

## **REPORT Of the Supervisory Board of Budimex S.A.**

- on the results of examination of the Report on the Activities of the Company in 2015, including the financial statements, as to their compliance with the books of account, the documents and the actual status as well as the Management Board proposal for 2015 profit distribution;
- on the assessment of the Company standing including evaluation of the internal control systems, risk management systems, compliance systems and the internal audit function (in accordance with Principle II.Z.10.1 of Section II Management Board and Supervisory Board of the “Best Practice of GPW Listed Companies 2016”);
- on the assessment of the Company’s compliance with disclosure requirements regarding the application of corporate governance principles set out in the Exchange Rules and provisions regarding current and periodical information disclosed by the Company as an issuer of securities;
- on the assessment of rationality of the Company's policies in the scope of sponsoring and charity activities;
- on the self-assessment of the Supervisory Board;

for the 2016 Annual General Meeting (AGM) of Budimex SA.

Pursuant to Article 382 § 3 and § 4 of the Code of Commercial Companies and in accordance with § 11.1.e of the Bylaws of Budimex SA Supervisory Board, the Board — in the meeting held on 14 March 2016 — examined and assessed the Reports on the Activities of the Company and the Budimex Group as well as the respective financial statements for the reporting year 2015, as to their compliance with the books and documents and the actual status, and also the Management Board proposal for 2015 profit distribution, as a result of which the Board states as follows:

- 1 During the examination of the documents referring to Budimex SA for the reporting year 2015:
  - 1) the Board read the financial statements and analysed the report on financial standing, profit and loss account, statement of comprehensive income, statement of changes in equity, cash flow statement, and additional notes and explanations;
  - 2) the Board read the Opinion and the Report on the Financial Statements Audit by an independent statutory auditor and heard the auditor’s explanations and replies to the questions asked by the Supervisory Board Members;
  - 3) the Board read the Report on the Activities of the Company and heard explanations of the Management Board regarding that Report.
- 2 During the examination of the documents referring to the Budimex Group for the reporting year 2015:

- 1) the Board read the consolidated financial statements and analysed the consolidated report on financial standing, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and additional notes and explanations;
  - 2) the Board read the Opinion and the Report on the Consolidated Financial Statements Audit by an independent certified auditor and heard the auditor's explanations and replies to the questions asked by the Supervisory Board Members;
  - 3) the Board read the Report on the Activities of the Budimex Group and heard explanations of the Management Board regarding that Report.
- 3 On the basis of the examination of the Reports on the Activities in 2015 mentioned in clauses 1 and 2 as well as the examination of the reports on the audit of 2015 financial statements prepared by the statutory auditor, the Supervisory Board states that the information provided in those documents is a correct and fair reflection of the result of business activities of the Company and the Budimex Group as well as the assets and the financial standing of the Company.
- 4 In accordance with the statement presented in clause 3, the Supervisory Board requests the Annual General Meeting of Budimex SA to pass resolutions regarding:
    - 1) review and approval of the financial statements of Budimex SA for the year ending 31 December 2015 and the directors' report on the operations of the Company in 2015;
    - 2) review and approval of the consolidated financial statements for the year ending 31 December 2015 and the directors' report on the operations of the Budimex Group in 2015;
    - 3) distribution of profit for 2015;
    - 4) grant of discharge to Members of the Management Board of Budimex SA for performance of their duties in 2015;
    - 5) adherence to the new "Best Practice of GPW Listed Companies 2016" at Budimex SA, introduced by Resolution of the Supervisory Board of the Warsaw Stock Exchange No 26/1413/2015 of 13 October 2015 — **DPS 2016**.

and also provides its positive opinion on the formal contents of resolutions regarding:

- 6) granting discharge for the performance of duties in 2015 by the Members of the Supervisory Board;
  - 7) appointing the Supervisory Board of the ninth term.
- 5 The Supervisory Board adopted Resolution No 243 of 14 March 2016 on the examination of the financial statements and the Reports on the Activities of the Company and the Budimex Group in 2015, 2015 profit distribution proposal and discharge for the Members of the Management Board; Appendices to the aforesaid Resolution of the Supervisory Board are draft resolutions of the Ordinary General Shareholders Meeting listed in items 4(1)–(7) hereof.
- 6 Company assessment in consideration of the internal control system, risk management system, compliance system and the internal audit function.

