

**Resolution no. 401**  
**Of the Supervisory Board of Budimex S.A.**  
**of March 30, 2023**

on: adoption of the annual report on the activities of the Board in 2022.

Pursuant to § 16 sec. 9 lit. d) the Articles of Association of Budimex S.A. the following is resolved:

**§ 1.**

The Supervisory Board adopts the Report for the Ordinary General Meeting (AGM) Budimex S.A. for 2022 from the assessment of:

- the report on the Company's operations in 2022, together with the financial statement, in terms of their compliance with the books, documents and facts as well as the Management Board's proposal concerning the distribution of profit for 2022, on the evaluation of the report on non-financial information of Budimex S.A. for 2022, and the report on non-financial information of the Budimex Group for 2022,
- the Company's standing on a consolidated basis, taking into account the evaluation of the internal control systems, risk management, compliance and the internal audit function,
- Implementation by the Management Board of the obligations referred to in Article 380<sup>1</sup> of the Commercial Companies Code and the manner of preparing and submitting to the Supervisory Board by the Management Board the requested information, documents, reports or explanations,
- the Company's compliance with the information requirements related to the application of the corporate governance principles specified in the Warsaw Stock Exchange Rules and Regulations and in the laws on the current and periodic information submitted by issuers of securities,
- the reasonableness of the expenses incurred by the Company for the purposes indicated in principle 1.5 of the Code of Best Practice for WSE Listed Companies 2021 (DPSN 2021),

along with information on:

- Total remuneration due from the Company for all audits commissioned by the Supervisory Board in the course of 2022 pursuant to Art. 382 (1) of the Commercial Companies Code,
- the degree of implementation of the Diversity Policy with regard to the Management Board and the Supervisory Board, including the fulfilment of the objectives referred to in principle 2.1., DPSN 2021, as well as
- Other information resulting from the scope of the Code of Best Practice for WSE Listed Companies 2021 and 382 §3<sup>1</sup> of the Commercial Companies Code

The content of the Report is attached to this Resolution.

**§ 2.**

Resolution comes into force on the day of adoption.

**REPORT**  
**of the Supervisory Board of Budimex S.A.**  
**for the Annual General Meeting (AGM) of Budimex S.A. in 2023**

**on the evaluation of:**

1. the report on the Company's operations in 2022, together with the financial statement, in terms of their compliance with the books, documents and facts as well as the Management Board's proposal concerning the distribution of profit for 2022, on the evaluation of the report on non-financial information of Budimex S.A. for 2022, and the report on non-financial information of the Budimex Group for 2022,
2. the Company's standing on a consolidated basis, taking into account the evaluation of the internal control systems, risk management, compliance and the internal audit function,
3. Implementation by the Management Board of the obligations referred to in Article 380<sup>1</sup> of the Commercial Companies Code and the manner of preparing and submitting to the Supervisory Board by the Management Board the requested information, documents, reports or explanations,
4. the Company's compliance with the information requirements related to the application of the corporate governance principles specified in the Warsaw Stock Exchange Rules and Regulations and in the laws on the current and periodic information submitted by issuers of securities,
5. the reasonableness of the expenses incurred by the Company for the purposes indicated in principle 1.5 of the Code of Best Practice for WSE Listed Companies 2021 (DPSN 2021),

along with information on:

6. Total remuneration due from the Company for all audits commissioned by the Supervisory Board in the course of 2022 pursuant to Art. 382 (1) of the Commercial Companies Code,
7. the degree of implementation of the Diversity Policy with regard to the Management Board and the Supervisory Board, including the fulfilment of the objectives referred to in principle 2.1., DPSN 2021, as well as
8. Other information resulting from the scope of the Code of Best Practice for WSE Listed Companies 2021 and 382 §3<sup>1</sup> of the Commercial Companies Code

Pursuant to art. 382 § 3 of the Commercial Companies Code and in accordance with § 11 section 1 point e) of the Budimex S.A. Supervisory Board By-Laws, the Board at its meeting on 30 March 2023 audited and evaluated the report on the activities of the Budimex Group and Budimex S.A. as well as separate and consolidated financial statements for the financial year 2022, as regards compliance with the books and documents, as well as with the facts, and assessed the Management Board's proposal regarding the distribution of profit for 2022. The Supervisory Board also took note of the report on non-financial information for 2022 (standalone and consolidated), as a result of which it states as follows:

1. During the examination of documents for the financial year 2022:
  - 1) we became acquainted with the report on operations of the Budimex Group and Budimex S.A. and heard the Management Board's explanations concerning this report,
  - 2) we have read the standalone and consolidated financial statements and analysed the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the notes to financial statements,

- 3) we became acquainted with the statutory auditor's reports on the course and results of the audit of the separate and consolidated financial statement and we heard the auditor's explanations and answers to questions of the Supervisory Board's Members,
- 4) we became acquainted with reports on non-financial information of Budimex S.A. and the Budimex Group for 2022 describing issues concerning the impact of Budimex S.A. and the Budimex Group on the environment and social and labour issues, the respect for human rights and counteracting corruption and bribery, and we heard the Management Board's explanations in this respect. The reports describe the business model, policies applied, main risks and key non-financial ratios related to operations.

Based on the analyses concerning the report on operations and financial statements referred to in points 1) – 2) as well as indicated in point 3) of the auditor's reports, the Supervisory Board hereby states that the information disclosed in these documents accurately and reliably reflects the result of the business activities of the Company and Budimex Group, as well as the Company's assets and financial standing. The Supervisory Board positively assesses the content of non-financial information reports prepared by the Company and the Budimex Group. In the opinion of the Supervisory Board, the reports on non-financial information referred to in point 4) cover the scope of information required by the Accounting Act and in a reliable and correct manner describe the activities of Budimex S.A. and the Budimex Group presented in the context of environmental, social and employee issues, respect for human rights, counteracting corruption and bribery.

At its meeting on 30 March 2023, the Supervisory Board prepared and adopted a report on the remuneration of members of the Management Board and the Supervisory Board for 2022.

