



**budimex**

# RESPONSIBLE BUSINESS REPORT 2015

GRI G4 [CORE] VERSION OF THE REPORT,  
VERIFIED BY AN INDEPENDENT AUDITOR

# Independent Certifying Report

**Deloitte.**

Deloitte Advisory Sp. z o.o.  
z siedzibą w Warszawie  
Al. Jana Pawła II 19  
00-854 Warszawa  
Polska

Tel.: +48 22 511 08 11  
Fax: +48 22 511 08 13  
[www.deloitte.com/pl](http://www.deloitte.com/pl)

## Niezależny raport poświadczający dotyczący Raportu Społecznej Odpowiedzialności 2015 Grupy Budimex Do Zarządu Budimex S.A.

Dokonaliśmy przeglądu Raportu pt. „Raport Społecznej Odpowiedzialności 2015” (zwanego dalej „Raportem Społecznym”) opracowanego przez Budimex S.A. z siedzibą w Warszawie przy ul. Stawki 40 (dalej „Spółka”), w zakresie istotnych aspektów zidentyfikowanych przez Spółkę oraz wskaźników zaprezentowanych w oparciu o Wytyczne do raportowania kwestii zrównoważonego rozwoju G4 dla raportowania ustalonego na poziomie „Core”, wydane przez Global Reporting Initiative (GRI). Prace poświadczające w zakresie danych ilościowych oraz jakościowych obejmowały okres od 1 stycznia 2014 r. do 31 grudnia 2014 r.

Za rzetelność, prawidłowość i jasność informacji w nim zawartych oraz za prawidłowość przygotowanej dokumentacji odpowiada Zarząd Spółki. Naszym zadaniem było wydanie, na podstawie przeglądu Raportu Społecznego, niezależnego raportu poświadczającego.

Nasze procedury nie obejmowały niezależnej oceny prawdziwości, dokładności i kompletności informacji i dokumentów przekazanych przez Spółkę. Nie stanowiły także badania systemu kontroli wewnętrznej wdrożonego w Spółce i w ich wyniku nie wyrażamy opinii na temat poprawności tego systemu. Nasze procedury nie stanowiły badania sprawozdań finansowych w rozumieniu Ustawy o rachunkowości. W związku z tym nie wyrażamy w niniejszym raporcie opinii biegłego rewidenta ani żadnych innych stwierdzeń odnośnie sprawozdań finansowych Spółki w rozumieniu obowiązujących przepisów dotyczących biegłych rewidentów.

Prace związane z planowaniem i realizacją zadania weryfikacyjnego miały charakter zlecenia poświadczającego o ograniczonym zakresie, realizowanego według ISAE 3000 – Międzynarodowego Standardu Usług Poświadczających („Usługi poświadczające inne niż badania lub przeglądy historycznych informacji finansowych”). Standard ten nakłada na nas obowiązek zaplanowania i przeprowadzenia przeglądu w taki sposób, aby uzyskać umiarkowaną pewność, iż Raport Społeczny nie zawiera istotnych nieprawidłowości. Zakres i metoda przeglądu Raportu Społecznego istotnie różni się od badania skierowanego na dostarczenie wystarczającego zapewnienia (*reasonable assurance*). Celem przeglądu nie jest wyrażenie opinii o prawidłowości, rzetelności i jasności Raportu Społecznego i w związku z tym opinii takiej nie wydajemy. Procedury dotyczące przeglądu Raportu Społecznego obejmowały:

- Identyfikację zagadnień i wyników istotnych dla treści Raportu Społecznego z punktu widzenia realizacji celów i działań ze sfery odpowiedzialnego biznesu oraz oczekiwań jej interesariuszy.
- Porównanie informacji zawartych w raporcie Społecznym z informacjami zawartymi w Sprawozdaniu Finansowym Grupy Budimex za rok 2014.
- Wywiady z osobami odpowiedzialnymi za realizację celów i działań ze sfery odpowiedzialnego biznesu oraz za przygotowanie Raportu Społecznego.
- Weryfikację informacji zawartych w raporcie Społecznym pod kątem zgodności z dokumentacją wewnętrzną Spółki.
- Ocena stopnia aplikacji Wytycznych do raportowania kwestii zrównoważonego rozwoju oraz uwzględnienia Ramowych Zasad Raportowania GRI.

Przeprowadzony przez nas przegląd dostarczył nam zapewnienia o ograniczonym zakresie (*limited assurance*) do tego by potwierdzić, że nie zostały zidentyfikowane istotne błędy w zakresie danych i informacji zawartych w raporcie Społecznym przygotowanym przez Budimex S.A., dotyczących zidentyfikowanych istotnych aspektów oraz wskaźników całościowo raportowanych przez Spółkę, jak również niezgodności z Wytycznymi do raportowania kwestii zrównoważonego rozwoju G4, ustalonymi dla poziomu „Core”, wydanymi przez Global Reporting Initiative.



Deloitte Advisory Sp. z o.o.

Warszawa, dnia 20 listopada 2015 r.

# Contents

GR4 1-56

PR

CRE















EC

SO

LA

HR

EN

	<b>Independent Certifying Report</b>		<b>1</b>
	<small>[concerning Budimex Group Responsible Business Report 2015]</small>		
	<b>1. Letter from the President</b>		<b>4</b>
	<b>2. Nationwide awards and distinctions</b>		<b>6</b>
	<b>3. About us</b>		<b>8</b>
	<b>4. About the Report</b>		<b>28</b>
	<b>5. Conditions, occupational health and safety [OHS]</b>		<b>32</b>
	<b>6. Impact on the local environment and biodiversity</b>		<b>42</b>

	<b>7. Relations with local communities</b>		<b>52</b>
	<b>8. Prevention of unethical conduct and integrity in operations</b>		<b>58</b>
	<b>9. Quality and safety of construction sites</b>		<b>64</b>
	<b>10. Rational use of resources and environmental pollution</b>		<b>68</b>
	<b>11. Tables with non-financial data</b>		<b>72</b>
	<b>12. GRI Index</b>		<b>88</b>

# 1 Letter from the President of the Management Board



Ladies and Gentlemen,

- I am pleased to present you with the new social and environmental responsibility report of the Budimex Group.

The comprehensive approach to management seems to be the key element in building permanent value, including economic value, of a company. Therefore, I am all the more pleased to see how the value of the Budimex shares has been growing over the years. In the last few years, so difficult for the construction industry, the market has recognised the good standing of Budimex. Last year, the company's market value increased from PLN 3.4 billion as at the end of 2013 to PLN 3.6 billion as at the end of 2014. And at the end of February 2015, the Budimex market capitalisation amounted to PLN 4.2 billion. For 5 years, Budimex has been regularly paying dividends to its shareholders. The last year was the best in the history of our company as regards the value of contracts signed, which amounted to PLN 6.3 billion and was nearly twice as high as the year before. It is also yet another year when Budimex was included in the prestigious group of companies listed on the RESPECT Index, the first index of socially responsible companies in the region, as well as on the WIG DIV index.

The year 2014 was a symbolic year also for other reasons. In November, the Augustów ring road, routed along an alternative option, was commissioned. The road was for many years the symbol of a deep social conflict between the economic growth, safety of the local community and the protection of valuable natural resources. Today we can say, as the contractor of this project, that we have managed to come to a compromise: the nature is safe and the road transport does not pose a threat to the inhabitants of Augustów anymore. I would like to express special thanks to our engineers who, bearing in mind the protection of the ecosystems of the Rospuda River Valley, and thus the necessity to minimise the interference with the river channel, decided to construct the crossover with the application of incremental launching method. This is an example of how business competences are applied in practice within the measures for sustainable development.

This also shows how we will strive to build our competitive edge over the coming years.

We have a potential to win new contracts. We can tackle the most complex technical challenges. Therefore, with the expected accumulation of works in 2016–2017, we are planning to increase investments, but above all we want to employ the best industry specialists for whom around 800 jobs await in Budimex.

Yours faithfully,

Dariusz Blocher  
*President of the Management Board,  
Chief Executive Officer of Budimex SA*



# 2 Nationwide awards and distinctions

## Nationwide awards and distinctions in 2014:

- in the 5th edition of Eurobuild Awards, Budimex was awarded the title of the best construction company on the Warsaw Stock Exchange;
- Budimex also won in the 3rd edition of TSR Ranking – Złota Akcja Biznes.pl in the special category: the best WIG-BUDOWNICTWO 2011–2013 company;
- Budimex ranked second in the “Engineering” category in the Universum TOP 100 2014 rating published by the Newsweek weekly;
- in the 12th edition of the “Builder Awards” competition, organised by the editorial team and programming board of the “Builder” monthly, Budimex SA was awarded “Polski Herkules 2014” [Polish Hercules 2014]; also the Polish Hercules statuette was also given by the Chapter of the Competition to President Dariusz Blocher for efficient management, effective extension of the company's potential and competitive advantage, as well as for entrepreneurial skills and business intuition;
- Budimex was also awarded the title of “Perła Polskiej Gospodarki” [“Pearl of the Polish Economy”] in the Great Pearls category by the editorial team of the “Polish Market” monthly;
- the editors of “Rynekinfrastruktury.pl”, in cooperation with Stowarzyszenie Inicjatywa dla Infrastruktury [Initiative for Infrastructure Association], recognised Budimex during the 2nd Polish Infrastructure Congress in Krakow.
- during the 6th “Polish Infrastructure” conference, organised by the Executive Club, under the honorary patronage of the Ministry of Infrastructure and Development, prizes for outstanding achievements in the industry were for the first time awarded to companies and infrastructure leaders in the Polish market – under the “Investment of the Year” category, the consortium that Budimex was a partner of (with a 50% share) was presented with the “Diamond of the Polish Infrastructure” prize for the construction of A4 Tarnów-Dębica motorway;
- Budimex was awarded in the category of “Social Responsibility Leader,”
- in the most prestigious competition organised by the Polish Association of Civil Engineers and Technicians – “Construction Project of the Year” – Budimex received several awards for the facilities constructed;<sup>1</sup>
- The Bridge Engineers of the Republic of Poland awarded Budimex an honorary Bridge Work of the Year diploma for the bridge over the Vistula River near Kwidzyn.

<sup>1</sup> The first degree awards received: The Wielkopolska Centre for Advanced Technologies – Stage I and II in Poznań – in the New Technology Construction Facilities category; a complex of multi-family residential buildings with retail & office facilities and an underground garage, technical infrastructure and driveways in Warsaw, at ul. Kruczkowskiego 2 [Powiśle Park] – in the Individually Evaluated Construction Facilities category and a building with hotel, office and cinema space at ul. Łąkowa 29 in Łódź [DoubleTree by Hilton hotel] – in the Individually Evaluated Construction Facilities category. The second degree awards received: a complex of multi-family residential buildings with retail & office facilities, an underground garage, and technical infrastructure in Warsaw in the area of Gocławska and Kamionkowska streets [Gocławska Estate] – in the Residential Buildings category, the Malopolska Centre of Biotechnology in Krakow at ul. Gronostajowa 7A – in the New Technology Construction Facilities category, and the Neptun Office Centre in Gdańsk at ul. Grunwaldzka 105A – in the Administration & Office Facilities category.

## Local awards and distinctions in 2014:

- in the “Build Safely” competition organised by the National Labour Inspectorate, the District Labour Inspectorate in Białystok awarded the first prize to the construction of the Hajnówka shopping mall, carried out by Budimex;
- the District Labour Inspectorate in Lublin appreciated the construction of the Lublin Conference Centre and the building of the Marshal Office in Lublin, awarding the second prize to those projects by Budimex.
- in the Construction Project of the Year in Podkarpackie Region competition, organised by the Association of Communication Engineers and Technicians of the Republic of Poland, Rzeszów Branch, Budimex was awarded the first degree prize in the Motorways category for the construction of the A4 motorway, sections Dębica – Rzeszów West, Rzeszów West – Central Rzeszów and Jarosław – Radymno;
- in a poll organised by the Lubuskie Chamber of Construction, the S3 express road built by Budimex – section from the Międzyrzecz South junction to the Sulechów junction – won the Lubuski Mister of Construction Projects prize in the roads and bridges category.

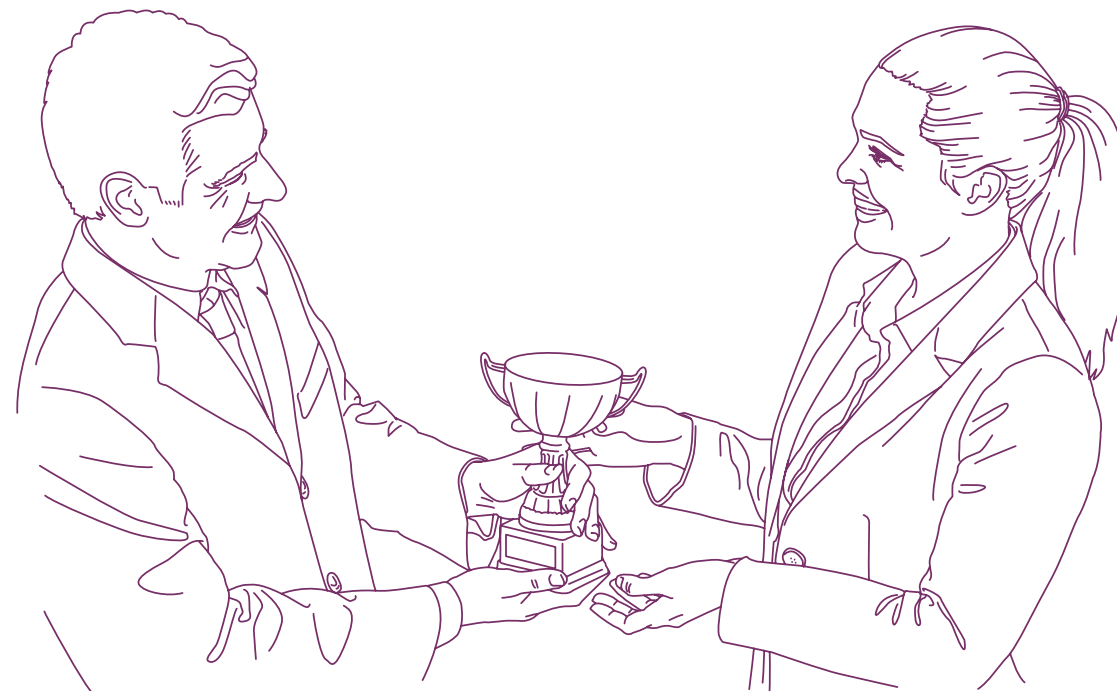


photo: Polish Hercules 2014 satue



# 3 About us

## Market activity

Budimex is one of the leading construction companies in Poland. Marking its presence in various areas of the construction market, the company's brand is one of the strongest and best recognised brands in the industry. What is more, the difficult years of recent economic slowdown clearly showed that the brand was stable, reliable and trustworthy for customers, subcontractors and suppliers as well as for local communities. Budimex provides the best performance, while minimising social and environmental arduousness which may potentially accompany every construction project. Whether we are talking about activities in the area of construction, development or property management, Budimex always guarantees the top quality and stands for trustworthiness and reliability. The Budimex Group offers to its customers services within the scope of infrastructure construction projects (road, railway, hydro-technical), general construction works (public, sports and commercial facilities), ecology projects (sewage treatment plants, waste disposal facilities), energy construction projects, as well as machinery services, laboratory services, and mineral and asphalt mixes manufactured at its own bituminous mixing plants located throughout Poland.

Due to our conviction that only responsible approach ensures long-lasting success, confirmed by over 45 years of experience, the policy of respecting the environment has been reflected in the Budimex Mission. It is a philosophy which in hard times of economic slowdown not only allows the company to survive, but also determines true leaders, a philosophy which allows a company to act with moderation and modesty during economic upturns, and at the same time to achieve dynamic and real growth. This was clearly evident in recent years, as the Budimex Group was able to face challenges while its competitors would loose their liquidity and were forced out of the market. And this is clearly evident now, as individual market segments started to regrow and the increases reported by the Group are stronger than increases reported by the market.

photo: ICE Kraków Congress Centre







In fact, it is not difficult to grow quickly and spectacularly as the market grows, and then to fail with an economic turnaround. The challenge here is to capture the art of responsible management, which ensures continuous and stable growth with due regard for the interests of customers, business partners, employees, local communities, nature and investors, whose assets the company's management shall increase in a safe and certain way. Responsible business means balancing expectations of all groups of stakeholders; to know how to listen intently to their expectations and anxieties. It also stands for sustainable development, which is the only permanent development, so very much expected not only by the environment, but first of all by shareholders thinking about building long-term value.

The Budimex Group provides a wide range of construction and assembly services under the system of general contracting at home and abroad, performs property development and property management activities, as well as, on a smaller scale, trade, production and transportation services.

## Budimex Mission

- “Our mission is to implement construction projects, including real estate development undertakings, in a manner worthy of a market leader, respecting the natural environment and ethics, with attention to customer satisfaction and user comfort, to be achieved thanks to our professionalism and passion for construction, high operating effectiveness and partner relations with suppliers and subcontractors.”

The basic business goal of **Budimex SA**, the dominant Company, beside rendering construction and assembly services and performing property development activities, is the advisory, management and financial function for companies of the Group. Such model aims at achieving fast information flow within the structures of the Group, strengthening the efficiency of the financial and economic business of individual companies and further strengthening of the Group's market position.

Construction and assembly activities are also the domain of **Mostostal Kraków SA**. The Company specialises in the provision of services from the area of construction and assembly of steel structures of all types and assembly of devices mainly for the cement and limestone industries, the energy sector, and steel and chemical industries.

At the same time, development and property management services comprise preparation of land for investment, execution of investment projects in the field of residential building, sale of flats and rental and management of property on own account. The entity

of the Group operating in the development market is **Budimex Nieruchomości Sp. z o.o.**

## Market situation and prospects

In 2014, the long expected inhibition of the strong downturn trend in the construction sector took place. While in 2013 the construction and assembly production decreased by 13.6% (in current values), in 2014 this trend was reversed. The construction industry increased by 2.6% during the year and was driven mainly by the infrastructure segment, in which railway, industrial and hydro-technical construction industries played a crucial role.

Over the next few years, faster settlement of new contracts, financed partly from the European Union budget within the framework of the new financial perspective for the years 2014-2020, will be crucial. The Infrastructure and Environment Programme, with allocation at the level of EUR 27.4 billion, will remain the largest operational programme. Its priority is a low-carbon economy, environmental protection,

development of national technical infrastructure and energy security. In accordance with the Programme approved by the European Commission in December 2014, it can be expected that the largest amount of funds will be allocated to transport-related projects – roads, railway, urban transport, air transport and sea transport (allocation of approx. EUR 19.8 billion). The above sectors will be followed by: the environmental sector [EUR 3.5 billion] and the energy sector [EUR 2.8 billion]. The main recipients of the support will be public sector entities, including local government units and entrepreneurs, in particular large companies.

Expenditures by the key investor in the roads segment, the General Directorate for National Roads and Motorways [Generalna Dyrekcja Dróg Krajowych i Autostrad – GDDKiA], decreased significantly from approx. PLN 13 bln in 2013 to approx. PLN 10.6 bln in the previous year. Lower expenditure resulted, on the one hand, from the expiry of the European Union's financial perspective for the years 2007-2013 and, on the other hand, from the unsatisfactory pace of signing contracts implemented under the new EU perspective. Higher growth dynamics, resulting from accumulation of construction works under contracts co-financed from the new EU perspective, should be expected in 2016-2018. New priorities and challenges are currently being specified in the road construction segment. A draft National Roads Construction Programme [Program Budowy Dróg Krajowych, PBDK] for the years 2014-2020 stipulates that the amount spent for investment tasks will be PLN 92.7 billion. In the first place, these funds will be used for the construction of 1,862 km of express roads and motorways, as well as 366 km of ring roads. In the event of obtaining additional funds or savings, additional 630 km of express roads or motorways and 147 km of ring roads may be approved for implementation from the pool of reserve projects. Already in 2014, the General Directorate for National Roads and Motorways settled a part of big road projects [46 projects]. The total value of lowest bids within invitations to tender exceeded PLN 13.5 billion.

Investments in the railway infrastructure sector did not reach the dynamics assumed in the Long-term Railway Investment Programme until 2015, although they set a new record. It is estimated that expenditure

of the main investor in this construction market segment, PKP PLK, exceeded PLN 7 bln in 2014. The rate of announcing and awarding material tenders under the new financial perspective is unsatisfactory which, in the period 2016-2017, may entail a risk of market contraction and problems for companies with extensive executive potential. However, in the long term, prospects for the railway construction sector are relatively good. Primarily, these prospects are related to investments under the Infrastructure and Environment Operational Programme for the years 2014-2020 and to potential funds under the Connecting Europe Facility.

The energy-related construction segment will probably maintain good growth performance due to large projects for the construction of several power units which entered the implementation phase almost simultaneously. The Energy Regulatory Office [Urząd Regulacji Energetyki, URE] estimates that by the end of 2028, 18 GW of new production capacities are to be commissioned. Although the largest contracts have already been awarded, over a dozen major investments in the broadly understood conventional energy sector are still at the planning or tender stage. Moreover, the importance of the renewable energy market will increase, in particular with respect to wind energy.

Although 2014 saw a slight drop in the number of flats put into use, these figures do not reflect the current situation in the housing construction market. Very good market economic is confirmed by the number of flats whose construction was commenced and by the number of construction permits issued. The commencement of the government programme called "A Flat for the Young" [Mieszkanie dla Młodych, MdM] and record-low interest rates resulting in relatively cheap financing and, at the same time, low interest rates on bank deposits contributed to a significant recovery in the development market. The offer of the primary market combined with the expected continuation of good economic growth should result in maintenance of the positive trends from 2014. 2015 may again bring an increase in the number of investments by property development companies.

