

KÉSZ Group Sustainability Report 2022

Let's start tomorrow today.
Let's set off together towards a responsible future.

Website



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DEAR READER!

The first sustainability report of KÉSZ Group has been compiled based on the data of our landmark anniversary year of 2022, in cooperation with the key member companies of our Group. As one of Hungary's most technology-driven, construction-focused groups with one of the broadest portfolios, we are proud to look back on four decades since our founding in 1982. As well as creating several successful projects and iconic buildings that have shaped cityscapes, we were among the first in the industry to launch our sustainability programme.

Innovation and entrepreneurship, the constant search for new opportunities, care and responsibility for our environment and our employees have been with us from the very beginning. More recently, this has been complemented by a commitment to sustainable development. In 2022, we developed a comprehensive and detailed sustainability strategy, based on feedback from internal and external stakeholders and with the active involvement of our staff members, in which we made specific commitments up to 2030 to contribute to climate neutrality by 2050 through our future-proof operations. Thanks to the due diligence, the preparation of our materiality assessment and the calculation of our carbon footprint, we have a comprehensive overview of our current sustainability status, which has helped us define our strategy for the future.

In 2022, not only the construction industry but the entire economy faced serious challenges. KÉSZ Group has a solid and stable foundation thanks to its broad range of activities, more than 40 years of experience and professional team. Even in difficult situations, we see the opportunity and the challenge, and we are constantly looking for and finding new solutions, further strengthening our resilience. We believe that over the past 40 years, we have made a difference and created value. Our name has been associated with buildings and structures such as the Skycourt of Budapest Liszt Ferenc International Airport, the “Nation's Main Square” (Kossuth Square), the Pillar and Evosoft Office Buildings, Hungexpo's F1 and CK buildings, the steel structures of the National Athletics Stadium, Puskás Stadium and the Dagály Swimming Arena, as well as the production and assembly halls of countless renowned partners from around the country and beyond our borders. Over the years, in addition to continuously expanding our portfolio, we have strengthened and stabilised our presence in an increasing number of areas, and by exploiting the synergies within the Group, we are now able to serve the entire spectrum of the construction industry. We consider it a great strength that, in addition to our focus on the construction and technology sectors—general construction, design, steel structure manufacturing and construction, building envelope solutions, industrial technologies and electrical solutions—we are also present in the fields of hydraulic engineering, transport, fleet management and energy.





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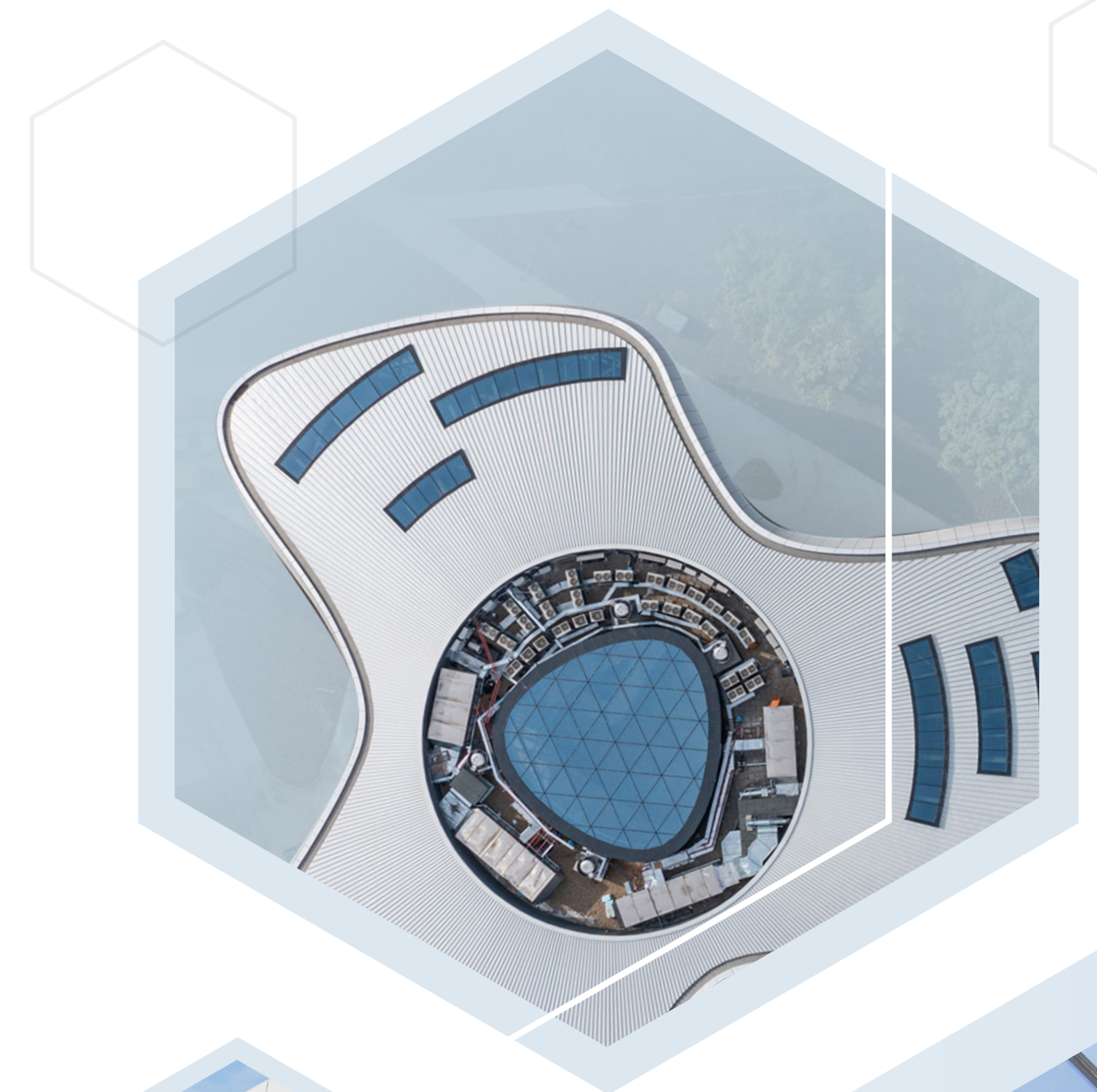
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In addition to the constant search for new opportunities and partnerships, it is important for us to continuously optimise our operations and make them more efficient. Making investments faster, more predictable and cost-effective is a vital issue in today's world. Digitalisation and the importance of data are now the order of the day in the construction industry, which also means a change in mindset and attitude for our Group. Our commitment to the increasing use of BIM-based solutions is also helping us to become more sustainable in our operations. Rising costs of raw materials, commodities and energy will make circular and energy-efficient solutions or green energy, which focus on sustainability, even more important in the future. Our aim is to become more efficient in our operations, and this means not only reducing the Company's carbon footprint, but also focusing on social responsibility, increasing care and concern for the KÉSZ community, and maintaining our transparency-based operating model. In 2022, we adopted the Group's BIM strategy, which is about transitioning to process-oriented operation and structured data collection and use, which requires a shift in mindset and approach across the entire Group.

