

COMMUNICATION ON PROGRESS



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Dear Sirs,

Last year Budimex was the first large construction company in Poland to join „**Global Compact**” j- an initiative of the UN Secretary-General. Since we made this commitment we have completed many activities for sustainable development of our company. We have adopted a document determining the „**CSR Policy**” along with the objectives of the Budimex Group for 2011-2012.

We have launched our own social programme „**Domofon ICE**”, implemented in schools in the neighbourhood of Budimex’s projects, which promotes safety in road traffic among children from grades 0-3 and additionally provides the youngest pupils with ICE cards (In Case of Emergency).

We have adopted a Code of Ethics for the whole Budimex Group and appointed an Ethics Committee, which ensures observance of the Code.

We have committed all of our contractors to abide by the rules connected with corporate social responsibility by introducing provisions regarding ethical integrity, respect for human rights, relations with and between employees and respect for the natural environment to contract templates.



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We have carried out the first corporate volunteering campaign in the history of our company. Under the banner “A Shovel instead of a Quad” over 200 employees of Budimex undertook manual work for children from poor families in Rybaki near Olsztyn.

We have improved our actions connected with environmental protection, we have implemented an A1 motorway construction waste management project going well beyond the contractual requirements specified by law; during the construction of the Central Motorway (DTŚ) in Zabrze we replaced natural raw materials in the form of aggregate obtained from quarries with alternative materials that were post-mining and post-smelting residues.

Our attempts have been appreciated by the Warsaw Stock Exchange, which included Budimex in the **RESPECT Index** – the first stock exchange index in Central Eastern Europe that gathers shares of socially responsible companies.

It is our ambition to follow the principles behind Global Compact in all our activities. We aspire to be a socially responsible company, with regard to our customers and employees, shareholders and local communities, in the area of both our investments and the natural environment. I am convinced that many challenges arising from the need for Budimex’s sustainable development are still ahead of us but I have no doubt that we have chosen the right path for our company’s development.

Dariusz Blocher
President of the Management Board of Budimex SA



HUMAN RIGHTS AND LABOUR:

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.zatrudnienia.



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The Code of Ethics adopted in Budimex in 2010 regulates many areas connected with respect for human rights and maintenance of high work standards. In the chapter „Obszary szczególnego przestrzegania wartości etycznych” (Areas of Special Observance of Ethical Values), Budimex states that it “does not tolerate discrimination and imposition of views, especially due to gender, origin, religion, age, political views and the position held; in daily relations with employees it does not accept violation of privacy or abuse of professional position for private goals; the company ensures good employment conditions for their employees and it creates an environment that gives considerable possibilities of professional development and promotion and it does its best to employ people with varied level of experience in the organisation”.

An Ethics Committee has been appointed by the President of the Management Board of Budimex to make sure that provisions of the Code of Ethics are respected. The Committee is to monitor compliance of the applied professional ethics standards with the provisions of the Code of Ethics. The Committee considers cases of Code violation and it provides guidelines regarding the rules set forth therein, adhering to confidence standards. Every employee can anonymously inform the Committee of violations of the Code of Ethics.



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Among the problems reported to the Committee in 2010 there was not a single complaint about discrimination in the sphere of employment or violation of human rights by Budimex. The Code of Ethics was sent to all the company's employees (i.e. to over 3,000 people) via post and the information that the Budimex Group had adopted the Code of Ethics could also be found on the internal communication portal. All the newly employed become familiar with the Code – in 2010 it was approx. 1,000 people

Budimex respects the freedom of association of its employees. Three labour unions operate within the Group. In 2010 new Work Regulations were adopted; they had been consulted for over 3 months with the unions. Moreover, every employee could read through the new Work Regulations before their implementation and submit comments. No one exercised this right individually. Chapters II and V of the new Work Regulations of Budimex guarantee respect for human rights and prevent discrimination in the area of employment. Budimex does not employ children, as declared in chapter XIV of the new Work Regulations. No cases of compulsory labour or child labour were noted in Budimex in 2010.



ENVIRONMENT:

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



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Procedure 09-11 “**Project Environmental Management**”, must be observed in Budimex; its objective is to reduce the negative environmental impact of the construction works carried out by Budimex. Among the initiatives taken by Budimex in 2010 to promote environmental responsibility, two internal communication programmes deserve special attention: „**Auto EKO Budimex**” as regards driving company cars economically, and “**We all save electricity**”.

Both pieces of information had over 2,000 views in the internal communication portal (the company employs 3,000 people). In 2010 Budimex additionally continued the replacement of car fleet initiated a year before, which involved replacing petrol cars with cars with diesel engines. In 2010 the undertaking brought the following results: 94,500 litres of fuel were saved and CO₂ emission was reduced by 122.85 tonnes.



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In connection with increased involvement in environmental protection matters, the company decided to develop the environmental team. In 2010 about 900 people from the managerial staff were trained on environmental activities during projects.

Budimex also carried out activities connected with environmental protection that go beyond the legal requirements and contractual commitments. At the construction of A1 motorway Pyrzowice-Piekary, instead of moving the dump according to contractual requirements, the company decided to recover raw materials, which were later re-used to build the motorway.

At the construction of the Central Motorway in Zabrze the aggregate obtained from quarries, which always leads to environmental impoverishment, was replaced with a material from the post-mining and post-smelting slag heaps situated near the construction site. In 2010 Budimex was not punished for non-compliance with environmental protection laws.



ANTI-CORRUPTION:

10. Businesses should work against corruption in all its forms, including extortion and bribery.

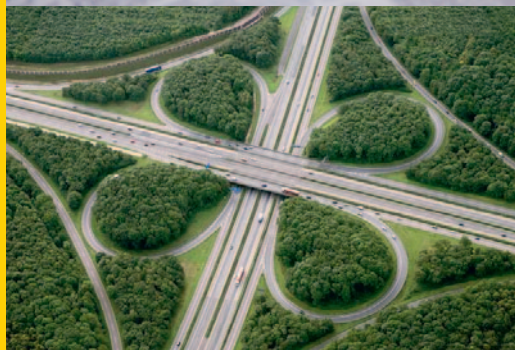


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To prevent corruption, in 2010 Budimex adopted the Code of Ethics of the Budimex Group, which includes provisions that strongly condemn any form of corruption. Also, an Ethics Committee has been appointed to accept all the reports regarding violation of the provisions of the Code.

For the purposes of training the managerial staff of Budimex, a special educational film has been produced to show situations of conflicts of interest and to stimulate discussion on various forms of corruption. Over 200 key managers of Budimex participated in the training.

In 2010 no incident of corruption was reported to the Ethics Committee and the inspections carried out by the Internal Audit Unit did not reveal any case of corruption in the company.



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