The opportunity of further development of the infrastructure market may also be based on the public-private partnership (PPP) formula.

## FBSerwis

The youngest company, which is only occasionally mentioned in this report and in which the Budimex Group is a minority shareholder, is **FBSerwis SA**.

This is a Polish company, established by Budimex SA and Ferrovial Services SA. Such a partnership, founded on the transfer of international experiences of the Ferrovial Group, is a pioneering partnership in terms of comprehensive performance of property-related services. The competencies of FBSerwis are related to the implementation of PPP projects [waste, hospitals, Smart Cities and other]. FBSerwis specialises in comprehensive property management, maintenance of industry facilities, comprehensive maintenance of infrastructure [roads and motorways, urban infrastructure], environmental services and solutions within the scope of Smart Cities and energy efficiency.



# Budimex changes the face of Polish industry

Some of the most prestigious prizes awarded by Polish economic media, the titles of “The one who changes the Polish industry”, were awarded for the 14th time by the editorial office of *Miesięcznik Gospodarczy Nowy Przemysł* and the wnp.pl website. The ceremony was held on 17 February 2014 in the Sheraton hotel in Warsaw.

“For many years, the winners of those prestigious awards have been people, institutions and companies who have had a significant impact on positive changes in the Polish industry and have contributed to the development of the entire economy,” said Wojciech Kuśpik, President of the PTWP Group, editor of the monthly magazine.

Budimex was honoured for its steady resistance against unfavourable trends in the construction industry and for stability on the challenging and fluctuating market. “Budimex has been called a star pupil on the Polish construction market for years. The Group skilfully uses its assets and expertise, while avoiding excessive risk, rationally managing costs, adapting to economic fluctuations and the dynamic market,” as the organisers noted in the award justification. “The example of Budimex proves that thoughtful decisions, a strategy of diversification, discipline and rational approach to risks pay off in terms of business, even under unfavourable market conditions.

## Results for the last year

■ Last year, the first year after the slowdown, the revenues of the Budimex Group increased faster than the market. For the construction segment, sales of the Budimex Group increased by 13.9% compared to 2013. Revenues in the infrastructure and facilities construction sector

increased by 9.1% and 20.9% respectively as compared to 2013, in both cases exceeding the recorded market growth rate. Also the sales structure for construction and assembly services in the Budimex Group has slightly changed, which was triggered by, among other things, a good economic situation in the residential construction sector.

Type of construction	Sales value			
	2014		2013	
	PLN million	%	PLN million	%
Civil engineering (infrastructure)	2,680	56.8%	2,456	59.3%
Buildings, of which:	2,037	43.2%	1,685	40.7%
– non-residential buildings	1,748	37.1%	1,485	35.9%
– residential buildings	289	6.1%	200	4.8%
Total sales of construction and assembly services	4,717	100.0%	4,141	100.0%

It should be here noted that sales revenues on development activities are recognised upon transfer of the ownership title to the premises to the buyer, by way of a notarial deed, after the technical acceptance report has been signed for the entire building. Therefore, a much better prognosis, and a particularly encouraging one, is pre-sales volume of flats, i.e. the number of preliminary contracts concluded. In 2014, a major revival could be observed on the entire real estate development market, including a record interest in the Budimex offer. The net advance sales throughout the year 2014 amounted to 1,685 flats, as compared to 742 flats in the preceding year. Last year, the construction of over 2,000 new flats was commenced within twelve new development projects located in Warsaw, Krakow and Poznań. As at the end of the year, 2,751 flats were under construction. In 2014, the Group commenced the portfolio diversification process, for example by implementing the “Nowe Czyżyny” project with 1,374 flats, using partly land owned by the Group. Also, new plots were purchased. Currently, the Group holds lands for construction of over 5.4 thousand new flats, as compared to the land bank for the construction of over 7 thousand flats the year before.

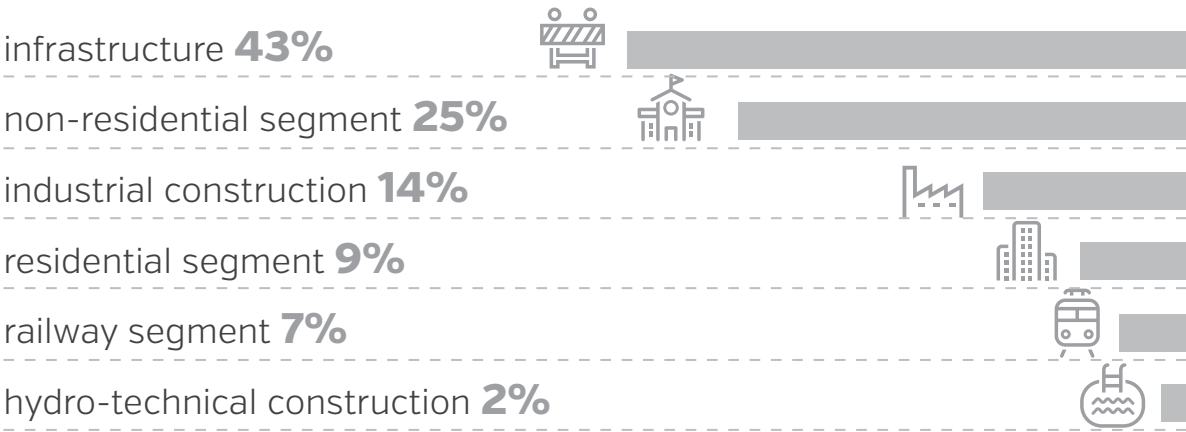
■ In a geographic context, the primary markets where the Budimex Group operates were Poland and Germany, and last year the main share of revenues from the Polish market increased from 88% to 96%. 3% of revenues originated from the German market, and 1% from the markets of other countries. As for the German market, in 2014, like in 2013, only workshop services were rendered. Despite the share in the total revenues of the Group dropping, the revenues from sales in Germany were slightly higher than the year before, which was due to the increase in prefabrication works and despite the decrease in metal-related works. Gross profit generated in 2014 in Germany was lower than in the previous year, which resulted mainly from the bankruptcy of a customer and a write-down on receivables.

New infrastructural investments (in particular road investments implemented under the National Roads Construction Programme for the years 2014–2020) offer an opportunity for the Budimex Group to win contracts in this segment. The Group also plans to win contracts in the segment of residential, office and industrial buildings, as well as in the energy and hydraulic engineering construction segments. Further development on the market of municipal services is also planned, as well as engaging in new projects on the basis of public-private partnerships.

In 2014, the Budimex Group companies signed construction contracts for the total value of PLN 6,310 mln (with annexes). The value of the construction order book of the Budimex Group as at 31 December 2014 amounted to PLN 6,107 mln and was higher by 40.7% as compared to the end of 2013.

In 2015, the Budimex Group plans to incur capital expenditure of approx. PLN 68 million. The outlays will be made mainly on construction machines and implementation of IT solutions.

The order book structure was as follows:



The basic economic values that characterise the Budimex Group were:

	2014	2013
Net revenues from sales of products and services, goods and materials (million PLN)	4,949.94	4,749.46
Net profit (million PLN)	522.51	645.18
Equity (million PLN)	3,335.70	3,041.58
Liabilities (million PLN)	3,858.21	3,686.75
Assets (million PLN)	4,337	3,983
Number of employees	N/A*	N/A*
Number of subcontractors' employees under the supervision of the Budimex Group		

\* Construction works are characterised by large seasonality of the employment of subcontractors, and the specificity of subsequent stages of executed works means rotation of subcontractors and changing number of workers on Budimex contracts. Employee data, including data of the subcontractors' employees, are updated on a daily basis and are registered directly on construction sites. Those registers are critical for the sake of OHS, especially in emergency situations (e.g. evacuations). The registers are not centrally consolidated. Consolidated data on hours worked by the subcontractors' employees will be available as of 2015.

## Budimex membership in organisations and social initiatives:

- Business Centre Club
- POLLAB Polish Research Laboratory Club
- Ogólnopolska Izba Gospodarcza Drogownictwa [Polish Chamber of Road Engineering]
- Polski Związek Pracodawców Budownictwa [Polish Association of Construction Industry Employers]
- Polskie Stowarzyszenie Wykonawców Nawierzchni Asfaltowych [Polish Asphalt Pavement Association]
- Polsko-Hiszpańska Izba Gospodarcza [Polish-Spanish Chamber of Commerce]
- Railway Business Forum
- Stowarzyszenie Emitentów Giełdowych [Polish Association of Listed Companies]
- Stowarzyszenie Księgowych w Polsce [The Accountants Association in Poland]
- UN Global Compact
- Związek Mostowców RP [Polish Society of Bridge Engineers]
- Izba Gospodarcza Energetyki i Ochrony Środowiska [Chamber of Commerce for Energy and Environment]
- Związek Pracodawców Branży Infrastruktury [Association of Infrastructure Trade Employers]
- Executive Club
- Pracodawcy RP [Employers of Poland]
- Izba Towarzystwo Gospodarcze Polska-Rosja [Poland–Russia Commercial Society Chamber]

photo: Tram line in Toruń



## Contribution to infrastructural development

- The activity of the Budimex Group results not only in the increased value for its shareholders. The value built over years is a bonus and reward for the reliable performance of contracts and delivering the agreed results. Another, yet equally important result of the activity are specific objects of infrastructure: roads and motorways, railway infrastructure, airports, hydro-technical facilities, industry facilities, sewage treatment plants and waste disposal facilities. Plus, a number of public buildings, such as hospitals, academic buildings or cultural facilities. These are also flats for thousands of families.

Among more important contracts signed in 2014, whose implementation provides real value to society, we would like to mention e.g. the contract for designing and constructing a power unit at the Turów power plant (PGE), the construction of an integrated transport centre in Bydgoszcz – Stage 1 Bydgoszcz Główna Railway Station (PKP), the construction of the take-off area with a guardhouse at the “Mazury” Airport in Szymany, the completion of construction works for the Marshal Office building and the Lublin Conference Centre, the expansion and modernisation of the airfield

and airport infrastructure at Szczecin–Goleniów Airport, or the Koszalin Coastland protection works – tasks VI and VII and the construction of a production hall and a warehouse of Ferrero Polska. Of course, road contracts belong to the most numerous group, which includes: the construction of the S5 road Żnin–Gniezno (section: “Mielno” junction–Gniezno), the construction of the S19 express road Lubartów–Kraśnik at the section from the Dąbrowica junction (without the junction) to the Konopnica junction, the continuation of the construction works for the A4 motorway at the section Rzeszów (Wschodni [Eastern] junction) – Jarosław (Wierzbna junction), the construction of the S7 express road at the section Jędrzejów – border of Świętokrzyskie and Małopolskie Provinces, the continuation of the design and construction of the A1 motorway at the section from Stryków to the Tuszyn junction (task 3), the construction of the Jarocin ring road within S11, the construction of the S7 express road at the Miłomłyn–Olsztynek section (subsection Miłomłyn–Ostróda Północ), the design and construction of the S5 express road Poznań–Wrocław at the section from Korzeńsko to Widawa Wrocław junction, the completion of the S5 express road Poznań–Wrocław, the construction of the Bełchatów ring road within national road No 8.

## Augustów ring road is open

The history of construction works for the Augustów ring road reaches back to 1992, with the first options for the route being proposed in 1996. The controversies, generated by the construction of the road launched in 2007, gave rise to a dispute, unprecedented in the history of Polish road engineering. The designed ring road passed through valuable and protected [i.a. under the Natura 2000 network] nature areas of the Rospuda River Valley and brought about measures by a number of environmental organisations. On the other hand, the inhabitants of Augustów, who had to face difficulties and dangers caused by thousands of heavy trucks passing through the city centre, refused to agree to suspend the investment, contrary to the demands of the environmentalists.

Eventually, the ring road was re-routed so that it would by-pass the precious nature areas – the ring road went through Raczki and does not collide with any areas protected as a part of the Natura 2000 European Environmental Network. The ring road, whose contractor was Budimex, was commissioned in November 2014.

The total length of the ring road is 34.23 km. The first section with the length of 21.48 km, from the Augustów junction to the Raczki junction, is the single-lane national road No 8. The second, 12.75 km-long section from the Raczki junction to the Suwałki Południe junction is the two-lane express road No S61. The new road is 36.6 km-long, including the connecting road from the Suwałki Południe junction to the existing national road No 8.

The commissioned Augustów ring road is a key element in the international traffic between Poland and Baltic countries. In the future it will constitute a part of the planned express road No S61 from Ostrów Mazowiecka, through the planned Łomża ring road, Ełk to Budzisko. The planned Suwałki ring road will be its natural extension towards Lithuania. Thanks to this project, thousands of heavy trucks, which have been passing through Augustów everyday for years, causing danger to health and life of the residents, were directed to the ring road.

An interesting, innovative and environment-friendly solution, that Budimex undertook to implement, is the construction of a bridge across the Rospuda River. The total length of the bridge is 180 km. Due to the natural assets of the Rospuda River Valley, construction of the crossover required application of the incremental launching method, which allowed reduction of the interference with the river channel. The bridge has a composite steel structure and concrete deck slab. The weight of the steel structure alone is 840 t.



Mostostal Kraków, contractor for many unique constructions, has executed or continues to execute orders for environmental protection for the industry [e.g. industrial electro-filters and sack filters], sewage plants, waste treatment plants, construction of water dams as well as many other kinds of public utility buildings. In 2014, the company was involved in construction and assembly works for the construction of a selective, non-catalytic nitrogen oxides reduction system [SNCR] in the Ożarów Cement Factory; in the construction of the ICE Kraków Congress Centre [delivery and assembly of 3,055 tonnes of a steel construction]; in the prefabrication, delivery and assembly of a steel construction for the expansion works of the infrastructure in the south part of the Świnoujście Port; in the delivery and assembly of about 145 tonnes of a steel construction for the “Biological Waste Treatment Plant sludge dewatering unit” investment task in the Azoty Puławy SA Group; in the execution, delivery and assembly of approx. 855 tonnes of a steel construction; and in the start-up of a liquid ammonia tank also for the Azoty Puławy Group..

Currently, Mostostal Kraków is working on a number of projects in the energy sector. Among others, they include: execution, delivery and assembly of steel constructions for two 300 MW Power Units Eesti Energia Narva Elektriijaamad [Estonia]; manufacture, delivery and assembly of a steel construction for the construction of the Flue Gas Desulphurisation Plant at the Rybnik Power Plant; delivery and assembly

of a steel construction for the construction of a new 463 MW combined cycle unit in Włocławek [Orlen SA]; prefabrication, delivery and assembly of a steel construction in the boiler building at the Tychy Heat Power Plant; prefabrication, delivery and assembly of 1,758 tonnes of a steel construction for the Boiler Building [Mondi Świecie]; delivery and assembly of a steel construction for the construction of new power units at the PGE Elektrownia Opole.

Probably the most unique project is the currently implemented contract for execution of a steel construction for the new steel dome protecting the ruins of the nuclear reactor in Chernobyl. Two parts of the dome will be slid over the radioactive rubble. The construction will be 105 metres high, 150 metres long and 257 metres wide. As announced by the Novarka consortium, who ordered the construction from Mostostal Kraków, this will be the greatest sliding construction in the history of mankind.

## Management culture

### Management approach

- The Budimex Group strives for the best practices in the area of management and corporate governance. The Group's goal is to ensure the highest management standards, including transparency of decision-making processes, as well as reliability and timeliness

photo: Children's Hospital in Bydgoszcz



photo: Powiśle Park in Warsaw





of information on the actual standing of the Group provided to all actors of the capital market. In 2014, Budimex applied the “Best Practices of WSE Listed Companies” adopted by the resolution of the WSE Supervisory Board dated 4 July 2007, with the exception of:

- the option to exercise voting rights in person or through a proxy in the course of the general shareholders meeting from a location other than the general shareholders meeting venue, using electronic communications,
- two-way real-time communication process during which shareholders can take the floor during the General Meeting of Shareholders while being at a location other than the meeting venue – Rule No 10 item 2] in Section IV of Best Practices Applied by Shareholders.

The decision on this matter was taken following the assessment covering the matters relating to both technical and legal threats to correct and smooth the GSM process, considering the number of shareholders who typically participate in the meeting.

### Management systems

■ The implementation of investment projects is based on the Integrated Management System comprising: quality management system according to PN-EN ISO 90001, environmental management system according to PN-EN ISO 14001, OHS management system according to PN-N-18001 and quality assurance system based on requirements of the NATO standard AQAP 2110. The effectiveness of these systems is confirmed by the certificates granted and by the constant supervision of external certification units. Relevant policies, procedures and processes define in detail the operational policies in terms of quality, occupational health and safety, as well as in terms of effects on social and natural environment. What is more, regular reviews of the applied system solutions enable constant improvement of operational management, so that we can achieve even better results, not only in economic, but also in social and environmental aspects.

Mostostal Kraków also works by the rules of the Integrated Quality Management System, environmental management and OHS within the range of comprehensive investment execution, performance, deliveries and assembly of facilities of general, industrial and transport construction in compliance with the following standards: PN-EN ISO 9001:2009, PN-EN ISO 14001:2005, PN-N 18001:2004. Furthermore,

the company holds many other highly valued certificates for welding technology, bridge construction, steel construction production and certificates granted by the Office of Technical Inspection [UDT]<sup>2</sup>. It is noteworthy that Mostostal Kraków received its first ISO 9001 certificate in October 1995 – as one of the first Polish construction companies to implement a quality system. From April 2009, an Integrated Management System complying with the PN-EN ISO 9001, PN-EN ISO 14001, and PN-N 18001 standards was introduced into the entire system of investment implementation.

In 2014, Budimex Nieruchomości did not apply certified management systems.

### Managing corporate responsibility

■ The responsibility management system of the Group is based on the approach stipulated by the PN-ISO 26000 standard. In 2010, a CSR policy was adopted, based on which first goals were defined for the years 2011–2012. Although the original policy and goals were accepted by the company authorities, 2013 was of key importance for systematised approach to CSR. The CSR Committee was formally appointed, with members of the management board and key managers. This allowed us not only to comprehensively divide responsibility for individual aspects of influence, but also to define key responsibility areas and stakeholders groups. However, what is crucial in terms of daily operational management, an effective cooperation platform was created, providing holistic approach to sustainable development. Moreover, the CSR Committee, in whose works and regular meetings the management board is directly involved, with its chairman presiding over the works of the Committee, is very important for responsible business management. The Committee gives opinion and confirms goals adopted within the CSR Policy, periodically monitors the degree of their achievement and approves implementation of new projects from the responsible management area. Upon initiation of the Committee works, workshops for persons responsible for individual CSR actions were organised. As a result, new goal proposals were established for Budimex. Ultimate goals for the years 2014–2015 were accepted by the Committee, then accepted formally by the Management Board by way of a resolution.

<sup>2</sup> More information on Mostostal Kraków SA certificates can be found on the following website: <http://www.mostostal.com.pl/?pid=25>.

photo: ICE Kraków Congress Centre



CSR goals for Budimex for the years 2014–2015 (Appendix to the CSR Policy):

Goal	Time limit	Goal achievement
1 Ensuring safe organisation and implementation of particularly dangerous works by preparing an Instruction of Safe Execution of Works – 100% of works specified in BIOZ plans as particularly dangerous.	2014	✓
2 Training and communication activities on the subject of good OHS practices for 80% of constructions executed in 2014.	2014	✓
3 Implementation of and organisation and provision of hygiene and health resources standard for all construction works starting from Q3 2014.	2015	✓
4 Implementation of standards for organisation and execution of work at heights – 100% of all construction works starting from Q3 2014.	2015	✓
5 Implementation of standard equipment for workers and persons performing works on construction sites – basic personal protective equipment, i.e. protective helmets, goggles, protective shoes and reflective clothing (2nd reflectance class) or reflective vests – 100% of all construction works starting from Q3 2014.	2015	✓
6 Creating quantitative and qualitative records of reused materials from demolitions, disassembles and earthworks.	2015	✓
7 Manufacturing processes review for the purpose of their optimisation regarding fuel consumption and related environmental pollution, preparation of activity plan and commencement of its execution.	2014	✓
8 Improvement of manufacturing processes review for the purpose of their optimisation regarding energy consumption and related environmental pollution, preparation of action plan and commencement of its execution. 5% decrease in energy consumption.	2014	✓*
9 Optimisation of energy consumption by replacing existing lighting with LEDs in three Budimex offices – in Poznań, Kraków and Warsaw.	2014	pending
10 Providing first aid kits to all construction sites – 100% of all construction sites starting from Q2 2014.	1Q 2015	✓
11 Successive replacement of paper newspapers with electronic ones. Reduction of paper newspapers purchased by 15%.	2Q 2015	✓
12 Ensuring proper hazardous waste disposal on 100% of construction sites, i.e. signing contracts with companies holding appropriate permissions regarding hazardous waste management.	2015	✓
13 Increase the quantity of segregated waste generated on construction sites by approximately 30% in relation to the year 2013.	2015	–**
14 Increase in quantity of waste transferred to natural persons or non-commercial organisational units to be used for own purposes by approximately 30% in relation to 2013.	2015	– **
15 Promoting energy, water and paper savings. Employee education with the use of the Budinet internal information portal. Publications: once a quarter.	2015	✓
16 Changes in procedure 06-02 (Procedure for purchases and supplier qualification): introduction into the procedure of a negotiation protocol template in which one of the points pertains to OHS.	2014	✓

Goal	Time limit	Goal achievement
17 Preparing a report in CBD, which will permit negative listing of companies (score 1 on the scale from 1 to 5) when evaluated in the area of fulfilment of safety and hygiene [OHS] conditions by a subcontractor and as regards proceedings in environmental protection and ecology.	2014	✓
18 Verification of Budimex agreement standards and adjustment of their provisions to ensure more partnership relations with company counterparties.	2014	✓
19 Extension of the report functionality in CBD to include e-mail notifications to the OHS Department with information about suppliers who received negative evaluation in the area of OHS and/or environmental protection.	2015	– ***
20 Introduction of a CSR module into the “Welcome to the Group” training in 2014.	2014	✓
21 Creating the “Risk management policy in Budimex SA” document (working title).	H1 2015	✓
23 Creating the document “Policy of cooperation with local communities in Budimex SA construction contracts under implementation” (working title).	2015	pending

\* The CSR Committee issued a number of recommendations for limitation of electricity consumption within construction contracts performed by the Budimex Group (core business), e.g. announcing a competition among employees for the best energy saving initiative, analysing an option to sign a framework agreement for supply of electricity with a single supplier, or an attempt to record in the existing data collection systems the amount of energy consumed (not costs), which would produce more reliable results than just basing on the index of an average electricity price.

