Health and safety metrics (S1-14)

### Health and safety risks

Health and safety issues were identified as particularly significant impacts (positive and negative) and risk factors as part of the double materiality analysis carried out in the Budimex Group.

The exposure of Budimex Group employees to hazards depends on the nature of the work performed and mainly concerns employees working on construction contracts. In the case of construction contracts, these are mainly hazards related to the risk of falling from heights, injury in contact with construction machinery and road incidents. In 2024, the Group's target was to improve the organisation of construction sites in terms of their orderliness.

For the Mostostal Kraków Group, the risks are related not only to construction work, but also to work at permanent steel structure manufacturing plants. On the other hand, the FBŚerwis Group's employees responsible for road and motorway maintenance are exposed mainly to risks in public spaces, but also to risks associated with waste processing at the plants.

All accidents in the Budimex Group, regardless of the outcome, are reviewed. Any incident assessed as potentially fatal (HiPo) is communicated throughout the organisation at EIR meetings and through alerts.

The Budimex Group performs a wide range of works, therefore it uses many methods for assessing and minimising the risks associated with such works. The following are critically important in this context:

- the Health and Safety Plan (BIOZ) - defining the procedures and rules, as well as risks and preventive measures in relation to a specific construction site,
- safe work instructions – constituting the basis for determining the safe method of performing work for a specific task and for assessing the related risks,
- job instructions along with an occupational risk assessment – familiarising employees with the safe work rules for a given position and the related occupational risks.

Additionally, the Budimex Group keeps a register of operational and strategic risks, specifying occupational health and safety hazards, their potential impact and the methods of minimising them. For more information about risk management in the Budimex Group, please see section 7.3. *Sustainability management*.

As a construction sector company, the Budimex Group regards occupational health and safety issues as particularly important. Regulating them appropriately and adhering to the rules in force is a key component of our responsibility towards employees, as well as other relevant stakeholders who expect us to meet the highest standards when performing contracts. Guaranteeing employees safe working conditions clearly follows from the Group's fundamental values and has been directly included in the *ESG Strategy*.

Since 2019, Budimex SA has held a certificate confirming the compliance of the occupational health and safety management system with international standard ISO 45001, and Mostostal Kraków SA also got this certificate in 2020. ISO 45001 assumes the engagement of all entities participating in the project implementation process in creating safe workplaces.

In addition to management systems, the Budimex Group has adopted the *Ferrovial Health and Safety Minimum Standards*. Their main purpose is to organise the construction process based on the principle that each person who is part of the Group's own workforce and each business partner representative should return to their loved ones after work. The document further stresses that nothing should stop the Group's representatives from respecting safety rules.

All cooperation offers made to the Group by the suppliers of goods and services must take into account the catalogue of the occupational health and safety requirements supplementing the requirements provided for by law, and the appendix defining the Group's expectations in this respect constitutes an integral part of the signed contracts. Additional information on raising standards in the Group's supply chain is provided in Section 9.2 *Workers in the value chain*.

In addition to Ferrovial Group standards and internal standards, the Budimex Group implements the health and safety standards of the Agreement for Safety in Construction <sup>112</sup> initiative, of which Budimex SA is a signatory and founding member. They are based on many years of construction practice of the members of the Agreement and take into account all project stages, from planning to construction works.

All persons constituting the Budimex Group's own workforce and all persons employed by subcontractors performing work for the Budimex Group are covered by identical rules and internal health and safety regulations as Budimex Group employees.

The Budimex Group is striving to improve safety through innovative solutions. In 2024, those were two innovative employee-driven projects were launched:

- the first project involves smart workwear, such as vests and jackets, equipped with an optical fiber that provides users with their own light source, greatly increasing their visibility and safety,
- the other project concerns a smart gantry that warns the machine operator and people nearby of possible collisions with elements above the permitted road height limit, such as overhead power lines and overpasses.

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<sup>112</sup> They are available at: <https://www.porozumieniedlabezpieczenstwa.pl/standardy-bhp.html>.

**Table 69. Budimex Group's own workforce covered by health and safety management system**

Own workforce covered by the health and safety management system as at 31 December 2024	Budimex SA	Budimex Group
Number of own workforce covered by the health and safety management system	4,859	7,878
% of own workforce covered by health and safety management system	100%	97.39%

**Table 70. Health and safety metrics – accident rates**

Health and safety metrics – accident rates as at 31 December 2024	Own workforce		Other value chain workers in Budimex Group locations	
	Budimex SA	Budimex Group	Budimex SA	Budimex Group
Total number of hours worked <sup>113</sup>	10,364,141	16,058,398	17,333,255	20,058,299
Number of recordable work-related accidents	36	111	44	59
Number of fatalities as a result of work-related injuries and work-related ill-health	0	0	0	1
Number of reportable cases of work-related ill-health	2	2	0	0
Accident rate <sup>114</sup>	3.47	6.91	2.54	2.94
Number of days lost due to reportable injuries, fatalities and work-related ill-health	1,247	5,238	n/a	n/a

### Work-life balance metrics (S1-15)

**Table 71. Work-life balance metrics**

Work-life balance metrics	Budimex SA	Budimex Group
Percentage of employees entitled to take family-related leave	100%	100%
Percentage of employees that took family-related leave	17.87%	12.86%
Percentage of employees that took family-related leave (men)	14.72%	10.23%
Percentage of employees that took family-related leave (women)	24.76%	21.26%

<sup>113</sup> Rounded to whole numbers.

<sup>114</sup> Calculated as the total number of accidents during the reporting period divided by the total number of hours worked during the year by all employees (or, accordingly, value chain workers), multiplied by 1 000 000.

### Compensation metrics (pay gap and total pay) (S1-16)

Budimex Group regularly analyses the GPGR (gender pay gap ratio), which reflects the differences in the salaries of individuals employed within the organisation. It represents the difference in the average salaries of women and men in various job groups, expressed as a percentage of the average salary of men for the Budimex Group. This calculation is consistent with the methodology established for the entire Ferrovial Group, i.e., based on annualised year-end salaries (including variable elements such as bonuses). The salaries of part-time employees have been converted to full-time equivalents.

**Table 72. Remuneration metrics (pay gap)**

Pay gap	Budimex SA	Budimex Group
Average unadjusted pay gap calculated on fixed and variable remuneration components (base pay, fixed allowances, bonuses)	22.8%	7.8%
Average unadjusted pay gap calculated on fixed remuneration components (base pay, fixed allowances)	11.9%	1.2%
Average adjusted pay gap calculated on fixed remuneration components (base pay, fixed allowances)	4.1%	-

For the calculations performed, the Budimex Group included individuals employed under an employment contract as of December 31, 2024.

According to the ESRS standards, the pay gap calculated on total remuneration that includes variable components for the entire Budimex Group is 7.8% in 2024. This is due to the higher share of men in the production group and at the highest levels of organisational structures, where variable payments are higher than in other groups.

Comparing the remuneration of men and women in the same job groups and locations in accordance with the Remuneration Policy, the adjusted gap in Budimex SA is 4.1%. The adjusted pay gap has been defined as the arithmetic mean of the pay gaps divided by individual classification categories. In situations where a given group contained only men or only women, a 0% value was used to calculate the arithmetic mean.

**Table 73. Remuneration metrics (total pay)**

Remuneration metrics (total pay)	Budimex SA	Budimex Group
The ratio of the annual total pay for 2024 of the entity's highest paid individual to the median annual total pay of all employees (excluding the highest paid individual)	20.65	25.43

### Incidents, complaints and severe human rights impacts (S1-17)

Budimex SA is involved in litigation concerning, among other things, bullying and discrimination initiated during the reporting period by a former Budimex SA employee. Except for this case, in the Budimex Group in 2024 there were no other confirmed cases of:

- discrimination (including harassment),
- labour law violations reported through the compliance communication channels by people from the Budimex Group's own workforce,
- severe human rights incidents related to the Group's own workforce (including non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises).

During the reporting period, the Budimex Group also did not incur any costs of fines, penalties or compensation for damages resulting from the violation reports, examples of which are indicated above.

## **9.2 Value chain workers**

### **Management of material sustainability matters in the value chain (SBM-2, SBM-3, S2-1)**

As part of the double materiality analysis process, actual and potential impacts in the area of value chain workers (this area relates to the Budimex Group value chain) were identified and then assessed.

In connection with its business profile, the Budimex Group identifies the following groups of people performing work in the value chain:

- persons performing work for the Budimex Group's subcontractors, at locations where the Budimex Group conducts its operations, such as construction sites;
- persons performing work for Budimex Group suppliers - for example, in the production or transportation of materials used by the Group to carry out its activities.

All workers in the Budimex Group's value chain were covered by the scope of this chapter. The following potential negative impacts were identified:

- impacts related to the potential occurrence of workplace accidents or occupational diseases,
- incidents of discrimination in the value chain.

The following potential positive impacts have also been identified:

- compliance with health and safety standards in accordance with contracts and performed under contracts with contractors and suppliers, through regular safety audits,
- regular health and safety training, requirements to produce statements on medical testing and training and periodic reporting,
- striving to implement ethical business conduct solutions among suppliers and subcontractors.