The Supervisory Board has taken note of the information presented by the Management Board of the Company on the need for the Ordinary General Meeting to adopt resolutions, including matters related to the current operations of the Company listed in item 5 below.

The Supervisory Board, in accordance with the above-mentioned position, gives a positive opinion and requests the Ordinary General Meeting of Budimex S.A. to adopt resolutions concerning:

- 1) analysis and approval of the report on the activities of the Budimex Group and Budimex S.A. for 2022,
  - 2) analysis and approval of the report on non-financial information of Budimex S.A. for 2022,
  - 3) analysis and approval of the report on non-financial information of the Budimex Group for 2022,
  - 4) analysis and approval of the financial statements of Budimex S.A. for the year ended 31 December 2022,
  - 5) analysis and approval of the financial statements of the Budimex Group for the year ended 31 December 2022,
  - 6) distribution of profit for 2022,
  - 7) amendments to §16 of the Articles of Association of Budimex S.A. and adoption of the consolidated text of the Articles of Association,
- and also gives a positive opinion in formal terms and requests the Ordinary General Meeting of Budimex S.A. to adopt resolutions on:
- 8) granting a vote of approval to the members of the Management Board of Budimex S.A. for the performance of their duties in 2022,

- 9) granting a vote of approval to the members of the Supervisory Board of Budimex S.A. for the performance of their duties in 2022,
- 10) issuing an opinion on the Supervisory Board's report on the remuneration of members of the Management Board and the Supervisory Board for 2022,
- 11) approving the supplementation of the Supervisory Board of Budimex S.A. by co-opting a new member of the Supervisory Board – Silvia Rodriguez Hueso in connection with the resignation of Mr. Mario Mostoles Nieto.

## **2. Assessment of the company's situation on a consolidated basis, including the assessment of internal control, risk management, compliance systems and the internal audit function.**

The core business of Budimex S.A. is the provision of construction and assembly services as well as management and advisory services to the Budimex Group companies. The implementation of the advisory, management and financial functions by Budimex S.A. is aimed at:

- fast flow of information within the Group's structure,
- strengthening the efficiency of the financial and monetary economy of individual companies,
- strengthening the Group's market position.

In the period of 12 months of 2022, Budimex SA generated sales revenues of PLN 7,508 million, which represents an increase of 6.6% compared to revenues obtained in 2021.

Gross profit on sales in 2022 amounted to PLN 718 million, while in the previous year it reached PLN 604 million. Gross margin on sales in 2022 was therefore 9.6%, while in 2021 this ratio was 8.6%.

The balance of cash on bank accounts and in the Company's cash register at the beginning of 2022 amounted to PLN 2,380 million. For the purposes of preparing the cash flow statement, this amount was adjusted by funds with limited disposability in the amount of PLN 22 million, mainly related to funds accumulated on split payment accounts and on consortium accounts in the part attributable to co-consortium members. Net cash flows in the period of 12 months of 2022 were positive and amounted to PLN 465 million and as at 31 December 2022 the Company reported cash in the amount of PLN 2,831 million, including cash with limited disposability in the amount of PLN 9 million.

In 2022, cash from operating activities increased and amounted to PLN 1,285 million.

The Company's cash balance from investing activities decreased by PLN 153 million, with the largest share due to the increase in capital, among others, in Budimex Kolejnictwo SA and Budimex Bau GmbH, the contribution of capital to the newly created RailBX GmbH, the purchase of Magnolia Energy Sp. z o.o., as well as the granting of loans to Group companies, including Magnolia Energy Sp. z o. o. and Budimex Kolejnictwo S.A.

Cash flows from financing activities for 2022 were negative and amounted to PLN 667 million. The expenses concerned the payment by the Company of dividends in the amount of PLN 599 million and repayment of lease liabilities and loans with interest.

In 2022, the Budimex Group generated total sales revenues of PLN 8,619 million, which were 9.0% higher than in 2021.

In 2022, the value of sales in the construction segment of the Budimex Group increased by 7.4% compared to 2021.

Sales in the general construction sector increased by 10.2% (from PLN 2,628 million in 2021 to PLN 2,897 million in 2022), sales in the infrastructure construction sector increased by 13.5% (from PLN 2,675 million in 2021 to PLN 3,035 million in 2022), while sales in the railway construction sector decreased by 4.6% (from PLN 1,980 million in 2021 to PLN 1,889 million in 2022).

In 2022, Budimex Group companies signed construction contracts with a total value of PLN 7.88 billion. The portfolio of construction orders of the Budimex Group as at 31 December 2022 amounted to PLN 13.29 billion, which represents an increase of 2% compared to the end of 2021.

The Group's gross profit on sales in 2022 amounted to PLN 872 million, while in the previous year it reached PLN 834 million. The gross margin on sales in 2022 was therefore 10.1%, and in 2021 this ratio was 10.5%.

The Group's financial situation in 2022 remained at a good level. Net cash flows for 2022 were positive and amounted to PLN 537 million. In 2022, cash from operating activities increased by PLN 1,428 million. Cash flows from investing activities closed with a negative balance of PLN 170 million. Cash flows from financing activities for 2022 were negative and amounted to PLN 721 million and were mainly the result of dividend payment for 2021 and repayment of lease and credit liabilities.

The current financial situation of the Budimex Group in terms of liquidity and access to external sources of financing does not pose a threat to financing operations in 2023.

Budimex S.A. has an internal control system in the process of preparing financial statements, for the implementation and functioning of which the Management Board of the Company is responsible. Financial statements are prepared by qualified employees of the Economic and Financial Department of Budimex S.A. under the supervision of a member of the Management Board - the director of the above mentioned department. The preparation of annual reports is preceded by a meeting of the Audit Committee with independent auditors, the subject of which is to determine the plan and scope of the audit of financial statements and discuss potential risk areas that may affect the reliability and correctness of financial statements. The Budimex Group additionally uses a software supporting the identification and management of risks related to the preparation of all financial information, including financial statements.

