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**REMUNERATION POLICY  
REGARDING MEMBERS OF THE GOVERNING BODIES  
OF BUDIMEX S.A.**

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**CHAPTER I  
General Provisions**

**§ 1.**

**General Provisions**

1. The Remuneration Policy ("the **Policy**") determines principles of remunerating members of the Management Board of Budimex S.A. and members of the Supervisory Board of Budimex S.A. with its registered office in Warsaw (hereinafter referred to as "the **Company**"), on account of functions they hold in the above-mentioned governing bodies of the Company.
2. The objective and assumption of the Policy is to set out general guidelines and framework for remunerating the Management Board members and the Supervisory Board members. The Policy objective and assumptions are executed with a focus on promoting the fulfilment of tasks entrusted to the Management Board members, achievement of business results at the assumed level or beyond expectations, and also promoting an increase in the operating, business and organisational efficiency of the Company.
3. The Policy objectives and assumptions are the basis of principles of remunerating members of the Management Board of Budimex S.A. and members of the Supervisory Board of Budimex S.A. The said principles are determined in such a way as to contribute to the implementation of the business strategy, pursuit of long-term interests of shareholders and ensuring the Company's stability.
4. Individual terms of remuneration (components and their amounts) of each member of the Management Board are determined on the basis of an agreement concluded between the Management Board member and the Company represented by the Supervisory Board.
5. The Supervisory Board determines the type of the agreement concluded with the Management Board member as well as its terms and conditions, including the remuneration terms and components. The preferred form of an agreement to be concluded with the Management Board member is an employment contract. On account of the function held, the Management Board member may be entitled to all or some of remuneration components determined in the Policy.
6. On account of the function held, a member of the Supervisory Board may be entitled to all or some of remuneration components determined in § 4 of the Policy. Remuneration terms of the Supervisory Board members are determined in a resolution passed by the General Meeting of the Company.
7. The Policy provisions are without prejudice towards rights to benefits which members of the Management or Supervisory Boards may be entitled to, under the generally applicable law and also under other regulations binding in the Company, including in particular those related to labour law.
8. Tasks and scope of competence of the Supervisory Board determined in the Policy may be also pursued by committees established within the Supervisory Board, including the remuneration committee, audit committee or another competent committee or team - to the extent and under the rules set out in provisions of the Bylaws of the Supervisory Board of Budimex S.A.

## CHAPTER II.

### **A description of fixed and variable remuneration components as well as bonuses and other financial and non-financial benefits which may be awarded to the Management Board members or the Supervisory Board members**

#### **§ 2.**

1. In connection with the function held by a member of the Management Board or Supervisory Board, the Company may pay fixed and/or variable remuneration components, other financial benefits and also grant other advantages in the form of non-financial benefits described in § 3 and 4 of the Policy.
2. The Company does not grant remuneration in the form of financial instruments. The Management Board members can receive financial instruments from the Company's majority shareholder on the basis of his individual decision.
3. For the purposes of this Policy, it is assumed as follows:
  - 3.1. **Fixed remuneration components** - are financial benefits determined in a fixed amount or by a fixed rate, paid on account of performance of work (or performance of activities defined in the civil law agreement ("**Management Services**")) and holding a function in the Company's Management Board, or performance of tasks related to the membership in the Company's Supervisory Board.
  - 3.2. **Variable remuneration components** - are financial benefits of a variable amount, which are received depending on the quality of performance of the tasks assigned, objectives, business results of the Company or other events adopted as the basis for determination of the right to and amount of the variable remuneration components. Variable remuneration components include in particular, bonuses, retention bonuses and individual awards.
  - 3.3. **Other financial benefits** - are financial benefits other than fixed or variable remuneration components, related in particular to the discontinuation of employment or to membership in pension schemes.
  - 3.4. **Non-financial benefits** - are benefits in the form of services and non-monetary products in connection with the employment or holding a function in a governing body of the Company.

#### **§ 3.**

##### **Description of remuneration components for the Management Board members**

###### **Fixed remuneration components:**

- 1.1. **Basic Remuneration** – the remuneration determined in a fixed amount or by a fixed rate, awarded for the performance of work or provision of the Management Services, in connection with the function held.