The following risks were identified and assessed as key risks value chain workers:

- risks to employee health and life resulting from injury, occupational disease or death in service,
- risk of subcontractors and suppliers failing to provide safe working conditions, which would cause lower revenues due to negative reputational impact from increased risk of accidents and injuries,
- risk of extreme weather events, such as prolonged heat waves, which can lead to reduced work efficiency and reduced activity of manual workers due to hazardous conditions,
- reputational risks associated with inadequate supervision of a subcontractor which may lead to incidents of discrimination in the value chain, e.g. on the basis of ethnicity or citizenship.

In addition to the material impacts and risks described above, the Budimex Group has not identified any material opportunities in the area of value chain workers. All workers in the value chain who may be materially impacted by the Budimex Group are included in the scope of disclosure in this chapter.

### **Processes for engaging with value chain workers about impacts (S2-2)**

In connection with its operating activity, the Budimex Group cooperates with a number of suppliers of goods and services from various industries. In accordance with the Group's Integrated Management System procedures, a continuous process of qualification and ongoing assessments of business partners is carried out, also taking into account issues relevant to sustainable development, i.e. the responsibility of individual entities in social and environmental issues.

The primary purpose of cooperation is to ensure the highest occupational health, safety, quality and environmental standards along with a top degree of operating efficiency, which is why the Group prioritises cooperation with qualified suppliers and subcontractors. Initial evaluation is based on a qualification questionnaire. Companies interested in cooperation are requested to complete the questionnaire through the system; it is also available for self-completion on the website. Prior to granting the qualification, compliance is verified of the submitted data with public registers (<https://podatki.gov.pl>, <https://aplikacja.ceidg.gov.pl>, <https://ekrs.ms.gov.pl>, [https://ec.europa.eu/taxation\\_customs/vies/#/vat-validation](https://ec.europa.eu/taxation_customs/vies/#/vat-validation)) and private registers (Polish Economic Intelligence, <https://www.pwg.info.pl/>) along with verification vis-à-vis the Budimex Group's needs and standards. The following documents are also requested: ISO and AQAP quality certificate(s), ZKP (Company Production Control) certificate, licenses, authorisations and references. Data from the questionnaires are entered into a database and serve as a primary source of information regarding construction projects when establishing cooperation in a specific area. A similar approach is used in international companies and foreign branches of the Budimex Group.

A tentatively qualified contractor is any contractor who has declared their compliance with the applicable labour laws and legal requirements for environmental protection.

The bid of any entity responding to the invitation to participate in the procurement process must be consistent with the requirements contained in the list of occupational safety and health, fire safety and environmental protection standards created by the Budimex Group as a supplement to the legal requirements. The specific manner of fulfillment of each obligation may be agreed upon at the stage of negotiations and selection of the supplier.

In the process of selecting suppliers of materials and services, one of the qualification criteria is the mandatory confirmation by the contractor that it respects human rights, which is regulated by the instruction to the purchasing procedure (*Rules for the qualification and assessment of suppliers of products and services*). All of the Group's partners sign a commitment to observe a set of rules of conduct for contractors, while in the contracts the Budimex Group reserves the right to verify their practices in this regard. According to this document, each subcontractor and supplier is obliged to pursue its business objectives with respect for the rule of law and ethics and human rights. An integral part of the signed contracts are the *Occupational Health and Safety Requirements* and *Environmental Requirements*<sup>115</sup>. Cooperation with suppliers with respect to environmental protection during the construction phase is described in Chapter 8 - *Environmental Information*. In 2024, the *Business Partner Code* was developed.

Within 30 calendar days after the termination of cooperation with the supplier / subcontractor, the Contract Manager / Contract Director is required to complete an electronic evaluation form in the information system, where he/she reassesses whether labour rights were respected.

At the end of the cooperation, the contractor is evaluated according to the following criteria:

- meeting deadlines (DT),
- product/service quality (JP),
- technical potential (PT),
- satisfaction of price conditions (SW),
- compliance with health and safety requirements (applies only to subcontractors and suppliers of equipment and transportation services) (BHP),
- environmental conduct (applies only to subcontractors and suppliers of equipment and transportation services) (OS).

The following is additionally verified:

- Were there any difficulties in cooperating with the contractor, and if so, what kind?
- Were there any forms of discrimination during the period of cooperation with the supplier?
- Were workers' rights respected?
- Is the Supplier recommended for further cooperation?

The rating is calculated by the system on the basis of accepted algorithms and qualification status is assigned:

- R, which means that the company is recommended (positive rating) – average score above 4,
- K, which means that the company is qualified (positive evaluation) – average score from 2.5 up to and including 4,
- O, which means that the company is rejected (negative rating) – an average score of less than 2.5.

Value chain workers are able to report their opinions, including on negative impacts caused by the Group in accordance with the disclosure in Section S2-3 of this chapter.

### Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)

### Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action (S2-4)

**Table 74. Actions taken by the Budimex Group in relation to impacts on value chain workers and ways to monitor their effectiveness**

Type of impact	Description of impact	Type of actions taken	How to monitor the effectiveness of actions taken
Negative impact	Possibility of a work-related accident	Implementing the solutions described below and in section S1-14 – including health and safety training, Safety Week Supplier or subcontractor qualification in accordance with section S2-2	As described in section S1-14 Monitoring of the indicators described in section S1-14 Supplier or subcontractor evaluation in accordance with section S2-2 Monitoring of notifications in accordance with section S2-3

<sup>115</sup> A survey for contractors, a catalogue of requirements for them and a set of expected policies are available at: <https://www.budimex.pl/pl/kontrahenci>.

Type of impact	Description of impact	Type of actions taken	How to monitor the effectiveness of actions taken
Negative impact	Occurrence of incidents of discrimination in the value chain	Supplier or subcontractor qualification in accordance with section S2-2	Supplier or subcontractor evaluation in accordance with section S2-2 Monitoring of notifications in accordance with section S2-3
Positive impact	Implementing health and safety solutions and standards	Implementing the solutions described below and in section S1-14 – including health and safety training, Safety Week Supplier or subcontractor qualification in accordance with section S2-2	As described in section S1-14 Monitoring of the indicators described in section S1-14 Supplier or subcontractor evaluation in accordance with section S2-2 Monitoring of notifications in accordance with section S2-3
Positive impact	Striving to implement ethical business conduct solutions among suppliers and subcontractors	Supplier or subcontractor qualification in accordance with section S2-2	Supplier or subcontractor evaluation in accordance with section S2-2 Monitoring of notifications in accordance with section S2-3
Risk	Risk to employee health and life resulting from injury, occupational disease or death in service	Implementing the solutions described below and in section S1-14 – including health and safety training, Safety Week Supplier or subcontractor qualification in accordance with section S2-2	As described in section S1-14 Monitoring of the indicators described in section S1-14 Supplier or subcontractor evaluation in accordance with section S2-2 Monitoring of notifications in accordance with section S2-3
	Reputational risks associated with inadequate supervision of a subcontractor which may lead to incidents of discrimination in the value chain, e.g. on the basis of ethnicity or citizenship.		
Risk	Risk of extreme weather events, such as heat waves, leading to a lower work efficiency and reduced manual worker activity.		
Risk	Occurrence of incidents of discrimination in the value chain	Supplier or subcontractor qualification in accordance with section S2-2	Supplier or subcontractor evaluation in accordance with section S2-2 Monitoring of notifications in accordance with section S2-3

External stakeholders, including value chain workers, can report negative impacts caused by the Budimex Group through the dedicated reporting channels described in subsection 9.1 *Processes to remediate negative impacts and channels for own workers to raise concerns and related actions* (S1-3), in particular through the anonymous online platform described there, which can be accessed through the website of each Group company.

The goal is to ensure that any risks and potential negative impacts exerted through the Group's operations on value chain workers are identified. The reports, if any, are handled through the process described in subsection 9.1 *Processes to remediate negative impacts and channels for own workers to raise concerns and related actions* (S1-3).

The Budimex Group does not have a separate tool to survey the satisfaction of value chain workers concerning the communication channels described in this chapter. These people, however, may raise concerns in individual reports, as well as directly to Budimex

Group representatives. In accordance with the disclosures in Section 10.1 *Business conduct*, retaliation is prohibited in the Budimex Group.

### **Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5)**

According to the ESG Strategy, each year, top management will make regular safety visits to contract performance sites combined with meetings with company employees and business partners. The Budimex Group also plans to hold an annual Budimex Group Safety Week on at least 90% of its contracts (a description of this program is presented in Chapter 9.1 *Budimex Group's own workforce*).

The Budimex Group did not work directly with value chain workers in setting the above target.

## **9.3 Affected communities**

### **Management of material sustainability matters among local communities (SBM-2, SBM-3, S3-1)**

As part of the double materiality analysis process, actual and potential impacts in the area of affected communities were identified and then assessed. These relate to the Budimex Group's value chain. The possible negative impacts on affected communities identified by the Budimex Group consist of the potential negative impacts of its projects on the environment (e.g., noise, traffic obstruction, pollution, health and safety risks).

The Budimex Group also identified and assessed positive impacts in the area of affected communities: a positive impact of cooperation with local communities on dialogue with external stakeholders, support for ongoing investments, execution of amenities for local communities.

In addition to the above impacts and risks, the Budimex Group does not identify significant opportunities in the area of local communities.