Preparation of financial statements is a planned process, taking into account the appropriate division of tasks among the employees of the Economic and Financial Department of Budimex S.A., adequate to their competences and qualifications. The basis for the preparation of separate financial statements are accounting books. The accounts of the most important Group companies are kept using the SAP R/3 financial and accounting program, which has been satisfying basic information needs for financial and management accounting since 1 January 2003. The SAP R/3 system is managed centrally by qualified employees of Budimex S.A., who set authorization levels for entering and modifying transaction data, layout of basic reports and changes in the chart of accounts.

Consolidated financial statements are prepared on the basis of uniform consolidation packages prepared electronically by individual Group companies. The data consolidation process takes place in the Reporting and Consolidation Team under the supervision of the Director of the Accounting Office.

The Budimex Group companies apply uniform accounting principles approved by the management boards of Budimex S.A. and individual subsidiaries. The correctness of the application of accounting principles by individual companies is monitored on an ongoing

basis by the employees of the Reporting and Consolidation Team and the Controlling Office of Budimex S.A.

The Reporting and Consolidation Team of Budimex S.A. is responsible for recommending solutions for modifying and updating accounting policies and other requirements of stock exchange financial reporting, as well as for their implementation after prior approval by the Management Board.

In the course of preparing financial statements, the following control activities, among others, are undertaken:

- assessment of material, unusual transactions in terms of their impact on the Group's financial position and presentation in the financial statements,
- verification of the adequacy of the assumptions made for the valuation of estimated values,
- comparative and substantive analysis of financial data,
- verification of arithmetic correctness and consistency of data,
- analysis of the completeness of disclosures.
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The prepared annual financial statements are forwarded for initial verification to the director of the Economic and Financial Department, and then to the entire Management Board for final verification and authorization.

The annual financial statements are audited by an independent statutory auditor who, after the audit, presents his conclusions and observations to the Audit Committee and then to the Supervisory Board.

The Company has a structurally separate Internal Control Office, reporting to the President of the Management Board and the Audit Committee, responsible for:

- identification and analysis of risks in the Budimex Group,
- prevention of risk factors,
- examination of the activities of organizational units and companies from the Group,
- monitoring compliance with normative acts in force in the Group and external acts of general application,
- analysis of site execution processes,
- control of the use of resources,
- preparing reports and issuing instructions for taking corrective actions and supervising their implementation.

The Company has a structurally separate Internal Audit Office, organizationally subordinated to the President of the Management Board and functionally to the Supervisory Board and the Audit Committee, responsible for:

- establishing policies and procedures for managed or supervised areas, including the "Internal Audit Charter",
- development and implementation of the "Internal Audit Plan",
- development and implementation of the "Internal Audit Quality Assurance and Improvement Program", covering all material aspects of the entity's operations,
- informing stakeholders about the results of internal audits and consulting tasks,
- monitoring and supervising the implementation of internal audit recommendations by the organization,
- reporting to senior management and the Supervisory Board on the activities of the internal audit function.

In accordance with the Operating Procedure “Internal Audit Charter”, the objectives of the Internal Audit Office are:

- identification of threats existing in business processes in Budimex through actions taken during and as a result of planned and ad hoc audits, the results of which are one of the input data to the risk management process at Budimex,
- educating audited entities in the field of control mechanisms, reorganization projects and/or improvement of business processes and in the field of other system solutions,
- analysis and evaluation of existing control mechanisms in terms of ensuring efficiency and economy of operational and administrative activities conducted by Budimex, as well as their compliance with the law, regulations and internal requirements,
- cooperation with external control and supervisory authorities and external auditors.

The specific tasks of the Internal Audit Office include:

- identification of the areas to be audited and the main directions of internal audit activities,
- examination of the actual state of control mechanisms, reorganization projects and/or improvement of business processes,
- planning and implementation of individual audit tasks in the Budimex Group, including preparation of reports on audit tasks containing conclusions, post-audit recommendations,
- monitoring and reporting the degree of implementation of post-audit recommendations that are the result of completed audit tasks,
- promoting good practices and education in internal control system solutions.

The Manager of the Internal Audit Office is appointed by the President of the Management Board of Budimex S.A. with the consent of the Supervisory Board after obtaining the consent of the Audit Committee. The removal of a person from the position of Manager of the Internal Audit Office shall take place with the approval of the Supervisory Board after obtaining the approval of the Audit Committee, taking into account that a prior hearing of the Manager of the Internal Audit Office by the Supervisory Board is required. The amount of remuneration (including bonuses) of the Head of the Internal Audit Office is approved by the Supervisory Board after the Audit Committee has presented an opinion in this respect, ensuring the fulfilment of requirements provided for in the regulations/procedures regarding the remuneration policy. The amount of remuneration (including bonuses) should not differ from the remuneration of other persons performing key functions in the Company.

The effectiveness of internal control and internal audit systems is monitored by the Audit Committee of the Supervisory Board. The Audit Committee is informed about internal control plans, receives reports on this work or periodic summaries from the Internal Control Office, employees of the Internal Control Office are obliged to perform controls, among others at the request of the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board. The Audit Committee gives its opinion on documentation concerning processes taking place in the Internal Audit Office and implemented by the Office, including the Charter and the Internal Audit Plan, as well as receives a report on the activities carried out from the Director of the Internal Audit Office. During all meetings of the Supervisory Board, the Chairwoman of the Audit Committee provides the Board with information on the current activities of the Committee, including the operational activities of the Internal Control Office and the Internal Audit Office.

Last year, the Internal Audit Office provided the President of the Management Board and the Audit Committee of the Budimex Supervisory Board with periodic, quarterly reports on audit activities. The reports included a list of completed audits, conclusions and recommendations from completed audit tasks, the status of the implementation of the training program of the Office team and the current level of use of available resources.

The Director of the Internal Audit Office presented to the President of the Management Board, the Management Board of the Company and the Audit Committee of the Company's Supervisory Board a report on the implementation of the Annual Audit Plan and the implementation of the Office's budget (Internal Audit Report - annual).