\*\* Data analysis for the previous years indicated that the quantity of segregated waste generated on construction sites fluctuates at the level of over 95% and the quantity of waste transferred to natural persons exceeds 60%. Therefore, the CSR Committee took a decision on correcting those two goals, which shall now read as follows: Goal No 13: “Maintaining the quantity of segregated waste generated on construction sites at the level above 95%”; Goal No 14: “Maintaining the quantity of waste transferred to natural persons or non-commercial organisational units to be used for own purposes at the level above 60%.”

\*\*\* Due to the changes in the e-mail system, the IT Office postponed the implementation of this goal to the closest technically possible deadline.

Additionally, the Ferrovial Group, the strategic investor of Budimex, adopted the following policies for responsible management, declared [already in 2015] binding also for the employees of the Budimex Group:

- Company's Policy of Responsibility,
- Anti-Corruption Policy,
- Anti-Monopoly Policy and Competition Policy,
- Policy for Human Rights,
- Policy for Environmental Protection and Quality.



## Budimex again listed at the stock exchange RESPECT Index

Budimex has been listed at the Respect Index since January 2011 Budimex presence was again confirmed in December 2014 RESPECT

The RESPECT Index is one of the stock exchange indicators that can build a company's credibility in the eyes of shareholders, potential investors and business partners. This group includes companies with the most effective use of best practices in the field of information governance and investor relations, as well as in areas relating to environmental, social, labour and economic factors, and those with a forward-thinking approach to organisation management. Since the first publication on 19 November 2009 until December 2014, rate of return on the RESPECT Index was 70%.

*"Judging from our recent contacts with international investors, I can say that they are increasingly interested in companies doing business in a responsible manner. This is also confirmed by research worldwide. I am glad that the RESPECT Index attracts growing attention of issuers. This year another three companies joined the Index. I would like to congratulate all companies joining the index of transparent and responsible approach to business",* said Paweł Tamborski, President of the Warsaw Stock Exchange, when announcing the new composition of the Index.

## Managing responsibility in the supply chain

■ A characteristic feature of the construction sector, including the Budimex Group, is flexible management of resources, i.e. frequent use of subcontractors. Thanks to a long horizon of investments, which at individual stages require different works and various equipment, this approach is both rational and cost efficient. Otherwise, specific equipment and workforce would just need to wait idly. This flexibility allows us to react dynamically to the changing situation on the market and either to cut costs or to rapidly increase the potential required to render works. Therefore, one of the key factors for long-lasting business success in the industry is the ability to select reliable subcontractors with diversified specialisations and building relations with them based on mutual trust and partnership. The above feature of the industry means also that for most of the indicated areas of social impact, the responsibility for a certain aspect is not limited only to direct responsibility of a specific company of the Budimex Group. It becomes an indirect responsibility, i.e. it exceeds the Budimex Group and to a great extent concerns suppliers and subcontractors.

For example, due to the execution of a business model based on external subcontractors, the responsibility of the Budimex Group expands in terms of the impact on a local biosphere, OHS or quality and accuracy of the performance, providing for safe use of premises. In consequence, from the responsible management's point of view, attention should be placed on business partner monitoring in these aspects. Shifting the burden of some of the works to a third party means that a correspondingly greater part of consumption of materials and raw materials, including fuel, also lies with that party. In the case of certain key raw materials such as steel, responsibility for its production, which affects the environment, lies entirely beyond the Budimex Group, including Mostostal Kraków, for which steel is the main material.

The business model which includes subcontractors and which leads to expanding the responsibility, determines the approach to socially responsible management.

The foundations of this approach are two evaluation systems:

- qualifying a subcontractor, and
- final scores, which recapitulate the cooperation.

The scores mentioned later in this report include typical social factors, such as compliance with environmental protection rules and OHS.

When referring to the supply chain, we should mention not only subcontractors, rendering construction services, but also suppliers of main materials and raw materials used by the Group. Among Budimex suppliers are the biggest producers of bitumen for road construction [Orlen Asphalt, Lotos Asphalt], manufacturers of reinforced steel, concrete reinforcing bars and metallurgical products [Arcelor Mittal Distribution Solutions Polska, Konsorcjum Stali SA, ThyssenKrupp Energostal SA], aggregate materials and concrete [Cemex Polska Sp. z o.o., Lafarge Kruszywa i Beton Sp. z o.o., Mineral Polska Sp. z o.o., Śląskie Kruszywa Naturalne Sp. z o.o., Kopalnie Dolomitu w Sandomierzu], road and bridge barriers [Stalprodukt SA], fuels [heating oil, mazout] [PKN Orlen SA, Mal-Sped Sp. z o.o.], components of road culverts [Viacon Polska Sp. z o.o.], and components of sewage systems [Ecol-Unicon Sp. z o.o.]. Last but not least, in 2014 none of the suppliers of materials or services exceeded 10% of the Group's sales.

■ It should be noted that the involvement of subcontractors and suppliers does not imply merely extending the responsibility by the supply chain. The Budimex Group activities generate income for the capital group itself and for many companies whose services and products are used. This means that the Group contributes indirectly to creating many more jobs than it could be inferred from the employment figures only for the companies of the capital group. However, this number is difficult to evaluate, although during a year Budimex cooperates with 12 thousand business partners. Due to the varied nature of the works, changing with the advancement of a given project, both the number and specialisation of workers also change.

# 4 About the Report

■ The presented seventh annual report of sustainable development in the Budimex Group focuses on activities and performance of three out of four companies crucial for the long-term development of the Group's business activity. These are:

- Budimex SA,
- Budimex Nieruchomości Sp. z o.o.,
- Mostostal Kraków SA.

■ Thus, compared with the year before, there are no material changes within the scope of reporting. The report does not include the youngest of the companies relevant to the Group's future, i.e. FB Serwis SA ([www.fbserwis.pl](http://www.fbserwis.pl)), as this company is not included in the consolidated financial statements of the capital group. If the Budimex Group increases its capital involvement in FB Serwis SA, which would lead to inclusion of the company in the consolidated financial statements, FB Serwis SA will be also included in non-financial reporting scheme.

■ Smaller companies, which are consolidated in the financial statements, have been omitted from this report, due to the significantly smaller scale of their operations and, consequently, the limited social and environmental impact. More details on all companies whose results are consolidated in financial reporting and which are not included in this report are available in the appendix to the report ("Tables with non-financial data").

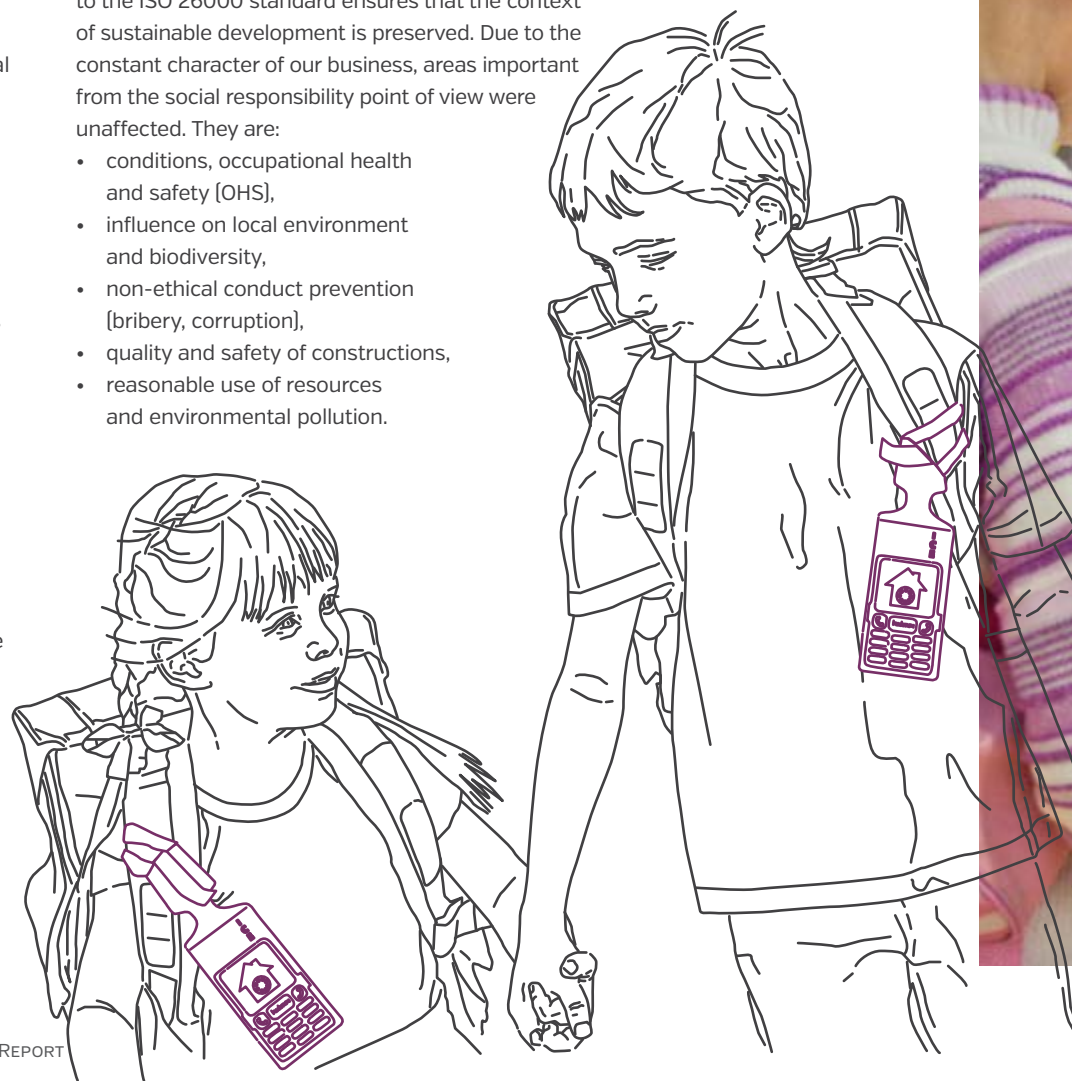
■ This responsible business report published by the Budimex Group was prepared for the third time in accordance with the GRI guidelines in their latest G4 version in the Core option. The report refers also to the industry indicators presented in the respective sector supplement. Reliability and conformity of the report with the Guidelines were verified

and confirmed by an independent auditor [Deloitte Advisory sp. z o.o.].

■ The meetings of the CSR Committee in 2014 did not indicate any changes in the environment which would have significant influence on the social or environmental impact of the Group. Essential areas of responsibility were defined in accordance with the PN-ISO 26000 standard in 2012, with the involvement of over a dozen key managers (interview surveys); in 2013 they became the subject of additional discussion and verification by the CSR Committee. This supplementary process enabled the score update for individual key areas in compliance with materiality and completeness principles and taking into account its stakeholders. In turn, the reference to the ISO 26000 standard ensures that the context of sustainable development is preserved. Due to the constant character of our business, areas important from the social responsibility point of view were unaffected. They are:

- conditions, occupational health and safety (OHS),
- influence on local environment and biodiversity,
- non-ethical conduct prevention (bribery, corruption),
- quality and safety of constructions,
- reasonable use of resources and environmental pollution.

photo: CSR Programme Domofon ICE . Budimex for Children – Kamieniec Wrocławski





■ The importance of individual aspects for the individual companies is defined as follows:

Social or environmental aspect	Impact aspects and GRI indicators	Budimex SA	Budimex Nieruchomości Sp. z o.o.	Mostostal Kraków SA
conditions, occupational health and safety [OHS]	<ul style="list-style-type: none"><li>• Workplace: occupational health and safety [G4-LA-DMA, G4-LA5, G4-LA6, G4-LA7 G4-LA8]</li><li>• Supplier assessment [G4-LA14, G4-LA15]</li><li>• Complaint transfer procedure [G4-LA16]</li></ul>	high*	high*	high*
impact on local environment and biodiversity	<ul style="list-style-type: none"><li>• Biodiversity [G4-EN11, G4-EN12, G4-EN13, G4-EN14]</li><li>• Environmental assessment of suppliers [G4-EN32, G4-EN33]</li><li>• Complaint transfer procedure [G4-EN34]</li><li>• Local community [G4-SO1, G4-SO2]</li></ul>	high*	low*	low*
non-ethical conduct prevention	<ul style="list-style-type: none"><li>• Human rights: investments [G4-HR1]</li><li>• Human rights in the supply chain [G4-HR10, G4-HR11]</li><li>• Human rights: complaint transfer procedure [G4-HR12]</li><li>• Anti-corruption [G4-SO3, G4-SO4, G4-SO5]</li></ul>	high*	high*	high*
quality and safety of construction	<ul style="list-style-type: none"><li>• Customer health and safety [G4-PR1, G4-PR2]</li></ul>	high*	high*	high*
reasonable use of resources and environmental pollution	<ul style="list-style-type: none"><li>• Raw materials and materials [G4-EN1, G4-EN2]</li><li>• Energy [G4-EN3, G4-EN5]</li><li>• Emissions [G4-EN15, G4-EN16, G4-EN18, G4-EN21]</li><li>• Sewage and waste [G4-EN23, G4-EN24]</li><li>• Compliance with regulations [G4-EN29]</li><li>• Environmental assessment of suppliers [G4-EN32, G4-EN33]</li><li>• Other [industry] [CRE2, CRE8]</li></ul>	average*	average*	average*

\* aspects in case of which we may refer to the extended responsibility, i.e. taking into account the activities of suppliers and subcontractors in the supply chain.

■ The current map of stakeholders, verified by the CSR Committee in 2013, specifies 26 main stakeholders within bigger categories. These are:

- **Employees** (full-time employees, students and potential employees, former employees, trade unions, employees of subcontractors and suppliers, labour inspection and other similar supervision authorities),
- **Investors** (the strategic investor, institutional investors, individual investors, Warsaw Stock Exchange, brokerage houses, banks),

- **Customers** (GDDKiA, corporate customers, individual customers, business partners, key suppliers, subcontractors, local self-government and government administration),
- **Society** (local communities in the area of an investment, residents and community leaders, media, universities and academics, technical and professional organisations),
- **Environment** (environmental organisations, environmental supervision inspectors, State Forests).

Decentralised dialogue with individual groups is conducted on an ongoing basis throughout the year, under individual business areas, in the form and at a frequency tailored to the specific relations. The CSR Committee is the platform for confronting various expectations, interests and concerns of individual groups. In the opinion of Budimex, a stakeholder panel organised at this stage will not bring the expected business value. This can be concluded from poor experiences when making efforts to initiate such dialogue, which did not invoke particular interest among potential partners. It will be more efficient to conduct dialogue based on trust built over the years by managers and executives.

Published social reports received similarly weak response [i.e. basically no feedback from the stakeholders]. However, the Budimex Group plans to take measures for creating a platform and more systematised dialogue with selected groups of the environment. The nature of these measures will be defined when developing a new social responsibility strategy. It should also be noted that in the recent years a platform for sustained and extremely constructive dialogue over OHS was successfully created, i.e. the “Safety in Construction Agreement” platform. The largest business operators and the Polish Social Insurance Institution joined the initiative. Also, the system of preliminary qualification and final evaluation of subcontractors, becomes a platform for dialogue with subcontractors who can better understand Budimex expectations and as a result, improve their approach.

As far as the frequency of the dialogue is concerned, it depends closely on the nature of the relations. For example, once every two years, all employees of the Group undergo a comprehensive satisfaction study, and once a year they may meet the President of the Management Board during a series of meetings organised at various venues in the country. In turn, the contacts with investors [customers] depend on the nature and the implementation stage of the project.

As a consequence of the aforementioned limitations, we based the process of defining the report’s content on the managerial expertise regarding the expectations of stakeholders. Information presented in the report reflects this long-term process of gathering knowledge about expectations of the environment.



# 5 Conditions, occupational health and safety (OHS)

- In the companies where the majority of the capital group's personnel is employed, i.e. in Budimex and Mostostal Kraków, integrated management systems were implemented, including occupational health and safety management system. In Budimex this system complies with PN-N-18001 and OHSAS 18001, whereas in Mostostal – with the PN-N-18001 standard. In individual companies of the Group there are occupational health and safety committees.<sup>3</sup> They consist of the employee and employer representatives. The Committees represent all employees (100%). For example, in Budimex the OHS Committee had 7 members at the end of 2014: 1 employer representative, 4 employee representatives, OHS Department Manager and an occupational medicine physician.

Based on the previously adopted policy "Safety First", in 2014 a new tool was prepared and launched, enabling comprehensive gathering of the current knowledge on potential hazards and OHS measures. All information, e.g. risks and recommendations identified during the inspection, is aggregated in one place. Thus, it is possible to monitor it more efficiently and to efficiently identify training needs and to plan training sessions. It also facilitates subcontractors management. With information about a subcontractor, it is possible to establish a constructive dialogue on necessary actions. Budimex may even audit a subcontractor and assist in defining the source of subcontractor's difficulties. According to the new approach, we should focus on the causes and their elimination rather than on unsatisfactory results. The cooperation with our subcontractors may be greatly facilitated by changes in the rules for financing of solutions for safety in small companies by the Social Insurance Institution.

Last year, as part processes improvement, the new standard of the Safety and Health Protection Plan [BIOZ], implemented the year before, was updated. The BIOZ Plan consists of permanent elements that include processes during constructions. Its integral part are the appendices that define individual procedures and key processes connected with

<sup>3</sup> Budimex Nieruchomości is supervised by the Budimex SA OHS Department.

photo: Pomeranian Metropolitan Railway Construction





co-operation with the subcontractor. The employees that rotate between contracts find the same template at each construction site, which facilitates studying this document. The BIOZ Plan must be accepted by the OHS specialist and by the Site Manager. Participation in this process enables interception of possible lacks and shortcomings and correcting them before the BIOZ Plan is implemented within the contract. Implementation of the Plan at a construction site involves training for all those who execute works.

A “Contract commencement” is an obligatory element at the beginning of every investment. It takes the form of a meeting of the OHS specialist and the environmental protection specialist with construction site managers, during which the OHS procedures, legal requirements, Budimex standards and obligations resulting from the participation of the company in the Safety in Construction Agreement, of key importance during organising and executing safe work at the construction site, are all discussed. The persons involved in OHS matters, the solution applicable throughout 2014, confirmed its efficiency.

In 2014, all the Budimex employees already worked in new type of occupational clothing, i.e. clothing from modern fabrics, ensuring both comfort and higher safety, also thanks to vivid colours. The process of introducing new clothing at individual contracts launched in August 2013.

## OHS Training and Prevention

For many years the training system applicable in Budimex has been exceeding legal requirements significantly. It is enough to mention that training for employees and senior management takes place more often than required by law, i.e. on an annual basis for production employees and at least every three years for senior management. As a rule, all persons executing a given contract, including employees of subcontractors, are trained in internal safety procedures. However, it is not only the matter of frequency, but also the content of the training. The employees regard this training as something useful and dedicated to their problems, i.e. daily risks that they encounter at work. The training cannot be something boring that one just needs to complete periodically to be licensed for a job. Therefore, it is no coincidence that very often training becomes a bilateral dialogue.

A new addition is that Budimex not only goes beyond the legal requirements, but also started sharing with others its experiences and competencies developed on the basis of these experiences. According to the “Safety

in Construction Agreement” signed by Budimex, new training programmes were developed. Last year, about 1,500 persons finished the new programme for manual workers. The programme received very good reviews. In 2015, it will become generally available. Any person employed at a construction site can participate in such a programme, thanks to the agreement with the Social Insurance Institution, which will be the training provider. Budimex hopes that it will evoke interest of, among others, subcontractors working both for Budimex and for other parties to the “Safety in Construction Agreement.” However, the plans are much broader – next training, this time for the senior management, is under development.



photo: Pomeranian Metropolitan Railway Construction

In 2014, the distribution of “Manual for health and environmental protection” continued. The Manual consists of modules that describe all possible kinds of work that an employee can find on a construction site. Each module describes specifics of given work, dangers, expected and prohibited conduct and other information required for safe work. In 2014, over 800 copies of the Manual were distributed.

Training programmes for OHS and environmental protection coordinators, initiated in 2013, were also continued. Apart from the coordinators, persons who

intend to become a coordinator or who simply would like to enrich their knowledge about comprehensive safety management within a contract also participate in the programme. The groups at training sessions are small, which facilitates discussions and the exchange of views. The training includes procedures for the integrated management system within the range of OHS and environmental protection; BIOZ Plan guidelines and Instructions for the Safe Execution of Works (IBWR); the identification of risks on site and the demonstration of the “Safety in Construction Agreement” initiative to the coordinators. During training the participants



receive a “Coordinator case” – a set of policies, internal procedures and documents connected with work safety and environmental protection, all put inside a handy binder. In 2014, 27 persons completed the training.