The basic object of Budimex SA activity is the provision of construction and assembly works, real estate development services as well as provision of management and advisory services to the Budimex Group companies. Execution by Budimex SA of the advisory, management and financial functions serves to:

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

Within the 12 months of 2015, Budimex SA generated sales revenue of PLN 4,769 million, i.e. a growth of 4.7% compared to the revenue generated in 2014.

Gross sales profit in 2015 amounted to PLN 413 million, whereas in the preceding year, the profit was PLN 353 million. Gross sales profitability in 2015 was, therefore, 8.7% compared to 7.8% in 2014.

The balance of cash for the purposes of the cash flow statement in Budimex SA at the beginning of 2015 amounted to PLN 1,362 million. Net cash flows in the period of 12 months of 2015 were positive and amounted to PLN 573 million. The balance of cash as at 31 December 2015 amounted, therefore, to PLN 1,935 million.

The Company balance of cash for investing activities dropped by PLN 20 million. Acquisitions of shares in subsidiaries and affiliates were the main driver of that amount. Cash flows from financing activities in 2015 were negative and amounted to PLN 169 million. The expenditures consisted of the payout of dividend by the Company in the amount of PLN 156 million and repayment of liabilities under financial lease agreement, including interest.

In 2015, the Budimex Group generated total sales revenue of PLN 5,134 million, which was 3.7% higher than the revenue generated in 2014.

In 2015, the sales volume in the construction segment of the Budimex Group rose by 4.7% in comparison to 2014.

Sales in the building construction sector increased by 19.8% (from PLN 2,037 million in 2014 to PLN 2,440 million in 2015), and in infrastructural construction sales dropped by 6.8% (from PLN 2,680 million in 2014 to PLN 2,497 million in 2015). The share of the infrastructural construction segment in the total revenue from construction and assembly services of the Group dropped from 56.8% in 2014 to 50.6% in 2015.

In 2015, sales of the development business amounted to PLN 293 million, recording an increase of 16.8% as compared with the previous year. Sales revenue on development activities are recognised upon transfer of the ownership title to a flat/premises to the buyer after the technical acceptance report has been signed for the entire building. Notary sales of flats depends on the dates of completion of the construction projects and delivery of finished flats to the customers. It is not a seasonal phenomenon and it cannot be compared on a year-over-year basis.

As a result of macroeconomic factors, a major revival and dynamic growth in demand for new flats could be observed on the entire real estate development market in 2015. This was directly reflected in the unprecedented level of pre-sales of flats. Throughout 2015, the net pre-sales of new flats amounted to 1,918 flats, as compared to 1,685 flats in the preceding year.

In 2015, the Budimex Group companies signed construction contracts for the total value of PLN 7,105 million (with annexes). As at 31 December 2015, the value of the construction order book of the Budimex Group amounted to PLN 8,421 million and was by 37.9% higher in comparison with the end of 2014.

Gross sales profit in 2015 amounted to PLN 493 million, whereas in the preceding year, the profit was PLN 433 million. Hence, gross sales profitability in 2015 was 9.6%, as compared with 8.7% in 2014.

The financial standing of the Group in 2015 remained on a good level. Net cash flows in 2015 were positive and amounted to PLN 457 million. In 2015, the balance of cash from operating activities increased by PLN 699 million. The cash flows from investing activities closed with a negative balance of PLN 70 million. Cash flow from financing activities for 2015 showed a negative balance which amounted to PLN 172 million and resulted mainly from the 2014 dividend payment.

The current financial standing of the Budimex Group as regards liquidity and access to external sources of finance does not pose any hazard to financing the activities in 2016.

The Company has an internal control system in the process of preparing financial statements. The Management Board of Budimex SA is responsible for its implementation and functioning. The financial statements were prepared by qualified personnel of the Financial Department under the supervision of a Management Board Member — the Chief Financial Officer of Budimex SA. The preparation of annual financial statements was preceded by the meeting of the Audit Committee with independent auditors in order to determine the scope and plan of the audit, and to discuss potential risk areas which may have bearing on the reliability and accuracy of the financial statements. Additionally,

the Budimex Group applies computer software supporting the identification and management of risks related to the preparation of any financial information, including financial statements.