The Budimex Group is aware that in the locations where it performs construction contracts or carries out other activities (e.g. waste collection, recycling processes) it becomes, for a certain period of time, an important entity for the local communities, which it can impact.

Budimex SA's Office of Communications and Public Relations and Office of Strategic Analysis are responsible for conducting dialogue with local communities. The frequency and forms of contact match the needs and relations with a particular stakeholder group. In 2024, the consultation and social dialogue process covered more than 386 complaints from residents. 318 Social conflicts were resolved as a result of the consultations and actions taken.

The unit responsible for the dialogue with stakeholders in the Mostostal Kraków Group is the Office of the Management Board, Administration and Communication. The Company's actions in this area are based on soliciting and reviewing feedback from stakeholders and taking concrete, jointly developed actions.

Contact with external stakeholders of the FBŚerwis Group is under purview of the Management Board, as well as the Marketing and Communication Department and customer service employees.

In the remaining Budimex Group companies is under purview of the companies' management boards.

The Budimex Group has adopted the following policies to manage material impacts, risks and opportunities related to affected communities:

- *Policy of cooperation with local communities on contracts,*
- *Rules for participation in sponsored events and other activities with a conflict of interest,*
- *Giving and receiving gifts,*
- *Rules of conduct in the event of a suspected breach of the Compliance Policy and preventing such breaches,*
- *Code of Ethics.*

These policies are consistent with internationally recognised social standards (among others, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises). Due to the scope and nature of the Group's operations, it does not have dedicated policies for indigenous peoples.

Processes for engaging with affected communities about impacts (S3-2)

Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4)

**Table 75. Actions taken by the Budimex Group in relation to impacts on affected communities and ways to monitor their effectiveness**

Type of impact		Description of impact	Type of actions taken	How to monitor the effectiveness of actions taken
Negative impact	Negative impact on the environment – e.g., noise, traffic disruption, pollution, health and safety risks	Implementing the solutions described below and in section E1-2 in the pollution prevention area and in section S1-14 in the area of health and safety		As described below (actions taken during the contract term)
Positive impact	Cooperation with representatives of local communities	As described below (pre-contract actions)		As described below (actions taken during the contract term)

Before the commencement of works and in their course, the Budimex Group makes efforts to counteract and minimise possible inconveniences related to the construction process and to ensure safety. Actions are taken in accordance with a transparent and reliable information policy, and social programs tailored to local conditions are implemented.

**Actions taken before the beginning of construction work:**

- informing the local media about the commencement date and planned completion of the project, as well as the expected difficulties (if the investor has not already informed them),
- in case of expected major inconvenience to the local community, holding a meeting with local opinion leaders (local authorities, journalists, residents' representatives, local associations, business clubs, etc.) to inform them and answer their questions,
- informing local opinion leaders about the possibility and channels of contact with the site management (e-mail address, phone number, address of the construction office, contact box at the construction site, etc.).

**Actions taken during the contract period**

Nurturing relations with local communities:

- efforts to minimise the negative impact of the ongoing project on the lives of nearby residents,
- providing timely, comprehensive and factual responses to questions as they arise,
- getting involved (where possible) and providing technical, material or financial support to local community initiatives.

Nurturing relations with local media:

- granting permissions for site visits (through the Office of Communications and Public Relations),
- providing reliable and factual information on the progress of work on site.

Nurturing relations with local authorities:

- getting involved where possible in the activities and providing support to local government initiatives,
- implementing Budimex Group's social programs (through the Office of Communications and Public Relations).

Communication and cooperation with the inhabitants of the areas directly adjacent to the investments under construction is very important for the Budimex Group. The *Instruction for cooperation with local communities* sets out specific actions that must be taken both before the construction work begins (conducting a dialogue about the project to address possible concerns) and during the contract (building relationships with the social environment of the project). The Office of Communications and Public Relations is responsible for working with local communities, as well as directors and managers of construction contracts and site managers.

The Budimex Group, being aware of both the actual and potential impacts of its operations on local communities, cooperates with local communities as part of its due diligence process and seeks to minimise negative impacts on local communities.

The purpose of the process is to achieve constructive dialogue with affected communities and their legitimate representatives regarding the significant actual and potential, positive or negative impacts that affect or may affect these communities.

Due to the fact that many projects may cause difficulties for residents (e.g., increased traffic and noise resulting from the transport of construction materials and the work of machinery, road closures), non-mandatory social consultations are carried out. To this end, Budimex Group representatives attend sessions of township and city councils to address any concerns and respond to

comments on an ongoing basis. Consultations with local governments are also frequently organised. The Budimex Group also provides feedback channels to residents, such as the contact form on the website and the company's social media profiles, through which an ongoing dialogue with stakeholders can be conducted. These actions help to reduce the risk of events that could have a negative impact on local communities. They prevent social protests and delays in administrative procedures. Notwithstanding the above, the Budimex Group conducts information campaigns to build awareness of its contractual activities and of the actions it is taking for the benefit of local communities.

**Summary of disclosure activities carried out by Budimex SA in 2024:**

- result conferences (for 2023, for Q1 2024, for H1 2024, for Q1-Q3 2024),
- publication of an integrated report for 2023,
- participation in the Green Tram Stop campaign in Warsaw,
- participation in the Polish Infrastructure Congress,
- participation in the Railway Congress,
- participation in the European Economic Congress,
- participation in the Economic Forum in Karpacz,
- participation in the Wallstreet 2024 conference,
- participation in EEC Trends 2024,
- participation in the 31st Silniční conference,
- participation in the European Congress of Local Governments,
- participation in the MOVE Poznań Congress,
- participation in the New Mobility Congress,
- joint organisation of the Home from the Heart social campaign involving the construction of a house for a person in crisis of homelessness in Wołomin near Warsaw,
- official opening of the Parent Zone in Bielsko-Biała,
- official opening of the Parent Zone in Bratislava,
- official opening of the Parent Zone in Poznań.

**Social consultation of contracts:**

- Baltic Hub in Gdansk,
- Retkinia launch chamber in Łódź,
- modernisation of DW501 in the Pomorskie Voivodeship,
- Tri-City Metropolitan Bypass,
- streetcar to Wilanów in Warsaw.

**Information campaigns targeting residents living in the neighbourhood of the construction sites listed below:**

- Military Hospital in Kraków,
- Elk Railway Station,
- Warszawa Zachodnia Station,
- Streetcar to Wilanów in Warsaw,
- Baltic Hub in Gdansk,
- Railroad line no. 104, Limanowa – Nowy Sącz,
- Tri-City Metropolitan Bypass,
- Warsaw Gas Pipeline,
- Modernisation of DW501.

**Information campaigns related to the progress of construction contracts:**

- Elk Railway Station,
- Warszawa Zachodnia Station,
- Streetcar to Wilanów in Warsaw,
- Baltic Hub in Gdansk,
- Railroad line no. 104, Limanowa – Nowy Sącz,
- Tri-City Metropolitan Bypass,
- S1 Oświęcim Bypass,
- S1 Podwarpie – Dąbrowa Górnicza,
- S7 Modlin – Czostków,
- Drezdenko Bypass,
- D35 Trutnov motorway in the Czech Republic,
- D1/D4 motorway interchange in Slovakia,
- Kutrin flood control reservoir in the Czech Republic,
- Rail Baltica in Latvia.

### **Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)**

External stakeholders, including representatives of local communities, may report negative impacts caused by the Budimex Group through dedicated reporting channels described in subsection 9.1 *Processes to remediate negative impacts and channels for own workers to raise concerns and related actions (S1-3)*, in particular through the anonymous online platform described there, access to which is indicated on the website of each Group company. Reports, if any, are handled through the process described in subsection S1-3 *In accordance with the disclosures* in Section 10.1 *Business conduct*, retaliation is prohibited in the Budimex Group.

The goal is to ensure that any risks and potential negative impacts exerted through the Group's operations on affected communities are identified. In 2024, there were no long-term conflicts with local communities in Budimex SA's operations. Several incidents were reported during the period; in each case, corrective actions were taken to mitigate the inconveniences identified.

The Budimex Group does not have a separate tool to survey the satisfaction of affected communities with the communication channels described in this chapter. However, these individuals may raise any concerns they may have through individual submissions, as well as through the social consultation process described in this chapter.

In 2024, the Budimex Group took actions within the framework of ongoing contracts to prevent potential negative impacts of its activities and to counteract Risks associated with its operations. Actions of this type are dependent on the specific contract and information obtained from representatives of local communities. Examples of such actions are described in the *Instruction for cooperation with local communities on contracts*. Using the example of completed projects, they may consist of:

- use of noise minimisation technologies,
- cleaning access roads and roads adjacent to ongoing projects with special equipment,
- developing a schedule for the delivery of materials that takes into account the least possible disruption to neighbouring institutions and office buildings,
- building temporary roads for the transport of heavy goods,
- providing information on the planned execution of works that may cause nuisance.

In 2024, the companies helped those in need primarily through programs they initiated in earlier years and through long-term cooperation with local NGOs and public institutions. These programs are described below.