As a responsible group of companies, we are committed to our employees and their wellbeing, creating jobs across the country, and we focus on high quality, partnership and collaboration in the pursuit of our business goals. All this is done, of

course, in compliance with ethical standards and professional procedures. The success of KÉSZ Group is due to our talented, persistent and committed team, as they are the pillars of our Group, whose knowledge and experience we build on—whether they are office staff supporting us in the background, or colleagues working on our project sites or in our factories—as everyone is a valuable, indispensable link in the operation of the organisation.

In addition to our experienced staff, we are also trying to fill our team with representatives of newer and newer generations. KÉSZ Group aims to play an active role in providing skilled new talent for the construction industry and to attract young people to the sector. Our social goals, therefore, include a strong focus on, among other things, more support for education and vocational training by providing appropriate professional training. In recent years, we have built a comprehensive, renewed vocational training system with impressive results: more than 350 students are participating in the practical vocational training organised and supported by KÉSZ Group. In this spirit, we have been cooperating for years with a number of prestigious educational institutions: with the Gál Ferenc University of Szeged we train students in construction niche professions, with the University of Szeged we have a common goal to keep young people in the region after graduation, with the University of Pécs we have launched





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a facade design engineering course, and at the Budapest University of Technology and Economics, we operate a BIM Scholarship programme.

We believe that construction is a diverse industry offering exciting opportunities, interesting challenges and real career paths, and we are confident that our activities and sustainability efforts will continue to deliver the same dynamic growth in the future as they have over the past 40 years. As responsible leaders, we are focused on achieving our sustainability goals and meeting increasingly stringent ESG-specific regulatory requirements.

In our first Sustainability Report, we are proud to report on our achievements on this journey and the experiences and lessons learned thus far. We have a lot of work ahead, but the first steps of this long journey are presented in this report.

Every little bit counts, so we encourage everyone to “Let’s start tomorrow today. Let’s set off together towards a responsible future.”

Budapest, July 2023



Mihály Varga
Founder



Tamás Vida
CEO



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KÉSZ GROUP SUSTAINABILITY REPORT FOR 2022

(GRI 2-1, 2-2, 2-3, 2-4, 2-5, 2-6)

KÉSZ Holding Plc.

Registered office: H-6000 Kecskemét, Izsáki út 6.

Entities included in the report:

BOOOK Publishing Ltd.
 Edupark Nonprofit Ltd.
 Greenergy Holding Plc.
 Gutenberg 25 Ltd.
 Hexa Sense Robotics Ltd.
 ION Systems Ltd.
 K-ARTS Foundation
 KÉSZ Consulting Ltd.
 KÉSZ Építő és Szerelő Plc.
 KÉSZ Holding Plc.
 KÉSZ Ingatlan Ltd.
 KÉSZ Ipari Gyártó Ltd.
 KÉSZ Ipari Park Ingatlanhasznosító Ltd.
 KÉSZ Metaltech Ltd.
 KÉSZ Foundation for Vocational Education and Training
 KÉSZ&GO Ltd.
 Ma-Hard Ltd.
 MATECH Ltd.
 MI-BE Alfa Ltd.
 PROVIM Ltd.
 SegítőKÉSZ Foundation
 TettreKÉSZ Association

Country of operation: Hungary

Reporting period:

Corresponding to the financial year, the reporting period is the period from 1 January 2022 to 31 December 2022. The data provided apply as at 31 December 2022.

Reporting frequency: annual

Standard:

The report has been prepared based on and in accordance with the guidelines of the currently effective GRI Standard ("GRI Standards 2021"), without third-party independent certification.

Relevant GRI sector standards: none

Given that KÉSZ Group has started collecting data for the first time for the year 2022 as a base year, data series for earlier years are not shown.

There are two material topics where there are no prevailing GRI Standards: product quality, green certification of buildings.

Date of publication of the report: July 2023 (first report)

Contact point: fenntarthatosag@keszgroup.com

KÉSZ Group has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022. The report is published exclusively online, in line with sustainability principles.





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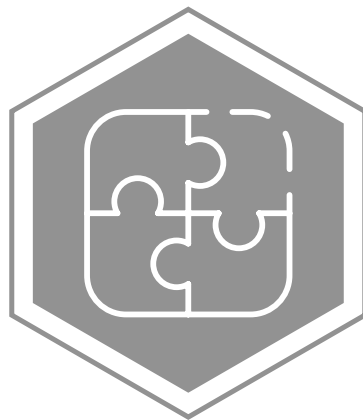
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(GRI 2-2, 2-6)

KÉSZ Group was born more than four decades ago and has today grown into a versatile, unique group of companies, by both domestic and international standards. We are proud to be one of Hungary's most technology-driven, innovative and construction-focused groups with one of the broadest portfolios in the country. We achieve this, among other things, by constantly looking for opportunities to grow, new markets and challenging, unique solutions. In Hungary, we operate from four locations: Budapest, Kecskemét, Szeged and Székesfehérvár. We firmly believe that we can rise to any challenge, by relying on our core values and the expertise of our staff. More information on our activities is available on our website: <https://www.keszgroup.com/en/activities>

The scope of the companies included in the sustainability report deviates from the entities included in our consolidated financial report, with the boundaries of said scope, and thus the limits of the data and information presented in the material topics, are determined on the basis of ownership (in the at least 25% ownership of KÉSZ Holding Plc.), number of employees, activities and positive and negative impacts on the environment, society and economy. We are gradually expanding the scope of companies involved in reporting year by year, approaching a consolidated scope, to be fully prepared for CSRD-compliant reporting by 2025. As part of our strategy, we have set ourselves the goal of reporting on our sustainability performance on an annual basis, to make our Group's operations even more transparent.