###### **Variable remuneration components:**

- 2.1. **Bonus** - a variable remuneration component the payment and amount of which depend on the satisfaction of conditions for awarding the bonus, including the level of achievement of the targets set and degree of the bonus criteria implementation. As a benefit, the Bonus can be divided into the following parts:
  - 2.1.1. performance bonus – a part depending on individual work results and fulfilment of the tasks assigned,
  - 2.1.2. bonus for the achievement of the planned business activity results – a part depending on whether financial results of the business activity of the Budimex Capital Group are on plan,
  - 2.1.3. bonus for exceeding the planned business activity results – a part depending on whether financial results of the business activity of the Budimex Capital Group have been higher than planned,

- 2.1.4. **commission-based bonus** – a bonus which depends on the level of the applied financial ratio, calculated as a product of the applied financial ratio and the predetermined commission ratio.
- 2.2. **Retention Bonus** - a financial benefit awarded in specific circumstances, the conditions of which provide for the division of the benefit into parts and spreading the payment over time. The Retention Bonus is awarded for the period of employment of and holding the function by a member of the Management Board.
- 2.3. **Individual Award** - an award granted on individual and specific terms, in connection with the outstanding performance or events in the business activity of the Company or the Budimex Capital Group.

**Other financial benefits:**

- 3.1. **Compensation on account of a non-competition clause** – a financial benefit of a compensation nature on account of refraining from any activity competitive to the Company, applicable under a non-competition agreement concluded with the Management Board member, in force following the period of holding the function / providing Management Services in the Company and discontinuation of employment/provision of the Management Services.
- 3.2. **Severance pay on account of termination of the employment contract** - termination of the agreement on providing Management Services - the financial benefit is awarded in connection with the termination of the employment contract, or the agreement on providing the Management Services concluded with the Management Board member, in the amount due under the generally applicable law or in the amount determined individually in the employment contract or in the agreement on providing the Management Services concluded between the Company and the Management Board member.
- 3.3. **Payments financed by the Company under the employee capital plan** - financial benefits awarded in connection with the Company's being subject to the law on employee capital plans, in the form of the following:
  - 3.3.1. basic payments, in the amount determined by the generally applicable law,
  - 3.3.2. additional payments when the Company decides to make additional payments, in the amount determined in the Company's decision.
- 3.4. **Benefits provided from the Company Social Benefits Fund** - non-wage benefits which may be awarded under provisions of the law on the company social benefit fund, and are granted according to the regulations applicable in the Company.

**Non-financial benefits:**

- 4.1. **Providing work tools available for private use and an equivalent for renting a company apartment** – the provision of work tools available for private use with an option to use applies in particular to a company car, computer, telephone or tablet under the terms and conditions set out in other Regulations binding in the Company.
- 4.2. **Paying costs of insurance products bought in favour of the Management Board member** – specifically, the costs of medical insurance, life insurance and civil liability insurance with respect to risk related to holding the function of the Management Board member.
- 4.3. **Financing membership in associations, chambers and organisations** - paying the costs of membership or participation in organisations, chambers and associations whose activity is related to the Company's business profile.
- 4.4. **Paying costs of school and kindergarten for children** - as regards the Management Board members who are not Polish citizens, for whom the function held in the Company involves moving to Poland, the Company may undertake to cover the costs of the education of minor children of the Management Board member or minor persons who remain in the same household with the Management Board member.
- 4.5. **Paying airfares** - as regards the Management Board members who are not Polish citizens, for whom the function held in the Company involves moving to Poland, the Company may undertake to cover the airfares.

**§ 4.**

**Remuneration components for the Supervisory Board members**

1. **Fixed remuneration components:**

- 1.1. **Fixed Remuneration** – remuneration determined in a fixed amount on account of the function held by the Supervisory Board member determined with reference to average monthly remuneration in the enterprise sector without out of profit payments.
- 1.2. **Functional Allowance** – an additional remuneration component determined in a fixed rate, awarded in connection with performance of tasks in committees and teams established by the Supervisory Board.
2. The General Meeting may, by way of a resolution which determines conditions of remuneration for the Supervisory Board members, also define other variable remuneration components indicated in § 3 and not mentioned in § 4 hereof. In such a situation, provisions of the Policy relevant to such remuneration components, shall be applied accordingly.