#### **Parent Zone**

The Parent Zone is a nationwide social program initiated and fully financed by Budimex SA. As part of the project, in children's hospital wards throughout Poland, through special arrangement of rooms or parts of corridors, spaces are created where the youngest patients can spend time with their parents, forgetting about illness and discovering the world through play. The project has also a broader dimension – it promotes emotional and health benefits arising from the family involvement in care over a treated child. The initiative is carried out with the participation of Budimex SA employees who become engaged as volunteers in arranging these zones e.g. by performing minor fit-out works. In 2024, three new hospital Parent Zones were established in Bratislava, Poznań and Bielsko-Biała.

Program website: <https://strefarodzica.budimex.pl>.

#### **Home from the Heart**

In 2023, the third edition of the Home from the Heart program was launched, which aims to support families that face housing and material difficulties. This time Budimex SA, with the support of other construction companies and volunteers from Budimex Group companies, built a modern and environmentally friendly modular house in Wołomin for Ms. Teresa, who lost her home to a fire. The fully finished and equipped house was delivered in December 2024.

More information on the initiative is available at <https://domzserca.pl>.

#### **Hello ICE**

The Hello ICE education initiative is an original initiative of the Budimex Group. It consists in organising interesting, interactive lessons on safety, during which preschoolers and primary schoolers learn appropriate behavior on the road and are taught to provide first aid. In 2023, the project's topics were expanded to include how to safely ride rollerblades, scooters or electric bicycles, and the program continued to operate in this format in 2024. In the year covered by this report, more than 20 thousand children from various education establishments took part in a total of 160 meetings with Budimex SA volunteers and the police and fire service representatives.

More information about the initiative under the honorary patronage of the Minister of Sports and Tourism is available at <https://helloice.pl>.

#### **Support for other initiatives and entities**

In 2024, Budimex SA continued to co-finance the Diamond Explorers scholarship program, which is aimed at providing financial support to talented and effectively operating groups of young people, to make it possible for them to participate in nation-wide and international exact and engineering science competitions. More information about the project is available at <https://odkrywcydiamentow.com.pl>.

In the past year Budimex SA continued its aid for young people in difficult life situations, donating funds to the Demos Foundation, which offers premises for educational, therapeutic and sports activities, as well as organises scholarship programs and workshops for youth leaders. The company also supports the purchase of school equipment and the organisation of educational tournaments and holiday rest for school students in areas fighting poverty in the following voivodeships: Warmińsko-Mazurskie, Mazowieckie, Podlaskie and Łódzkie, as well as the operation of volunteer fire-fighting teams.

In 2024, charitable, social, cultural, research and sports initiatives addressed to the local community received support from the Group in the form of donations.

In 2024, the Budimex Group was involved in helping those affected by flooding in Poland, taking action at both the operational and humanitarian levels. In areas at risk of flooding, the Group identified nine construction sites that were secured and evacuated to minimise the risk of loss. Budimex Group employees have organised standing duties to support local communities. One example is a team of employees in Nysa Kłodzka, which used heavy equipment to repair a damaged flood wall, pull large branches out of the river and lay sandbags to protect the town.

Budimex Group employees from all over Poland organised a collection of the most necessary items for three towns: Kłodzko, Nysa and Glucholazy. They delivered 19 pallets of supplies, including medicines, food, gas stoves, as well as wheelbarrows, buckets, brushes, shovels, mops, flashlights, gloves and 11 thousand litres of cleaning products. This kind of support shows the company's commitment and solidarity in difficult moments.

### **Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S3-5)**

The Budimex Group is aware that it significantly affects the daily life of local communities through its projects. The Group's goal is to improve the quality of life of the affected communities, and therefore it is open to dialogue. Group representatives regularly meet with local stakeholders and listen to their expectations regarding the Group's impact on the environment. The Budimex Group supports local initiatives, maintains communication on ongoing projects and joins in charitable activities. In 2024, the Group conducted more than 50 information activities on all ongoing contracts and intends to maintain this level in the following years.

## **9.4 Consumers and end-users**

### **Consumers and end-users and related policies (SBM-2, SBM-3, S4-1)**

As part of the double materiality analysis process, actual and potential impacts in the area of consumers and end-users were identified and then assessed. This area is related to the Budimex Group's value chain.

In this area, the Budimex Group has identified and assessed a positive impact related to the performed construction work and its accessibility to a wide range of consumers and end-users.

As a key risk in this area, the Budimex Group has identified and assessed the risks associated with the market entry of foreign construction companies that benefit from less restrictive regulations and cheaper labour, which may allow them to achieve competitive advantage and lower project execution costs; as well as deterioration of economic conditions on the Polish construction market, postponement of infrastructure and railroad investments, reduced funding, high inflation and increased production, fuel and energy costs, causing delays in project implementation and increased operating costs.

In the same area, the following opportunities were identified and assessed:

- Opportunity for the Group to improve relations with consumers and principals, which may translate into more contracts in the future and regular long-term cooperation on domestic and international projects and international projects; an opportunity to strengthen its bargaining position for local investments; improved relations with minority shareholders; and increased public support for the company and its projects,
- The Group may shape trends, requirements and customer expectations through technological innovations.

The mission of the Budimex Group is to execute construction projects, as well as, among other things, provide services in the area of waste management and production of steel structures, with respect and care for the satisfaction of its customers the comfort of end-users. Customers are the foundation of Budimex Group's operations and are at the center of its business model. This is demonstrated by the influence of consumers' interests, opinions and rights (including respect for human rights) on the strategy of the Budimex Group.

In connection with its business profile, the Budimex Group identifies the following groups of end-users:

- individual customers – buyers and tenants of properties built by the Budimex Group,
- corporate customers and users and their employees who use commercial properties (e.g., employees of factories and other corporate properties developed by Budimex),
- users of infrastructure investments and civil engineering facilities executed by the Budimex Group (e.g., roads, bridges, railroads),
- customers using goods and services that are provided as a result of power and industrial investment projects executed by the Budimex Group,
- customers using steel structure manufacturing and industrial implementation services,
- customers using road infrastructure maintenance and waste management services.

For more on the Budimex Group's customers, see Chapter 7.5 *Value chain*.

As disclosed in Section 9.1 *Budimex Group's own workforce*, the Budimex Group complies with the *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises, among others*. Due to the scope and nature of the Group's business, it does not have dedicated policies for consumers and end-users in this regard. Quality management procedures relevant to the consumers and end-users area are described later in this section.

### Processes for engaging with consumers and end-users (S4-2)

#### Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)

**Table 76. Actions taken by the Budimex Group in relation to impacts on consumers and end-users and ways to monitor their effectiveness**

Type of impact	Description of impact	Type of actions taken	How to monitor the effectiveness of actions taken
Positive impact	Positive impact of the construction work performed and its accessibility to a wide range of consumers	Managing the quality of services provided in accordance with the disclosures presented in this chapter	Monitoring the quality of services provided in accordance with the disclosures presented in this chapter  Monitoring the notifications in accordance with section S4-3 of this chapter
Risk	Risks associated with a possible downturn in the construction market and the entry of foreign competitors into the market		
Opportunity	Building better relationships with consumers and end-users when quality services are provided, strengthening the bargaining position for local investments, increasing public support for the Group and its projects		
Opportunity	Opportunity to shape customer trends, demands and expectations through technological innovations		

The Budimex Group takes into account the opinions of consumers and end-users reported to Group representatives, but does not have a dedicated process in this area. End-users and consumers may submit their comments and opinions on the Budimex Group's operations through the channels described in section S4-3 of this chapter.

### **Quality management in the context of material impacts, risks and opportunities identified in the area of end-users**

Caring for the highest quality of provided services is one of Budimex Group's core values, and meeting the principle of due diligence in this area is guaranteed by the certified Integrated Management System operating in the Group. It includes both a quality management system that complies with the requirements of ISO 9001 and a quality assurance system for design, development and production based on the AQAP 2110 standard, which specifies NATO requirements. Details of the service quality survey are described in the *Service quality survey* subsection below.

#### **Service quality survey**

Uniform quality procedures apply during the Group's performance of all contracts. They regulate in detail the conduct of quality control at construction sites and the management of the quality of mineral and asphalt mixes, concrete mixtures and aggregates. The relevant procedures also specify the rules for the procurement and use of individual raw materials at various stages of the construction process, and indicate the actions to be taken if deviations from the standard are found. The quality of contract performance is confirmed by certificates and accreditations.

In 2024, day-to-day control of the quality of work performed and materials used, including in the context of the safety of building structures, was carried out by the Central Laboratory and 29 field laboratories owned by the Group.

The Central Laboratory operates in accordance with ISO/IEC 17025 and has been accredited by the Polish Accreditation Center since 2013, with accreditation extended to the field laboratory in Szczecin in 2024<sup>116</sup>. Accreditation ensures transparency and is objective proof that the Laboratory operates in accordance with the best practices. The Laboratory regularly participates in comparative inter-laboratory studies and proficiency tests, with the aim of constantly improving its testing methods and raising the level of its services. As part of its activities, it constantly cooperates with various testing bodies.

Budimex SA's Quality Department and Technology Department conducts research and development activities and shares knowledge and experience, taking part in scientific conferences and publishing articles in industry journals. These departments also provides technology consulting services.

Budimex SA's laboratories provide, among others, the following services:

- testing of asphalts and asphalt emulsions,
- testing and design of mineral and asphalt mixes,
- testing of soil-binder and mineral-cement-emulsion (MCE) mixtures,
- soil testing,
- aggregate testing,
- testing of cements and cement mortars,
- testing of concrete mixtures and hardened concrete,
- diagnostics of asphalt and concrete pavements, including GPR, laser profiler and FWD dynamic deflection meter,
- field acceptance testing of road construction layers,
- geological exploration of the subsoil.