OUR VALUES



We rely on each other



We don't complicate things



We always strive to become better



We are open to anything new



We do it, not just talk about it



Our values video



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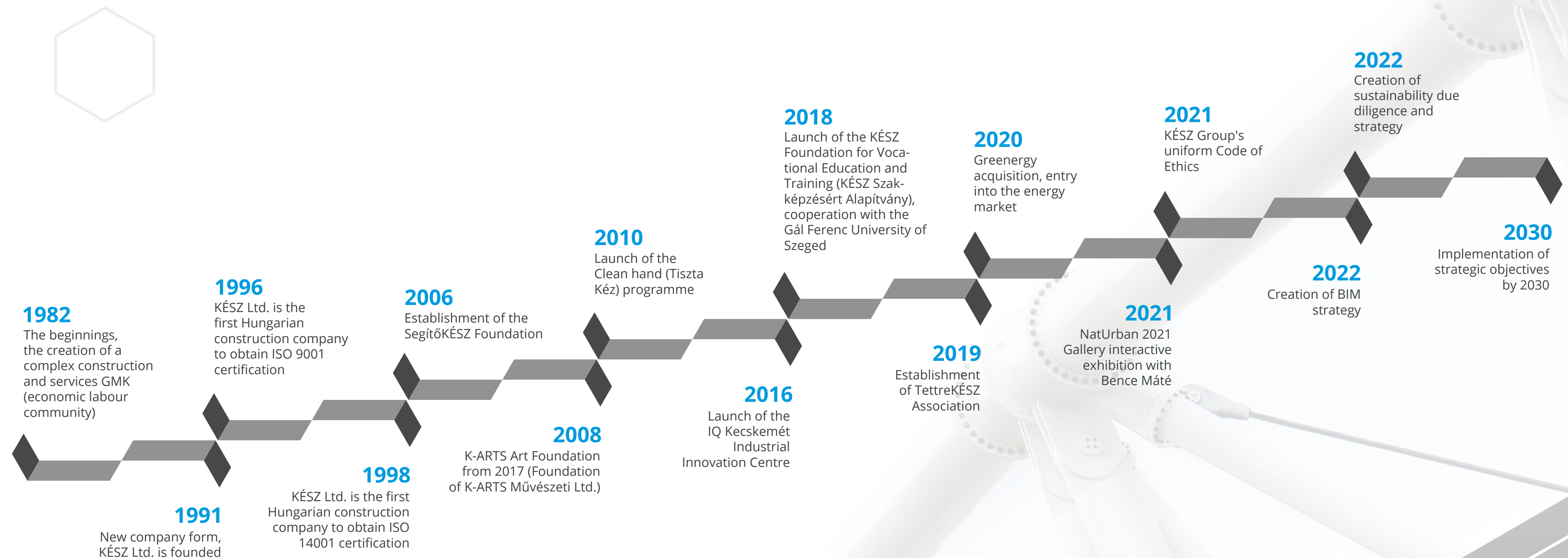
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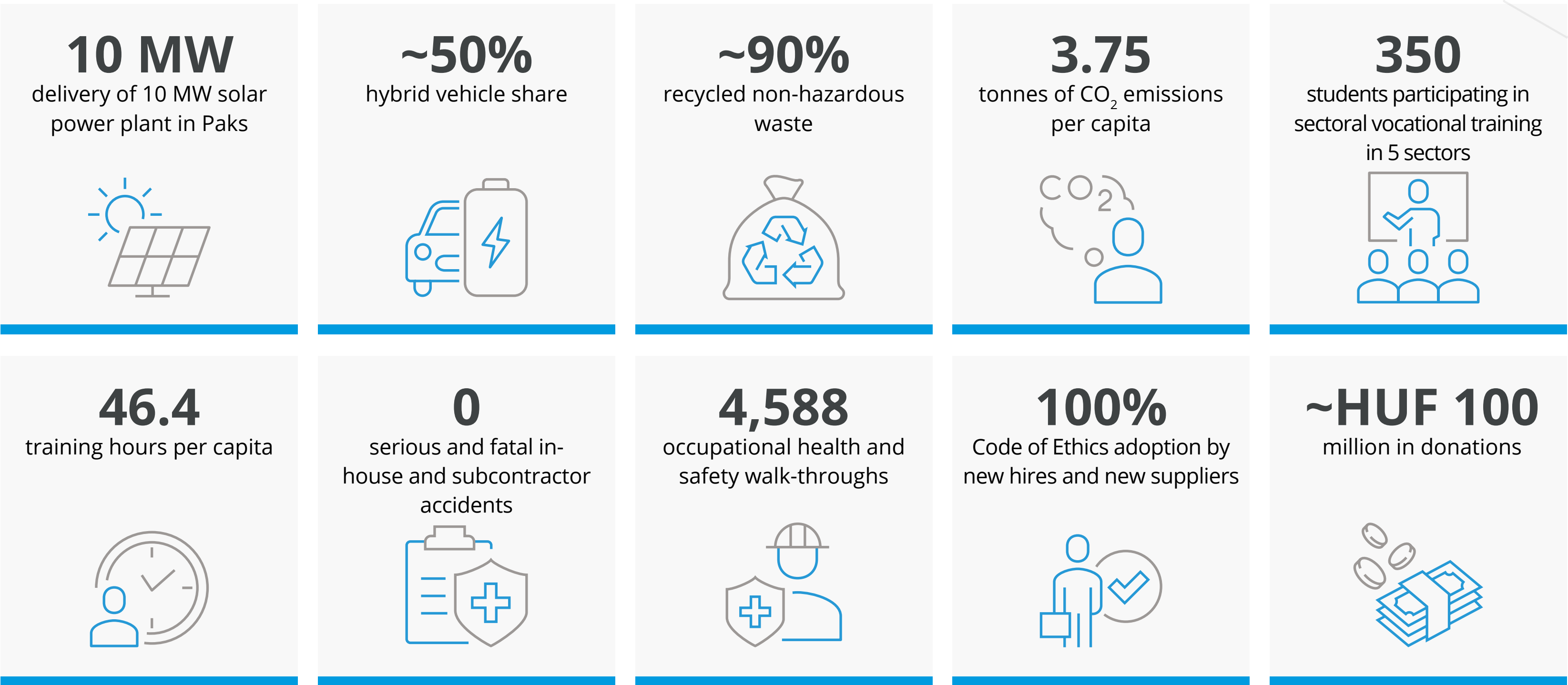
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OUR SUSTAINABILITY STRATEGY