Preparation of the financial statements is a pre-planned process that considers the appropriate allocation of tasks among personnel of the Financial Division of Budimex SA, in correspondence with their competence and qualifications. Separate financial statements of the Company are prepared on the basis of its books of account. The books of account of the most significant Group companies are maintained using the finance and accounting system, SAP R/3, which has been used for financial and management accounting purposes since 1 January 2003. The SAP R/3 system is managed centrally by qualified employees of Budimex SA, who set the authorisation levels for entering and modifying the transaction data, the structure of the basic reports and changes in the chart of accounts.

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

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

The Reporting and Consolidation Team of Budimex SA is responsible for recommending solutions in the scope of modification and updating of book-keeping policies and other requirements of stock-exchange financial reporting as well as for their implementation upon prior approval by the Management Board.

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

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

The drawn-up annual financial statements are submitted for initial verification to the Economic and

Financial Division Director, and then to the whole Management Board for final verification and approval.

Annual financial statements are subject to an audit by an independent certified auditor who presents post-audit conclusions and observations to the Audit Committee and then to the Supervisory Board.

The Company has a structurally separated Office of Internal Control, reporting to the President of the Management Board, responsible for:

- identifying and analysing risks in the Budimex Group,
- preventing factors giving rise to risk,
- auditing the activities of the Group's organisational units and companies,
- controlling the compliance with normative acts binding the Group and external acts of general application,
- analysing contract implementation processes,
- controlling the use of resources held,
- preparing reports and issuing instructions for corrective actions and supervising their performance.

The Audit Committee of the Supervisory Board monitors the efficiency of internal control systems and internal audit, i.e. the actions of the Office of Internal Control, is informed of the activity plan of internal audit, receives reports of these activities or periodical summaries from the Office of Internal Control, the employees of the Office of Internal Control are obliged to perform audits primarily at the request of the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board.

The Company has a system monitoring the compliance of operations with the law, based on the one hand on a set of internal procedures providing a legal framework for the processes carried out in the Company, and on the other hand, on current control performed by the legal and financial services. The procedures regulate a number of matters significant for the operating activities of the Company, including but not limited to:

- the process of acquiring and implementing contracts (from assessing legal and financial risks of bids to the rules of charging penalties and warranty service as well as the obligation to use contract templates ensuring compliance with the law of transactions carried out by Budimex SA while minimising its risks),
- identification and prevention of events which may lead to a conflict of interest,
- matters related to confidential information in the Company,
- organisation and management of security and environment during contracts,

- rules of providing legal services,
- claims management,
- rules for giving opinions and making investment, financial and corporate decisions,
- information security.

The Supervisory Board positively assesses the functioning of the internal control (internal audit) system, the risk management system, and the compliance system.

The Supervisory Board positively assessed the activities of the Company Management Board in 2015.

## 7 Information on the composition and structure of the Supervisory Board and its committees in 2015:

In 2015 the Supervisory Board consisted of the following nine persons:

Chairman	Marek Michałowski;
Deputy Chairman	Alejandro de la Joya Ruiz de Velasco,
Secretary	Igor Chalupec,
Members:	Marzenna Weresa, Ignacio Clopes Estela, Janusz Dedo, Javier Galindo Hernandez, Jose Carlos Garrido Lestache Rodriguez, Piotr Kamiński.

There were no changes in the composition and structure of the Supervisory Board of Budimex SA in 2015.

The following members of the Supervisory Board fulfil the independence criteria determined in Appendix II to Commission Recommendation 2005/162/EC:

- Mr/Ms Marzenna Weresa,
- Mr/Ms Igor Chalupec,
- Mr/Ms Janusz Dedo,
- Mr/Ms Piotr Kamiński

Within the Supervisory Board there were the following three-person Board Committees functioning in 2015:

1. **Investment Committee** whose tasks and competencies are specified in the Procedure No 09-01 of the Integrated Management System – *The Principles of providing opinions and making investment, financial and corporate decisions*, which was earlier accepted by the Board and approved by the Chairman of the Board. The competencies and tasks of the Investment Committee are also provided in § 12 Clauses 7–11 of the Bylaw of the Supervisory Board;
2. **Audit Committee** whose tasks are specified in § 12.6 of the Bylaws of Budimex SA Supervisory Board and the Rules of the Audit Committee;
3. **Remuneration Committee** whose tasks are specified in § 12.14 of the Bylaws of Budimex SA Supervisory Board and the Rules of the Remuneration Committee.