An important part of the laboratories' work is to strive to optimise the use of natural resources, in particular to analyse the feasibility of using recycled and waste materials in construction. Care for the environment is also manifested by the laboratories' use of energy from renewable sources. There are photovoltaic panels on the roof of the Central Laboratory building, which, combined with a system for monitoring electricity consumption, reduces its carbon footprint. A positive environmental impact is achieved also through the use of lower energy intensity containers, which have an insulated floor, LED lighting, a heat pump and windows with a reduced heat transfer coefficient. The laboratories also meet the needs of specialised projects implemented by Budimex and related new testing procedures. As part of providing complete laboratory services during the construction of a tunnel along railroad line No. 104, the field laboratory in Piszczowa (Małopolskie Voivodship) has expanded the range of tests performed to include ongoing monitoring of grout (binary grout) parameters, such as e.g. grout density, gel time and bleeding.

Exposure to the environment can reduce the durability of concrete structures, which is especially negatively affected by chlorides contained in roadway de-icing agents and seawater. Chloride ions, after moving through the concrete, can cause corrosion of the reinforcement. In order to meet the quality and monitoring requirements for concrete, the field laboratory in Koszwały (Pomorskie Voivodship) implemented a research method to determine the resistance of concrete to chloride ion migration based on NT Build procedure 492.

In connection with the Budimex Group's international expansion in neighbouring markets, it was decided to expand laboratory services. The first laboratory will be set up in the Czech Republic, where it will support ongoing projects. The Field Laboratory in Szczecin successfully provides services for projects in Brandenburg and Mecklenburg-Vorpommern in the German market.

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<sup>116</sup> Its scope can be viewed at:  
<https://www.pca.gov.pl/akredytowane-podmioty/akredytacje-aktywne/laboratoria-badawcze/AB%201414.plik.html>

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## **Research and development activities**

The Budimex Group participates in the development of technologies. They enable cost optimisation of construction works and execution work and reduce its impact on the environment, as well as more sustainable operation of finished buildings.

One of the Group's primary areas of interest is recycling of construction materials, which reduces the industry's need for natural raw materials. To this end, the Budimex Group is pursuing projects related to the use of asphalt granules in the production of mineral and asphalt mixes, as well as exploring the use of rejuvenators to improve the properties of asphalt and ensure high-quality mixes. Another area is the production of temperature-reduced asphalt mixtures, which reduces greenhouse gas emissions.

### **Foamed asphalt for the production of mineral and asphalt mixes**

Actions to determine the suitability of water-foamed asphalt for the production of mineral-asphalt mixtures at reduced process temperatures. The need for its implementation arises from the ever-increasing requirements of European directives in terms of achieving climate neutrality by companies. In addition, the technology can translate into an increase in the economic efficiency of the MMA production process, a reduction in the energy required to heat mineral materials and asphalt binders, and a reduction in the Emission of volatile organic compounds into the environment at the stage of manufacturing, transporting and embedding mineral-asphalt mixtures (MMA).

### **Measures to reduce dust on ground surfaces**

As part of an internal project, research was conducted on the application of two dust-reducing agents on soil pavements: a commercially available agent and an environmentally friendly by-product of the paper manufacturing process. Both agents were applied to a dirt road in one of the ongoing projects. The purpose of the project was to reduce dust on ground surfaces, which has a direct impact on reducing water consumption, improving safety and comfort for residents and road users. The observations after the agents were applied to the dirt road showed a significant reduction of dust emissions. Putting these agents into use can bring both environmental and economic benefits, improving the quality of life for residents and road users.

## **Innovation**

2024 was an important year for the Budimex Group in terms of innovation management. An innovation strategy was approved and implemented. The strategy sets long-term targets for technological development and the introduction of innovative products and services. With this strategy, the Group can coordinate activities across the organisation, focus on key innovation areas, and better utilise the Group's creative potential. The strategy consists of 5 pillars:

- the first pillar is artificial intelligence, where advanced generative AI systems are being tested and implemented, with a focus on responsible use,
- the second area is green energy and energy efficiency on construction sites,
- the third pillar is Construction Tech, focusing on technologies and materials in construction, especially those that can be used to reduce the carbon footprint,
- the fourth area is CleanTech, where work is being done on circular economy solutions for the construction industry,
- the last pillar is robotisation, aimed at automating processes and increasing productivity.

More than 300 employees of the Group gained access to AI tools in 2024, sharing their observations on an ongoing basis, which enables informed implementation of these solutions. The Group works on the basis of pilot programs and evaluation of implemented solutions.

In 2024, the Group purchased two robotic platforms, which in the coming years it will integrate with advanced sensors and cameras to perform automated inspections of construction sites.

The foundation of the Group's innovation strategy is a culture of innovation, enshrined directly in the strategy. To build it, the Group has invited employees as part of the Budimex Innovators program to jointly create the company's research agenda to make sure that innovation meets the real needs of employees.

The purpose of this internal employee program is also to develop competencies in new technology areas. 137 Candidates applied for the program, out of which 80 were selected and are now participating in various projects and initiatives.

The Budimex Innovators Program brings together employees from different departments and sites to form an interdisciplinary team working together to identify, evaluate and implement cutting-edge technological solutions. Program participants acquire new skills and expand their knowledge of innovation through specialised training and workshops.

The Budimex Innovators program supports professional development of employees and contributes to building a culture of innovation at Budimex.

The culture of innovation is at the heart of Budimex Group's innovation strategy. The Group is committed to openness, collaboration and continuous improvement, engaging employees at all levels to collaborate on innovative solutions.

One of the elements of the Budimex Group's innovation strategy is cooperation at the interface of science and business. Showing its openness to this form of cooperation, the Group has appointed a coordinator whose task is to establish and develop relations with scientific institutions. In this way, the Group wants to combine the potential of science with practical business experience, creating innovative solutions that address real market needs. To ensure effective management of innovation, the Group has created an internal register of projects to effectively manage and verify new ideas.

### **Building Information Modeling**

The BIM (*Building Information Modeling*) methodology is used in the Budimex Group to optimise all stages of the construction process, from design to construction to maintenance of buildings, and to optimise internal processes and improve operational efficiency.

In 2024, the Group continued to apply the BIM methodology and sought new areas to apply it in our organisation. It is applied in the Group in key areas, namely:

- modern technologies,
- efficient processes,
- customer cooperation.

In 2024, the BIM methodology was used by the Budimex Group in a number of projects, with some deserving a special mention: the construction of the railroad line No. 104 section D Limanowa – siding Klęczany, the construction of a deep-water wharf of terminal T3, the reconstruction of the Warszawa Zachodnia railroad station and the construction of the Military Clinical Hospital building in Krakow.

### **CDE**

One of the key elements of the methodology in question is the use of CDE (*Common Data Environment*) platforms during the construction process as a central system for communication, management of documentation and of BIM models, and to streamline processes, such as the acceptance of construction work. The CDE platform supports project management processes, automates the flow of information, and enables monitoring of work progress. By integrating it with other tools, such as 3D modelling software, it enables rapid detection of collisions and problem solving during the design and construction phases.

### **Designing with BIM methodology**

Design software based on BIM methodology allows designs in the form of three-dimensional models along with the necessary material and quantitative information to be developed early in the design process. By using these capabilities, designers can quickly analyse different design scenarios, optimise solutions for energy efficiency, cost or sustainability, and better manage design and construction risks.

### **LiDAR**

Another key solution based on the BIM technology used by the Budimex Group is LiDAR laser scanning. This technology enables efficient inventory of buildings and infrastructure objects. Through laser scanning, it is possible to acquire data from the area of the planned project in a very short time, or take measurements during ongoing work to verify the original design assumptions. LiDAR is a remote sensing technology used for surveying and measurement, generating a point cloud – a digital representation of the surveyed object or space.

### **Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)**

Budimex Group has not identified any significant negative impacts on consumers or end-users in 2024.

External stakeholders, including consumers and end-users, can report negative impacts caused by the Budimex Group through the dedicated reporting channels described in subsection 9.1 *Processes to remediate negative impacts and channels for own workers to raise concerns and related actions (S1-3)*, in particular through the anonymous online platform described there, access to which is indicated on the website of each Group company.

The goal is to ensure that any risks and potential negative impacts exerted through the Group's operations on consumers and end-users are identified. The reports, if any, are handled through the process described in chapter 1 *Processes to remediate negative impacts and channels for own workers to raise concerns and related actions (S1-3)*.

The Budimex Group does not have a separate tool to survey the satisfaction of consumers and end-users with the communication channels described in this chapter. These people, however, may raise concerns in individual reports, as well as communicate them directly to Budimex Group representatives in accordance with the disclosure presented in section 10.1 *Business conduct*.

### **Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and material opportunities (S4-5)**

The Budimex Group strives to continuously improve the quality of its construction works. The goal for improving the quality of services is monitored by the *quality conformance* (QC) indicator, which reached 97.2% in 2024, which is higher than 96.3% in 2023. The QC indicator is calculated on the basis of laboratory test monitoring data, and its value corresponds to the percentage of tests completed with a positive result.