(GRI 2-22)

KÉSZ Group aims to become an internationally recognised market leader in the construction industry in several ESG (Environmental, Social, Governance) dimensions, by exploiting synergies and collaborating closely with partners. Our 2030 sustainability strategy, which goes well beyond the mandatory requirements, aims to create long-term value, so we are among the first in the industry to set specific targets and actions to achieve them across all three ESG pillars. The strategy development was preceded by ESG-focused due diligence, industry benchmark analysis, materiality assessment and carbon footprint calculation. In setting our strategic directions, we have committed to trend-following environmental and market-leading social and governance goals.

Launched in 2022, our KÉSZ Next programme aims to embed sustainability in business strategy and corporate culture, to contribute to a change of mindset at individual level and to improve the overall perception of our industry.





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**Environmental ob-
jectives:**



- 50% reduction in carbon emissions in Scope 1 and 2 compared to 2019 levels
- Increase energy efficiency by 25%
- Supply 100% of electricity needs from renewable energy sources
- The Company will replace two thirds of its vehicle fleet with hybrid cars, increasing the share of electric cars and reducing carbon dioxide emissions from fuel by 50%
- In the case of domestic office buildings developed in-house, the aim is to achieve at least BREEAM Excellent/LEED Gold/WELL Platinum certification and compliance with the EU Taxonomy
- Increasing the recycling rate of non-hazardous waste to 75% in the spirit of transitioning to a circular economy

Social objectives:



- Achieving zero major accidents, also extended to subcontractors
- Transparently communicating and embedding corporate values in day-to-day operations
- Strengthening CSR activity
- Becoming one of the most attractive workplaces in the building construction sector
- Ensuring a supply of future workers for the construction industry by further strengthening support for education and vocational training

**Corporate gover-
nance objectives:**



- Publication of a Sustainability Report as per the GRI Standard in 2023
- Creation and implementation of an ESG strategy and its incorporation into policies
- Establishment of an ESG Committee
- Strengthening the risk approach, risk-based planning and developing control processes
- Developing partner rating, selecting partners that meet ESG criteria

KÉSZ Next
sustainability
video





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CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) are 17 interlinked global goals adopted by the United Nations in 2015 as a universal call to end poverty, protect the planet and ensure that all people can live in peace and prosperity by 2030. KÉSZ Group's sustainability efforts are aligned with the UN Sustainable Development Goals, which have been considered in our strategic objectives, and we have identified primary goals where our business has a direct impact and secondary goals where we seek to have a positive impact. The table below provides an overview of the progress of KÉSZ Group's sustainability strategy and presents how our ambitions relate to the SDGs.

SDG Goals	KÉSZ Group Sustainability Goals 2030	Actions implemented in 2022
	Making KÉSZ Group one of the most attractive workplaces in the building construction sector Achieving zero major accidents, also extended to subcontractors Having more than 80-90% of employees covered by an OHS management system	Renewing EHSQ e-learning training OHS competition on projects EHS day on major projects Development of the KÉSZ Pass system 12,828 measures during 4,588 occupational health and safety walk-throughs Employee benefits and incentives
	Quality development of our staff's professional and personal skills, through an individualised training plan Expanding adult learning activities Becoming a centre of excellence in sectoral vocational training Making methodological developments comprehensive: to have the methods and teaching content developed be applied all professions and in all our teaching units Continuing knowledge sharing, engaging in international projects	Nearly 80 types of training are available for our own staff members, most of them on e-learning platforms Cooperation with national universities (University of Pécs, University of Szeged, Budapest University of Technology and Economics, Gál Ferenc University) Above 85% satisfaction in dual training Knowledge-Building Team: Cooperation with key players in the industry for the next generation of construction professionals
	Procurement of electricity from 100% renewable sources	Delivery of the 10 MW Paks solar farm Assessing and preparing the feasibility of installing solar panels on our buildings 50% of electricity covered by wind power from 2023, preparation for procurement in 2022 Construction of the KÉSZ GREENTECH solar car park in Kecskemét
	Transparent communication and integration of corporate values into daily operations CSR advocacy and operations with the active involvement of staff Establishment of an ESG Committee	Operation of the Tiszta Kéz (Clean Hand) programme Code of Ethics and business ethics training Operation of the Ethics Committee Developing partner rating, subcontractor rating



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SDG Goals

KÉSZ Group Sustainability Goals 2030

Actions implemented in 2022



Digital transformation
We develop and automate our processes and systems in an organised, coordinated and integrated manner
Transitioning to data-driven operation to increase our efficiency and competitiveness
Promoting the BIM approach