### **CHAPTER III.**

#### **Specification of mutual proportions of remuneration components**

##### **§ 5.**

##### **Proportions of the remuneration components**

1. The value of variable remuneration components, awarded and paid in a given financial year to the Management Board member may not exceed 200% of the annual amount of the Basic Remuneration.
2. Other financial benefits, excluding the Severance pay on account of termination of the employment contract, awarded and paid in the given financial year, may not exceed 200% of the annual amount of the Basic Remuneration.
3. The amount of the Severance pay on account of termination of the employment contract / termination of the agreement on providing Management Services may not exceed 100% of the annual Basic Remuneration, paid for the financial year preceding the date of termination of the employment contract / termination of the agreement on providing Management Services.
4. The amount of non-financial benefits in the given financial year may not exceed 50% of the annual amount of the Basic Remuneration.
5. For the Supervisory Board members, the value of the Functional Allowance may not exceed 100% of the Fixed Remuneration for the Chairman of the Supervisory Board and 50% of the Fixed Remuneration for the remaining Supervisory Board members.

### **CHAPTER IV.**

#### **Special framework of awarding variable remuneration components to the Management Board members.**

##### **§ 6.**

##### **Scope of competence of the Supervisory Board**

1. The conditions of awarding and the amount of the Bonus and Retention Bonus (referred to in § 3 item 2.1 of the Policy) are determined individually by the Supervisory Board for each member of the Management Board for the specific financial year.
2. In particular, the Supervisory Board sets out the maximum amount of the Bonus and also its division into specific parts and bonus tasks unless it results from the agreement binding between the Company and the Management Board member. Furthermore, the Supervisory Board also determines detailed bonus targets and bonus criteria, considering the indications specified in the Policy.
3. The Supervisory Board may, if justified by the nature and objective of a bonus task, decide to award and pay the Retention Bonus (referred to in § 3 item 2.2 of the Policy). The Supervisory Board may also decide to award the Management Board member an equivalent to rent a company apartment in the amount determined by the Supervisory Board.
4. In special cases, justified by above-average activity of the Management Board member or a material contribution to the achievement of objectives of the entire Budimex Group, the Supervisory Board may grant the Management Board member an Individual Award (referred to in § 3 item 2.3 of the Policy), while specifying the date and principles of its

payment. The decision of the Supervisory Board on granting an Individual Award to the Management Board member should include a justification.

5. The assessment whether the Management Board member fulfils the conditions for payment of the variable remuneration components falls within the exclusive competence of the Supervisory Board.

## **§ 7.**

### **Bonus criteria for variable components of Remuneration with respect to financial and non-financial results**

1. As regards financial results, the bonus criteria shall be determined with reference to the Company's financial ratios which measure the accomplishment of individual tasks of the Management Board members, by a possibility of referring to the Company's financial results and its competitive efficiency. In the event of a commission-based bonus, the Supervisory Board determines the financial ratio and the commission ratio applied thereto.
2. As regards non-financial results, the bonus criteria shall be determined using the following tasks assigned to the Management Board members:
  - 2.1. Personal tasks, in particular regarding development of competencies of the Management Board members or employees reporting to them, concerning primarily soft competencies to effectively perform the functions and tasks they are entrusted with;
  - 2.2. business tasks, in particular regarding development of specific sectors of the Company's activity; efficiency of the business run; punctuality of project implementation; sale or purchase of specified assets or parts of the enterprise; creation or change of the Company's organisational structure; increase in employment effectiveness and work efficiency in the subordinated teams; effective implementation of specific organisational, technology or business solutions.
  - 2.3. tasks that take into account the social interest of the Company's environment, regarding strengthening the positive social role of the Company and its impact on the environment or society, reduction of accidents at work, implementation of the Company's educational and social programs, supporting sustainable development of the economy and society, increasing innovativeness in this area and other tasks carried out under the Company's CSR strategy.
3. With respect to bonus criteria, continuation of employment of the Management Board member may also be applied as a bonus condition, which refers to the variable remuneration components used to ensure stability and continuity of employment.