An aerial photograph of a city, likely Paris, showing a large, multi-story building with a grid-like facade in the foreground. The city extends to the horizon under a hazy sky. The entire image is overlaid with a semi-transparent yellow filter. The text '10. GOVERNANCE INFORMATION' is positioned in the lower-left quadrant of the image.

**10.  
GOVERNANCE  
INFORMATION**

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## 10 GOVERNANCE INFORMATION

### 10.1 Business conduct

#### Anti-corruption and anti-bribery (G1-1, G1-2, G1-3)

The Budimex Group in its operations attaches particular importance to the implementation and application of appropriate standards for compliance with regulations and aimed at preventing corruption and bribery, and strives to ensure the highest level of compliance in its operations. One of the key principles adopted by the Group companies is to respect the law and business ethics.

The Budimex Group does not tolerate corruption, operates transparently and in accordance with the law, does not violate ethical standards and uses fair methods that are compliant with the law and internal regulations to establish business relationships with partners. The Budimex Group has in place a compliance system that minimises the risk of unethical or illegal activities that could harm the Group's interests and image, and to protect all functions that are most vulnerable to corruption.

As part of the double materiality analysis process, actual and potential impacts in the area of business conduct were identified and then assessed. This area concerns both Budimex Group's own operations and its value chain.

The Budimex Group has identified and assessed the following positive impacts in the area of business conduct:

- positive impact on developing a culture of ethics among employees resulting from the introduction and practical application of *the Code of Ethics*, including monitoring compliance, conducting employee awareness training, and using communication channels for this purpose among internal employees.
- positive impact on relations with external stakeholders as a result of compliance with the *Contractor Code of Conduct* and timely payments,
- positive impact on business standards resulting from the Budimex Group's ethical conduct resulting from the adopted management model and policies, such as the *Anti-Corruption Policy*, which strengthen corporate governance.

As part of the double materiality analysis, the Budimex Group further identified and assessed the following risks in the area of business conduct:

- risk of sanctions in case of non-compliance with applicable laws, which may reduce our competitiveness in the market, diminish trust of business partners and lower ratings,
- risk of occurrence of incidents of corruption and fraud, including violations of anti-corruption laws, the *Law on preventing money laundering and terrorism financing*, and fraud in the awarding of public contracts.

In this regard, the main areas of specific legal risks prevented by the compliance system in the Budimex Group are:

- risk of non-compliance with applicable laws, industry standards and internal regulations put in place as part of the Management System,
- risk of corruption and other fraud,
- acts of unfair competition and possible proceedings before the UOKiK in connection with allegations of a violation of the competition law,
- conflicts of interest,
- violation of employee rights and obligations,
- bullying, harassment and discrimination,
- giving and receiving gifts,
- breach of business confidentiality,
- disclosure or use of confidential information that is of value to the company,
- violation of human rights,
- breach of confidentiality (applies to investigations of reported violations),
- risks of violation of data protection rights,
- liability under the Act on Collective Entities (with particular emphasis on environmental crimes).

The primary document of the compliance system is the *Compliance Policy*, which defines the general directions and principles to be followed by all individuals who constitute Budimex Group's own workforce when performing their official and contractual duties. The purpose of the *Compliance Policy* is to:

- strengthen business culture and ethics in the Group and in its day-to-day operations,
- make the management and the Group's own workforce sensitive to issues related to the need to comply with both the Group's regulations and generally applicable laws and regulations,
- monitor the activities of Group companies in terms of compliance and application of compliance solutions,
- identify risks associated with irregularities in the areas mentioned above and take measures to eliminate detected irregularities and prevent activities that may bear the hallmarks of crime,
- minimise or exclude the occurrence of risks associated with the current operations of Budimex Group companies.

The basic principles of the *Compliance Policy* are respect for the law, ethics and integrity, transparency and the zero tolerance principle. All actions taken by the Budimex Group are regularly reviewed to ensure their compliance with applicable laws and/or

the Compliance System, as well as to assess potential violations, identify new risks in the area of Compliance and implement processes to ensure the minimisation of the occurrence of irregularities in the future – in accordance with the “zero tolerance” approach to actions that do not comply with applicable laws and the Compliance System.

In addition, the Budimex Group has in place the *Code of Ethics*, the *Anti-Corruption Policy* and a set of operating instructions, among others, the *procedure for reporting violations of the law, violations of the compliance policy, taking follow-up measures, protection of whistleblowers and prevention of violations*.

Compliance principles are observed by Budimex Group companies by adhering to applicable laws and regulations and to:

- articles of incorporation of the companies,
- *Code of Ethics*,
- policies, procedures, instructions in effect in the companies, including in particular those intended to minimise the risk of Group employees (acting in the performance of their official duties) and employees of a company in any activities bearing the hallmarks of corruption, which are regulated, among others, in the *Compliance Policy*, *Anti-Corruption Policy* and also in instructions:
  - *Procedure for reporting violations of the law, violations of the Compliance Policy, taking follow-up measures, protection of whistleblowers and prevention of violations*,
  - *Rules of conduct in case of an offer to accept a financial benefit and in case of attempts to intimidate the employee*,
  - as well as the Group’s existing instructions on conflicts of interest and the giving and receiving of gifts.

According to the *Compliance Policy* in force in the Budimex Group, the bodies responsible for introducing the *Compliance Policy* in the Companies, updating the compliance system, implementing procedures to comply with the rules expressed in the *Compliance Policy* and contained in the compliance system, as well as those arising from applicable laws, are the Management Boards of the Companies.

The Budimex Group, the FBSerwis Group, and the Mostostal Kraków Group have appointed individuals responsible for the compliance area, i.e. the Legal Director of the compliance area (Budimex Group), the Head of the Compliance Department (FBSerwis Group) and the Compliance Coordinator (Mostostal Kraków Group).

#### **Anti-corruption**

The Budimex Group has implemented an *Anti-Corruption Policy* containing regulations to prevent corruption. The *Anti-Corruption Policy* details the principle expressed in the *Code of Ethics* “*We do not condone any form of corruption*”.

Anti-corruption regulations equip individuals who constitute Budimex Group’s own workforce with clearly defined rules of conduct aimed at avoiding incidents of corruption. The basic anti-corruption rules set forth in the *Anti-Corruption Policy* are:

- principle of “zero tolerance” for corruption,
- the rule of law principles,
- principles of acting with integrity and ethics,
- principles of conducting business in a transparent manner.

The *Anti-Corruption Policy* establishes rules and standards of conduct in Budimex Group companies aimed at:

- ensuring compliance with anti-corruption regulations,
- observance of anti-corruption standards of the Warsaw Stock Exchange,
- preventing and responding to corrupt actions or those that may bear the hallmarks of corruption,
- meeting and promoting the highest standards of ethics and transparency in business conduct,
- continuously improving actions against corruption.

The purpose of the *Anti-Corruption Policy* is to ensure that the Group’s operations comply with applicable laws, both domestic and international (in particular, the United Nations Convention against Corruption, the OECD Convention on Combating *Bribery* of Foreign Public Officials in International Business Transactions, the *Foreign Corrupt Practices Act* (FCPA) and the *UK Bribery Act*).

The *Anti-Corruption Policy* is addressed to all persons constituting the company’s own workforce and business partners, who are required to familiarise themselves with its principles and its application.

Additional internal regulations comprising the Budimex Group’s anti-corruption system include the *Compliance Policy*, the *Code of Ethics*, a set of operating instructions, ethical clauses included in the applicable model contracts, and the *Business Partner Code* adopted by the Budimex SA Management Board on 15 January 2025.

The Budimex Group considers the following areas to be particularly vulnerable to corruption:

- accepting and giving gifts and attending business meetings held for or by business partners,
- business travel expenses,
- selection of service and goods suppliers and relationships with business partners,
- participation in tenders,
- making purchases and payments on behalf of and for the account of Group companies and incurring liabilities,
- activities related to taxes and financial reporting,
- obtaining permits and administrative decisions,
- contacts with state and local government authorities and inspections by authorised bodies,
- activities related to hiring and remuneration.

All persons working in Budimex Group in the areas indicated above are covered by mandatory compliance trainings.

In business relationships, Budimex Group companies pay attention to any warning signs that may indicate the emergence of corruption risks; these include, among others:

- requesting unusual payment methods/schemes,
- post-dating or changing the content of invoices,
- lack of objective reasons to use the services of a particular business partner,
- lack of appropriate skills, resources, experience required for the declared scope of cooperation with the business partner,
- reluctance of the business partner to enter into a written agreement,
- negative reputation of the business partner, including previous involvement or suspicion of involvement in corruption or other indications of unreliable or non-transparent conduct,
- limited knowledge of the business partner's operations,
- frequent or disproportionate gifts or expressions of hospitality,
- unusual requests designed to conceal or falsify any information.

Corruption risks are identified as part of the ongoing risk identification process described in Section 7.3 *Sustainability management*.

The fight with corruption is an important part of compliance training. In 2024, training and development programs were conducted to enhance employees' knowledge in the following areas: anti-corruption, anti-discrimination in all forms, management of conflicts of interest, whistleblowing, information security, and the Group's ethical principles and standards.