BIM Strategy and training, BIM Scholarship
Digitalisation strategy, Connect awareness campaign
Running the Heuréka ideas competition
Operation of Innovation Hub, organisation of Innovation Days
Developing innovative, sustainable products (KÉSZ GREENTECH portfolio)



We design and build our self-implemented buildings to at least BREEAM Excellent/LEED Gold/Well Platinum certification

With the development of our office building in Szeged, we have targeted BREEAM Excellent, Well Platinum certification



Increasing the recycling of non-hazardous waste to 75% at Group level
Reducing waste generated at construction sites
Optimising material use

Green Office awareness programme
Improving selective waste collection and recycling in plants and on construction sites
Reducing the scrapping ratio, encouraging the use of residual materials
Production optimisation
Assessing of product life cycles



Achieving a 50% reduction in carbon emissions in Scope 1 and 2 by 2030
Ensuring Scope 3 data availability for projects on carbon footprint and reduction by 2030
Building energy renovations, installation of office building management systems
Reducing emissions from our vehicles by 50%
Increasing energy efficiency by 25%
Replacing two-thirds of the Group's vehicles with hybrid vehicles by 2030

Building energy investments in manufacturing and operations
Purchasing energy efficient machinery and equipment
Share of hybrid cars already up to 50%
Testing of office building management system



Developing partner rating
Taking ESG considerations into account in the selection of subcontractors
Long-term cooperation with key strategic partners for long-term development and awareness-raising

Procurement strategy has been renewed
Development of the partner rating system has been completed
Social value creation: CSR programmes, cooperation with local communities, HuGBC membership



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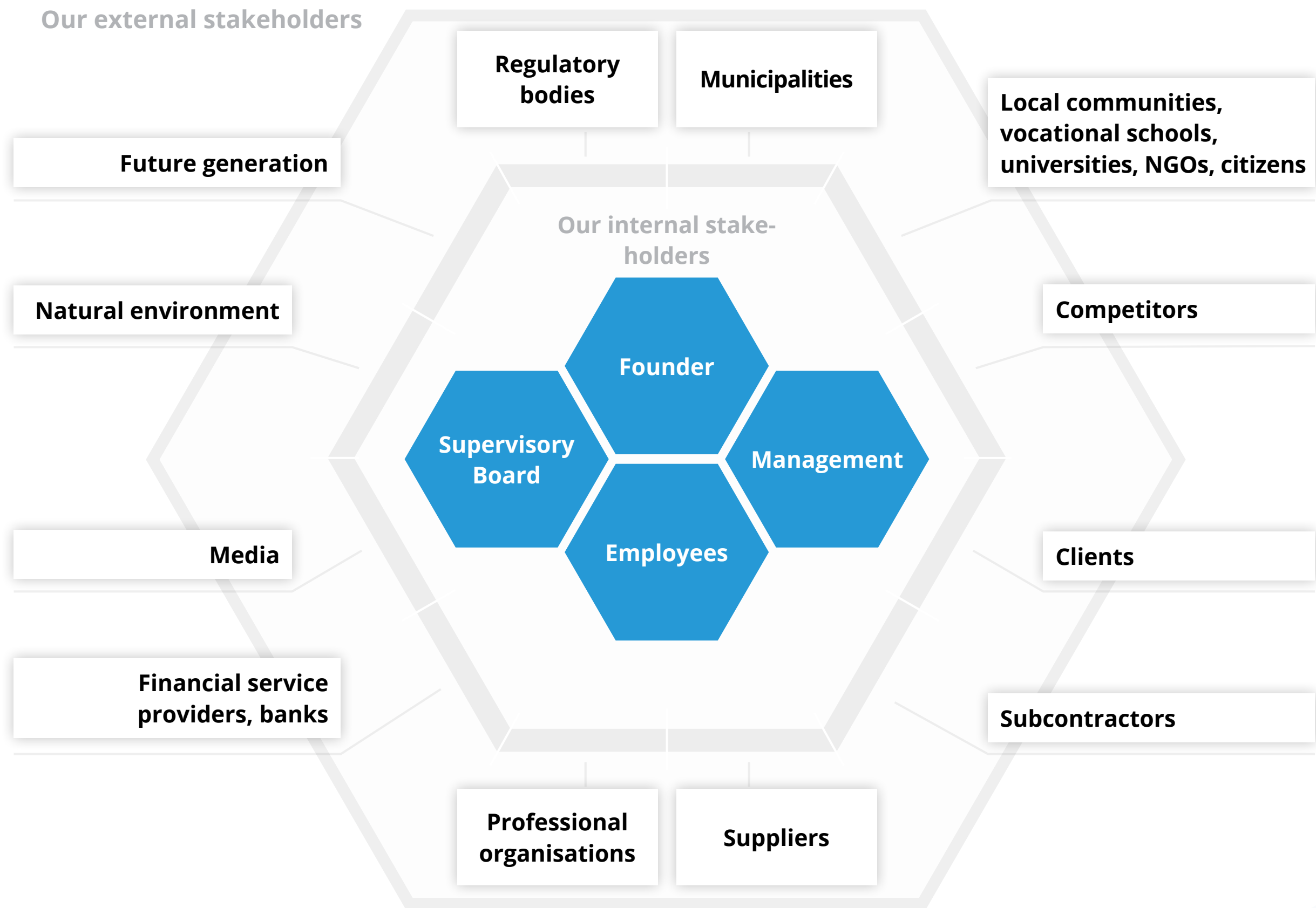
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MATERIALITY ASSESSMENT

(GRI 3, 2-29)

KÉSZ Group operates as a responsible company, aware of the environmental, social, economic and ethical dimensions of its activities, aware of the consequences of its actions, in regular contact with its stakeholders and striving for corporate success in fair competition. The operation of the Company affects the lives of many individuals and groups, and these stakeholder groups and individuals also affect the Company. Knowing and taking into account stakeholders' perspectives contributes to the future success and reputation of our Group.