## **§ 8.**

### **Correlation between bonus criteria and the Policy objectives**

The bonus criteria of the variable remuneration components are to pursue long-term interests of the Company and its shareholders by creation of a model of remuneration that favours increase in asset management efficiency, achievement of the assumed business objectives and striving to obtaining above-average business activity results, growth of operating efficiency as well as guarantee of stability of employment of the Company's key managers, taking into account the profile of the construction market, public procurement market and contractual guarantee provisions.

## **§ 9.**

### **Methods applied to determine the level of fulfilment of the bonus targets**

1. In order to determine the level in which the bonus criteria have been fulfilled by individual members of the Management Board, and to determine the due amount of variable components of the Remuneration, the following methods shall be applied:
  - 1.1. verification of the Company's financial ratios adopted as bonus criteria;
  - 1.2. verification of other specific and measurable conditions of payment of variable remuneration components indicated in § 7 item 1 of the Policy;
  - 1.3. assessment of the level of fulfilment of the entrusted tasks referred to in § 7 item 2 of the Policy on the basis of other data, reports, statements and explanations;

- 1.4. a general assessment based on the overall activity of the Management Board member within the function held and circumstances.
2. Especially with respect to financial results, the bonus criteria will be assessed taking into account adjustments regarding one-off or extraordinary events which might lead to a distortion or misrepresentation of the assessment made.

#### **§ 10.**

##### **Deferral periods and reimbursement**

1. The Supervisory Board may introduce deferral periods for payment of remuneration components to the Management Board members if it is justified by the purpose or nature of the benefit.
2. A demand to reimburse the remuneration components paid is possible under the rules determined in the generally applicable law, including in particular in the Labour Code, Civil Code, Code of Commercial Companies and Partnerships.

### **CHAPTER V**

#### **Detailing of the Policy provisions. Rationale for a temporary derogation from the Policy application or modification of its application**

#### **§ 11.**

##### **Detailing of the Policy provisions**

1. The Supervisory Board may, under the authorisation of the General Meeting, detail provisions defined in § 3 of the Policy regarding remuneration components of the Management Board members. In particular, the Supervisory Board may modify the nature and description of specific components.
2. The Supervisory Board may, under the authorisation of the General Meeting, precisely define the bonus criteria referred to in § 7 of the Policy and also determine other or additional criteria not otherwise indicated in the Policy, following the guidelines determined in § 8 of the Policy.
3. Whenever justified by the objective or nature of the benefit, the Supervisory Board shall determine periods of deferral of the benefit payment, and may also decide to introduce additional clauses under which, in specific situations, the Management Board member is obliged to reimburse the benefits already paid.

#### **§ 12.**

##### **Temporary derogation from the Policy - modification of its application**

1. If necessary, in view of the pursuit of the Company's long-term interests and financial stability, or to ensure the Company's profitability and continuity of its management, the Supervisory Board may resolve to temporarily derogate from the Policy application.
2. In a situation indicated in item 1 above, the Supervisory Board may also, without taking a decision about the complete derogation from the Policy application, modify the Policy application to the following extent:
  - 2.1. change in proportion of the variable remuneration components;
  - 2.2. determination of other bonus criteria;
  - 2.3. introduction of alternative remuneration components, not otherwise indicated in the Policy, along with the specification of conditions for their payment.
3. When taking the decision about the temporary derogation from the Policy application, the Supervisory Board shall also indicate the period in which the derogation will apply.