The annual report included, among others, information on completed and uncompleted audit tasks included in the Annual Audit Plan, conclusions and recommendations from completed audit tasks, ad hoc audit tasks performed in the last year, monitoring the implementation of recommendations and audit tasks in progress. The report also included information on the reaffirmation of the independence of the internal audit function in the Company and ensuring that the Internal Audit Office collectively has and obtains the knowledge, skills and other competencies necessary to perform the tasks in order to comply with the Internal Audit Charter. The report on the implementation of the Annual Audit Plan was presented to the President of the Management Board of the Company and then adopted by the Audit Committee of the Company's Supervisory Board.

Budimex S.A. has implemented the "Compliance Policy" in order to ensure compliance of the organization's operations with applicable laws, standards and internal regulations. As one of the largest construction companies operating on the Polish market, Budimex S.A. attaches particular importance in its activities to the implementation and application of the best standards regarding compliance with the law in force in Poland and other regulations related to the Company's operations.

The basic principles of the Compliance Policy of Budimex S.A. aimed at eliminating or minimizing risks related to all areas of Budimex S.A.'s activity are:

- respect for the law,
- ethics and integrity,
- transparency of activities,
- zero tolerance for activities inconsistent with applicable law and the Compliance System.

Observation of the Compliance Policy takes the form of compliance by the Company and the addressees with applicable laws and:

- the Company's Articles of Association,
- Budimex S.A. Code of Ethics,
- the Company's Regulations, Policies, Procedures, Instructions, Orders, etc., including in particular those concerning the minimization of the risk of the addressees and the Company being involved in any corruption or influence peddling, as well as those aimed at preventing the "diversion" of funds from the Company.

All employees of the Company are responsible for applying and complying with the Compliance Policy. To this end, the Company has introduced a uniform system of signalling irregularities through 4 available compliance communication channels.

Direct supervision over the application and compliance by the Company and the addressees of the Compliance Policy is exercised by a specially appointed Legal Director of the Compliance Area, reporting directly to a Member of the Management Board of the Company – the Director of the Legal and Organizational Department.

The Management Board of the Company, within the scope of its competences or after obtaining relevant recommendations of the Company's Supervisory Board, adopts internal Policies, Procedures or Instructions regarding individual areas of the Company's operations, both including relations within the Company and external relations, and rules of conduct with



third parties, the purpose of which is to reduce the risks associated with the Company's operations (including those covering the Compliance sphere) and prevent the occurrence of situations that may expose Budimex S.A. for criminal, civil, administrative or penal-fiscal liability.

The Supervisory Board, based on information and materials obtained from the Company's Management Board and the Audit Committee at its subsequent meetings, as well as based on the analysis of internal regulations defining the principles of functioning of the internal control system, risk management, internal audit, as well as supervision of compliance of activities with the law and their relation to regulatory requirements, positively assesses the above-mentioned systems and the effectiveness of their operation.

The Supervisory Board positively assessed the activities of the Company's Management Board in 2022.

### **3. Assessment of the Management Board's implementation of the obligations referred to in Article 380<sup>1</sup> of the Commercial Companies Code**

At subsequent meetings of the Supervisory Board, the Management Board of the Company provides current information on its current situation, including contracts acquisition, order portfolio, financial results of Budimex S.A. and the Budimex Group, at the same time providing answers and explanations regarding questions from members of the Supervisory Board. The Management Board also presented the Supervisory Board with information on the adopted resolutions and their subject. In 2022, the Supervisory Board did not find a deficit of information on the part of the Company's Management Board in the area subject to the information obligation under Article 380<sup>1</sup> §1 of the Commercial Companies Code. Apart from questions answered on an ongoing basis by individual members of the Management Board during Supervisory Board meetings, the Supervisory Board did not formulate requests to prepare or provide the Board with additional information, documents or reports.

In view of the above, the Supervisory Board positively assesses the implementation by the Management Board of the obligations referred to in Article 380<sup>1</sup> of the Commercial Companies Code.

### **4. Evaluation of the company's application of the principles of corporate governance and the manner in which it fulfils the information obligations concerning their application laid down in the Stock Exchange Rules and regulations concerning current and periodic information provided by issuers of securities**

In 2022, the Company applied the "Best Practices of WSE Listed Companies 2021" ("DPSN 2021") introduced by Resolution No. 13/1834/2021 of the Stock Exchange Supervisory Board of March 29, 2021.

Undertaking further activities in 2022, aimed at adapting internal regulations to the implementation of subsequent DPSN 2021 rules, the Company informed each time about the change in the scope of applicable rules, presenting full information in subsequent reports of May 19, 2022, June 21, 2022, June 30, 2022 and September 30, 2022, as well as by publishing the above-mentioned reports on the Company's website. Thus, it should be concluded that in 2021 the Company correctly fulfilled its disclosure obligations regarding the application of corporate governance principles.

The Supervisory Board received from the Management Board information on adjustment activities and changes in the applicable rules, along with explanations of the reasons for

excluding the DPSN 2021 rules, which the company did not decide to implement or whose implementation was postponed. According to the report of 30 September 2022, the Company did not apply the following principles of DPSN 2021:

- rules 1.3.1, 1.3.2, 1.4 and 1.4.1. in connection with the ongoing work on the Company's strategy – the planned date of completion of works is the first half of 2023,
- principles 2.1. and 2.2 concerning the diversity policy - the Company published on its website the Diversity Policy of the Management Board of Budimex S.A. adopted by the Company's Supervisory Board and the Diversity Policy of the Supervisory Board of Budimex S.A. adopted by the General Meeting. The above-mentioned documents do not contain a minority participation condition of not less than 30%. Instead, they provide for the introduction of a minimum level of representation of each gender in the selection process of 30 per cent of all candidates if they are represented among the candidates and their competence is at least equal to that of other candidates. The Supervisory Board gives a positive opinion on the Company's approach to the above-mentioned principles of DPSN 2021, finding no deficiencies in the application of the adopted diversity policy in 2021,
- principle 3.4 – concerning the remuneration of persons responsible for risk management and compliance and the head of internal audit – the Company explained that in accordance with principle 3.4, the remuneration of the person in charge of internal audit, employees of the Internal Audit Office, as well as the person responsible for compliance depends on the performance of assigned tasks, and not on the short-term results of the Company. The remuneration of risk managers, due to combining this function with other duties, depends on the short-term results of the Company. Once these tasks are entrusted to a person solely responsible for risk management, the principle will be applied by the Company.
- rule 3.7 – The Company explained that FBSerwis S.A. is a company of significant importance for Budimex's operations. A Compliance Coordinator has been appointed in the company, who reports directly to the President of the Management Board of FBSerwis S.A., and organizationally to the Director of the Legal Department – Member of the Management Board of FBSerwis S.A. The remuneration of the Coordinator depends partly on the financial results of FBSerwis S.A. The company has implemented regulations and risk management structure. A Management Board Plenipotentiary for Systems and Risk Management was appointed – reporting directly to the President of the Management Board of FBSerwis S.A., and organizationally to the Director of the Legal Department – Member of the Management Board of FBSerwis S.A. Their remuneration depends partly on the financial results of FBSerwis S.A. The Company periodically analyses strategic and operational risks. In the scope of internal audit, the Company concluded an agreement under which it uses the support of Budimex S.A. in this respect,
- rule 4.1 – The Company maintains the position presented so far in connection with the still existing doubts as to the possibility of ensuring legally safe participation in the General Meeting to shareholders using electronic means of communication, in particular taking into account the number of shareholders usually participating in the General Meeting of Budimex S.A. Thus, in the opinion of the Company, there are still threats of both technical and legal nature for the proper and efficient conduct of e-General Meetings.

The Supervisory Board, taking into account the explanations obtained from the Management Board, is of the opinion that the scope of application of DPSN 2021 is adequate to the scale and profile of the Company's operations.

## **5. Assessment of the reasonableness of expenses incurred by the Company for the purposes indicated in Rule 1.5 of the Code of Best Practice for WSE Listed Companies 2021**

Budimex S.A. has been involved in activities for the benefit of local communities for many years, among others, by implementing original social projects and supporting cultural and sports events.

In 2022, Budimex SA continued to develop its own social programs, i.e. "Parent Zone. Budimex for Children" and "Hello ICE. In addition, since 2015, the Company has been running an internal employee volunteering program "Grant for Volunteering" addressed to employees.

- "Parent Zone. Budimex for Children" is a program implemented at the end of 2012. At hospital children's wards, places are being prepared where small patients and their parents can spend time together. In a friendly environment, in conditions like home, allowing them to forget about the hardships of the disease and treatment for a moment. One of the most important aspects of the project is the personal involvement of employees who, as volunteers, join in the arrangement of renovated rooms, helping not only in the assembly and positioning of furniture, but also by performing minor finishing works. So far, Budimex SA has launched 42 Parent's Zones in Polish hospitals in children's wards. In 2022 Parent Zones in Bydgoszcz and Pisz were launched. **Annual cost of the project: PLN 346 thousand gross.**
- The mission of the program "Hello ICE. Budimex for children" is to broaden the knowledge of primary school students and preschoolers in the field of road safety and micromobility. The aim of the project is to broaden the knowledge of the youngest about behavior at pedestrian crossings and learn how to safely move on a bike, rollerblades, or scooter. The key element of the program is Safety Days, i.e. lessons carried out in educational institutions that promote appropriate behaviour among children and train first aid skills. The Hello ICE programme received the honorary patronage of the Ministry of Sport and Tourism for the years 2023-2024. The annual cost of the project is PLN 161,000 gross. In 2022, also the Ministry of Sport and Tourism granted the patronage over the program.
- In 2015, the Company launched the "Grant for Volunteering" program, under which Budimex employees can submit their own volunteering initiatives. Employee volunteering projects can be submitted throughout the year. They are discussed during quarterly meetings of the CSR Committee, which decides on the award of grants. In 2022 volunteers from the company implemented 7 projects. **Annual cost of the project: PLN 136 thousand gross.**
- In 2022, the company also became involved in helping Ukraine. **The value of this support reached nearly PLN 3 million.** The commitment of our employees was particularly high. This year's Volunteer Grant program with the participation of our crew was devoted to our neighbours from the East.

In 2022 Budimex SA completed the edition of the "A Home from the Heart 2" program, under which the company joined forces with other companies to build, equip and hand over a house to a family of eight, of Mrs. Iwona and Mr. Krzysztof and their six children from Brusy, in the Pomeranian Voivodeship. The new home became a living space where children had the right conditions to learn and develop their talents. **The cost of the project incurred in 2022: PLN 530 thousand.**

As part of developing our commitment to reducing our carbon footprint, as part of the Green Stop campaign, we planted 400 new trees with cooperatives and housing communities in Warsaw.

Budimex's strategy consists also in being a good neighbour, guest and partner for local communities. During 2022, we provided charitable support for construction sites vicinities as part of 69 projects in: Ełk, Szczecin, Bydgoszcz, Szczecin, Cracow, Warsaw, Dolice near

Szczecin, Białystok, Narewka near Hajnówka, Czechowice – Dziejce, Suwałki, Marki near Warsaw, Słupca Słupca near Konin and Strachocina. **The total value of the aid amounted to PLN 2.6 million.**

The Budimex Group is actively involved in sponsorship and charity activities. The document that regulates this area of activity is the "Instruction for approving sponsorship projects, patronages and donations". Over the course of 2022, the Budimex Group was active in several sponsorship and charity programs and activities. In 2022, the implementation of projects on socio-cultural and educational issues was continued through the support of the following initiatives:

- scholarship program "Diamond Explorers", the idea of which is to provide financial support to talented and effective groups of young people to enable them to take part in prestigious international and national competitions in the field of science, in particular technology, engineering, construction, industrial design, mathematics, and management - the Company's involvement - PLN 15,000 gross,
- Siemacha Charity, which helps young people in a difficult life situation. This organization creates premises for educational, therapeutic and sports activities. It organizes workshops for youth leaders and scholarship programs – the Company's involvement – PLN 42,000 gross.