In 2014, as in the previous years, first-aid trainings were continuously provided, and more first-aid gear was purchased. We would like to note that both the training programme and the composition of the first-aid kit were prepared with the site's specifics and typical construction risks in mind. Employees of Budimex SA delegated to the German market who participate in the courses are granted a “Paramedic” title – the highest degree possible in life rescue for persons without medical education. Among them there are also persons

with a training licence, which allows them to conduct training in person.

The continued initiative from before 2014 of placing two sections on information boards: reaction sequence and access plan also receives good feedback. Reaction sequence is an updated list of people who have been trained and designated to provide first aid and people who are entitled to manage a rescue operation and evacuation. Access plan is a short and simple description of access to the accident site. The description takes into account easily recognisable objects near the construction site, GPS data and other information facilitating identification of the site and access for emergency services. This significantly facilitates sharing key information with rescue services.

photo: Pomerania Metropolitan Railway Construction



## ■ Budimex takes over the leadership of Safety in Construction Agreement

On 4 February 2014, Budimex took over the leadership of Safety in Construction Agreement from Skanska. This change is a result of earlier agreements between the signatories of the Agreement, which establish that in subsequent periods different companies will take the leadership. The presidency of Budimex will last 2 years.

Safety in Construction Agreement is an initiative of seven construction companies that signed a joint declaration in August 2010. These companies are: Bilfinger Infrastructure, Budimex, Hochtief Polska, Mostostal Warszawa, Polimex Mostostal, Skanska, and Warbud. In October 2013, the group was joined by Mota-Engil and in February 2015 by Erbud SA and Unibep SA. Today, the Agreement has 10 members and its goal is the improvement of safety on Polish construction sites.

The signatories of the Agreement already use high OHS standards and continuously raise the bar and transfer these standards to subcontractors, as this is the group under the gravest accident risk. The construction site must be a safe place for everyone.

Already during Skanska's presidency measures were adopted which resulted in a decrease in the number of fatal accidents on signatories' construction sites from 9 in 2011 to 3 in 2013.

Subcontractors of all signatories must comply with the same requirements for OHS standards on the construction site. Therefore, a common attachment was designed and adopted for subcontractor contracts under the title of “Requirements for occupational health and safety,” obliging subcontractors to organise and conduct works in a way that guarantees safe and healthy conditions of work and imposes an obligation of cooperation with the Agreement signatories with regard to OHS issues.

The Agreement has also designed and adopted “Guidelines for Instructions for the Safe Execution of Works.” The risk assessment refers to a particular task, requires drafting IBWR, and, in consequence, requires taking measures for minimising risk already at the works planning stage.

The next step in the safety improvement on construction sites process is OHS training among employees and subcontractors.

In January 2014, the process of introducing protective goggles began on all construction sites run by the signatories of the Agreement. Currently, goggles became standard gear also among subcontractors.

Effects of the initiatives and operations undertaken by the signatories of the Safety in Construction Agreement have been noticed by public institutions, e.g. the National Labour Inspectorate (PIP), which now wish to engage in a dialogue over the implementation of high OHS standards and which see the Agreement as a social partner.



---

## Safety Week

### – largest initiative on Polish market

Forty thousand workers participating in hundreds of events organised in more than 350 entities (branches and construction sites) – these numbers illustrate the scale of the Safety Week, which took place in May on construction sites of the companies forming the Safety in Construction Agreement. The honorary patronage over this largest initiative for occupational safety on the Polish market was held by the National Labour Inspectorate [PIP].

The Safety Week covered activities on hundreds of construction sites all over Poland, which allowed the Agreement's signatories to reach not only their own workforce, but also a great number of subcontractor companies operating on the Polish market.

---

## ■ The Social Insurance Institution supports the ideas of the Safety in Construction Agreement

In October 2014, Zbigniew Derdziuk, President of the Social Insurance Institution [ZUS] Dariusz Blocher, President of Budimex who presides over the Safety in Construction Agreement, signed a letter of intent initiating cooperation between ZUS and the Agreement's signatories.

The ideas and activities of the Safety in Construction Agreement are consistent with tasks within the scope of accident prevention, carried out by the Social Insurance Institution. The Agreement will support the Social Insurance Institution in identifying the needs of small and medium enterprises with regard to improving the level of occupational safety, as well as in getting through to this group of companies with information about the "Scheme of subsidising activities aimed at maintaining capability for work throughout the period of occupational activity, carried out by payers of contributions."

The Safety in Construction Agreement counts on the Social Insurance Institution's support in creating occupational safety procedures in the construction sector, which is characterised by the highest accident rate. The Agreement also prepares training programmes dedicated to individual groups of employees from this industry.

---

photo: Lublin Arena



Accident rates

Budimex Group has adopted a double system for classifying accidents at work. Each accident is described in compliance with the Polish regulatory classification and with procedures and classification adopted by the strategic investor (Ferrovia). Along with

the differences regarding the accident assessment process itself, the definition of a serious accident is also different. Internally adopted solutions are much more restrictive in this area. Due to more stringent criteria and greater accident differentiation, the non-obligatory classification provides better possibilities for analysing post-accident statistics.

Accident rate in 2014:

	Among own workers		Among subcontractors' workers	
	2013	2014	2013	2014
Number of accidents (total)	36	35	59	68
Number of fatal accidents	0	0	1	3

More numeric data is provided in the tables at the end of the report.

In 2014, monitoring of harmful factors in the workplace did not confirm that highest permissible concentrations and intensities (NDS, NDN) of harmful and dangerous factors were exceed. However, as regards harmful and hazardous factors, we should return to the issue of awareness-raising among employees in terms of compliance with the OHS requirements, including the application of protective equipment. Specific health issues often appear only after years and it is difficult to attribute them to one employer. Sporadically, such cases were reported by persons currently employed with Budimex. Therefore, measures within the Budimex Group, its subcontractors and the entire industry are so important here. This is particularly important on the market where there is a high employee turnover.

Accident statistics are analysed once a month by the Management Board and illustrated by factors that refer them to the scale of contracts executed. Since 2013, near-accident events have also been registered (last year 17 of such events were registered). In 2014, a new system for registering working time of subcontractors was developed, which will enable

analysing accident rates for the subcontractors' employees (such data have been collected since 2015).

As part of cooperation between the companies participating in the "Safety in Construction Agreement", it was decided to provide mutual transparency regarding analyses of accident rates and, as a result, to provide a possibility of comparison with competitors being the signatories of the document.

Another aspect of security is the issue of outsiders who may find themselves in the impact zone of an investment and may, potentially, be injured. Of course, all rules concerning the fencing and marking of the construction site are strictly observed, which reduces the likelihood of an unauthorised entry. Preventive measures are also taken by the employees, and especially by the security staff, who – as some of us may not know – not only protect the property, but also indirectly contribute to the elimination of danger which may threaten, for example, children who would like to "explore" the site unnoticed, unknowingly exposing themselves to great danger

OHS and subcontractors

In 2014, 1,807 subcontractors (100%) were subject to preliminary qualification with respect to, among others, compliance with occupational health and safety (OHS) standards. 5,115 cooperation summary assessments were also conducted; they contained, among other things, elements related to OHS. A negative assessment may result in terminating cooperation with a particular subcontractor.

All employees of subcontractors working on Budimex construction sites undergo training in internal OHS procedures and are obliged to comply with them. Apart from an accident register for its own employees, Budimex also keeps a record of occupational accidents that occurred on construction sites and affected employees of subcontractors for whom Budimex acts as the main contractor. All of them are analysed in terms of causes and circumstances in which they occurred, as well as responsibilities of supervisors.

OHS issues in their broad sense, apart from a number of other aspects related to the compliance with labour rights in the case of subcontractors, seem to be particularly important. Therefore, Budimex pursues such a comprehensive approach, which includes both the requirement to apply respective contractual clauses, preliminary and final assessment, training and measures within the framework of the "Safety in Construction Agreement." They enabled the development and popularisation of some best practices for subcontractors among the biggest market players.

Ongoing observation of the work of subcontractors, which is reflected in final assessments of the suppliers, led to the identification of 327 irregularities, of which 48 were related to OHS.



# 6 Impact on the local environment and biodiversity

## Limiting impact on the local natural environment

- The impact of projects under implementation, including the impact of the investment process itself, is of a key importance for Budimex and stakeholders from the capital group. On the one hand, the impact on the closest social and natural environment, especially in terms of all kinds of threats and concerns, is of a key importance for the residents of the areas next to the project and for various environmental organisations which monitor the entire process, the implementation of which – although beneficial from the economic and social view – most often results in permanent and irreversible changes of the landscape and local natural environment. On the other hand, capital market investors regard the very same aspects as risks, which may lead to delays in obtaining respective administrative decisions or in prolongation of works. These are risk factors to which the company draws investors' attention in its financial reports and which are under the company's management. Care for the environmental issues to the extent of impact exerted on them by Budimex and its subcontractors, is in best interest of not only the natural environment, but also the company and its shareholders.

To define the environmental impact of investment projects, in the first place we should note that the scale of construction industry's potential impact on the environment is influenced by the character of the investment project itself, and most importantly – its location. Infrastructural investments are of key importance here. Road and railway investments often run across or in the neighbourhood of valuable natural areas, which can affect the local biosphere both at the stage of the project execution and later on – in the course of the subsequent use of facilities. The implementation of residential investments, especially those located in urbanised areas, has a significantly smaller influence on the environment. Similarly, the construction of industrial facilities as a rule takes place in areas already transformed by human activity to a large extent. Here in turn, the impact of the subsequent use of a given industrial facility is vital. It is worth noting that it is the Budimex Group who is the provider of pro-environmental solutions limiting the adverse effects on the environment of the existing facilities [e.g. by retrofitting flue gas desulphurisation plants].

photo: "Nowe Ogrody" Housing Estate in Poznań



Within the Integrated Management System in Budimex, as well as in Mostostal Kraków, confirmed by independent certificates, environmental matters management is done on the basis of the PN-EN ISO 14001 standard. Specific construction investments are regulated by the “Environmental management on contracts” procedure [09-11], the purpose of which is the reduction of negative environmental effects of constructions executed by Budimex, and which defines, among others, most probable environmental risks.

Implementation of tasks related to environmental protection is supervised by OHS and environmental protection coordinators present on individual contract sites and supervising compliance with environmental principles on a daily basis [more about training of coordinators and operations on the subject of OHS and environmental protection training can be found in the chapter “Occupational health and safety [OHS]”].

## Environmental concerns on a construction site

- For all investment projects which may potentially affect individual elements of the natural environment, including biodiversity, a mandatory environment impact report is prepared. The report is prepared in cooperation with external specialists in various fields [e.g. ornithologists, herpetologists, ichthyologists, entomologists, botanists]. The report facilitates not only cataloguing the natural wealth, but also proposing solutions to minimise or compensate the projects' adverse effects on the environment. It is worth noting that often, in agreement with the investor, solutions are adopted that exceed law requirements and limit risks. In 2014, the following contracts were executed which go through or in the proximity of the Natura 2000 areas:
  - Pomeranian Metropolitan Railway Stage 1 [Kokoszkowska Railway revitalisation],
  - completion of construction works for the S5 express road Poznań-Wrocław, at the Kaczkowo-Korzeńsko section,
  - continuation of construction works for the A1 motorway Stryków-Tuszyn, Task 3,
  - construction of the S19 express road Lubartów-Kraśnik at the section from Dąbrowica junction [without the junction] to Konopnica junction [including the junction]
  - construction of the S7 express road at the Miłomłyn-Olsztynek section, subsection A: Miłomłyn-Ostróda Północ

- construction of the S7 express road at the section Jędrzejów – border of Świętokrzyskie and Małopolskie Provinces.  
(environmental aspects of the selected contracts are elaborated in detail in the subsequent parts of the report)

As a rule, Budimex is the contractor for projects prepared by the investor. This refers also to the dialogue with the environment. It means that the company usually does not have a direct influence on the form of the project itself, i.e. on how designers of the road included the needs of the natural environment. This applies to the route of the planned road, which should be routed in the way least disruptive for the local biosphere and omit particularly valuable natural areas. We should consider also proper planning of the infrastructure, such as passages for animals, which should coincide with their migration paths. The passages, in turn, should be consistent with planting of trees and shrubs. The plantings should be planned in a way which directs animals to the passages. It is important to create ecotone zones in the forests along the routes, in order to protect the ecosystem from the effects of a rapidly exposed forest wall. An adequate drainage system should be foreseen, which will protect subterranean streams and surface waters from contamination with petroleum substances, as well as noise barriers or appropriate lighting of bridges, limiting the number of bird collisions. In cases where Budimex is also the designer, the Company is responsible for the preparation of an optimum solution from the social and environmental point of view. However, as mentioned at the beginning, most frequently the company is responsible for the construction of an already planned road in a manner consistent with the design prepared by the investor.

We should bear in mind that some environmental risks are associated with the investment implementation stage. This requires the highest professional diligence on the part of the contractor and subcontractors. Seemingly simple activities can, in fact, be very important. This should include proper organisation of a construction site and site facilities. Technological routes should be routed in a way ensuring an efficient use of land and minimal transformation of its surface and, after the completion of works, the area should be restored to its previous state. Such an approach minimises deforestation. Regardless, trees located in the impact zone of the construction site are properly protected against mechanical damage. Similarly, e.g. habitats of protected species are protected against the effects of the work of heavy construction equipment. Construction facilities, especially the depots, warehouses and transportation bases are mainly localised

in already developed and transformed areas, if possible, far from residential buildings, but also far from naturally valuable areas. The occupancy of land in the forests or wetland areas is reduced to the necessary minimum. Wherever it is possible, the works do not go outside the designated lane road. Transportation of materials necessary for the construction takes place primarily within the designated road, so as not to cause any unnecessary transformations of other areas. Solutions for protection against pollution with chemical substances coming from the construction sites are implemented on sections where earthworks and construction works are conducted near water reservoirs. Special attention is paid to environmental protection against oil derivatives from cars and construction machinery. Therefore, on the construction site and its facilities [storage areas for equipment/materials, etc.] there are standardised spots for refuelling equipment, which protect the site against contamination of groundwater, and for chosen contracts, a system for the collection of polluted rainwater is applied.

A consequence of infrastructure investments is an irreversible transformation of environment, even with an optimum location and route planning for the road. Part of the vegetation, located directly below the planned route, is irreversibly destroyed. Therefore, compensatory planting is applied to make up for the losses. For inventoried habitats of valuable plants which would be destroyed by the constructed route, even metaplantation is carried out, i.e. the plants are transferred to new places, which are suitable for them. This is done in agreement with locally competent authorities for environmental protection. When a small water reservoir [pond] is to be filled in [destroyed] during the construction works, its amphibians and reptiles are removed and transferred to new places. The nature itself is also monitored during the construction process. Construction works are conducted under the supervision of naturalists, often of different specialties. In the case of some contracts that run through valuable nature areas, there were sometimes as many as seven experts of different specialties [e.g. an ornithologist, an ichthyologist, a herpetologist, an entomologist and a botanist] involved. Construction works were sometimes temporarily suspended, when rare animals appeared in the investment impact zone. The schedule and cycle of works are closely correlated with the cycle of nature. Some works are temporarily held up due to periodic migrations or the breeding season of birds. Periodic migrations do not apply only to birds, but also, for example, to amphibians or fish. Construction works in the vicinity of noise-protected areas are carried out only during the day.

Efforts are also made so that the surface soil [humus], removed during the works, would be reused at later stages of works, e.g. when reinforcing slopes and developing green areas. Thus, the soil humus removed from the surface is stored in heaps and then used to develop land at the end of the investment. The soil material used for finishing works is most often of local origin, so that it would not contain seeds of species alien to that region. The point is that the implementation of investment projects should not result in introduction of invasive species, pests, and pathogens to the biosphere.

Also helping to reduce the negative impact on the environment is a series of very simple rules for conducting the works, such as: spraying the technological roads with water in the case of draught, reduction of working time for internal combustion engines of construction equipment and vehicles at idle to a minimum, careful loading of loose materials onto vehicles and the use of tarpaulins, or simply reducing speed within the site and in the surrounding area.

The above procedures correspond closely with national and European regulations, including regulations concerning Natura 2000 sites. The adopted solutions ensure compliance with legal requirements and often exceed the regulatory minimum. The monitoring [nature control] of the impact zone and its habitats is conducted during the project implementation and after its completion, in accordance with the recommendations of the environmental impact report of the project and legal decisions issued by the environmental protection offices.

- It should be underlined that construction sites and particular investments are well prepared for emergencies. Each contracted investment implemented by Budimex has instructions for dealing with emergency situations, and is equipped with the necessary equipment needed in case of contamination, including sorbent, absorbent sleeve, absorbent mats and personal protective equipment [“ecology kit”]. Furthermore, any contamination is treated as a threat to the environment until its type and source are determined. Additionally, OHS and environmental protection coordinators [whose presence is mandatory for each project] undergo specialist training connected with environmental protection, including emergency situations. In 2014, no accidents or other serious incidents that would lead to significant water and soil contamination were reported. Also, there were no reports of penalties connected with breaching regulations referring to environmental protection.



## ■ Budimex SA: construction of the S7 express road at the section Miłomłyn–Olsztynek, subsection A: Miłomłyn–Ostróda Północ

The entire constructed section is located within two areas of protected landscape:

- Elbląg Channel Area of Protected Landscape,
- Tabórz Forest Area of Protected Landscape.

Moreover, the road cuts through the north habitat corridor and a junction area of international importance: West Pomeranian Area [13M].

The closest area belonging to the Natura 2000 network is the Drwęca River Valley [PLH280001, surface of 12,561.5 ha], which includes the Drwęca River and its tributaries. It is important for its rich ichthyofauna and a mosaic of habitats relevant to the river valley [22 types of habitats from Annex I of Council Directive 92/43/EEC were distinguished here]. The Drwęca River alone is the only ichthyologic reserve in the Warmia and Mazury Province. This area is also a habitat for valuable and rare animals of aquatic environment – there are here 27 species from Annex II of Council Directive 92/43/EEC:

- Birds: white stork, western marsh harrier, lesser spotted eagle, common crane, common kingfisher, red-backed shrike, grey heron, mute swan, mallard, common merganser, coot, great cormorant;
- Mammals: Eurasian beaver, European otter;
- Reptiles and amphibians: northern crested newt, European fire-bellied toad;
- Fish: European river lamprey, Atlantic salmon, asp, Amur bitterling, European weatherfish, spined loach, European bullhead;
- Invertebrate: Vertigo angustior, large white-faced darter, large copper, hermit beetle;
- Plants: marsh angelica.

During the construction works, 0.17 ha of elm-ash forest with golden saxifrage [constituting 0.096% of the Natura 2000 surface] will be destroyed.

[more information on individual valuable nature areas, including protected species, is available at <http://obszary.natura2000.org.pl>]

## ■ Budimex SA: completion of construction works for the S5 express road Poznań-Wrocław, at the Kaczkowo-Korzeńsko section

At the Widawa-Korzeńsko section, within the borders of Dolnośląskie Province, on a section of 1 km the project cuts through the “Dolina Barczy” Area of Protected Landscape, and, on a section of approx. 4 km, it runs in the vicinity of the planned Natura 2000 Area of Special Protection of Habitats “Ostoja nad Barczą” [PLN020041, surface 82,026.4 ha].

[more information on individual valuable nature areas, including protected species, is available at <http://obszary.natura2000.org.pl>]

photo: Sławinek Junction



---

## ■ Budimex SA: construction of the S7 express road at the section Jędrzejów – border of Świętokrzyskie and Małopolskie Provinces

The investment goes through the areas of Jędrzejów and Wodzisław communities, which belong to the Jędrzejów district. It cuts through the following rivers: Jasionka, Mierzawa and Mozgawa.

The project's area crosses the legally protected Miechowsko-Działoszycki Area of Protected Landscape [no negative impact by the project on the above area was found]. The project is located 45 km away from the Świętokrzyskie National Park and 10 km away from the Chęciny-Kielce Landscape Park and the Nida Landscape Park. The closest Natura 2000 areas are bird protection areas "Ostoja Nidziańska" [PLH260003, surface: 26,515.6 ha] and Chęciny and Kielce hills [PLH260041, surface: 8,616.5 ha – "Shadow List"]. East to the road there are valuable nature areas of "Ostoja Gaj" [0.5 km] and Mierzawa River Valley [1 km]. It is estimated that the project will not have a significant negative impact on these areas and will not deteriorate the state of natural habitats.

[more information on individual valuable nature areas, including protected species, is available at <http://obszary.natura2000.org.pl>]

---

## ■ Budimex SA: construction works for the A1 motorway Stryków-Tuszyn, Task 3

Within the impact area of the project Łódź Hills Landscape Park is located, which includes four nature reserves: Parowy Julianowskie, Struga Dobieszowska, the Wiączyń Reserve and the Wolbórka Reserve. The motorway does not cut through nor run in a direct vicinity of borders of the above nature reserves.

The motorway is routed along the border of the planned Mroga and Mrożyca Area of Protected Landscape and the Widawka River Valley Area of Protected Landscape. It cuts through the designed areas of protected landscape: The Tuszyn-Dłutów-Grabia River Area of Protected Landscape and the Pajęczno-Gidle Area of Protected Landscape.