#### **Reporting potential violations**

The Budimex Group's existing system of notification of violations and possible violations of laws and internal regulations is described in the following documents:

- *Compliance Policy*,
- *Code of Ethics*,
- operating instruction: *Procedure for reporting violations of the law, violations of the Compliance Policy, taking follow-up measures, protection of whistleblowers and prevention of violations*,
- *Anti-Harassment and Discrimination* operating instruction.

A whistleblower may remain anonymous, and no retaliation will be taken against the whistleblower in connection with a bona fide report. In accordance with *the Compliance Policy*, the Management Board of the respective Budimex Group company is informed of all reports received.

The persons responsible for the compliance area analyse the submitted reports and conduct internal investigations while ensuring their confidentiality.

On the other hand, according to the *Anti-Corruption Policy*, the management staff, an employee or a business partner is required to notify the compliance units immediately of any suspicion of corruption in the activities of a Budimex Group Company. The notification should be made via a dedicated e-mail address.

The whistleblower protection regulations in place within the Budimex Group have been updated in connection with the coming into force of the *Whistleblowers Protection Act* of 25 September 2024. Budimex Group companies have amended their existing internal regulations by creating an Operating Instruction *Principles for dealing with suspected violations of the Compliance Policy and for preventing violations*.

According to the adopted internal regulation, a whistleblower is a person who reports or discloses to the public information about a violation of the law or its circumvention, which he or she has obtained in a context related to the performance of work. It can be an Employee, but also a contractor, apprentice, entrepreneur or job applicant.

A whistleblower can report violations in the areas of corruption, public procurement, financial services, products and markets, anti-money laundering and terrorist financing, transportation security, environmental protection, consumer protection, privacy and personal data protection, network security and ICT systems, among others.

These violations must occur in a work-related context, which means that they must be past, present or future actions related to the performance of work under an employment relationship or other legal relationship constituting the basis for the provision of

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work or services or the performance of functions in or for a legal entity, in which information about violations of the law has been obtained and the possibility of experiencing retaliation exists. The catalogue of retaliatory actions contained in the law is an open catalogue and contains only examples of such actions. The most important of these may include:

- refusal to establish an employment relationship,
- termination or rescission of employment without notice,
- reduction of salary for work,
- withholding of promotion or omission from promotion,
- transfer to a lower position,
- negative performance evaluation,
- bullying,
- discrimination,
- unfavourable or unjust treatment,
- violation of personal rights.

Retaliation is prohibited in the Budimex Group.

Designated compliance units carry out follow-up actions, i.e., conduct internal investigations including, in particular:

- transmitting a confirmation of receipt of an internal report within 7 days of receipt, unless the whistleblower has not provided a contact address,
- providing feedback to the whistleblower (i.e., information on the actions taken following the notification) within a period not exceeding 3 months from the date of confirmation of acceptance of the notification,
- carrying out follow-up actions by authorised persons,
- processing personal data in a way that prevents unauthorised persons from gaining access to the information covered by the application and ensuring the protection of confidentiality,
- raising a request by authorised persons to employees of all organisational units in the Group to promptly provide information, documents and clarifications or to use the assistance and advice of external experts.

Compliance communication channels are in place at each of the companies, as detailed in subsection 9.1 *Processes to remediate negative impacts and channels for own workers to raise concerns and related actions* (S1-3).

Budimex Group employees are informed about communication channels during compliance training. They are also indicated on the intranet (budinet) or in a manner customary to the company.

#### **Raising awareness in the governance (G) area**

In 2024, Budimex Group implemented projects with the aim of building awareness and deepening employees' knowledge in the area of issues related to ethical and lawful business conduct and internal regulations of Group companies.

Issues such as anti-corruption and prevention of conflict of interest, liability of collective entities, financial and environmental risks, cyber security and whistleblowing were discussed as part of several training programs, including *Welcome to the Group*, *Young Engineer Academy* and *Contract Engineer Academy*. Compliance topics were also the subject matter of an additional training addressed to employees of individual business units and foreign markets. A total of 2287 people participated in compliance training conducted within the Budimex Group last year.

As part of Roadshow 2024 (a bi-annual series of meetings between all employees and the CEO and Group management), the compliance team visited seven cities and gave a presentation on the topics of ethics, anti-corruption and conflict of interest. An important part of the presentation was a practical guide on how to behave and how to say "no" when an employee receives a non-transparent proposal.

In 2024, a compliance awareness campaign called #Compliance Week was conducted on the key principles and role of compliance within which:

- a video titled "Why compliance is important in the Budimex Group?" featuring top executives was presented,
- an interview was presented, in which the interviewee talked about the non-transparent proposal he received and how he acted in such a situation,
- a survey was conducted among employees to find the answer to the question what they fear when reporting violations,
- information on the Group's *Anti-Corruption Policy* was presented, and a mailing containing the *Anti-Corruption Policy* was sent to all employees,
- the whistleblower protection system in place in the Budimex Group was presented,
- managers of compliance units in Budimex SA, FBService SA and Mostostal Kraków SA appeared in *Budiexpress* to discuss whistleblowers and the possibility of submitting whistleblower reports in the Budimex Group,
- Budimex Group employees were given an opportunity to participate in a webinar on microaggressions and discrimination.

The purpose of the above actions was to:

- raise awareness of compliance among employees and contractors,
- involve employees in building an ethical organisational culture, which employees recognise as part of their own value system (*integrity*).
- build a safe workplace by incorporating compliance into daily operations,
- make employees aware how important it is to identify and report all types of violations.

In addition, as part of the implementation of the compliance communication strategy at Budimex SA, Compliance Ambassadors have been appointed to promote the ethical culture within the organisation and to support employees in navigating the ethical and compliance regulations in force at the company.

#### **Ensuring compliance in foreign markets**

In connection with the expansion of the Budimex Group, a campaign was carried out to implement compliance rules in foreign markets in 2024. The solutions in this area in Budimex Group companies operating abroad were reviewed to verify their consistency with the compliance system in effect at Budimex SA. Special compliance training was also organised, which took into account requirements of local law.

#### **Management of conflicts of interest**

One of the most important areas of the Budimex Group's operation is management of conflicts of interest, which is carried out by applying relevant policies. This area is also a material topic in the Group's strategy. Issues related to the management of conflict of interest were also regulated in the *Code of Ethics* and in the *Instructions on the Conflict of Interest*. In order to effectively manage conflict of interest risks and to implement the ESG Strategy, *the Budimex Group Conflict of Interest Manual* was published in 2024.

Issues related to the management of conflicts of interest are regulated in the aforementioned instructions and in the *Code of Ethics*, and also in the operating instructions governing the rules for:

- giving and receiving gifts,
- reporting the employment of persons connected to an employee.

#### **Confirmed incident of corruption or bribery (G1-4)**

During the reporting period, in the Budimex Group:

- there have been no convictions or fines for violations of anti-corruption and anti-bribery laws,
- there have been no confirmed incidents of corruption or bribery, in which own workers were dismissed or disciplined for corruption or bribery-related incidents,
- there have been no incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery.

#### **Political influence and lobbying activities (G1-5)**

Budimex Group does not engage in political or lobbying activities.

#### **Management of relationships with suppliers and payment practices (G1-2, G1-6)**

The Budimex Group has operating instructions on managing payments, *Rules governing payments in Budimex SA*. In the payments area, the Budimex Group adheres to the provisions set forth in contracts with suppliers. The standard contractual term is 30 days for payment of an invoice (this payment term is regulated by internal instructions). In 2024, 92.4% of payments were made within this standard contractual term.

The Budimex Group does not record size of its suppliers (e.g. small and medium-sized enterprise). However, the above instructions are applied to all categories / groups of suppliers.

The average payment time for the Budimex Group is 23.6 days. This term does not depend on the type of supplier (including its size). The average time to pay an invoice was calculated on the basis of cost invoices paid in 2024. The calculated value is the arithmetic average of the actual payments, i.e. the difference between the date when the payment was made and the date when the document was received. For the purpose of calculating the data, a representative sample (based on five Group companies) was used. The level of revenue realised by these companies is 96% of the Budimex Group's revenue.

Currently, the Budimex Group has no pending lawsuits with suppliers or subcontractors over late payments.

The detailed manner in which the Budimex Group manages its relationships with suppliers and the risks associated with this area are described in Section 9.2 *Workers in the value chain*.