## **CHAPTER VI**

### **Other provisions and representations**

#### **§ 13.**

##### **Representations regarding legal grounds for employment and remuneration model for other employees**

1. As at the date of adopting the Policy, the Management Board members are employed in the Company under employment contracts concluded for a definite period, i.e. the tenure of three (3) years.
2. Notice periods determined in the employment contracts are three (3) months. The amount of severance pay for the early termination of the employment contracts of the Management Board members is set out as the six-month Basic Remuneration.
3. Terms and conditions of employment of the Management Board members, especially in the case of newly appointed members may differ from the ones indicated in item 1 above, both as regards the duration of the contracts concluded for the definite period, term of the notice periods, amount of severance pay and the option to introduce Management Contracts and their terms.
4. Under contracts concluded with the Management Board members, the Company reserves that the Management Board members are obliged to work exclusively in favour of the Budimex Capital Group. The remuneration agreed in the contract is the consideration equal to the above obligation of the Management Board member.
5. The Company's Management Board members may serve as members of supervisory boards of subsidiaries, without receiving remuneration.
6. The Company does not enter into employment contracts with the Supervisory Board members. The Remuneration of the Supervisory Board members is paid on the basis of the organisational relationship, i.e. a resolution passed by the General Meeting which appoints the specific persons to hold a position in the Supervisory Board.
7. Provisions of the Policy take into consideration the model adopted in the Company to remunerate other employees, in particular by using fixed and variable remuneration components, the manner of calculation of bonus benefits, introduction of non-competition clauses with respect to key employees and making severance pay in connection with the contract termination.
8. The Policy is developed on the basis of the fair and market terms and conditions of work and pay applied in the Company to other employees of the Company, which justify the scope and scale of responsibility of the Company's Management Board members, and specifically which justify the incentive principles of awarding bonuses to the Management Board members.

#### **§ 14.**

##### **Pension schemes**

1. The Company has implemented an employee capital plan. Members of the Management Board and Supervisory Board have the right to take part in the employee capital plan under the terms and conditions determined in the law of 4 October 2018 regarding employee capital plans.
2. The Company has not implemented any other pension and disability pension schemes or early retirement schemes in which the members of the Management Board or Supervisory Board could participate.

#### **§ 15.**

##### **Conflict of interest procedures.**

1. Within the Supervisory Board, there is a Remuneration Committee whose task is to analyse, on an ongoing basis, the remuneration model applied in the Company for the Management Board members with the view to compliance with the long-term interest of the shareholders and the objectives of the Company.
2. Tasks of the Remuneration Committee concern the identification and indication to the Supervisory Board of a conflict of interest related to the remuneration model adopted in the Policy, as well as areas of any potential conflict of interest.
3. The Supervisory Board signals the conflict of interest areas to the General Meeting to the extent related to the Policy provisions. The Supervisory Board may also recommend any amendments to the Policy.

## **§ 16.**

### **Decision-making process**

1. The Policy is determined, implemented and reviewed in cooperation of all the Company's governing bodies, while retaining the decision-making powers of the General Meeting.
2. The General Meeting shall resolve on the Policy and introduce any amendments thereto, determine rules of remunerating the Supervisory Board members and pass a resolution regarding an opinion on the report prepared by the Supervisory Board.
3. The task of the Supervisory Board is to implement the Policy and supervise its observance, as well as prepare annual reports to the General Meeting presenting a comprehensive review of remuneration, including all benefits, irrespective of their form, whether received or due to individual members of the Management Board and Supervisory Board. To accomplish its tasks, the Supervisory Board operates through the Remuneration Committee whose tasks pertain in particular to an analysis of the applicable remuneration system, presentation of proposals and recommendations to the Supervisory Board within the scope determined in the Bylaws of the Supervisory Board of Budimex S.A.
4. The task of the Management Board is to provide appropriate information to develop the assumptions for the Policy.

## **§ 17.**

### **Final Provisions**

1. The Company shall pay remuneration to the Management Board Members and Supervisory Board Members only in compliance with the Policy.
2. The principles and rules of remuneration for the Management Board Members and Supervisory Board Members have not been materially amended in comparison to the previously applicable rules.
3. The Policy is adopted and amended by the General Meeting of the Company by way of a resolution.
4. The resolution regarding the Remuneration Policy is passed at least every four years. Any material amendment to the Policy shall be approved by the General Meeting by way of a resolution.
5. The Company shall immediately publish the Policy and the respective resolution of the General Meeting, along with the date of its passing and voting results, on its website. The documents shall remain available at least as long as applicable.