The motorway does not cut through any of the existing or planned areas of the Natura 2000 network. The closest Natura 2000 area is the area "Łąka w Bęczowicach" [PLH100004, surface: 191.2 ha, approx. 16 km from the motorway]. A potential Natura 2000 area of "Cytrusowa Wola" [PLH100012], submitted for protection by environmental organisations, is located slightly closer.

[more information on individual valuable nature areas, including protected species, is available at <http://obszary.natura2000.org.pl>]

---

---

## ■ Budimex SA: construction of the S19 express road Lubartów– Kraśnik at the section from Dąbrowica junction (without the junction) to Konopnica junction (including the junction)

The constructed section of the S19 express road is located in areas which were deforested in 90% due to the presence of fertile loess soils. Therefore, the natural, original forest sites were replaced by crops, gardens and orchards. Still, valuable remains include the forests in the region of Pietrzakowizna and Konopnica and regions of river valleys [Łazęga River Valley, Czechówka River Valley, Konopniczanka River Valley]. Both belong to the group of the subcontinental deciduous forest indicated in Annex I of the Habitats Directive.

Within the area of the project protected species were identified, such as: February daphne, lesser butterfly-orchid, bird's-nest orchid, Aruncus dioicus, Lilium martago.

Among numerous species of birds recognised within the area of the project, two species from Annex I of the Birds Directive were identified: ortolan and red-backed shrike.

A reference should also be made to the Ciemięga River Valley Area of Protected Landscape [approx. 3.6 km away from the project] and the Stasin Nature Reserve [approx. 4 km] and the natural and landscape complex in Radawiec Duży.

Within the area of the project there are no Natura 2000 areas. 13 km away from the project there is the "Bystrzyca Jakubowicka" area [PLH060096, surface: 456.2 ha – "Shadow List"]. And approx. 17 km away from the project there is the "Świdnik" area [PLH060021, surface 122.8 ha], comprising an area of a grass airfield with a numerous population of speckled ground squirrel, priority species from Annex II and IV of the Habitats Directive.

[more information on individual valuable nature areas, including protected species, is available at <http://obszary.natura2000.org.pl>]

---



## ■ Ecology and subcontractors

In 2014, 1,807 subcontractors (100%) were subject to preliminary qualification with respect to, among other issues, compliance with environmental rules. 5,115 cooperation summary assessments were also conducted; they contained, among other issues, elements related to environmental protection.

Any irregularities on the part of subcontractors on construction sites may result in potential threats to the environment [e.g. contamination of soil and groundwater with petroleum substances, paints and solvents]. Therefore, it is extremely important that they follow the procedures, have relevant experience and fully functional equipment. Subcontractors (100%) entering construction sites receive appropriate training in procedures applicable in the field of environmental protection, including rules of conduct in the event of failure. Technical checks are also applied to subcontractors' equipment [for leakages of fuel].

Among cases reported to the Ethics Committee, no reports regarding environment were recorded. Also, there were no significant incidents related to suppliers and subcontractors. However, the ongoing monitoring of the subcontractors' work, which is reflected in final assessments of the suppliers, led to the identification of 327 irregularities, 38 of which were related to environmental protection. In the preceding year, 362 irregularities were identified, including 23 related to environmental protection.

photo: Augustów by-pass road



### Waste management

■ In the course of business activity conducted by the Budimex Group, in particular by Budimex itself, mainly typical construction waste is created: dirt and rubble as well as waste from remodelling and disassembly of civil structures and road infrastructure. There are site offices, laboratories and bituminous mixing plants on construction sites. Their operation may generate some amounts of waste that may contain residues of hazardous substances. Improper waste management system might, on the one hand, adversely affect the local biosphere, and on the other hand, might mean a loss of reusable resources.

The structure and the volume of waste closely depend on the nature and advancement of conducted construction works. The key category of waste consists of brick and concrete rubble, mixed with other materials originating from the demolition of civil structures and infrastructure facilities. A significant category is removed asphalt, old material from the road base, or, in the case of railway contracts – railway aggregate. Their removal is a precondition for the execution of the investment project.

Soil, dirt, stones, and all excavated material generated during excavations decidedly constitute the category

classified as waste. The dirt removed is then reused directly on the construction site or – if for some reason its excess has to be removed – it is used elsewhere. In the latter case, from the formal point of view, it is recognised as waste. However, in practice it remains a valuable resource, which is reused.<sup>4</sup>

Plant-tissue waste should also be mentioned, as its mass increases in the event of works involving deforestation and cutting shrubs. As it was mentioned before, actions interfering with the biosphere are limited to the necessary minimum, however, logging often cannot be avoided [e.g. to clean the lane for a future road]. In practice, because of its economic attractiveness, wood is usually managed by the investor who commissioned the execution of works by the Budimex Group. The contractor's tasks include the removal of rootstocks, boughs and remnants of shrubs. They can be utilised as well. Most often they are handed over to other entities and used as fuel. The chipping process, i.e. clear-cutting with special machines, also makes them a valuable gardening material.

Detailed information on the amount of waste is provided in the tables at the end of the report.

<sup>4</sup> In this report, due to their huge volumes, soil and dirt are reported separately in the tables.



# 7 Relations with local communities

## Reducing nuisance

Investment projects, including infrastructural projects, translate into tangible and measurable social and economic benefits. Roads, railways and airports are the bloodstream of the economy and determine its development. New schools, universities, hospitals and other public facilities translate into an increase in the level of social life. Often they are crucial for people living nearby, i.e. for the local community. Although much is said about the importance of road and rail infrastructure for the national economy, the perspective of a particular community allows us to see what great value such investments bring into its life. Over the years, the Budimex Group has contributed directly to the creation of hundreds of kilometres of roads, many bridges, industrial facilities, as well as shopping centres, concert halls and hospitals.

However, what is not so often discussed, investments in the implementation phase generate not only positive effects such as jobs and orders for local entrepreneurs. Construction works also mean nuisance. Building materials, including thousands of tonnes of soil, aggregates, concrete or bitumen, must be delivered to the construction site, which means increased traffic and noise. Another frequent issue is the change of road markings and traffic obstructions, which impede the daily lives of residents. The company responds to any worrying signals and complaints. It is aware of being only a guest in the community for which it operates.

The potential impact on neighbouring areas of an investment project is also a matter of analysis at the stage of issuing relevant administrative decisions. Administrative processes are transparent and representatives of local communities are considered a party to the administrative proceedings. The goal is to propose such solutions which balance sometimes conflicting needs.

Unfortunately, sometimes unintentional damages occur, despite executing the construction works with utmost care and despite the attention paid by the company to the reduction of the impact on the environment. The company feels responsible for incidents caused by it and affecting the property of local residents. Therefore, before the commencement of construction works a property count takes place, and in justified cases, insurers pay compensations.

52

RELATIONS WITH LOCAL COMMUNITIES

photo: CSR Parent Zone Programme.  
Budimex for Children – a hospital in Poznań



53

BUDIMEX GROUP 2015 RESPONSIBLE BUSINESS REPORT



## ■ Communities and subcontractors

In 2014, 1,807 subcontractors (100%) were subject to preliminary qualification. Also, 5,115 cooperation summary assessments were conducted and the assessment included elements based on technical capacity, compliance with the quality requirements, occupational health and safety, respect for workers' rights and environmental protection. Although the aspect of impact on the local community was not defined explicitly among these criteria, it is included in other activities, in particular those related to environmental issues. As a rule, in the event of construction works, extraordinary influence on the environment means also influence both on the natural and social environment. These two kinds of influence are inextricably intertwined with one another.

Minimising disturbance to the local community is directly related to the compliance with fixed hours of work and moving only on designated access roads, and this, in turn, is associated with the fulfilment of quality requirements and compliance with employment laws. Noise that irritates people or dust from the construction site is nothing but a violation of the principles relating to the environmental protection. One could cite numerous examples, but all these aspects are an element of the subcontractors assessment, who may directly cause disturbances for the residents. These aspects are assessed during both the preliminary qualification and final evaluations.

All incidents and complaints of residents are reported directly to contract managers. This allows us to immediately diagnose the problem and undertake corrective actions. Due to the lack of specification of the category of impact on the local community in qualification surveys and cooperation summary surveys, possible violations are recorded statistically in other categories.

## Compensating communities for nuisance

- Not all kinds of nuisance can be eliminated. And not all of them can be even limited. However, Budimex wants to be remembered by local communities as a company who not only worked in their neighbourhood in a reliable manner, but also participated in the life of the community. The company wants to leave behind not only a completed project, but also good memories, therefore it initiates and involves itself in a number of social events. The company makes efforts so that the target beneficiaries of its long-term activities are mainly communities living close to the implemented investment projects.

Budimex executes two proprietary programmes which are the foundation for the company's social involvement for children. The first one, "Domofon ICE. Budimex Dzieciom" [ICE Card. Budimex for Children], has been implemented since 2010. The second one, "Strefa Rodzica. Budimex Dzieciom" [Parent Zone. Budimex for Children], was launched in 2012. At the same time, for several years now the company has been implementing a social project of an entirely different nature, addressed to students of technical universities, called "Akademia Budimex" [Budimex Academy].

Where possible, the company tries to help those in need, by cooperating with recognised non-governmental organisations. For example, in 2014 the "Na Ratunek Dzieciom z Chorbą Nowotworową" Foundation received funds for the treatment of children and for the construction of "Przylądek Nadziei" – Clinic of Bone Marrow Transplantation, Oncology

and Children's Haematology of the Wrocław Medical University. The "Wróć" Foundation for Children Injured in Transportation Accidents received funds from Budimex for the purchase of minibuses which will transport children to rehabilitation facilities.

In response to social demand, the company became a partner of the "Budimex Półmaraton Augustowski", a half-marathon organised to promote healthy lifestyle. It is the largest running event in the region which attracts an increasing number of participants year by year.

As in previous years, the company remains involved in the organisation of the Polish Sailing Championship for the Disabled. The year 2014 witnessed the 20th edition of this event.

For many years, Budimex, whose headquarters are located close to the historical Powązki Cemetery, has been a partner of the J. Waldorff Social Committee for the Stare Powązki Cemetery in Warsaw. In 2014, the company donated funds to save historical chapels and tombstones in this unique necropolis.

Apart from community, charity and sponsoring initiatives, the company also carried out educational activities, supporting the organisation of professional and industry conferences, congresses and seminars. In many cases, Budimex representatives participated as experts.

In 2014, the Budimex Group donated in total more than PLN 600 thousand to various causes.

## Budimex SA: ICE Card. Budimex for Children

"Domofon ICE. Budimex Dzieciom" is a programme launched in 2010. It involves providing grade 0-3 schoolchildren with plastic cards with contact details of their next of kin to be contacted in the event of an emergency. Additionally, the campaign has a broader educational dimension as it promotes the principles of road safety and first aid among young people. All children participating in the programme receive mobile phone-shaped cards together with a fluorescent holder that can easily be fixed to a backpack. Thus far, the programme has included over 15 thousand children from 100 schools nationwide. In 2014 alone, 2,625 children from 25 schools joined the programme.

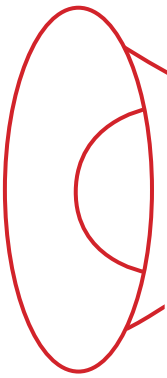
More on: [www.domofonice.pl](http://www.domofonice.pl).

**Budimex SA:**  
**Parent Zone. Budimex for children**

“Strefa Rodzica. Budimex Dzieciom” is a programme whose aim is to provide children's departments at hospitals with isolated zones where parents could spend time with their sick children in decent conditions. Depending on the needs and conditions in individual hospitals, this can involve refurbishing an unused space or part of a corridor, equipping the hospital with an appropriate number of folding beds or sanitary devices, and organising a place to rest and play with the children. “Parent Zone” also involves the personal engagement of Budimex employees, who volunteer to outfit renovated spaces, help in the assembly and placing of furniture, and do small finishing works. In 2014, Budimex launched four Parent Zones in children's hospitals in Poznań, Gdańsk, Szczecin and Kraków. The total number of Parent Zones all over Poland is 10, and they can be used annually by more than 17 thousand children and their guardians.

More on: [www.strefarodzica.budimex.pl](http://www.strefarodzica.budimex.pl)

*photo: CSR Parent Zone Programme.  
Budimex for Children – a hospital in Poznań*



**Budimex Academy  
is back at universities**

For the fifth time Budimex has invited the students of building, road, bridge and railway construction engineering as well as environmental engineering to take part in the free “Budimex Academy” educational project, created in cooperation with renowned Polish technical universities.

During the workshops engineering experts from the Budimex Group share their knowledge and experience from construction sites with the students. These meetings also come as a good opportunity to discuss innovative solutions applied in the contracts performed by Budimex in the field of building engineering, as well as road, bridge and railway construction.

In May and June 2014, the Budimex Academy visited 8 universities: Białystok University of Technology, Gdańsk University of Technology, Tadeusz Kościuszko University of Technology, Lublin University of Technology, Lodz University of Technology, Poznań University of Technology, Warsaw University of Technology, Wrocław University of Technology.



# 8 Prevention of unethical conduct and integrity in operations

Implementation of high-value contracts entails a potential risk of unethical, corrupt conduct. Additionally, the fact that most of them are financed from public funds creates particular commitment towards the society to ensure that all processes are carried out in a fair and transparent manner, and that even the slightest doubts are clarified. A risk map, updated on an annual basis, identifies, among other things, risks associated with unethical conduct and the threat of fraud. All business risks, including those mentioned above, are monitored. An integrated management system in the procedure of "Protecting the interests of the Budimex Group" [05-08] defines a set of rules for dealing with suspected abusive acts or omissions, including suspected corruption<sup>5</sup>. Proceedings resulting from the procedure are coordinated by the Office of Internal Audit and supervised by the CEO, while the procedures themselves are constantly improved.

■ The Budimex executives participate in periodical training sessions relating to the broadly understood safety in business. Every year, the training areas are adapted to the current needs resulting from the business circumstances, so as to expand knowledge in a specific area. In 2014, the composition of the training group was deliberately limited to the top representatives of the key personnel, i.e. the members of the Management Board, directors of the construction division, directors of the region and sales directors. All representatives [100%] of this group participated in the "Safety aspects in business" workshops. The workshops themselves provided knowledge about such issues as: preventing corruptive conduct, including corruptive conduct within the current context of settling projects financed by the EU.

■ This training is perfectly compatible with other comprehensive development measures, the goal of which is to provide Budimex with staff with the highest qualifications and systematise the knowledge of management. It supplements the competence development programme of "Project Management Academy," which enables managers to acquire

<sup>5</sup> Additionally, the Ferrovial Group, the strategic investor of Budimex, adopted an anti-corruption policy which was announced in the Budimex Group in 2015.

photo: Lublin Arena





the skills of effective management of the existing and new contracts in a changing market environment. It is noteworthy that the subjects of the training include also such areas as contract stakeholders, risk management and negotiations. At the same time, the Group runs other managerial programmes, e.g. the Leadership Development Programme (within the Ferrovial Group).

BudiMetr, i.e. a scoring system of employees, is a useful tool, contributing to creating good atmosphere. BudiMetr defines assessment criteria and expectations towards employees in a clear and transparent manner. Thus, it reduces the risk of unfair and unethical scores, which for some unclear reasons promote certain employees at the cost of the others.

Monitoring of threats

■ As a rule, all contracts (100% of construction projects) are constantly monitored for proper implementation, including the risk of corruption.

■ Every month, fortnight or sometimes every week, the advancement of construction works is monitored. At the same time, independent inspections are carried out, supervised by the Office of Internal Control. It is an interdisciplinary team, consisting of experts in the fields of economics and finance, as well as construction experts: a general construction engineer, construction and engineering structures engineer, structural engineer and environmental engineer. They are all highly qualified internal auditors with professional competencies and psychological preparation to conduct inspections

In 2013, employees of the Office completed all audits adopted in the annual audit plan. A total of 52 audit reports were prepared, containing 98 follow-up recommendations. All these recommended recovery and corrective tasks were implemented by 31 December 2014, contributing to the reduction of operational risk. Moreover, apart from the scheduled audits, in June 2014 the employees of the Office of Internal Control carried out a comprehensive inspection in the General Construction East Branch and in October 2014 – a comprehensive inspection in Mostostal Kraków. Also in the case of these inspections, the recommendations to be implemented by 31 December 2014, were timely implemented.

Apart from the planned audits, the employees of the Office of Internal Control carried out training sessions on construction sites, during which they discussed procedures and internal instructions.

In the opinion of the Budimex Group, corruption and bribery are part of a wider phenomenon, related to values, ethics and integrity in business. The crisis of values in business favours wrongful conduct. When people act on the basis of ethical values, the threat is much smaller. For such reason ethics are reflected so strongly in the Mission of the Budimex Group and in very specific mechanisms of the Code of Ethics, as well as in every-day treatment of partners – just to mention the practical aspect of timely settlement of payments.

Fair principles in relations with counterparties

The timely settlement of payments, especially in times difficult for the construction market, has become a distinguishing feature of the Budimex Group, valued by its suppliers and subcontractors. As a reliable and trustworthy business partner Budimex gains a competitive edge.

■ However, Budimex also expects reliability and integrity on the part of its business partners. The “Code of conduct for counterparties” attachment is appended to contracts with suppliers. It specifies expectations related to:

- compliance with the law,
- business ethics,
- respect for Human Rights,
- relations with and between employees,
- obligations to third parties and the market,
- respect for the environment.

A new business partner undergoes a preliminary assessment on the basis of a qualification questionnaire. The questionnaire consists of a supplier's declaration of compliance with applicable regulations in such areas as: labour law, OHS and environmental protection. The condition for supplier's preliminary qualification is the approval of the declaration. Thus, all key suppliers and subcontractors (100%) were subjected to the evaluation (preliminary qualification). At the end of the cooperation they were also subjected to final evaluation.<sup>6</sup> Although the main focus in the evaluation, due to the nature of the business, is on the quality, timeliness, the actual technical capacity, OHS and environmental issues, also issues directly related to human rights (i.e. compliance with employment rights, cases of discrimination) are also assessed. One of the evaluation criteria in the qualification questionnaire is compliance with employment rights. In turn, the final evaluation includes possible cases of discrimination. What is more, the contract managers making

<sup>6</sup> These evaluatuions are a standard procedure and do not concern only key suppliers.

the evaluation may specify any other irregularities of their concern.

The company particularly seeks that significant agreements with key business partners, often

despite weaker negotiating power of Budimex, are supplemented with a special appendix related to ethical issues – their number was as follows:

	2013	2014
% of significant agreements with ethical clause	76.0%	91.3%

Taking into account all subcontractors, not just the most important ones, year by year, an increasing number of preliminary evaluations (preliminary questionnaires) and final evaluations is made:

	2013	2014
Number of qualifying questionnaires	1,589	1,807
Number of final evaluations	7,722	5,115
Number of irregularities identified	362	327
% of final evaluations during which irregularities were identified	4.7%	6.4%

In 2014, 48 OHS-related irregularities were identified and 32 irregularities related to the protection of the environment, which, unfortunately, means an increase compared to the previous year, when 23 irregularities were found in each category. In 2014, like the year before, most objections were raised in connection with failures to meet deadlines and unsatisfactory technical potential.

Code of Ethics

■ The Code of Ethics, binding for all employees of the Budimex Group's companies subject to the report, strongly condemns any form of unethical conduct, including corruption and bribery. At the same time, it clearly condemns any forms of discrimination, stating that the Budimex Group “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.”<sup>7</sup> The Code of Ethics applies to all the companies covered by this report.

Compliance with and enforcement of the Code of Ethics is guaranteed by the Ethics Committee, appointed by the President of the Management Board. The Ethics Committee consists of:

- Member of the Management Board, Human Resources Manager,
- Member of the Management Board, Chief Legal Officer,
- Director of the Office of Internal Audit..

■ The Committee's role is to monitor the compliance of applicable standards of professional ethics with the rules of the Code of Ethics. Every employee can inform the Committee anonymously about identified violations of the Code. Notifications can be given in writing or by e-mail at the following address [etyka@budimex.pl](mailto:etyka@budimex.pl) [only the Committee members can access the mailbox]. All notifications, after being examined in line with the confidentiality standards, form the foundation for developing corrective or remedial measures. On the basis of every individual case, written information is prepared along with recommendations or guidelines for further action addressed to relevant organisational units.

■ The report on the operations of the Ethics Committee is submitted to the Management Board and Audit Committee of the Supervisory Board every year. In 2014, the Ethics Committee received 6 written notifications, whereas one year earlier only 1 notification was registered.

<sup>7</sup> At the same time, the Work Regulations of Budimex guarantee respect for human rights and prevent discrimination in employment.



However, this should not be interpreted in terms of deterioration of the situation. It should be rather regarded as a sign of growing trust of the employees in the Code of Ethics mechanisms. In two cases workers employed on construction sites were suspected of stealing materials. However, checks did not confirm the accusations. In one case, improper conduct of a superior towards an employee was reported. The proceedings executed, including interviews with other employees, confirmed the accusations, and the Committee, together with the direct superior of the accused employee, took disciplinary action. Another three cases referred to actions characteristic for attempts to corrupt managers by subcontractors executing works on contracts. All of them, due to their nature, were examined individually by the employees of the Legal and Organisational Unit.

Compliance with law

■ The Budimex Group does not employ children, as declared in chapter XIV of the Work Regulations. No cases of compulsory labour or child labour were identified in the Budimex Group or the reviewed counterparties in 2014 or in the previous years. These aspects, along with the matter of freedom of association and avoidance of all forms of discrimination, are defined in a standard ethical attachment to contracts and constitute their integral part. None of the Budimex Group companies financed political parties. Last year, the Ferrovial Group, the strategic investor of Budimex, implemented the Human Rights Policy which was adopted by Budimex in 2015.