## APPENDICES

### 1 Appendix 1

Index of disclosure requirements presented in the sustainability statement

<b>ESRS 2</b>	<b>General disclosures</b>	<b>Report section</b>
	BP-1 General basis for preparation of sustainability statements	7.1
	BP-2 Disclosures in relation to specific circumstances	7.1
	GOV-1 The role of the administrative, management and supervisory bodies	7.2
	GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	7.3
	GOV-3 Integration of sustainability-related performance in incentive schemes	7.3
	GOV-4 Statement on due diligence	7.3
	GOV-5 Risk management and internal controls over sustainability reporting	7.3
	SBM-1 Strategy, business model and value chain	7.4, 7.5, 7.6
	SBM-2 Interests and views of stakeholders	7.5
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	7.4
	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	7.7
	IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement	7.7
	<b>Environmental matters</b>	
<b>ESRS E1</b>	<b>Climate change</b>	
	GOV-3 Integration of sustainability-related performance in incentive schemes	8.2
	E1-1 Transition plan for climate change mitigation	8.2
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	8.2
	IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	8.2
	E1-2 Policies related to climate change mitigation and adaptation	8.2
	E1-3 Actions and resources in relation to climate policy	8.2
	E1-4 Targets related to climate change mitigation and adaptation	8.2
	E1-5 Energy consumption and mix	8.2
	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	8.2
	E1-7 GHG removals and GHG mitigation projects financed through carbon credits	Not applicable
	E1-8 Internal carbon pricing	Not applicable

	E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Reportable from 2026 (for 2025) – exemption in the current year
<b>ESRS E2</b>	<b>Pollutions</b>	
	IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	8.3
	E2-1 Policies related to pollution	8.3
	E2-2 Actions and resources related to pollution	8.3
	E2-3 Targets related to pollution	8.3
	E2-4 Pollution of air, water and soil	8.3
	E2-5 Substances of concern and substances of very high concern	8.3
	E2-6 Anticipated financial effects from pollution-related risks and opportunities	Not material
<b>ESRS E3</b>	<b>Water and marine resources</b>	
	IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	
	E3-1 Policies related to water and marine resources	8.4
	E3-2 Actions and resources related to water and marine resources	8.4
	E3-3 Targets related to water and marine resources	8.4
	E3-4 Water consumption	8.4
	E3-5 Anticipated financial effects from water and marine resources-related risks and opportunities	Reportable from 2026 (for 2025) – exemption in the current year
<b>ESRS E4</b>	<b>Biodiversity and ecosystems</b>	
	E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	8.5
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	8.5
	IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	8.5
	E4-2 Policies related to biodiversity and ecosystems	8.5
	E4-3 Actions and resources related to biodiversity and ecosystems	8.5
	E4-4 Targets related to biodiversity and ecosystems	8.5
	E4-5 Impact metrics related to biodiversity and ecosystems	8.5
	E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Not material

<b>ESRS E5</b>	<b>Circular economy</b>	
	IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	8.6
	E5-1 Policies related to resource use and circular economy	8.6
	E5-2 Actions and resources related to resource use and circular economy	8.6
	E5-3 Targets related to resource use and circular economy	8.6
	E5-4 Resources inflows	8.6
	E5-5 Resource outflows	8.6
	E5-6 Anticipated financial effects from resource use and circular economy-related risks and opportunities	Reportable from 2026 (for 2025) – exemption in the current year
	<b>Social topics</b>	
<b>ESRS S1</b>	<b>Own workforce</b>	
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	9.1
	S1-1 Policies related to own workforce	9.1
	S1-2 Processes for engaging with own workers and workers' representatives about impacts	9.1
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	9.1
	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	9.1
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.1
	S1-6 Characteristics of the undertaking's employees	9.1
	S1-7 Characteristics of non-employees in the undertaking's own workforce	9.1
	S1-8 Collective bargaining coverage and social dialogue	9.1
	S1-9 Diversity metrics	9.1
	S1-10 Adequate wages	9.1
	S1-11 Social protection	9.1
	S1-13 Training and skills development metrics	9.1
	S1-14 Health and safety metrics	9.1
	S1-15 Work-life balance metrics	9.1
S1-17 Incidents, complaints and severe human rights impacts	9.1	
<b>ESRS S2</b>	<b>Workers in the value chain</b>	

	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	9.2
	S2-1 Policies related to value chain workers	9.2
	S2-2 Processes for engaging with value chain workers about impacts	9.2
	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	9.2
	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	9.2
	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.2
<b>ESRS S3</b>	<b>Affected communities</b>	
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	9.3
	S3-1 Policies related to affected communities	9.3
	S3-2 Processes for engaging with affected communities about impacts	9.3
	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	9.3
	S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	9.3
	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.3
<b>ESRS S4</b>	<b>Consumers and end-users</b>	
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	9.4
	S4-1 Policies related to consumers and end-users	9.4
	S4-2 Processes for engaging with consumers and end-users about impacts	9.4
	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	9.4
	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	9.4
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.4
	<b>Governance</b>	
<b>ESRS G1</b>	<b>Business conduct</b>	
	GOV-1 The role of the administrative, management and supervisory bodies	10.1
	G1-1 Corporate culture and business conduct policies	10.1
	G1-2 Management of relationships with suppliers	10.1

	G1-3 Prevention and detection of corruption and bribery	10.1
	G1-4 Confirmed incidents of corruption or bribery	10.1
	G1-5 Political influence and lobbying activities	10.1
	G1-6 Payment practices	10.1

## 2 Appendix 2

List of datapoints in cross-cutting and topical standards that derive from other EU legislation.

Disclosure requirement and related datapoint	Chapter in the report
ESRS 2 GOV-1 Board's gender diversity paragraph 21(d)	7.2
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	7.2
ESRS 2 GOV-4 Statement on due diligence paragraph 30	7.3
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40(d)(i)	Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40(d)(ii)	Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40(d)(iii)	Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40(d)(iv)	Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	8.2
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16(g)	8.2
ESRS E1-4 GHG emission reduction targets paragraph 34	8.2
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	8.2
ESRS E1-5 Energy consumption and mix paragraph 37	8.2
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	8.2
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	8.2
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	8.2
ESRS E1-7 GHG removals and carbon credits paragraph 56	8.2
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Reportable from 2026
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66(c)	Reportable from 2026
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy efficiency classes paragraph 67(c)	Reportable from 2026

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ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Reportable from 2026
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	8.3
ESRS E3-1 Water and marine resources paragraph 9	8.4
ESRS E3-1 Dedicated policy paragraph 13	8.4
ESRS E3-1 Sustainable oceans and seas paragraph 14	Not material
ESRS E3-4 Total water recycled and reused paragraph 28(c)	8.4
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	8.4
ESRS 2 SBM 3-E4 paragraph 16(a)(i)	8.5
ESRS 2 SBM 3-E4 paragraph 16(b)	8.5
ESRS 2 SBM 3-E4 paragraph 16(c)	8.5
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24(b)	8.5
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24(c)	Not material
ESRS E4-2 Policies to address deforestation paragraph 24(a)	Not material
ESRS E5-5 Non-recycled waste paragraph 37(d)	8.6
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	8.6
ESRS 2 SBM-3-S1 Risk of incidents of forced labour paragraph 14(f)	9.1
ESRS 2 SBM-3-S1 Risk of incidents of child labour paragraph 14(g)	9.1
ESRS S1-1 Human rights policy commitments paragraph 20	9.1
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1-8, paragraph 21	9.1
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Not material
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	9.1
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32(c)	9.1
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	9.1
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88(e)	9.1
ESRS S1-16 Unadjusted gender pay gap paragraph 97(a)	9.1
ESRS S1-16 Excessive CEO pay ratio paragraph 97(b)	9.1
ESRS S1-17 Incidents of discrimination paragraph 103(a)	9.1
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 104(a)	9.1

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ESRS 2 SBM-3-S2 Significant risk of child labour or forced labour in the value chain paragraph 11(b)	9.2
ESRS S2-1 Human rights policy commitments paragraph 17	9.2
ESRS S2-1 Policies related to value chain workers paragraph 18	9.2
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	9.2
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1-8, paragraph 19	9.2
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	9.2
ESRS S3-1 Human rights policy commitments paragraph 16	Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines paragraph 17	Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	9.4
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17	Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10(b)	Not applicable
ESRS G1-1 Protection of whistle-blowers paragraph 10(d)	10.1
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	10.1
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24(b)	10.1

**Should you have any questions regarding the information contained in this Sustainability Statement, please do not hesitate to contact us.**

ESG Director

Wioletta Roguska

## 11 STATEMENT OF THE MANAGEMENT BOARD

To the best of our knowledge, the consolidated financial statements of the Budimex Group and the financial statements of Budimex SA for the 12-month period ended 31 December 2024 and the comparative data have been prepared in accordance with the applicable accounting principles and contain a true, fair and clear presentation of the assets, the financial standing and the financial performance of the Budimex Group and Budimex SA. The activity report contains a true presentation of the developments and achievements and the position of the Budimex Group and Budimex SA, including a description of the main threats and risks.

Based on the statement of the Budimex SA Supervisory Board, we would like to inform you that the audit firm auditing the consolidated financial statements of the Budimex Group and the financial statements of Budimex SA for the 12-month period ended 31 December 2024, i.e. Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k., was selected in accordance with the regulations, including those regulating the selection and procedure for selecting an audit firm and that:

- the audit firm and the members of the audit team met the conditions for the preparation of an impartial and independent report on the audit of the annual consolidated financial statements of the Budimex Group and the report on the audit of the annual financial statements of Budimex SA in accordance with the applicable regulations, professional practice standards and principles of professional ethics,
- the applicable regulations related to the rotation of the audit firm and key auditor and mandatory waiting periods are observed,
- Budimex SA has in place a policy on the selection of an audit firm and a policy on the provision of additional non-audit services to Budimex SA by the audit firm, an affiliate of the audit firm or a member of its network, including services conditionally exempt from the prohibition.

Warsaw, 8 April 2025

Artur Popko CEO	
Jacek Daniewski Management Board Member	
Anna Karyś-Sosińska Management Board Member	
Cezary Łysenko Management Board Member	
Maciej Olek Management Board Member	
Marcin Węglowski Management Board Member	