The membership of the **Supervisory Board Committees** at the end 2015 was as follows:

**Investment Committee:**

Piotr Kamiński – Chairman,  
Alejandro de la Joya Ruiz de Velasco — Member,  
Javier Galindo Hernandez — Member,

**Remuneration Committee:**

Marek Michałowski – Chairman,  
Igor Chalupec — Member,  
Alejandro de la Joya Ruiz de Velasco — Member,

**Audit Committee:**

Marzenna Weresa – Chairman,  
Javier Galindo Hernandez — Member,  
Jose Carlos Garrido Lestache Rodriguez — Member.

## 8 Activities of the Supervisory Board of Budimex SA and its committees in 2015

The Board held four meetings in 2015, analysing the current standing of the Company on the basis of the materials and information regarding:

- acquisitions, order portfolio, major contracts awarded;
- financial results and the net cash position of the Budimex Group;
- evolution of the development activities;
- investments and divestments within the Budimex Group;
- current situation in significant court disputes with the participation of the Company and public entities.

Moreover, in the meetings held, the Board analysed also other aspects of the Company and the Group standing on the basis of the materials and information regarding:

- the results of the companies competing with Budimex SA in the construction market;
- the infrastructural construction segment of Budimex SA in the scope of its current share in the construction market and development plans;
- the situation in the housing market in Poland,
- current situation of FBSerwis S.A. and Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.;
- progress of implementation of the new model of cooperation between Budimex and Ferrovial;
- assessment of the situation in the construction sector on the Polish market.

The Supervisory Board analysed the Best Practice of GPW Listed Companies 2016 introduced by Resolution of the Supervisory Board of the Warsaw Stock Exchange No 26/1413/2015 of 13 October 2015, and in line with the motion of the Management Board implemented it for application by all members of the Supervisory Board as well as by the Supervisory Board as a body, except for enabling the Company's shareholders:

- 1) two-way real-time communication process during which shareholders can take the floor during the General Meeting while being at a location other than the meeting venue — Rule No IV.R.2 item 2) in Chapter IV General Meeting and Shareholder Relations,
- 2) 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 — Rule No IV.R.2 item 3) in Chapter IV General Meeting and Shareholder Relations.

At the same time, the Supervisory Board determined that:

- a. in accordance with principle I.Z.1.15. (diversity policy) in chapter I. Disclosure Policy and Investor Communications, the Company applies the diversity policy to its governing bodies and key managers and as a result it shall prepare in one document the principles of this policy covering in particular such elements as sex, education, age, professional experience, so that it is possible to publish the relevant description on its website,
- b. principle III.Z.3. in chapter III. Internal Systems and Functions (the independence of the person managing the internal audit function and other persons responsible for the performance of its tasks in line with generally accepted international standards of the professional internal audit practice), is applied by the Company in such a way that in accordance with the adopted division of competencies between individual bodies of the Company, the matters related to employing the Office of Internal Control staff, including their remuneration, are in the competencies of the Management Board of the Company, and the Audit Committee of the Supervisory Board monitors the efficiency of internal control systems and internal audit, i.e.

the actions of the Office of Internal Control, is informed of the activity plan of internal audit, receives reports of these activities or periodical summaries from the Office of Internal Control, the employees of the Office of Internal Control are obliged to perform audits primarily at the request of the Supervisory Board and the Audit Committee of the Supervisory Board,

- c. taking into account that the Management Board and the Supervisory Board apply previous corporate governance principles regarding conflict of interest, and the relevant provisions do not occur in internal regulations of the Company regarding the Supervisory Board (Bylaws of the Supervisory Board), on the basis of principle V.Z.6. of DPS 2016, the Company's Supervisory Board shall supplement the Bylaws of the Supervisory Board with a provision under which a member of the Supervisory Board shall inform the Supervisory Board of an existing conflict of interest which has arisen or may arise and shall refrain from discussing such issue, including from voting.

The Supervisory Board prepared recommendations and requests for the Management Board, the implementation of which was accounted for in the subsequent meetings of the Board.