	Budimex SA	Budimex Nieruchomości	Mostostal Kraków	Counterparties
[G4-HR3] Total number of reported cases of discrimination and actions taken in this regard	Budimex Nieruchomości	None	None	None
[G4-HR4] Identified activities that could pose a threat to the freedom of association and the right to collective disputes	Mostostal Kraków	None	None	None
[G4-HR5] Identified incidents of use of child labour	Counterparties	None	None	None
[G4-HR6] Identified incidents of use of forced and compulsory labour	None	None	None	None

- In 2014, the President of the Office of Competition and Consumer Protection (UOKiK) brought an action against Budimex Nieruchomości concerning the recognition of provisions in the contract template as prohibited. However, the first court hearing is scheduled for the end of August 2015.
- In turn, due to overloading of trucks by external carriers who transport aggregate materials for Budimex,

the Road Transport Inspectorate imposed 4 fines of PLN 15,000 each and 1 fine of PLN 500 (all fines refer to the construction works for the Pomeranian Metropolitan Railway). A fine of PLN 15,000 for transporting aggregate materials in breach of the maximum gross vehicle weight mass was also imposed on Budimex in the Lublin region (the construction works for the Lublin ring road).

photo: A photograph from a photo competition for Budimex employees





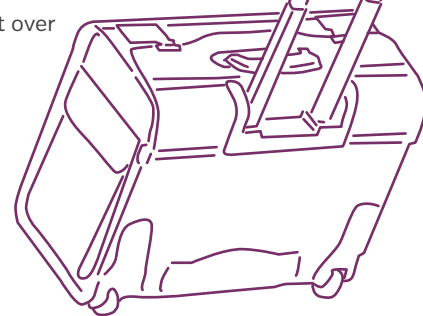
# 9 Quality and safety of construction sites

## Quality management

To ensure the highest quality and, consequently, safety of constructions, companies of the Budimex Group implement investment projects based on procedures. The Integrated Management System has been implemented in Budimex, comprising: quality management system according to PN-EN ISO 90001, environmental management system according to PN-EN ISO 14001, OHS management system according to PN-N-18001, and quality assurance system based on requirements of the NATO standard AQAP 2110. All these systems are certified by external entities. As in the case of Mostostal Kraków, the Integrated Quality Management System includes the systems of environmental management and OHS within the range of comprehensive investment execution, performance, deliveries and assembly of objects of general, industrial and transport construction in compliance with the following standards: PN-EN ISO 9001, PN-EN ISO 14001, PN-N 18001. Budimex Nieruchomości is the only company that doesn't have any officially certified management systems.

Mostostal Kraków, due to the nature of its activities, holds numerous certificates and permits for manufacturing, assembly, and repairs of steel structures, pressure and lifting equipment, construction of road and railway bridges, and for carrying out welding works, conducting destructive and non-destructive research, training and examining of welders, which were issued by, among others, the Office of Technical Inspection, Universität [TH] Karlsruhe, Institute of Welding Technology, Ministry of Infrastructure, and the Polish Chamber of Steelworks. The company also holds a subcontractor's certificate issued by the Office of Technical Inspection for laboratory research according to PN-EN ISO/IEC 17025.

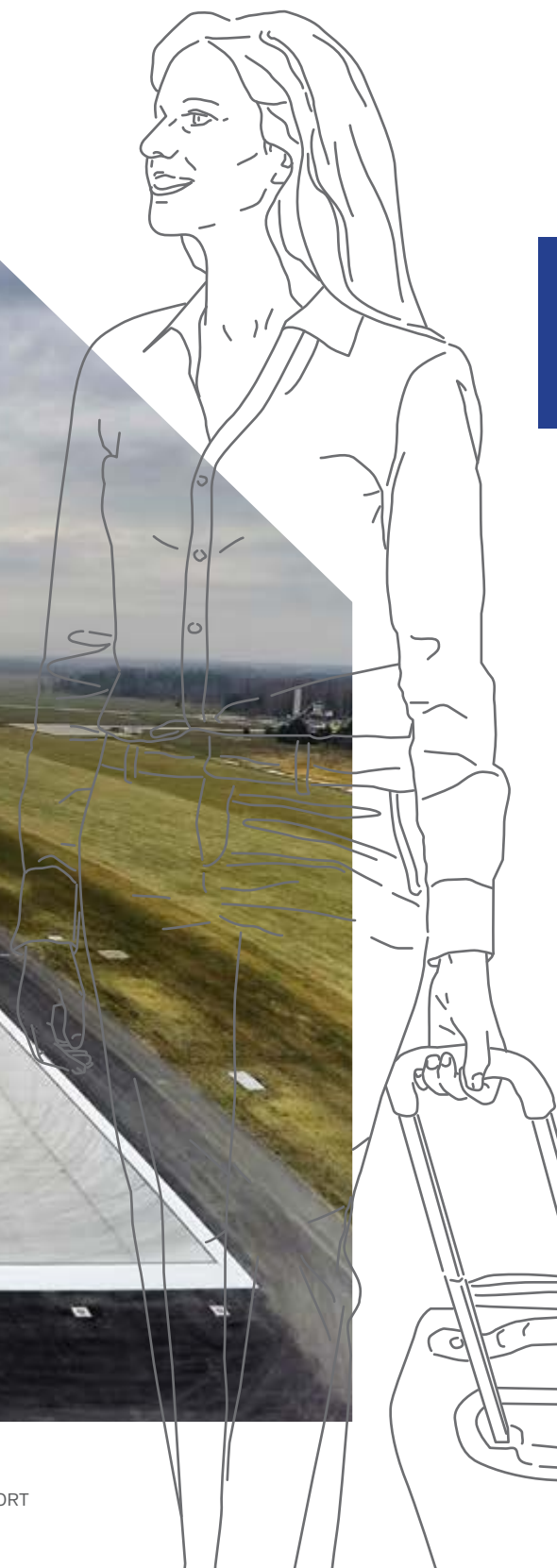
Budimex Nieruchomości has built over 8 thousand flats and has never exceeded a deadline for their commissioning, which is the best measure of the company's reliability.



64

QUALITY AND SAFETY OF CONSTRUCTION SITES

photo: Pyrzowice airport runway



65

BUDIMEX GROUP 2015 RESPONSIBLE BUSINESS REPORT



photo: Wielkopolskie Centre of Advanced Technologies in Poznań



The quality management approach applied in Budimex is of key importance, both in terms of the scale of operations and the superior position towards the companies of the capital group. It specifies the procedures for quality control on construction sites, including managing the quality of mineral and asphalt mixes, concrete mixes and aggregates. They define very precisely the responsibility of individual persons for the quality of the projects implemented. The procedures describe the actions globally: from the criteria and methods of obtaining materials to the steps to be taken in the case of deviations from the requirements under the standard. They specify patterns of operation in the case of identifying irregularities at various stages of the construction process, implementation of preventive or corrective measures. They define the method of controlling construction investment projects in order to ensure high quality of works.

Since 2013, a system to record repair costs incurred during the warranty period has been applied in Budimex. Analysis of causes of faults enables the company to take measures in order to reduce their numbers and related costs.

Research laboratories and reliable quality control

A rich laboratory and technological base facilitates the performance of efficient ongoing quality control of construction works and follow-up analysis. In 2014, the company's laboratories were located in 18 regions of Poland and the central laboratory is accredited by the Polish Centre of Accreditation (AB1414). Increased reliability of assessments carried out by Budimex, due to the accreditation, directly contributes to the reduction of risk in business relations. The accreditation is an objective and indisputable proof that the organisation operates in accordance with the best practices, limits the number of defective products, reduces costs of control and production and enables the implementation of innovative solutions.

With its own laboratories, Budimex collaborates with renowned research and scientific institutions. It participates regularly in comparative laboratory tests and proficiency tests, bearing in mind the need to constantly improve research methods and, as a result, increase customer satisfaction.

Quality performance

In 2011, the General Directorate for National Roads and Motorways (GDDKiA) published for the first time the results of its analyses of quality of works of individual contractors. Already at that time, Budimex was among the best contractors in annual rankings. Although last year Budimex was a most frequently inspected company [out of the total number of 17.5 thousand samples taken by GDDKiA, as much as 3.8 thousand, i.e. 22%, originated from the construction sites of Budimex], the results scored by the company

significantly exceeded the market average. While on average slightly over 15% of samples is questioned, and GDDKiA's goal is to reduce this index to below 10%, the current result for Budimex is 7.3%. This result is, therefore, half of the market average. However, what is crucial from the managerial point of view, is that for many years now Budimex results have not only been good and substantially above the market average, but they are improving year by year. As a result, in the last score Budimex ranked as the second contractor performing investment tasks of GDDKiA in terms of quality of works.

	2011	2012	2013*	2014*
% of questioned samples – Budimex	15.8%	12.6%	11.4%	7.3%

\* for 2013 and 2014 GDDKiA published reports for the first three quarters

The Quality Conformance (QC) ratio, calculated for internal needs, is of key importance for quality assessment. It defines the compliance of results with the applicable quality standards. In the entire 2014, this ratio amounted to 96% [93% in 2013], i.e. only 4% of results were negative. Internally, Budimex carries out many more tests than the number analysed by GDDKiA, which renders the result reliable.

The quality of performance is crucial for the safety of both constructed facilities and their users. Speaking of the safety of users, one should consider not only the quality of the applied materials, but also individual stages of constructing a product – a motorway, flyover, bridge, industrial structure or a flat in an apartment building. Responsibility for safety begins at the design stage and extends further to the stage of performance and further maintenance of the facility. Budimex Technical Department in a way also acts as a research and development unit. This is where new, innovative ideas are created. The Department also decides on the use of specific materials and raw materials. At the stage

of performance, as mentioned above, the quality of materials and raw materials used and their compliance with the project requirements and the accuracy of workmanship are supervised by, among others, Budimex mobile laboratories. They collect samples from already constructed sections of roads and analyse their compliance with the standards.

All the above certificates, management systems, procedures and the daily efforts of many people allow us to maintain the highest quality and accuracy. The Budimex Group means a professional, experienced team with unique skills and responsible people who provide safe premises. The best proof of this is the absence of incidents, not to mention construction disasters, for any of the facilities built by the Budimex Group. Another proof are the numerous awards. Our concern for quality is confirmed by the fact that Budimex Nieruchomości has delivered over 8,000 apartments – all completed on time.

# 10 Rational use of resources and environmental pollution

■ A demand for specific materials and raw materials is highly variable, depending on the stage of the given investment project. It is most evident when we compare their consumption and the production of various categories of waste in individual years. The production cycle, i.e. the lead time, as a rule substantially exceeds the 12-month reporting period. Moreover, the formal recognition of revenues often takes place after the peak demand period for raw materials, materials or energy. The best example here is the said Budimex Nieruchomości and sale of flats, in the case of which the revenue is recognised upon signing of the sales agreement in the form of a notary deed.

On the other hand, already at the initial stage of constructing a road, there is high demand for means of transport and fuel for transporting dirt or rubble. Later on, raw materials for construction of a road base or embankments will be used, as well as concrete and reinforcing steel necessary for the construction of certain elements of infrastructure (such as flyovers). In turn, the aggregate and bituminous mixtures required for the production of asphalt surface, will be needed at the later stages of construction. In addition, the operation of bituminous mixing plants owned by Budimex is associated with an increased demand for heat generated by the combustion of fuel oil.

As a result, the analysis of effectiveness of the demand for materials, raw materials, fuel and energy conducted on an annual basis and compared to revenue is extremely difficult, at times even misleading and unreliable in the case of construction industry.

photo: ICE Congress Centre in Kraków





Materials and raw materials

The value engineering [VE] process implemented at Budimex supports the management of effective use of materials and raw materials. It enables optimisation of the use of materials and reduction of the amount of waste produced, thereby reducing the negative impact on the environment. As for the categories of the most important materials, they vary depending on the nature of activities of individual companies. These are: plain and modified road asphalt, cement, crushed-stone aggregate for bituminous mixtures, mixtures of crushed-stone aggregates, concrete, reinforcing steel, and wood.

■ Due to the nature of the business activity, basically all materials and raw materials used are non-renewable. It is also difficult to talk about recycling. The life cycle of infrastructure facilities is extremely long, and therefore it cannot be determined to what extent the facilities built today will be used in the future. Of course, there are some exceptions – e.g. the bituminous surface is changed relatively often during periodic repairs. It is usually milled and re-used. During demolition works, which accompany the implementation of the investment project, a lot of materials from facilities already built is reclaimed [e.g. scrap materials, glass]. Various types of debris or rubble, for example aggregate, are also recycled. We should be aware that huge volumes of valuable raw material waste do not indicate company's inefficiency, but on the contrary – its care for efficient recovery of raw materials.

From waste formally produced in 2014, we were able to separate, among others<sup>8</sup>: 11 tonnes of copper, bronze or brass, 7.5 tonnes of glass, 103.3 tonnes of plastic and plastic packaging and as much as 1,493.67 tonnes of iron and steel. Soil, dirt, stones, and sand, formally recognised as waste, are also reused on construction sites. In 2014, over 2,719.7 tonnes of these materials were used.

Detailed information on the consumption of key raw materials, and economic utilisation of by-products of other industries, can be found in "Tables and data".

Fuel, energy and CO<sub>2</sub> emissions

■ Most fuel and energy is absorbed during the bitumen production process and the operation of vehicles and construction machinery. Unfortunately, in the case of these very processes substantial savings cannot be expected, and the nature of a given investment project [e.g. the distance and volume of materials and raw materials to be transported] also affects the utilisation level. However, for many years Budimex has been reducing the demand for fuels in processes supporting basic operations in an orderly manner, e.g. by emphasising energy savings in offices and replacing the fleet of passenger cars with more economical vehicles, with smaller capacity engines that meet stringent exhaust quality standards. This approach is directly related to the logic of environmental management systems, which are based on the ISO 14001 standard and thus assume improvement of the organisation. Optimisation of fuel and energy consumption and, consequently, reduction of direct and indirect emissions, contribute to the reduction of operational and environmental costs. We should mention here the initiative of the Equipment Services Branch, which tries to place bituminous mixing plants in the vicinity of the implemented road contracts in order to limit fuel consumption and influence on the environment due to transports of bituminous mixes.

It is noteworthy that the energy efficiency indicator was successfully improved, i.e. the demand for energy<sup>9</sup> vs sales revenues. As a result, the emissions efficiency indicator will also be improved [CO<sub>2</sub> emissions/revenues]. This means that every zloty earned generated less energy consumption and a smaller carbon footprint.

As already mentioned, while conducting such indicator analyses, one must be aware of their imperfections in the case of operation in an industry where the production cycle is much longer than the reporting period and the demand for energy carriers strongly depends on, among others, the current stage and size of an investment project.

<sup>8</sup> The figure provided is a total volume of e.g. plastic waste, plastic packaging and plastics which, from the formal point of view, represent separate categories of waste [similarly for other volumes provided above – e.g. glass and glass packaging].  
<sup>9</sup> Taking into account not only electricity but also energy from combustion of any kind of fuel [diesel oil, gasoline, light and heavy fuel oil, coal dust].

photo: Neptun office block in Gdańsk



# 11 Tables with non-financial data

## Subsidiaries and jointly controlled entities consolidated in financial statements of the Budimex Group

Subsidiaries and jointly controlled entities consolidated in financial statements of the Budimex Group	Registered office	Method of consolidation in financial statements	Companies of the Budimex Group included in the corporate responsibility report
Mostostal Kraków SA	Kraków / Poland	full	✓
Budimex Bau GmbH	Cologne / Germany	full	✗
Budimex Nieruchomości Sp. z o.o.	Warsaw / Poland	full	✓
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	full	✗
SPV-BN 1 Sp. z o.o.	Warsaw / Poland	full	✗
Poznańskie Przedsiębiorstwo Inwestycyjne Sp. z o.o.	Warsaw / Poland	full	✗
Budimex Kolejnictwo SA	Warsaw / Poland	full	✗
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	full	✗
Budimex B Sp. z o.o. (in liquidation)	Warsaw / Poland	full	✗
Elektromontaż Poznań SA	Poznań / Poland	full	✗
Elektromontaż Import Sp. z o.o.	Warsaw / Poland	full	✗
Instal Polska Sp. z o.o.	Poznań / Poland	full	✗
Elektromontaż Warszawa SA	Warsaw / Poland	full	✗
Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o.	Warsaw / Poland	full	✗

## Generated economic value (in PLN thousand)

	2013	2014	Change %
Directly generated economic value	4,995,573	5,018,218	0.5%
Revenue	4,995,573	5,018,218	0.5%
Divided economic value	4,663,930	4,777,810	2.4%
Operating costs	3,830,646	3,736,367	-2.5%
Salaries and employee benefits	622,327	637,926	2.5%
Payments to investors	131,467	322,451	145.3%
Payments to the state	78,905	80,454	2.0%
Investments in communities	585	612	4.5%
Retained economic value (calculated as the generated economic value after deducting divided economic value)	331,643	240,408	-27.5%

## Number of employees as at the end of the year<sup>10</sup>.

	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex SA	577	2,815	3,392	677	3,058	3,735
- Polish market	574	2,173	2,747	671	2,323	2,994
<i>definite period of time</i>	147	525	672	242	703	945
<i>indefinite period of time</i>	427	1,648	2,075	429	1,620	2,049
<i>full-time basis</i>	569	2,169	2,738	671	2,318	2,989
<i>part-time basis</i>	5	4	9	0	5	5
<i>aged under 30</i>	169	482	651	206	486	692
<i>aged 30-50</i>	339	1,244	1,583	397	1,394	1,791
<i>aged over 50</i>	66	447	513	68	443	511
- German market	3	642	645	6	735	741
<i>definite period of time</i>	0	631	631	0	717	717
<i>indefinite period of time</i>	3	11	14	6	18	24
<i>full-time basis</i>	3	642	645	6	733	739
<i>part-time basis</i>	0	0	0	0	2	2
<i>aged under 30</i>	0	84	84	0	99	99
<i>aged 30-50</i>	1	376	377	3	442	445
<i>aged over 50</i>	2	182	184	3	194	197

<sup>10</sup> data apply only to employees of individual companies (excluding subcontractors).



	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex Nieruchomości sp. z o.o.	45	23	68	59	34	93
<i>definite period of time</i>	8	2	10	18	12	30
<i>indefinite period of time</i>	37	21	58	41	22	63
<i>full-time basis</i>	44	23	67	58	33	91
<i>part-time basis</i>	1	0	1	1	1	2
<i>aged under 30</i>	7	2	9	11	6	17
<i>aged 30–50</i>	35	15	50	43	22	65
<i>aged over 50</i>	3	6	9	5	6	11
Mostostal Kraków SA	8	515	523	9	500	509
– Polish market	8	343	351	9	363	372
<i>definite period of time</i>	2	28	30	2	62	64
<i>indefinite period of time</i>	6	315	321	7	301	308
<i>full-time basis</i>	8	342	350	9	361	370
<i>part-time basis</i>	0	1	1	0	2	2
<i>aged under 30</i>	1	31	32	2	49	51
<i>aged 30–50</i>	5	175	180	5	168	173
<i>aged over 50</i>	2	137	139	2	146	148
– German market	0	172	172	0	137	137
<i>definite period of time</i>	0	172	172	0	137	137
<i>indefinite period of time</i>	0	0	0	0	0	0
<i>full-time basis</i>	0	172	172	0	137	137
<i>part-time basis</i>	0	0	0	0	0	0
<i>aged under 30</i>	0	23	23	0	19	19
<i>aged 30–50</i>	0	102	102	0	80	80
<i>aged over 50</i>	0	47	47	0	38	38
<b>Total – Group</b>	<b>630</b>	<b>3,353</b>	<b>3,983</b>	<b>745</b>	<b>3,592</b>	<b>4,337</b>
<i>definite period of time</i>	157	1,358	1,515	262	1,631	1,893
<i>indefinite period of time</i>	473	1,995	2,468	483	1,961	2,444
<i>full-time basis</i>	624	3,348	3,972	744	3,582	4,326
<i>part-time basis</i>	6	5	11	1	10	11
<i>aged under 30</i>	177	622	799	219	659	878
<i>aged 30–50</i>	380	1,912	2,292	448	2,106	2,554
<i>aged over 50</i>	73	819	892	78	827	905

## Number of persons hired

	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex SA	73	884	957	145	809	954
– Polish market	73	206	279	145	348	493
<i>aged under 30</i>	50	101	151	82	152	234
<i>aged 30–50</i>	21	80	101	61	178	239
<i>aged over 50</i>	2	25	27	2	18	20
– German market	0	678	678	0	461	461
<i>aged under 30</i>	0	106	106	0	64	64
<i>aged 30–50</i>	0	399	399	0	293	293
<i>aged over 50</i>	0	173	173	0	104	104
Budimex Nieruchomości sp. z o.o.	6	3	9	15	12	27
<i>aged under 30</i>	3	1	4	6	4	10
<i>aged 30–50</i>	3	2	5	9	8	17
<i>aged over 50</i>	0	0	0	0	0	0
Mostostal Kraków SA	5	155	160	2	137	139
– Polish market	5	25	30	2	51	53
<i>aged under 30</i>	1	13	14	1	28	29
<i>aged 30–50</i>	3	9	12	1	10	11
<i>aged over 50</i>	1	3	4	0	13	13
– German market	0	130	130	0	86	86
<i>aged under 30</i>	0	15	15	0	14	14
<i>aged 30–50</i>	0	80	80	0	48	48
<i>aged over 50</i>	0	35	35	0	24	24
<b>Total – Group</b>	<b>84</b>	<b>1,042</b>	<b>1,126</b>	<b>162</b>	<b>958</b>	<b>1,120</b>
<i>aged under 30</i>	54	236	290	89	262	351
<i>aged 30–50</i>	27	570	597	71	537	608
<i>aged over 50</i>	3	236	239	2	159	161

Number of resignations

	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex SA	85	1,066	1,151	68	916	984
- Polish market	83	391	474	68	247	315
aged under 30	29	104	133	30	71	101
aged 30-50	45	201	246	33	121	154
aged over 50	9	86	95	5	55	60
turnover ratio	14.5%	18.0%	17.3%	10.1%	10.6%	10.5%
- German market	2	675	677	0	669	669
aged under 30	0	83	83	0	122	122
aged 30-50	1	423	424	1	361	362
aged over 50	1	169	170	0	186	186
turnover ratio	67%	105%	105%	0%	91%	90%
Budimex Nieruchomości sp. z o.o.	1	2	3	1	1	2
aged under 30	0	0	0	0	0	0
aged 30-50	1	2	3	1	1	2
aged over 50	0	0	0	0	0	0
turnover ratio	2%	9%	4%	2%	3%	2%
Mostostal Kraków SA	2	193	195	2	210	212
- Polish market	2	36	38	2	59	61
aged under 30	0	5	5	0	21	21
aged 30-50	1	10	11	2	20	22
aged over 50	1	21	22	0	18	18
turnover ratio	25%	10%	11%	22%	16%	16%
- German market	0	157	157	0	151	151
aged under 30	0	12	12	0	20	20
aged 30-50	0	99	99	0	81	81
aged over 50	0	46	46	0	50	50
turnover ratio	-	91%	91%	0%	110%	110%
Total – Group	88	1,261	1,349	71	1,127	1,198
aged under 30	29	204	233	30	234	264
aged 30-50	48	735	783	37	584	621
aged over 50	11	322	333	5	309	314
turnover ratio	14%	38%	34%	10%	31%	28%

Percentage of employees covered by collective agreements

	2013	2014
Budimex SA	99.4%	99.4%
Budimex Nieruchomości sp. z o.o.	0.0%	0.0%
Mostostal Kraków SA	99.4%	98.9%

Ratio of remuneration for men to the remuneration for women (in the same employee category)

	2013	2014
Budimex SA		
Blue-collar workers	6.7%	22.8%
White-collar workers		9.6%
Managerial positions		7.1%
Executive positions		16.5%
Budimex Nieruchomości sp. o.o.		
White-collar workers	-8.6%	-16.2%
Managerial positions		-1.6%
Executive positions		-3.4%
Mostostal Kraków SA		
White-collar workers	-21.6%	-
Managerial positions		-1.6%

Definition: remuneration for men / remuneration for women – 1; Note: in the data from 2014 categories without representation by both genders were omitted

Lowest remuneration in the company in relation to the minimum wage in the country<sup>11</sup>

	2013		2014	
	Women	Men	Women	Men
Budimex SA	125%	125%	126%	113%
Budimex Nieruchomości sp. z o.o.	181%	200%	214%	194%
Mostostal Kraków SA	125%	113%	171%	134%

<sup>11</sup> Information relates only to the Polish market.