The Supervisory Board positively evaluates the above-mentioned activity understood both as a permanent element of the functioning of the Company's Operations, as well as individual initiatives which, in the opinion of the Board, incarnate the idea of corporate social responsibility, bringing a significant image benefit to the Company. In the opinion of the Board, the costs delegated by the Company to individual initiatives are justified and correspond to the needs resulting from the initiatives undertaken.

The company's activity concerning CSR got the recognition of the market, industry organizations and the media for years. In 2022, Budimex S.A. was appreciated as a recognizable and reliable brand and one of the best employers on the market:

- **Best Quality Employer 2022** - The CBCK (Central Bureau for National Certification) initiative aims to identify companies that stand out for their integrity in terms of employment policies, employee solutions and human resource management. These are trustworthy companies that care about the development of employees and ensure stability of employment and a friendly atmosphere at work.
- **Seven Construction of the Year 2022 awards for Budimex**, commonly referred to as the Construction Oscars, and two "Modernization of the Year" awards. Among the awarded investments were: PKN Orlen Research and Development Centre in Płock, PKP S.A. station in Białystok and Rothera Mills in Bydgoszcz.
- **Top Brand 2022** – Budimex took first place in the category of construction companies and real estate companies. Top Brand is the largest brand survey in Poland conducted by "Press" magazine and PRESS-SERVICE Monitoring Mediów. In this year's fifth edition, as many as 500 brands from 50 industries were taken under the microscope.
- Budimex was also awarded the Award of the Year of the Federation of Polish Entrepreneurs – **Sustainable Development Leader**. The award was granted for Budimex's activities in the field of environmental protection, circular economy, low-emission and social activities
- **White leaf recognition of Polityka**. Budimex was among several dozen companies that were awarded this prestigious distinction. The ranking is created by the consulting company Deloitte and the Responsible Business Forum, POLITYKA's CSR White Leaf is awarded to companies that declare the implementation of the most important management categories (e.g. work practices, including a formalized employee evaluation system, environmental impact management system, social involvement and local

community development) and constantly improve their activities in this area for the effective management of their company's impact on the environment.

- Recruitment Leaders" organized by OLX KNOW HOW for the project: "BX Chronicles and Edifying Curiosities – a new edition of the Budimex Academy (Internship Program) in social media.

**6. The total remuneration due from the Company for all audits commissioned by the Supervisory Board** in the course of 2022 pursuant to Art., 382 (1) of the CCC amounted to **PLN 14,543 net**.

The opinion prepared by KPMG Advisory sp. z o.o. sp. k. commissioned by the Supervisory Board included a review of the schedule and selected regulations concerning the Audit Committee and presentation of the results of the review at the meeting of the Supervisory Board on December 14, 2022.

**7. Information on the degree of implementation of the diversity policy in relation to the Management Board and the Supervisory Board**

As of 31 December 2022, the Management Board consisted of four members:

- Mr. Artur Popko – President of the Management Board, General Director,
- Mr. Jacek Daniewski – Member of the Management Board, Director of the Legal and Organizational Department,
- Mr. Artur Pielech – Member of the Management Board, General Director of FBSerwis S.A.,
- Mr. Marcin Węglowski – Member of the Management Board, Director of the Economic and Financial Division.

Members of the Management Board of Budimex S.A. have education adequate to the above-mentioned area of responsibility in the Company, while Mr. Artur Pielech as the General Director of FBSerwis S.A. was not responsible for any business area of Budimex S.A. or for any part of its organizational structure. Before taking up their function in the Management Board of Budimex S.A., the members of the Management Board gained and expanded their experience and expertise by performing work in the areas of professional activity in other entities, including managerial positions. Full information on the field of education and career path of the Management Board members is published on the Company's website.

In 2022, 100% of the members of the Management Board were men, aged 40-50 (1 member of the Management Board) and over 50 years (3 members of the Management Board).

As of 31 December 2022, the Supervisory Board consisted of nine members:

- Marek Michałowski - chairman of the Board
- Juan Ignacio Gaston Najarro - vice-chairman of the Board,
- Igor Adam Chalupec, Secretary of the Board,
- Danuta Dąbrowska Member of the Board,
- Dariusz Jacek Blocher Member of the Board,
- Janusz Dedo Member of the Board,
- Ignacio Aitor Garcia Bilbao Member of the Board,
- Mario Manuel Menendez Montoya Member of the Board,
- Artur Kucharski Member of the Board.

During 2022, the function of a member of the Board was also performed by:

- Mr. Jose Carlos Garrido-Lestache Rodruguez,
- Mr. Mario Mostoles Nieto.

Supervisory Board consists of experienced managers, engineers, and representatives of science (law, economics, banking, audit), which is a significant benefit for the Company due to the potential extension of the Management Board's competences and the possibility of obtaining information and guidelines from the Supervisory Board in specialist areas. Full information on the field of education and career path of the Supervisory Board members is published on the Company's website. Supervisory Board positively assesses the competences of the members of the Supervisory Board in the light of the Company's profile and activities.

Over the year, the Company's Supervisory Board was composed of 1 woman and 10 men aged 30-50 (2 members) and over 50 (9 members).

The Company published on its website the Diversity Policy of the Management Board of Budimex S.A. adopted by the Company's Supervisory Board and the Diversity Policy of the Supervisory Board of Budimex S.A. adopted by the General Meeting. The above-mentioned policies provide for the introduction of a minimum level of representation of each gender in the process of selecting candidates amounting to 30% of all candidates if these persons are represented among the candidates and their competences are at least equal to those of the other candidates. The Supervisory Board, taking into account the scale and profile of the Company's activity, considers the above-mentioned approach to filling positions in its bodies to be right.

Information on the composition and structure of the Supervisory Board and its committees in 2022.