The recommendations and requests referred to the following affairs:

- analysis and planned actions related to the standing of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in composition/liquidation bankruptcy;
- assessment of the action plan for FBSerwis SA, as well as the principles of providing financial support to the company by Budimex SA as its shareholder;
- provision to members of the Board of information on the current operations of the Company in individual construction segments and information on the operations of selected companies from the Budimex Group;
- informing the Board about the process of implementing the new model of cooperation between Ferrovial and Budimex (BAPA).

On 14 March 2016, the Supervisory Board met the representatives of the external auditor, receiving information on the approach to auditing financial statements and the results of activities undertaken by the statutory auditor.

The **Supervisory Board** passed nine resolutions in 2015, regarding:

- the examination of the financial statements and the Reports on the Activities of the Company and the Budimex Group in 2014, proposal regarding loss coverage and distribution of profit for 2014 and discharge for the Members of the Management Board;
- acceptance of the Annual Report on the Activities of the Supervisory Board in 2014;
- appointment of an audit company to review the semi-annual financial statements for the first six months of 2015 and audit of the financial statements of Budimex SA and the selected companies

- of the Budimex Group, including the consolidated financial statements of the Budimex Group for the reporting year 2015;
- granting bonuses to the Members of the Management Board of Budimex SA for the year 2014;
  - amendments to the employment agreement of the President, Vice-President and Members of the Management Board of Budimex SA with regard to remuneration;
  - consent to an increase in funding of FBSerwis S.A. and grant of the corporate guarantee by Budimex SA;
  - appointment of a Member of the Budimex SA Management Board;
  - adoption for application as of 1 January 2016 by the Supervisory Board of Budimex SA of the Best Practice of GPW Listed Companies 2016;
  - consent to the participation of Budimex SA in increasing the share capital of FBSerwis S.A.

The meetings of the Supervisory Board in 2015 took place in the Company's registered office. The Company's Articles of Association and the Bylaws of the Board provide that the Board may adopt resolutions by a written vote or through means of direct remote communication. However, in 2015 the Board did not have to use this mode. The dates of subsequent meetings of the Supervisory Board were determined on an ongoing basis in a manner ensuring that each member of the Board was able to participate in the meeting.

The **Investment Committee** of the Supervisory Board considered the submitted motions in full force on an ongoing basis. In 2015, 21 motions were submitted to the Investment Committee. The Supervisory Board was informed about the activities and results of activities of the **Investment Committee** in the each of the meetings held in 2015, on the basis of the materials regarding the motions considered and pending consideration, which were prepared in accordance with the Procedure No 09-01 of the Integrated Management System —*The Principles of providing opinions and making investment, financial and corporate decisions*, and on the basis of potential additional oral explanations.

The **Remuneration Committee** held three meetings in 2015, each in the Company's registered office and in full force. The Supervisory Board was informed about the activities and results of activities of the Remuneration Committee on an ongoing basis during the meetings held in 2015.

In 2015, the **Remuneration Committee** performed the following activities within its functions:

- Assessed the performance of individual objectives of the President of the Management Board and approved the assessments of individual members of the Management Board for 2014;
- Accepted annual bonuses for members of the Management Board for the year 2014;
- Approved the bonus ratios for 2014 for the Headquarters Staff;

- Decided on the policy of basic salary increases in 2015;
- Recommended basic salaries for Members of the Management Board and decided to submit these recommendations to the Supervisory Board;
- Accepted bonus objectives for the President of the Management Board, Members of the Management Board and Headquarters Staff for 2015;
- Reviewed information on the distribution of shares for key managers within the Performance Shares Plan in the Ferrovial Group in 2015;
- Reviewed information regarding the results of the pay rise process conducted in 2015;
- Acknowledged the submitted information regarding economic ratios, forecast growth rate of wages and the comparison of current salaries in Budimex SA to market rates;
- Acknowledged information related to the general employment, turnover and productivity situation in Budimex SA;
- Reviewed information on the remuneration programme within the abovementioned Performance Shares Plan;
- Reviewed information regarding the level of implementation of Budimex SA plans regarding sales, PBT, NTP and contracts signed.
- Reviewed and approved candidates to Supervisory Boards of the companies:
  - Mostostal Kraków SA,
  - PNI Sp.z o.o.,
  - Elektromontaż Poznań SA;
- Acknowledged the presented macroeconomic data regarding economic growth, investment level, interest rates, unemployment rate, and forecasts regarding changes in the gross domestic product, inflation, unemployment rate for the years 2016 and 2017 and discussed their impact on Budimex SA;
- Reviewed data regarding the planned minimum wage increase, employment and construction, the dynamics of change of remuneration in construction on the basis of the data of the Central Statistical Office (GUS);
- Reviewed forecasts of salary increases in Poland in the years 2015–2020;
- Review the recommendation for the growth rate of wages in 2016 for Budimex SA;
- Approved members of the Supervisory Board of NewCo — Elektromontaż;
- Reviewed the conditions of employment and remuneration of the new Member of the Management Board — Chief HR Officer and decided to recommend that the Supervisory Board approve the proposed remuneration principles determined in the presented employment contract.