In order to draw up our sustainability strategy and prepare the materiality assessment, we mapped the stakeholders of KÉSZ Group in line with GRI requirements. Key stakeholder groups are widely consulted (through questionnaires, face-to-face or online interviews) on their views on the relationship between the construction industry and sustainability, and on which sustainability-related issues KÉSZ Group should focus on that have actual or potential, negative or positive impact on our business.





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In line with the guidelines set out in the GRI 3 Standard, we perform our reporting based on our due diligence of the operations and processes of KÉSZ Group, the assessment and weighting of actual and potential impacts, and external and internal stakeholder feedback. The first materiality assessment was carried out in May-June 2022, preceded by a comprehensive sustainability due diligence and benchmark analysis. In the materiality assessment, we identified and ranked the most important sustainability issues based on nearly 100 online questionnaires completed by our employees, which we took into account in the development of our sustainability strategy. The materiality assessment was an important tool to understand the expectations of our employees, but in addition to our staff, we also involved a wide range of key external stakeholders: subcontractors, suppliers, clients, NGOs, educational institutions, professional organisations, representatives of the media, and banks. A total of 26 external organisations responded in person or through online consultations or questionnaires, and this feedback was also incorporated. The results of the materiality assessment were shared with senior management at the sustainability strategy workshop, and the list of material topics was approved by the CEO, also against the business objectives. We plan to conduct the materiality assessment every 2-3 years in the future.

LIST OF OUR MATERIAL TOPICS:



Environmental protection

- waste management
- water management
- energy consumption
- emissions
- product quality and safety
- green certification of buildings

Society

- employment
- employee health and safety
- education, training
- local communities



Corporate governance

- data protection
- business ethics
- responsible and sustainable procurement
- supplier rating

Economy

- market presence
- economic performance
- indirect economic impact



OUR KEY MEMBERSHIP

(GRI 2-28)

Since its foundation, our Group has made it a priority to play a prominent role in industry associations, chambers and professional organisations.

Our memberships of chambers of engineering and industry at national level

- Hungarian Chamber of Commerce and Industry
<https://mkik.hu/>
- Hungarian Chamber of Engineers
<https://www.mmk.hu/>
- Hungarian Chamber of Architects
<https://mek.hu/>

- The Association for Responsible Family Business in Hungary
<https://www.fbn-h.hu/rolunk/>
- Aluta Association (Aluminium Window and Facade Association)
<http://www.aluta.hu/rolunk>
- BalatonZone Water Transport Industry Cluster
<https://www.balatontersegi.hu/services>
- Hungarian Association of Building Insulators, Roofers, Tinsmiths, and Carpenters (EMSZ)
<https://emsz.hu/a-szovetsegirol/>
- National Federation of Hungarian Building Contractors (ÉVOSZ)
<https://evosz.hu/>
- Real Estate Developers Round Table Association
<http://www.ifk-egyesulet.hu/>
- ISO 9000 Forum
<https://www.isoforum.hu/Bemutakozas-Szervezet/Tevekenysegek-Cegadatok>
- National Association of Facility Management and Building Management Service Providers (LEO)
<https://leofm.hu/index.php/celok/>
- Hungarian Nuclear Forum Association
<http://www.atomforum.hu/intro/forum.htm>
- Hungarian Cogenerated Energy Association (MKET)
<http://mket.hu/index.php/kuldetes/>
- Hungarian Publishers and Booksellers Association
<https://mkke.hu/rolunk/udvozoljuk>
- Hungary Green Building Council (HuGBC)
<https://www.hugbc.hu/egyesulet/bemutakozas>
- National Association of Hungarian Shipping
<https://www.mahosz.hu/>

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WASTE MANAGEMENT

(GRI 306: 306-1, 306-2, 306-3, 306-4, 306-5)

The construction industry is one of the biggest generators of waste, accounting for 37.5% of all waste generated in the EU per year, according to some measurements. It is of particular importance to us to address this issue, to measure and monitor waste as accurately as possible and ultimately to ensure responsible waste management. The management of KÉSZ Group is aware that in order to achieve its long-term, sustainable goals, the continuous development of quality and environmentally conscious corporate behaviour and responsible waste management is a fundamental requirement.

The types of waste generated by KÉSZ Group can be divided into the following main categories:

- construction and demolition waste (31%)
- concrete, brick (28%)
- soil extracted from construction sites (15%)
- waste from manufacturing activities, industrial metal waste (12%)
- other plastics and packaging waste (7%)
- iron and steel (6.42 %)
- paint, solvents (0.37%)
- insulation material (0.21 %)

Figure 1: Amount of waste generated (2022)



Non-hazardous: 99.6%, 21,993t



Hazardous: 0.4%, 83t





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Only 0.4% of the total waste generated by our operations is classified as hazardous waste (e.g. paints, solvents, oily waste). At KÉSZ Group, in order to prevent negative impacts from waste and illegal activities, we always check the permits of our waste management partners before signing a contract and we continuously monitor their validity. This control covers the types of waste, the treatment methods and the quantity of waste that can be treated under the permit.

We choose our partners to contract the most ideal candidate for the sites and construction locations, taking into account distance and other conditions. Experience shows that there are regional differences in the potential for recycling within the country. We ask our waste collection partners to provide regular data on the type, quantity and treatment code of the waste received, which we cross-check with our own records.

We carry out regular environmental inspections of both our business and construction sites, which also cover waste collection.

Figure 2: Waste quantity by treatment activity (2022)

By treatment activity	Quantity (t)
Disposed	2,518
Non-hazardous	2,516
Hazardous	2
Pre-treated	9,009
Non-hazardous	8,928
Hazardous	81
Recycled	10,550
Non-hazardous	10,550
Hazardous	0
Total	22,077

In 2022, 88.6% of all waste generated was recycled in some way, while only 11.4% was disposed. In the area of hazardous waste, the share of recycled waste is nearly 98%, and for non-hazardous waste it is around 89%, meeting the key waste management commitment of our sustainability strategy.