■ ■ Number of employees on maternity/paternity leaves (as at 31 December)

	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex SA	71	132	203	17	19	36
– Polish market	71	114	185	17	6	23
– German market	0	18	18	0	13	13
Budimex Nieruchomości sp. z o.o.	4	1	5	0	0	0
Mostostal Kraków SA	0	4	4	0	0	0
– Polish market	0	1	1	0	0	0
– German market	0	3	3	0	0	0

■ ■ Number of employees who returned to work after maternity/paternity leaves during the year

	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex SA	25	125	150	64	143	207
– Polish market	25	109	134	64	124	188
– German market	0	16	16	0	19	19
Budimex Nieruchomości sp. z o.o.	0	1	1	4	1	5
Mostostal Kraków SA	0	4	4	1	11	12
– Polish market	0	1	1	1	5	6
– German market	0	3	3	0	6	6

■ ■ Percentage of employees who resigned from work at the company within 12 months after their return to work from parental leave

	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex SA	20%	0%	4%	6%	8%	8%
– Polish market	20%	0%	4%	6%	5%	5%
– German market	0%	0%	0%	0%	32%	32%
Budimex Nieruchomości sp. z o.o.	0%	0%	0%	0%	0%	0%
Mostostal Kraków SA	0%	0%	0%	100%	27%	33%
– Polish market	0%	0%	0%	100%	0%	100%
– German market	0%	0%	0%	0%	50%	50%

■ ■ Diversity in management bodies

	2013			2014		
	Women	Men	Total	Women	Men	Total
Budimex SA						
Management Board	0	5	5	0	6	6
aged under 30	0	0	0	0	0	0
aged 30–50	0	3	3	0	2	2
aged over 50	0	2	2	0	4	4
foreigners	0	1	1	0	1	1
Supervisory Board	1	8	9	1	8	9
aged under 30	0	0	0	0	0	0
aged 30–50	1	3	4	0	4	4
aged over 50	0	5	5	1	4	5
foreigners	0	2	2	0	4	4
Budimex Nieruchomości sp. z o.o.						
Management Board	0	3	3	1	3	4
aged under 30	0	0	0	0	0	0
aged 30–50	0	2	2	1	2	3
aged over 50	0	1	1	0	1	1
foreigners	0	1	1	0	0	0
Supervisory Board	0	3	3	0	3	3
aged under 30	0	0	0	0	0	0
aged 30–50	0	2	2	0	2	2
aged over 50	0	1	1	0	1	1
foreigners	0	2	2	0	2	2
Mostostal Kraków SA						
Management Board	0	2	2	0	3	3
aged under 30	0	0	0	0	0	0
aged 30–50	0	1	1	0	1	1
aged over 50	0	1	1	0	2	2
foreigners	0	0	0	0	0	0
Supervisory Board	1	2	3	1	2	3
aged under 30	0	0	0	0	0	0
aged 30–50	1	2	3	1	2	3
aged over 50	0	0	0	0	0	0
foreigners	0	0	0	0	1	1

Accidents at work

	Accident frequency rate		Accident severity rate	
	2013	2014	2013	2014
Budimex SA	12.76	12.19	38.11	36.97
Budimex Nieruchomości sp. z o.o.	0	0	0	0
Mostostal Kraków SA	27.93	32.09	70.60	49.08

	2013		2014	
	Budimex	["Safety in Construction Agreement"]	Budimex	["Safety in Construction Agreement"]
Accident frequency rate	12.76	12.5	12.19	11.95
Accident severity rate	31.5	37.1	31.71	42.75

	Budimex SA		Budimex Nieruchomości sp. z o.o.		Mostostal Kraków SA	
	2013	2014	2013	2014	2013	2014
Injury rate (IR)	1.27	1.21	0	0	2.78	3.21
Occupational disease rate (ODR)	0.04	0.07	0	0	0	0
Lost day rate (LDR)	48.92	38.5	0	0	196.42	157.49
Absence rate (AR)	5.72%	4.82%	5.23%	2.35%	6.69%	6.06%

Consumption of selected raw materials, of key importance due to the type of activities:

Raw material / material	unit	2013	2014
Budimex SA			
Road asphalt (regular and modified)	thousand tonnes	53	66
Cement	thousand tonnes	70	46
Crushed-stone aggregate for bituminous mixtures	thousand tonnes	1,063	1,157
Mixtures of crushed-stone aggregates	thousand tonnes	2,221	3,412
Railway aggregate	thousand tonnes	354	0
Hydro-technical stone	thousand tonnes	215	0
Reinforcement steel	thousand tonnes	42	30
Concrete	thousand m3	743	976
Mostostal Kraków SA			
Steel	thousand tonnes	12.8	14.2

Consumption of raw materials as reuse

Category of recovered raw material	unit	2013	2014
Asphalt (code of waste: 17 03 02)	thousand tonnes	–	2.96
Waste sand and clays (code of waste: 01 04 09)	thousand tonnes	1.7	0.97
Soil and dirt, including stones (code of waste: 17 05 04)	thousand tonnes	50	154.39
Soil and dirt, including stones (code of waste: 20 02 02)	thousand tonnes	28.7	–
Concrete waste and concrete rubble from demolitions and renovations (code of waste: 17 01 01)	thousand tonnes	–	0.051
Ash-slag mixes from wet waste disposal furnace (code of waste 10 01 80)	thousand tonnes	–	1.43
Minerals (e.g. sand, stones) (code of waste: 19 12 09)	thousand tonnes	102	–
Other wastes (including mixed substances and objects) from the mechanical treatment of wastes other than those mentioned in 19 12 11 (code of waste: 19 12 12)	thousand tonnes	40	–



Fuel and electricity consumption

Source of energy and energy raw materials	unit	2013	2014	Change y/y
Diesel oil	GJ	196 497 [4 529,67 tonnes]	169,778 [3,913.73 tonnes]	-13.6%
Gasoline	GJ	13,131* [293.44 tonnes]	7,493 [167.45 tonnes]	-42.9%
Light fuel oil	GJ	39,747 [922.21 tonnes]	15,281 [354.55 tonnes]	-61.6%
Heavy fuel oil with low sulphur content [LSC]	GJ	258,781 [6,135.17 tonnes]	219,850 [5,212.19 tonnes]	-15.0%
Fuel oil [HSC]	GJ	0 [0.0 tonnes]	0 [0.0 tonnes]	-
Electricity	GJ	138,983 [38,606.37 tonnes]	103,615 [28,781.81 tonnes]	-25.4%
Coal dust	GJ	-	74,326 [3,378.46]	
Total	GJ	647,140	590,343	-8.8%
Energy efficiency	GJ/PLN thousand	0.1363**	0.1193	-12.5%

\* calorific value corrected

\*\* after transformed net revenues from sales of products and services, goods and materials.

CO<sub>2</sub> emissions<sup>12</sup>

CO <sub>2</sub> emissions	unit	2013	2014	Change y/y
Direct emissions [scope 1]	tonnes	37,678.14	30,219.63	-19.8%
Indirect emissions [scope 2]	tonnes	24,715.97	25,529.16	3.3%
Indirect emissions [scope 3]	x	x	x	
Total:		62,394.11	55,748.79	-10.7%
Efficiency	tonnes/ PLN thousand	13.1*	11.3	-14.3%

\* after transformed net revenues from sales of products and services, goods and materials.

<sup>12</sup> Estimates made using a consistent methodology applicable in the Ferrovial Group, based of the GHG Protocol and actual consumption of primary fuels and electricity.

Air emissions of pollutants, main sources [in kg/year]<sup>13,14</sup>

	sulphur dioxide [source: paving plant] [kg/year]	nitrogen dioxide [source: paving plant] [kg/year]	carbon monoxide [source: paving plant] [kg/year]	other dust [source: paving plant] [kg/year]	Benzo(a)pyrene [source: paving plant] [kg/year]
Lublin	261.65	1,206.64	7,553.76	293.18	1.75
Pruszków	250.49	258.89	96.22	0.21	0.000002
Zagórz [Komańcza]	93.26	236.79	1,584.58	3,343.48	0.001
Jaźwiny [Czarna]	19,129.82	8,850.53	889.57	1.94	0.003
Suwałki	18,661.74	5,319.96	6,754.57	8,655.38	29.54
Siewierz	390.69	400.10	185.86	326.42	0.001
Szymany	2,684.50	2,684.50	2,569.27	2,519.30	17.76
Total	79,747.64	33,764.79	29,048.41	27,467.12	78.61

cont	Benzo(a)pyrene [source: bitumen container] [kg/year]	Aromatic hydrocarbons [source: paving plant] [kg/year]	Carbon dioxide [source: paving plant] [Mg] [kg/year]	Aliphatic hydrocarbons [source: paving plant] [kg/year]	Soot [source: paving plant] [kg/year]
Lublin	0.208000	0.02	1,352.47	-	-
Pruszków	0.000047	0.0041	346.40	-	-
Zagórz [Komańcza]	0.000062	101.00	427.63	545.00	-
Jaźwiny [Czarna]	0.000547	0.04	3,210.37	-	-
Suwałki	0.000628	0.01	5,188.19	-	0.06
Siewierz	0.000097	0.00014	667.37	-	-
Szymany	0.000181	-	2,537.24	-	0.04
Total	0.21	202.11	23,223.24	1,090.00	0.16

<sup>13</sup> All plants listed in the table operate within the structure of Budimex SA. The table does not include aromatic hydrocarbons released during the process of unloading the mineral and asphalt mix, whose annual emissions are estimated at 4.6 kg, as well as aromatic alcohols and their derivatives [phenol], released at 0.82 kg/year, also during the process of unloading the mineral-asphalt mix.

<sup>14</sup> The values provided are equal to the values reported to relevant administrative bodies in order to calculate the environmental charges, and their sources are direct measurements or estimates calculated in accordance with applicable regulations [based on volumes of production and processed raw materials].

	Aromatic hydrocarbons [source: bitumen container] [kg/year]	Aromatic hydrocarbons and their derivatives [source: bitumen container] [kg/year]	Other dust [source: limestone flour container] [kg/year]	Other dust [source: coal dust container] [kg/year]
Lublin	39.40	2.96	75.32	–
Pruszków	0.0009	0.0001	2.63	–
Zagórz (Komańcza)	0.0012	0.0001	38.36	–
Jaźwiny (Czarna)	0.0104	0.0008	142.78	–
Suwałki	0.1190	0.0089	253.75	–
Siewierz	0.0018	0.0001	33.43	–
Szymany	0.0033	0.0003	21.81	0.57
<b>Total</b>	<b>39.67</b>	<b>2.98</b>	<b>1,036.38</b>	<b>0.57</b>

■ Waste [without dirt and soil]

	2013	2014
Main waste by type	mass [tonnes]	mass [tonnes]
<b>Waste considered to be hazardous, including:</b>	<b>131.815</b>	<b>1,069.627</b>
• waste sand and clays [01 04 09]	–	974.85
• wastes from washing and cleaning of minerals other than those mentioned in 01 04 07 and 01 04 11 [01 04 12]	–	1,485.60
• organic halogenated solvents, washing liquids and mother liquors [07 01 03]	0.24	2.070
• waste rubber and rubber production [07 02 80]	–	60.00
• engine oils [13 02 06]	0.02	0.000
• other engine, gear and lubricating oils [13 02 08]	1.02	0.680
• other halogenated solvents and solvent mixtures [14 06 02]	–	0.220
• other solvents and solvent mixtures [14 06 03]	0.073	0.143
• mixed packaging [15 01 06]	–	20.775
• packaging containing residues of hazardous substances [15 01 10]	17.228	7.452
• absorbents, filter materials contaminated by dangerous substances [15 02 02]	0.37	0.412
• discarded equipment containing hazardous components, other than those mentioned in 16 02 09 to 16 02 12 [16 02 13]	–	0.132
• oil filters [16 01 07]	0.454	0.450
• wastes not otherwise specified [16 01 99]	–	0,08
• laboratory chemicals [16 05 06]	0.11	0.000

	2013	2014
Main waste by type	mass [tonnes]	mass [tonnes]
• aqueous liquid wastes [16 10 01]	9.2	–
• wastes from other ceramics pieces of equipment [17 01 03]	–	10.20
• mixtures of or separate fractions of concrete, bricks, tiles, ceramics and pieces of equipment containing dangerous substances [17 01 06]	–	63.46
• waste from repair and reconstruction of roads [17 01 81]	–	44,857.92
• wood, glass and plastic waste containing hazardous substances [17 02 04]	5.9	107.750
• bituminous mixtures containing coal tar [17 03 01]	–	874.000
• coal tar [17 03 03]	4.12	0.00
• copper, bronze, brass [17 04 01]	–	11.09
• cables other than those mentioned in 17 04 10 [17 04 11]	–	0.63
• soil and dirt [17 05 03]	38.02	0.018
• insulation materials containing asbestos [17 06 01]	–	5.84
• materials containing asbestos [17 06 05]	55.06	7.000
<b>Non-hazardous waste, including:</b>	<b>281,295.66</b>	<b>271,250.39</b>
• plant-tissue waste [02 01 03]	427.24	225.00
• wastes from forestry [02 01 07]	10,760.00	334.40
• waste plastic [07 02 13]	0.42	0.28
• paper and cardboard packaging [15 01 01]	23.92	9.09
• plastic packaging [15 01 02]	21.69	29.06
• wooden packaging [15 01 03]	4.20	0.00
• composite packaging [15 01 05]	2.01	0.00
• glass packaging [15 01 07]	0.71	0.00
• absorbents, filter materials [15 02 03]	0.35	0.75
• discarded equipment [16 02 14]	0.065	7.46
• components removed from discarded equipment [16 02 16]	0.008	0.034
• alkaline batteries [16 06 04]	0.002	0.00
• concrete waste and concrete rubble [17 01 01]	35,121.89	129,365.37
• brick rubble [17 01 02]	849.70	6,419.58
• mixtures of concrete waste, brick rubble, ceramic waste and pieces of equipment [17 01 07]	38,937.48	17,285.69



	2013	2014
Main waste by type	mass [tonnes]	mass [tonnes]
• removed plaster, wallpaper, veneer (17 01 80)	7.07	0.00
• waste from renovations and reconstruction of roads [from the existing road base, etc.] (17 01 81)	49,722.94	44,857.92
• wastes not otherwise specified (17 01 82)	33.90	0.00
• wood (17 02 01)	6,182.12	1,421.655
• glass (17 02 02)	1.31	7.46
• plastic (17 02 03)	27.49	55.55
• asphalt other than mentioned in 17 03 01 (17 03 02)	60,022.80	15,748.26
• waste tar paper (17 03 80)	91.075	275.23
• iron and steel (17 04 05)	1,213.60	1,493.672
• mixed metals (17 04 07)	7.33	0.00
• track ballast (17 05 08)	32,176.90	36,395.72
• insulation materials (17 06 04)	35.10	25.79
• mixed construction, renovation and demolition wastes (17 09 04)	5,198.55	5,653.40
• wood other than mentioned in 19 12 06 (19 12 07)	1.20	1.50
• minerals [e.g. sand, stones] (19 12 09)	15,929.08	0.00
• waste from mechanical treatment of waste (19 12 12)	24,495.10	35.00
• plastic (20 01 39)	–	18.78
• non-segregated (mixed) municipal waste (20 03 01)	–	143.057
• municipal wastes not otherwise specified (20 03 99)	–	7.83
<b>Total</b>	<b>281,427.47</b>	<b>271,250.39</b>

## ■ Soil and dirt

	2013	2014
Main waste by type	mass [tonnes]	mass [tonnes]
Soil and dirt, including stones, considered to be hazardous (17 05 03)	38.02	0.018
Soil and dirt, including stones, other than waste considered to be hazardous (17 05 04)	2,389,711.86	2,402,874.20
Dredged material not containing or not contaminated with dangerous substances (17 05 06)	322,088.10	316,873.03
<b>Total</b>	<b>2,711,837.98</b>	<b>2,719,747.25</b>

## ■ Utilisation of waste

	2013	2014
Main waste by type	mass [tonnes]	mass [tonnes]
Used as fuel or other means to generate energy (R1)	4,659.14	440.605
Reuse (R14) (without dirt and soil)	9,364.74	113,012.74
Transferred to companies licensed for collection, transportation and disposal (including e.g. storage in landfills) (without dirt and soil)	267,403.59	187,205.825
<b>Total</b>	<b>281,427.47</b>	<b>300,659.17</b>

## ■ Utilisation of dirt and soil

	2013	2014
Main waste by type	mass [tonnes]	mass [tonnes]
Reuse (R14)	1,769,402.37	1,780,097.43
Transferred to companies licensed for collection, transportation and disposal (including e.g. storage in landfills)	942,435.61	939,649.80
<b>Total</b>	<b>2,711,837.98</b>	<b>2,719,747.23</b>

# 12 GRI Index

range				p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
Indic.	overall	partial	not reported / not applicable						
Strategy and analysis									
G4-1	■		4	✓	Statement from the most-senior decision-maker of the organisation (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organisation and its strategy		4,7 6.2 7,4,2 6.2		[Letter from the President of the Management Board]
G4-2	■		4 12	✓	Description of key impacts, opportunities and risks				[Letter from the President of the Management Board]  [Market situation and prospects]  Business risks are described in the “2014 Annual Report” available at <a href="http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe">http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe</a>
Organisational profile									
G4-3	■		–	✓	Name of the organisation		6.3.10 6.4.1		Budimex SA
G4-4	■		8	✓	Primary brands, products and/or services		6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8		[Market activity]  More on <a href="http://www.budimex.pl">www.budimex.pl</a>
G4-5	■		–	✓	Location of the organisation's headquarters				ul. Stawki 40 01-140 Warsaw Poland <a href="http://www.budimex.pl">www.budimex.pl</a>
G4-6	■		15	✓	Number of countries where the organisation operates, and names of countries with either major operations or specifically relevant to the issues covered in the report				[Results for the last year]
G4-7	■		–	✓	Nature of ownership and legal form				Spółka Akcyjna [joint-stock company] listed on the Warsaw Stock Exchange

range				p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
Indic.	overall	partial	not reported / not applicable						
G4-8	■			15	✓	Markets served, including geographic breakdown, sectors served, and types of customers/consumers and beneficiaries	6.3.10 6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5		[Results for the last year]  Detailed information on this subject can be found in the "2014 Annual Report" available at <a href="http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe">http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe</a> .
G4-9	■			15 16 18	✓	Scale of activity	7.8		[Results for the last year]  [Contribution to infrastructural development]
G4-10	■			16 27 73	✓	Number of the Company's employees and employees under the Company's supervision broken down by gender and type of contract			[Results for the last year]  [Managing responsibility in the supply chain]  [Tables with non-financial data]
G4-11	■			77	✓	Percentage of employees covered by collective agreements			[Tables with non-financial data]
G4-12	■			27	✓	Description of the value chain			[Managing responsibility in the supply chain]
G4-13	■			28	✓	Significant changes during the reporting period, regarding size, structure, form of ownership, or value chain			[About the report]  A detailed description of changes in the organisational structure of the Budimex Group can be found in the "2014 Annual Report" available at <a href="http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe">http://www.budimex.pl/pl/relacje-inwestorskie/raporty/okresowe</a> .
G4-14	■			45	✓	Explanation of whether and how the precautionary principle is applied by the organisation.		7	[Environmental concerns on a construction site]  The procedure "Environmental management on contract sites", which is a part of the Integrated Management System, defines, among others, rules for the analysis of environmental requirements and the concept of environmental impact. It covers every actual and potential type of impact.  In addition, the Group undertook to comply with the precautionary principle by joining the UN Global Compact.
G4-15	■			37	✓	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses		1-10	<ul style="list-style-type: none"><li>• UN Global Compact</li><li>• ["Safety in Construction Agreement"] [see: OHS Training and Prevention]]</li><li>• social campaign of the National Labour Inspectorate and the Social Insurance Institution [ZUS]: "Szczepnij życie! Bezpieczna praca na wysokości" ["Respect life! Safe work at heights"]</li></ul>



Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
G4-16	■		17	✓	Memberships in associations (such as industry associations) and/or national/ /international organisations	6.3.10 6.4.1 6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8	1-10	[Results for the last year]
Identification of material aspects and limitations								
G4-17	■		28 72	✓	Entities included in the consolidated financial statements	5.2 7.3.2 7.3.3 7.3.4		[Tables with non-financial data]
G4-18	■		28	✓	Process for defining the report content			[About the report]
G4-19	■		28	✓	Identified important aspects of social and environmental impact			[About the report]
G4-20	■		30	✓	Significance of identified aspects of social and environmental impact for each entity			[About the report]
G4-21	■		16 28	✓	Limitations of the report in relation to the relevant aspects of social and environmental impact, including entities outside the organisation			[Results for the last year] [About the report]
G4-22	■		-	✓	Explanation of the effect of any adjustments of information provided in previous reports, reasons for such adjustments and their impact [e.g. mergers, acquisitions, change of a base year/period, nature of business activity, measurement methods]			No significant adjustments.
G4-23	■		-	✓	Significant changes in relation to the previous report regarding the scope, range, or measurement methods applied in the report			No significant changes.
Stakeholder engagement								
G4-24	■		30	✓	List of stakeholder groups engaged by the organisation	5.3		[About the report]
G4-25	■		22 30 37 38 60	✓	Basis for identification and selection of stakeholder groups engaged by the organisation			[About the report] [OHS Training and Prevention] [Fair principles in relations with counterparties]

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
G4-26	■		30	✓	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	5.3		[About the report]
G4-27	■		30 37	✓	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including their reporting			[About the report] [OHS Training and Prevention]
Report profile								
G4-28	■		-	✓	Reporting period [e.g. fiscal/ calendar year]	5.3 7.5.3 7.6.2		Fiscal/calendar year: 01.01.2014 – 31.12.2014
G4-29	■		-	✓	Publication date of the last report [if any]			2014
G4-30	■		-	✓	Reporting cycle [annual, biennial, etc.]			annual
G4-31	■		-	✓	Contact person			Łukasz Kubiak, Office of External Communication, Budimex SA, ul. Stawki 40, 01-040 Warsaw e-mail: lukasz.kubiak@budimex.pl Phone [22] 623 61 64 mobile 695 052 455
G4-32	■		-	✓	CSR Index			[GRI Index] [About the report]
G4-33	■		28	✓	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider[s].			[About the report]  The report was prepared by an external entity on the basis of data provided by Budimex SA, and then subjected to verification by an independent auditor.
Governance, commitments and engagement								
G4-34	■		20 22	✓	Governance structure of the organisation, including committees under the highest governance body, responsible for specific tasks, such as setting strategy or organisational oversight	6.2 7.4.3 7.7.5	1-10	[Management systems]  Detailed information can be found in the “2014 Annual Report” available at <a href="http://www.budimex.pl/pl/relacje-inwestorskie/raporty-okresowe">http://www.budimex.pl/pl/relacje-inwestorskie/raporty-okresowe</a> .  Moreover, information about the current composition of the Management Board, Supervisory Board and its committees, including biographies of individual persons, is available at: <a href="http://www.budimex.pl/pl/o-budimex/wladze.html">http://www.budimex.pl/pl/o-budimex/wladze.html</a> .

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
Ethics and reliability								
G4-56	■		11 61	✓	Organisation's values, principles, code and standards of conduct and ethics.	4.4 6.6.3	1-10	[Market activity] [Code of Ethics]
ECONOMIC PERFORMANCE								
Economic performance								
G4-EC1	■		73	✓	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	6.8.1 6.8.2 6.8.3 6.8.7 6.8.9	-	[Tables with non-financial data]
G4-EC2	■		-	✓	Financial implications and other risks and opportunities for the organisation's activities due to climate change	6.5.5	7	No significant impact was stated at the moment. Nevertheless, the primary raw materials used by the company are the products of industries which have a significant impact on the climate (production of asphalt and fuels, cement production, steel industry). Thus, changes in regulations and additional burdens of these industries in relation to greenhouse gas emissions, could adversely affect the company's costs.  Climate change in a broader sense, i.e. intensity of extreme weather events, may influence the process of execution of contracts.  On the other hand, the company's offer responds to expectations indirectly related to climate change. Budimex has adequate resources allowing it to be included in the restructuring processes for power plants (construction of production facilities). In the company's offer there are facilities where power loss was reduced to a minimum and which meet the demands of climate-aware customers.

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
Market presence								
G4-EC5	■		77	✓	Ratio of the lowest level wage compared to the local minimum wage at significant locations of the organisation	6.3.7 6.3.10 6.4.3 6.4.4 6.8.1 6.8.2	1	[Tables with non-financial data]
G4-EC6	■		79	✓	Percentage of senior management hired from the local market	6.4.3 6.8.1 6.8.2 6.8.5 6.8.7	6	[Tables with non-financial data]  Basically, the companies within the Budimex Group employ only Polish citizens. A few foreigners, representing the main shareholder, are in the governing bodies of companies. Their number is given in the table illustrating the composition of management and supervisory boards.
Indirect economic impact								
G4-EC7	■		18	✓	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. Impact of these activities on society	6.3.9 6.8.1 6.8.2 6.8.7 6.8.9	-	[Contribution to infrastructural development]
ENVIRONMENTAL PERFORMANCE								
Raw materials and materials								
EN DMA			42 68 70	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Rational use of resources and environmental pollution]
G4-EN1	■		70 81	✓	Materials used by weight or volume.	6.5.4	8	[Materials and raw materials] [Tables with non-financial data]
G4-EN2	■		70 81	✓	Percentage of materials used that are recycled input materials	6.5.4	8, 9	[Materials and raw materials] [Tables with non-financial data]
Energy								
EN DMA			42 68 70	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Rational use of resources and environmental pollution]
G4-EN3	■		70 82	✓	Direct and indirect energy consumption by primary energy source	6.5.4	8	[Fuel, energy and CO <sub>2</sub> emissions] [Tables with non-financial data]



Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
G4-EN5	■		70	✓	Energy efficiency			[Fuel, energy and CO <sub>2</sub> emissions] [Tables with non-financial data]
Biodiversity								
EN DMA			42	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Limiting impact on the local natural environment]
G4-EN11	■		44	✓	Location and area of the land owned, leased, or managed located in or adjacent to protected areas and areas of high biodiversity value outside protected areas	6.5.6	8	[Environmental concerns on a construction site]
G4-EN12	■		44	✓	Description of significant impact of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	6.5.6	8	[Environmental concerns on a construction site]
G4-EN13	■		46	✓	Habitats protected or restored	6.5.6	8	[Environmental concerns on a construction site]  Detailed information is available in the studies of the impact of individual investments on the environment, with an indication of the exact location in relation to the investment.
G4-EN14	■		46	✓	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	6.5.6	8	[Environmental concerns on a construction site]
Emissions								
EN DMA			42	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Rational use of resources and environmental pollution]

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
G4-EN15	■		70	✓	Total direct greenhouse gas emissions by weight (Scope 1)	6.5.5	8	[Fuel, energy and CO <sub>2</sub> emissions] [Tables with non-financial data]
G4-EN16	■		82	✓	Total indirect greenhouse gas emissions by weight (Scope 2)	6.5.5	8	[Tables with non-financial data]
G4-EN18	■		82	✓	Efficiency associated with greenhouse gas emissions	6.5.5		[Tables with non-financial data]
G4-EN21	■		83	✓	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight	6.5.3	8	[Tables with non-financial data]  Individual bituminous mixing plants, whose locations are indicated in the table along with emission values of the individual compounds, are the source of emissions. Emissions are related to the work of paving plants and aggregate dryers, as well as tanks of bitumen, asphalt, limestone and stone dust.
Sewage and waste								
EN DMA			42	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	7, 8, 9	[Limiting impact on the local natural environment]
G4-EN23	■		51	✓	Total weight of waste by type and disposal method	6.5.3	8	[Waste management] [Materials and raw materials] [Tables with non-financial data]
G4-EN24	■		45	✓	Total number and volume of significant spills	6.5.3	8	[Environmental concerns on a construction site]
Products and services								
G4-EN27	■		44		Initiatives to mitigate environmental impact of products and services, and extent of impact mitigation	6.5.3 6.5.4 6.6.6 6.7.5	7, 8, 9	[Environmental concerns on a construction site]
Compliance								
G4-EN29	■		45	✓	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	4.6	8	[Environmental concerns on a construction site]

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
Environmental assessment of suppliers								
EN DMA			42	✓	Management approach	6, 7.3.1	7, 8, 9	[Environmental concerns on a construction site]
			68			7.4.3		
			70			7.7.3		
						7.7.5		
G4-EN32	■		50	✓	Percentage of suppliers who were assessed against the environmental criteria	6.3.5		[Environmental concerns on a construction site]
						6.6.6		
						7.3.1		
G4-EN33	■		44	✓	Significant current and potential environmental risks in the supply chain	6.3.5		[Environmental concerns on a construction site]
			50			6.6.6		
						7.3.1		
Complaint transfer procedure								
G4-EN34	■		50	✓	Number of complaints relating to the environmental impact, addressed and resolved through formal mechanisms	6.3.6		[Environmental concerns on a construction site]
SOCIAL PERFORMANCE								
Workplace: employment								
G4-LA1	■		75	✓	Total number of resignations and employee turnover rate by age group, gender, and region	6.4.3	6	[Tables with non-financial data]
			76					
G4-LA2	■		–	✓	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by main organisational units	6.4.4	–	The benefits are the same, regardless of whether the person is a full-time or part-time employee.
						6.8.7		Among non-mandatory benefits, the following benefits should be mentioned here: medical insurance [Budimex SA, Budimex Nieruchomości], life insurance [Budimex SA, Budimex Nieruchomości] and Benefit cards [Budimex SA, Budimex Nieruchomości]. Additional medical insurance is also available to trainees, employed under civil law contracts.
G4-LA3	■		78		Percentage of return to work and retention rate after maternity/paternity leave in relation to gender	6.4.4		[Tables with non-financial data]

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
Workplace: labour/management relations								
G4-LA4	■		-	✓	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	6.4.3 6.4.5	3	In accordance with the requirements of the Polish Labour Law.
Workplace: occupational health and safety (OHS)								
LA DMA			32 41	✓	Management approach (regarding occupational health and safety)	6, 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6	[Conditions, occupational health and safety (OHS)]
G4-LA5	■		32	✓	Percentage of total workforce represented in formal health and safety committees  (attended by both managers and workers) that monitor and advise on occupational health and safety programmes	6.4.6	1	[Conditions, occupational health and safety (OHS)]
G4-LA6	■		40 80		Rates of injury, occupational diseases, lost days, and absenteeism, and a total number of work-related fatalities, by region	6.4.6 6.8.8	1	[Accident rates]  [Tables with non-financial data]
G4-LA7	■		40	✓	Employment at high risk of occupational diseases.	6.4.6 6.8.8	1	[Accident rates]
G4-LA8	■		-	✓	OHS in collective agreements	6.4.6	1	OHS aspects were included in the collective agreement only in the case of Mostostal Kraków. The provisions define the possibility to temporarily grant periodical allowance for work in harmful or burdensome conditions to a given group of employees.



Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
Workplace: trainings								
G4-LA10	■		58	✓	Development programmes	6.3.7. 6.3.10 6.4. 6.4.3	1, 6	[Prevention of unethical conduct and integrity in operations]  All the described managerial skills development programmes are part of the concept of continuous training and contribute to the increase of value in the labour market. In individual cases, despite no formalised programme, the Budimex Group provides support in these aspects to employees during outplacement.
Workplace: diversity and equal opportunity								
G4-LA12	■		79	✓	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other diversity indicators	6.2.3 6.3.7 6.3.10 6.4.3	1, 6	[Tables with non-financial data]
G4-LA13	■		77		Ratio of basic salary and remuneration of women to men by employee category	6.3.7 6.3.10 6.4.3 6.4.4	1, 6	[Tables with non-financial data]
Assessment of suppliers								
LA DMA			32 41	✓	Management approach (regarding occupational health and safety)	6, 7.3.1 7.4.3 7.7.3 7.7.5	1, 3, 6	[Accident rates]
G4-LA14	■		41	✓	Percentage of suppliers who were assessed against employment criteria	6.3.5 6.4.3 6.6.6 7.3.1		[Accident rates]
G4-LA15	■		41	✓	Significant current and potential risks of employee relations in the supply chain	6.3.5 6.4.3 6.6.6 7.3.1		[Accident rates]
Complaint transfer procedure								
G4-LA16	■		61	✓	Number of complaints relating to employment, addressed and resolved through formal mechanisms	6.3.6		[Code of Ethics]
Human rights: investment and procurement procedures								
HR DMA			60	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	1-6	[Prevention of unethical conduct and integrity in operations]

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	not reported / not applicable							
G4-HR1	■		60	✓	Percentage and total number of significant investment agreements and contracts that include human rights clauses, or that have undergone human rights screening	6.3.3 6.3.5 6.6.6	1-2	[Fair principles in relations with counterparties]
Human rights: non-discrimination								
G4-HR3	■		61 62	✓	Total number of incidents of discrimination and corrective actions taken	6.3.6 6.3.7 6.3.10 6.4.3	1, 2, 6	[Code of Ethics] [Compliance with law]
Human rights: freedom of association and collective bargaining								
G4-HR4	■		62	✓	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.5 6.6.6	1-3	[Compliance with law]
Human rights: child labour								
G4-HR5	■		62	✓	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	6.3.3 6.3.4 6.3.5 6.3.7 6.3.10 6.6.6 6.8.4	1, 2, 5	[Compliance with law]
Human rights: forced and compulsory labour								
G4-HR6	■		62	✓	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to eliminate such incidents	6.3.3 6.3.4 6.3.5 6.3.10 6.6.6	1, 2, 4	[Compliance with law]
Assessment of suppliers								
HR DMA			60	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	1-6	[Fair principles in relations with counterparties]
G4-HR10	■		60 61	✓	Percentage of suppliers who were assessed against human rights	6.3.3 6.3.4 6.3.5		[Fair principles in relations with counterparties] [Code of Ethics]
G4-HR11	■		60 61	✓	Significant current and potential risks to human rights in the supply chain	6.3.3 6.3.4 6.3.5 6.6.6		[Fair principles in relations with counterparties] [Code of Ethics]
Complaint transfer procedure								
G4-HR12	■		61	✓	Number of complaints relating to human rights, addressed and resolved through formal mechanisms	6.3.6		[Code of Ethics]

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	overall	partial						
	not reported / not applicable							
Local communities								
SO DMA		40	✓	Management approach	6,	10	[Accident rates]	
		52			7.3.1		[Reducing nuisance]	
		54			7.4.3			
		58			7.7.3			
		60			7.7.5			
		61						
G4-SO1	■	52		Nature, scope and effectiveness of programmes and practices in the area of evaluation and management of the organisation's impact on the local community, including the impact of entering a market, operating and cessation of activities	6.3.9	–	[Reducing nuisance]	
		55			6.5.1		[Compensating communities for nuisance]	
					6.5.2			
					6.5.3			
					6.8			
G4-SO2	■	40	✓	Activities with significant potential or existing negative impact on the local community	6.3.9		[Reducing nuisance]	
		52			6.5.3			
					6.8			
Anti-corruption measures								
SO DMA		40	✓	Management approach	6,	10	[Prevention of unethical conduct and integrity in operations]	
		52			7.3.1			
		54			7.4.3			
		58			7.7.3			
		60			7.7.5			
		61						
G4-SO3	■	60	✓	Percentage and total number of business units analysed for risks related to corruption	6.6.1	10	[Monitoring of threats]	
					6.6.2		The report does not disclose tools used in their monitoring, recognising them as confidential. Disclosure of such information, regarding, in particular, the way of conducting analyses, according to the company could contribute to reducing their effectiveness and increasing the risk of unethical conduct.	
					6.6.3			
G4-SO4	■	58	✓	Percentage of employees trained in organisation's anti-corruption policies and procedures	6.6.1	10	[Prevention of unethical conduct and integrity in operations]	
		61			6.6.2		Due to the nature of the business, in particular the staff turnover between contracts, the division into regions was omitted in the indicator's description.	
					6.6.3			
					6.6.6			
G4-SO5	■	61	✓	Actions taken in response to incidents of corruption	6.6.1	10	[Code of Ethics]	
					6.6.2			
					6.6.3			
Participation in public life								
G4-SO6	■	62	✓	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	6.6.1	10	[Compliance with law]	
					6.6.2			
					6.6.4			

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
Compliance								
G4-SO7	■	62	✓	Total number of legal actions against the organisation for anti-competitive conduct, anti-trust, and monopoly practices and their outcomes.	6.6.1 6.6.2 6.6.5 6.6.7		[Compliance with law]	
G4-SO8	■	–	✓	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	4.6	–	No penalties were imposed.	
Assessment of suppliers								
SO DMA		40 52 54 58 60 61	✓	Management approach	6, 7.3.1 7.4.3 7.7.3 7.7.5	10	[Reducing nuisance]	
G4-SO9	■	54 60	✓	Percentage of suppliers who were assessed against social criteria	6.3.5 6.6.1 6.6.2 6.6.6 6.8.1 6.8.2 7.3.1		[Reducing nuisance]	
G4-SO10	■	54 60	✓	Significant current and potential social risks in the supply chain	6.3.5 6.6.1 6.6.2 6.6.6 6.8.1 6.8.2 7.3.1		[Reducing nuisance]	
Product responsibility: customer health and safety								
PR DMA		64 66	✓	Product responsibility: customer health and safety	6, 7.3.1 7.4.3 7.7.3 7.7.5	1, 8	[Quality and safety of constructions]	
G4-PR1	■	64 66 67	✓	Life cycle stages in which health and safety impact of products and services are assessed for improvement, and percentage of significant products' and services' categories subject to such procedures	6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	[Quality and safety of constructions]  The procedures described in the content of the report are generally applicable and apply to all [100%] ongoing contracts.	
G4-PR2	■	67	✓	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	4.6 6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	1	[Quality and safety of constructions]	



Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
G4-PR3	■		-	✓	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9	8	Due to the specificity of construction projects, their implementation is accompanied by very detailed construction documents from the earliest stage. The requirements are specified by regulations and standards. These documents include not only the relevant consents, permits or confirmations of acceptance by different offices and departments. Individual raw materials and materials are accompanied by certificates and declarations of conformity, or hygiene certificates and documents related to waste management. This ensures widely understood safety for people and the environment.  They are also supported by the Integrated Management System.
G4-PR5	■	■	-		Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	6.7.1 6.7.2 6.7.6	-	The specificity of the B2B market, in which the company mainly operates and in which the number of customers is very limited, is associated with the fact that it is not possible to conduct typical quantitative surveys of customer satisfaction.  Nevertheless, the execution of orders is discussed with customers on an ongoing basis, and continuous dialogue ensures current knowledge about customer expectations.
Product responsibility: compliance								
G4-PR9	■		62	✓	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	4.6 6.7.1 6.7.2 6.7.6	-	[Compliance with law]

Indic.	range		p.	audit	GRI guidelines	Area according to ISO 26000	UN Global Compact principle	Comment / Description
	■ overall	■ partial						
	□ not reported / not applicable							
Sector ratios								
CRE6	■		32	✓	Percentage of the organisation operating in verified compliance with internationally recognised health and safety management systems [e.g. ISO 18000]	-	-	In the case of Budimex SA and Mostostal Kraków, the implementation of ISO 18000 and OHSAS 18000 was confirmed with relevant certificates. As at the end of 2014, they employed 97.9% of the entire staff of the reported companies.
CRE8	■	■	70		Sustainability certification for new constructions, operation of existing constructions and dismantling of demolished constructions	-	-	Office and retail building at ul. Grunwaldzka in Poznań received the final BREEAM certificate at the Very Good level [copy attached].  The Corporate Services Centre Complex in Płock, the documents for the final certification have been filed.



Budimex SA  
Stawki Street 40  
01-140 Warsaw  
[www.budimex.pl](http://www.budimex.pl)