On 14 March 2016, the **Remuneration Committee** submitted to the Supervisory Board a written Report for the Activities in 2015, which was accepted by the Board.

The **Audit Committee** held four meetings in 2015, each in the Company's registered office and in full force.

In its meetings, the Audit Committee met three times with the representatives of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. audit company.

Before the 2015 Ordinary General Shareholders Meeting of Budimex SA, the **Audit Committee** recommended to the Board and the Ordinary General Shareholders Meeting:

- approval of the financial statements and reports of the Management Board on the activities in 2014;
- manner of covering previous years' loss and distributing net profit for 2014, taking into account the payment of dividend,
- granting discharge for the performance of duties in 2014 to a Member of the Management Board — the CFO;
- selection of an audit company to audit the financial statements for the reporting year 2015;
- positive assessment of the internal control system and risk management system at the Company.

On 16 March 2015, the Audit Committee submitted to the Supervisory Board a written Report on the Activities of the Committee in 2014 and on 22 September 2015 — a written Report on the Activities in the First Half-Year of 2015. On 14 March 2016, the Committee submitted to the Supervisory Board an Annual Report on Activities. The aforesaid Reports were accepted by the Board.

## 9 Assessment of the Company's fulfilment of disclosure requirements.

Pursuant to § 91(5)(4) of the Regulation of the Minister of Finance on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent, on 16 March 2015, the Company published the report on the operations of the issuer for 2014, including, as a separate part, the statement of application of corporate governance (item 6 of the report on the operations of the Company in 2014).

In relation to the adoption by the WSE Supervisory Board of the "Best Practice for GPW Listed Companies 2016", on 22 December 2015, the Company submitted report No 01/2015 in the EIB system regarding the application of the abovementioned new principles. Subsequently, in accordance with the interpretation of the WSE, on 4 January 2016 the Company once again sent report 01/2016 in line with the new format introduced by the exchange on 1 January 2016.

Therefore, it should be considered that in 2015, the Company correctly fulfilled the disclosure requirements regarding the application of corporate governance principles set out in the Exchange Rules and provisions regarding current and periodical information disclosed by issuers of securities.

## 10 Assessment of rationality of the Company's policies in the scope of sponsoring and charity activities

Since 2011, the Company has been implementing the adopted Corporate Social Responsibility policy with its special aspect of sponsoring activities and charitable support for social objectives. Within the abovementioned activities, the Company:

- serves as a sponsor of the STEP programme implemented by the Nicolaus Copernicus University in Toruń which supports Polish youth from the poorest areas of Kazakhstan in studying in Poland;
- is a partner of the scholarship programme “Odkrywcy Diamentów” which aims to grant financial support to talented and effective youth groups in order to enable them to participate in prestigious international and national competitions in science and technical studies, in particular technology, engineering, construction, industrial design, mathematics and management;
- sponsors Fundacja Wspierania Twórczych Inicjatyw Teatralnych (“Teatr Kamienica”) in the project “Mockup Warsaw August 1939”;
- supports international Polish Sailing Championship for the Disabled;
- is the title sponsor of Polish Women Chess Championship;
- is the sponsor of the Polish Bridge Association;
- sponsors the first-league women basketball team Energa Katarzynki in Toruń;
- supports the social Committee for the Care of J. Waldorf Old Powązki Cemetery;
- supports two foundations each year: “Na ratunek dzieciom z chorobą nowotworową” (Saving children with cancer) Foundation in Wrocław and Fundacja Pomocy Dzieciom Poszkodowanym w Wypadkach Komunikacyjnych “WRÓĆ” (Foundation helping children injured in traffic accidents) in Gdańsk.