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Figure 3: Amount of waste pre-treated and recycled by waste composition (2022)

Pre-treated and recycled waste by waste composition	Quantity (t)
Hazardous waste	81
Non-hazardous waste	19,478
Other recycled waste	-
Total amount of waste pre-treated and recycled by waste composition	19,559

Figure 4: Amount of waste recycled (2022)

Treatment activity	Quantity (t)
Hazardous waste	
Total on-site recycling	0
Preparation for recycling	0
Recycling	0
Other recycling operations	0
Total off-site recycling	81
Preparation for recycling	81
Recycling	0.2
Other recycling operations	0
Total hazardous waste recycled	81
Total hazardous waste prepared for recycling	81
Total hazardous waste recycled	0.2
Total hazardous waste treated by other recycling operations	0

Treatment activity	Quantity (t)
Non-hazardous waste	
Total on-site recycling	0
Preparation for recycling	0
Recycling	0
Other recycling operations	0
Total off-site recycling	19,478
Preparation for recycling	8,928
Recycling	10,550
Other recycling operations	0
Total non-hazardous waste recycling	19,478
Total pre-treated non-hazardous waste for recycling	8,928
Total non-hazardous waste recycled	10,550
Total non-hazardous waste treated by other recycling operations	0



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Information provision to stakeholders

In accordance with legal requirements, we keep records of waste generated and disposed of and submit annual declarations via the official data reporting interface. We present our systems and evidence of compliance at both client and third-party audits. Onboarding and annual EHSQ refresher training include waste management knowledge, and we make all regulatory documents and targets and programmes for member companies available through a common platform.

Objectives and measures

KÉSZ Group's environmental objectives include continuously reducing the scrap rate in its manufacturing areas and exploring technologies to increase the recycling rate. We continuously educate and train our employees by organising awareness-raising programmes, through information materials and short films, we encourage the planning and use of residual materials and motivate them to contribute their own innovative ideas to reduce waste and increase the recycling rate, which we reward through our Heuréka programme. The economic benefit of recycling solutions is that they can increase our economic performance by generating revenue in terms of certain material flows. In order to reduce the scrap rate, we apply a bonus system for some of our manufacturing companies where a significant part of the bonus is linked to performance in minimising the scrap rate (e.g. our facade manufacturing plant has a minimum expected scrap rate below 2%).

At our certified member companies, we assess our environmental risks annually and take measures to prevent and minimise our environmental impacts. Measures are set out in annual objectives and programmes and are monitored on an ongoing basis. Our primary objectives are to:

- reduce the scrap/waste rate,
- reduce specific paper consumption,
- identify and apply new, innovative environmental products and solutions.

The objectives are supported by specific measures, such as

- Reduction of material consumption in the production of steel structures at KÉSZ Ipari Gyártó Ltd.
 - In 2022, we implemented developments to reduce steel raw material waste and increase efficiency:
 - We commissioned a tube and fitting laser cutting machine with energy-efficient extraction to reduce the amount of scrap metal.
 - The development of S-FORCE, an artificial intelligence-based production scheduling, capacity planning and production optimisation system, has been launched
 - The painting plant solvent distillation equipment and packaging press has been commissioned:
 - In 2022, the finished painted surface in steel structure production was 172,600 m². Solvent is recycled from the resulting paint residue with the use of a distillation unit. The recycled solvent is reused in the cleaning of tools and equipment. Empty paint buckets are compacted, reducing the volume of waste and the cost of waste storage and transport.



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- Use of recycled materials:
 - Encouraging the use of recycled materials in the MOL HQ project in Budapest and the LEGO project in Nyíregyháza, in line with LEED and BREEAM certifications: increased use of electrical steel materials.
- Measures to reduce paper consumption in all Group companies under central coordination:
 - use of digitalisation tools, electronic document management, digitalisation of processes [for more information see the section on digitalisation strategy]
 - the exclusive use of e-invoices,
 - the introduction of certified electronic signatures,
 - the use of central printers and card printing.
- Selective collection of waste at Group level, for both office waste (paper, plastic, municipal, etc.) and IT waste. It is standard practice in the scrapping of IT equipment that laptops can be purchased by our employees after 3-4 years of use. IT organises a “garage sale” for employees at regular intervals. In addition, when purchasing IT equipment, we strive to buy from a manufacturer that will take back and refurbish the equipment at the end of its life cycle. We supported students at the Szeged Technical School of Gál Ferenc University with IT tools, giving a boost to the development of digital education.
- In the field of selective waste collection, selective separation at construction sites, including construction waste, is a more challenging task, but KÉSZ Építő Plc. is setting a good example in this field. In 2022, we successfully and economically implemented selective waste collection and compaction in the Duna Terasz Grande project area. The measures saved more than HUF 14 million in 2022. We are currently planning to purchase additional waste compactors for the construction sites at KÉSZ Építő Plc.
- During the production activity at KÉSZ Metaltech Ltd., we implemented the separation of the layers of composite aluminium waste in 2022, thus we were able to sell the aluminium part of the separated waste. The separating machine was purchased in 2021 and was used to separate and sell 9,800 kg of aluminium in 2022.
- Arts recycling: within the framework of the activities of the K-ARTS Art Foundation, we aim to recycle waste materials, residues, scrapped tools, parts and equipment from KÉSZ Group's industrial activities, mainly in the form of steel sculptures [for more information, see the section on Foundations].

The measures taken are evaluated at regular intervals. The requirements for evaluation are set out in the companies' rules of procedure entitled “Setting objectives and programmes” and “Monitoring and measurement”. The aggregate results of the evaluation are assessed at the management review and used as a basis for determining further actions needed, and the resources and periods allocated to these.