As of 31 December 2022, the Supervisory Board of Budimex SA was composed as follows:

- |                                 |                            |
|---------------------------------|----------------------------|
| - Marek Michałowski             | Chairman of the Board      |
| - Juan Ignacio Gaston Najarro   | vice-chairman of the Board |
| - Igor Adam Chalupiec           | Secretary of the Board,    |
| - Danuta Dąbrowska              | Member of the Board        |
| - Dariusz Jacek Blocher         | Member of the Board        |
| - Janusz Dedo                   | Member of the Board        |
| - Ignacio Aitor Garcia Bilbao   | Member of the Board,       |
| - Artur Kucharski               | Member of the Board        |
| - Mario Manuel Menendez Montoya | Member of the Board,       |

The following members of the Supervisory Board meet the independence criteria set out in the Act of 11 May 2017 on statutory auditors:

- Mrs. Danuta Dabrowska,
- Mr. Janusz Dedo,
- Mr. Artur Kucharski.

The above-mentioned members of the Supervisory Board do not have real and significant relations with a shareholder holding at least 5% of the total number of votes in Budimex S.A.

In 2022, the following changes took place in the composition of the Supervisory Board:

- on the day of the Ordinary General Meeting of Budimex SA, i.e. on 19 May 2022, Jose Carlos Garrido-Lestache Rodriguez ceased to be a member of the Supervisory Board, which results from the expiry of the mandate of the above-mentioned person as a member of the Supervisory Board, due to the lack of appointment by the Ordinary General Meeting to perform the function in the Supervisory Board of the new term, on 19 May 2022 the Ordinary General Meeting appointed Mario Manuel Menendez Montoya to perform the function of a member of the Supervisory Board,

- on 8 November 2022, following his resignation, Mario Mostoles Nieto ceased to be a member of the Supervisory Board

Throughout 2022, three Committees of the Supervisory Board operated within the Supervisory Board:

1. Investment Committee with the tasks and competences specified in the Operating Procedure PO-01-04 *Principles of issuing opinions and making investment, financial and corporate decisions*, which was previously approved by the Board and approved by the Chairman of the Board. The competences and tasks of the Investment Committee are also included in § 12 clauses 9 – 11 of the Bylaws of the Supervisory Board.
2. Audit Committee with the tasks set out in § 12 section 6 of the Bylaws of the Supervisory Board of Budimex S.A. and the Regulations of the Audit Committee approved by the Board,
3. The Remuneration Committee with the tasks set out in § 12 section 14 of the Bylaws of the Supervisory Board of Budimex S.A. and the Regulations of the Remuneration Committee approved by the Supervisory Board.

The composition of all Supervisory Board Committees as at the end of 2022 was as follows:

Composition of the Audit Committee as of 31 December 2022:

- Danuta Dąbrowska – chairwoman,
- Janusz Dedo – member,
- Ignacio Aitor Garcia Bilbao - member.

In 2022, there were no changes in the composition of the Audit Committee. After the election of the Supervisory Board for a new term by the General Meeting on 19 May 2022, the Supervisory Board on the same day determined the composition of the Audit Committee as before.

In order to meet the conditions for the independence of members of the Audit Committee in 2022, the Company applied the provisions of Article 129 Section 3 of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, as well as the criteria of independence of the Supervisory Board members within the meaning of the Code of Best Practice for WSE Listed Companies 2021.

The status of independence of a member of the Supervisory Board is determined by the Company in accordance with the criteria set out in the Operational Instruction No. IO-01-07-02, concerning obtaining information from members of the Supervisory Board and making it public, on the basis of statements made by members of the Supervisory Board and pursuant to Article 129 Section 3 of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

The statutory criterion of independence during 2022 was met by the following members of the Audit Committee: Ms. Danuta Dąbrowska and Mr. Janusz Dedo.

In 2022, the member of the Audit Committee with the largest experience, knowledge, and skills in the field of accounting and management was Ms. Danuta Dąbrowska, member of the Association of Association of Chartered Certified Accountants (ACCA), member of supervisory boards of companies listed on the WSE. The member of the Audit Committee with the largest experience, knowledge, and skills in the broadly understood construction industry was Ignacio Aitor Garcia Bilbao – Financial Director at Ferrovial Construcción SA, the main company of the construction segment of the Ferrovial Group.

Composition of the Investment Committee as of 31 December 2022:

- Janusz Dedo – chairman,
- Dariusz Blocher – member,
- Ignacio Aitor Garcia Bilbao - member.

In 2022, there were no changes in the composition of the Investment Committee. After the election of the Supervisory Board for a new term by the General Meeting on 19 May 2022, the Supervisory Board on the same day determined the composition of the Investment Committee as before.

Composition of the Remuneration Committee as of 31 December 2022:

- Marek Michałowski - chairman
- Dariusz Blocher – member,
- Igor Chalupiec – member,

In 2022, the composition of the Remuneration Committee underwent a change resulting from Mario Mostoles Nieto's resignation, as a result of which he ceased to be a member of the Supervisory Board as of 8 November 2022, and thus as a member of the Remuneration Committee. After the election of the Supervisory Board for a new term by the General Meeting on 19 May 2022, the Supervisory Board on the same day determined the following four members of the Remuneration Committee:

- Marek Michałowski - chairman
- Dariusz Blocher – member,
- Igor Chalupiec – member,
- Mario Mostoles Nieto – member.

Following Mr Mario Mostoles Nieto's resignation, the Remuneration Committee was acting in the composition of three members.

### **Activities of the Supervisory Board of Budimex S.A. and its committees in 2022**

In 2022, the Supervisory Board functioned in accordance with the principles set out in the Company's Articles of Association and the Bylaws of the Supervisory Board. The Board reviewed and, at the request of the Management Board, issued opinions on questions relevant to the Company and the Budimex Group related to its current operations, formulating recommendations for the Management Board regarding the implementation of corrective instruments or improvement actions. Members of the Supervisory Board dedicated their time to the Company to the extent necessary to properly perform their duties both within the Board and the functions performed in individual committees. In addition to the above-mentioned duties, the Chairman of the Board performed activities related to convening individual meetings of the Board and chaired the proceedings.