Moreover, as far as practicable and in cooperation with local social partners, the Company takes actions aimed to minimise inconveniences related to implemented contacts within the construction investments it carries out.

The Supervisory Board positively assesses the abovementioned activities understood both as a stable element of the Company's activities as well as individual initiatives which, in the opinion of the Board, reflect the assumptions of corporate social responsibility, resulting in significant image benefits for the Company.

## 11 Self-assessment of the Supervisory Board

In 2015, the Supervisory Board functioned in accordance with principles stipulated in the Articles of Association of the Company and the Bylaws of the Board. The Board reviewed and at the motion of the Management Board issued opinions regarding matters significant to the Company related to its current operations, formulating potential recommendations to the Management Board as to the implementation of corrective instruments or improvement actions. Members of the Board devoted their time to the Company in the scope necessary to properly perform various duties within the Board and functions performed in individual committees. Apart from the abovementioned responsibilities, the chairman of the Board performed actions related to convening individual meetings of the Board and chaired the meetings.

In two meetings of the Supervisory Board all members were present (9 persons). In the other two meetings eight members of the Board were present.

The Supervisory Board positively assesses the communication between the Supervisory Board and the Management Board.

Members of the Supervisory Board delegated to its individual Committees participated actively in all meetings of the Committees and the decision-making process, providing the Board with information on the findings and decisions taken on an ongoing basis. On the basis of the decision of Supervisory Board, Mr Javier Galindo Hemandez monitored and gave opinions on operations on derivatives concluded by the Company during the eighth term of the Board.

The Board positively assesses the competencies of the members of the Supervisory Board in light of the profile and activities of the Company, as the composition of the Board covers scientists, lawyers, economists and engineers.

In line with the Best Practice for GPW Listed Companies applicable in the Company, members of the Supervisory Board participated in meetings of the General Meeting of Budimex SA in 2015.

Four among the nine members of the Supervisory Board fulfil the independence criteria determined in principle II.Z.4 of the Best Practice for GPW Listed Companies 2016, including in that Appendix to Commission Recommendation 2005/162/EC.

Secretary of the Supervisory Board

for and on behalf of the Supervisory Board of

Budimex S.A.:

Chairman of the Supervisory Board

Igor CHALUPEC

Marek MICHAŁOWSKI

**Resolution No 244 of the Supervisory Board of Budimex S.A. of 14 March 2016**

on: acceptance of the Annual Report on the Activities of the Supervisory Board in 2015.

Pursuant to § 16(9)(d) of the Articles of Association of Budimex SA, it is hereby resolved as follows:

**§1**

The Supervisory Board accepts the Report for the Ordinary General Meeting (AGM) of Budimex SA.:

- on the results of examination of the Report on the Activities of the Company in 2015, including the financial statements, as to their compliance with the books of account, the documents and the actual status as well as the Management Board proposal for 2015 profit distribution;
- on the assessment of the Company standing including evaluation of the internal control systems, risk management systems, compliance systems and the internal audit function (in accordance with Principle 11.Z.10.1 of Section II of the corporate governance principles set out in the “Best Practice of GPW Listed Companies 2016”);
- on the assessment of the Company’s compliance with disclosure requirements regarding the application of corporate governance principles set out in the Exchange Rules and provisions regarding current and periodical information disclosed by the Company as an issuer of securities;
- on the assessment of rationality of the Company's policies in the scope of sponsoring and charity activities;
- on the self-assessment of the Supervisory Board;

with the wording included in the appendix to this Resolution.

**§2.**

The resolution takes effect as of the date of its adoption.

**1 Appendix**

Report of the Supervisory Board of Budimex S.A. for 2015.

The voting was attended by 9 members of the Board

Votes for: 9

Votes against:

Votes abstained:

Secretary of the Supervisory Board

for and on behalf of the Supervisory Board of  
Budimex S.A.:

Chairman of the Supervisory Board

Igor CHALUPEC

Marek MICHAŁOWSKI