In 2022, the Supervisory Board held 5 meetings, 3 of which were held in full composition. The members of the Management Board responsible for individual areas of the Company's operations actively attended the meetings of the Supervisory Board.

In 2022, the Supervisory Board adopted 28 resolutions, the subject of which included:

- adoption of the Supervisory Board's report on the remuneration of members of the Management Board and Supervisory Board of Budimex S.A. for 2021,
- analysis and opinion on materials and draft resolutions of the Ordinary General Meeting of Budimex S.A. for 2021,
- adoption of the annual report on the Board's activities in 2021,



- an assessment of the method of selecting an audit firm and the assessment of its compliance with the conditions for preparing an impartial and independent audit report on the annual financial statements, as well as an assessment on the correctness of the appointment of the Audit Committee and the implementation of its tasks,
- granting bonuses for 2021 to members of the Management Board of Budimex S.A.,
- appointing an audit firm to review semi-annual financial statements and audit financial statements of Budimex S.A. together with consolidated statements for the financial years 2020-2023,
- giving an opinion on the proposal on the date of establishing the list of shareholders entitled to the remaining part of the dividend and the date of payment of the remaining part of the dividend for 2021,
- the constitution of the Supervisory Board of the eleventh term,
- appointment of members of the Investment Committee of the Supervisory Board of Budimex S.A.,
- appointment of members of the Remuneration Committee of the Supervisory Board of Budimex S.A.,
- appointment of members of the Audit Committee of the Supervisory Board of Budimex S.A.,
- amendment of employment contracts with members of the Management Board of Budimex S.A.,
- approval of a change in the remuneration of the person managing the internal audit unit at Budimex S.A.,
- approval of the revision of the annual Audit Plan for 2022,
- opinion on the "Information on the implemented tax strategy for the tax year 2021",
- opinion on the "Report on the functioning of Internal Tax Surveillance Framework",
- adoption of the budget of the Supervisory Board of Budimex S.A. for 2023,
- approval of the Internal Audit Charter (edition 1.1),
- amendments to the Regulations of the Supervisory Board of Budimex S.A.,
- amendments to the Regulations of the Audit Committee of the Supervisory Board of Budimex S.A.,
- appointment of new members of the Management Board of Budimex S.A. (3 separate resolutions),
- consent to conclude an agreement terminating the employment contract with a member of the Management Board of Budimex S.A. and consent to re-conclude an employment contract together with a non-competition agreement with a member of the Management Board of Budimex S.A.,
- approval of the annual Audit Plan for 2023,
- amendments to the Bylaws of the Supervisory Board of Budimex S.A.,
- amendments to the Bylaws of the Audit Committee of the Supervisory Board of Budimex S.A.,
- approval of amendments to the Regulations of the Management Board of Budimex S.A.

The Company's Articles of Association and the Regulations of the Board provide for the possibility for the Board to adopt resolutions by means of written voting or using means of direct remote communication. In 2022, the Supervisory Board exercised the possibility of voting in this mode by adopting resolution No. 373 on giving its opinion on the proposal on the date of establishing the list of shareholders entitled to the remaining part of the dividend and the date of payment of the remaining part of the dividend for 2021.

Members of the Supervisory Board delegated to its particular Committees took an active part in the meetings of the Committees and in the decision-making process, providing the Board with information on the arrangements made and decisions taken on an ongoing basis. Mr.

Ignacio Aitor Garcia Bilbao, on the basis of the decision of the Supervisory Board, monitored and issued opinions on operations on derivative instruments concluded by the Company.

The **Investment Committee** of the Supervisory Board considered the submitted applications on an ongoing basis in full composition. In 2022, 13 proposals were submitted to the Investment Committee. The Board was informed about the actions taken by the **Investment Committee** and its results at subsequent meetings in 2022, based on materials on considered and pending applications prepared in accordance with the Operating Procedure PO-01-04 *Principles of giving opinions and making investment, financial and corporate decisions*, as well as on the basis of any additional verbal explanations.

On 30 March 2023, the Investment Committee submitted to the Supervisory Board a written Report for the financial year 2022, which was approved by the Supervisory Board.

The **Remuneration Committee** held eight meetings in 2022. The Board was kept informed of the significant actions taken by the Remuneration Committee and their results.

On 30 March 2023, the **Remuneration Committee** submitted to the Supervisory Board a written Report for the financial year 2022, which was approved by the Supervisory Board.

The **Audit Committee** held five meetings in 2022. At its meetings, the Audit Committee met with representatives of the audit company Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. regarding the financial statements for 2021 and 2022.

The Board was informed about the significant actions taken by the Audit Committee and their results on an ongoing basis at subsequent meetings.

The **Audit Committee**, before holding the Ordinary General Meeting of Budimex SA in 2023 (**OGM**), recommended to the Board:

- approval of the financial statements, reports on non-financial data and the management report for the year 2022.
- granting discharge to a member of the Management Board, Director of the Economic and Financial Division for the performance of his duties in 2022.

After its meeting on 20 September 2022, the Audit Committee submitted to the Supervisory Board a written Report on its activities for the first half of 2022. On 30 March 2023, the Committee submitted its annual activity report for 2022. These reports were approved by the Board. The audit committee assessed the Company's situation, including the internal control, risk management, compliance, and internal audit functions, finding no deficiencies.

On 24 March 2022, the Supervisory Board, in accordance with the operating procedure adopted in the Company, 01-04-03 "Periodic assessment by the Supervisory Board of Budimex S.A. of material transactions with related parties in the Budimex Group", was presented with the written information of the Internal Control Office of Budimex S.A. on significant transactions with related parties within the Budimex Group in 2021. The analysis of the transaction showed that all identified intra-group transactions were made in the ordinary course of the companies' business, at market conditions.

The Supervisory Board took note of the above explanations by approving on 24 March 2022 the written information of the Internal Control Office of Budimex S.A. on transactions with related parties made in the Budimex Group in 2021.

*Secretary of the Supervisory Board*

for the Supervisory Board of Budimex S.A.  
*Chairman of the Supervisory Board*