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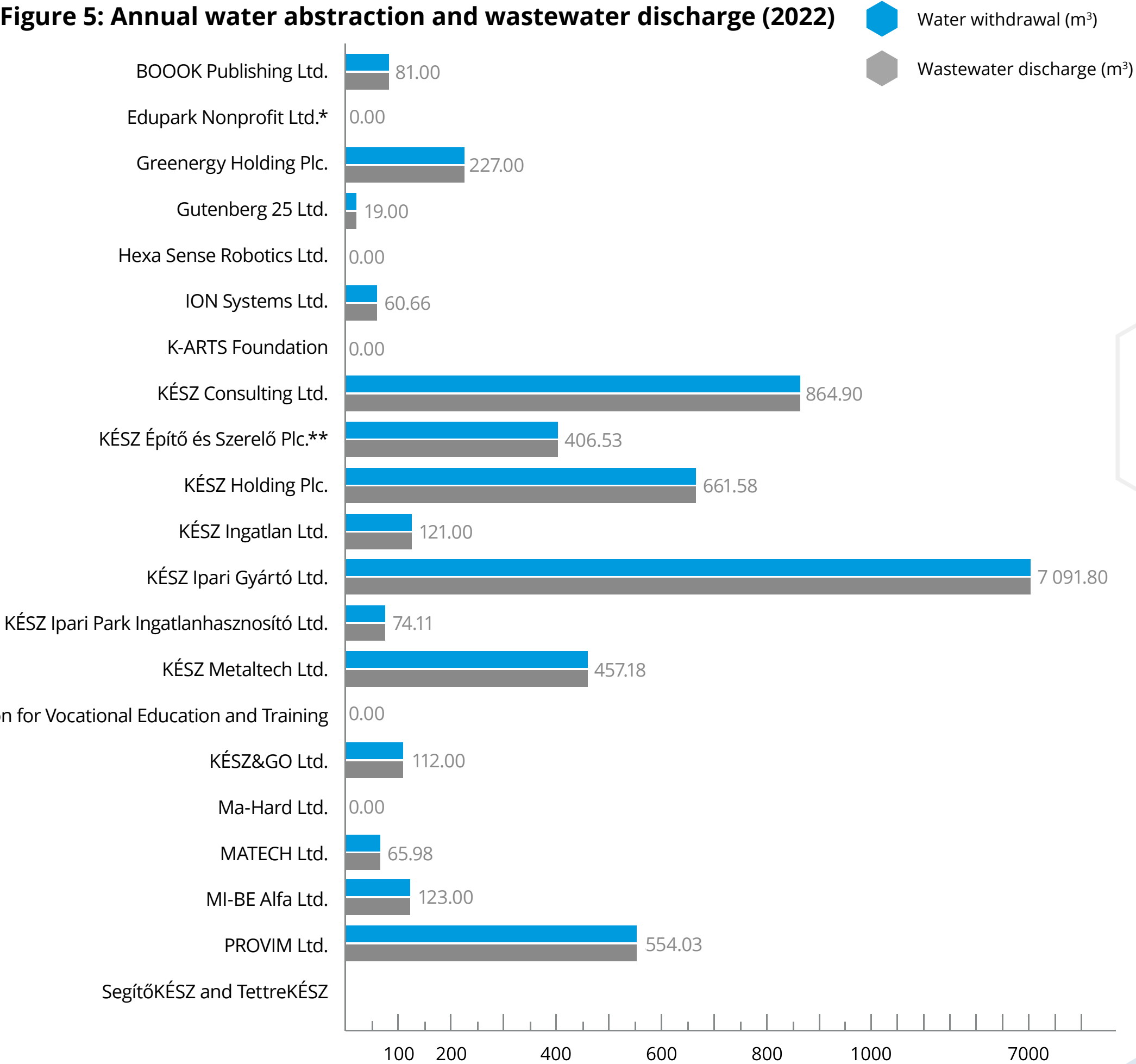
WATER MANAGEMENT

(GRI 303: 303-1; 303-2; 303-3; 303-4; 303-5)

Responsible resource management is key to our Group, so we are equally conscious and careful in our water use. Hungary is in a better position than many other countries in terms of drinking water supply, but we need to consciously protect and conserve this treasure. Our aim is to analyse and evaluate annual water consumption data and make a conscious effort to reduce or find more environmentally-friendly solutions for water consumption. The entities within the scope of our report have varying activities, ranging from various manufacturing activities to general contracting, property development, back-office work, vocational training, design, energy projects, foundation work and many other activities.

We monitor and comply with legal requirements related to water management and operate an Environmental Management System at several of our subsidiaries. Our production technology does not require significant water use, thus in terms of water abstraction, our Group's water use is typically limited to the amount of municipal water used and consumed by our employees.

Figure 5: Annual water abstraction and wastewater discharge (2022)



* The consumption of Edupark Nonprofit Ltd. is included in the consumption of KÉSZ Ipari Gyártó Ltd.

** Water use on construction projects is not included in the measured data.



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The largest consumer of water is KÉSZ Ipari Gyártó Ltd., as 65% of the total water consumption in 2022 was reported here. The reason for this is that this is where the largest number of employees in the whole Group work, in a total of 3 shifts, and the social infrastructure needs of the workforce (showers, changing rooms, kitchen use and toilets) are the reason for this amount of municipal water use. The water used at our manufacturing, office and construction sites is drawn from the mains water supply in all our business lines, and we do not use water from bored wells or rainwater traps.

Where possible, municipal wastewater generated by construction projects is discharged into the local sewer system. If no sewer system is available in case of a greenfield project, the wastewater is transported away by tankers.

Our Group continuously measures, monitors and evaluates the total water use at its sites. For rented office properties, water use is allocated by the operator on a per square metre basis. Total water used is discharged through the sewer system in all our activities.

In recent years, we have placed great emphasis on raising awareness among our employees about environmental issues, and we have taken steps to reduce office water use in 2022:

Green office concept:

1. To replace the previous use of balloon water, in 2022 we have transitioned to purified tap water in several offices. The project has so far covered 5 filtered drinking water points. In 2022, a total of 1,758 drinking water balloons (= 33.4 m³ in total) were purchased, but in 2023 we aim to gradually shift this to piped filtered water consumption, reducing the burden on logistics and decreasing waste production.
2. We encourage the water-saving use of dishwashers instead of washing dishes by hand.
3. A further medium-term idea is to upgrade the existing urban, outdated rainwater network in the Kecskemét industrial estate, with the aim of capturing the large amounts of rainfall and gradually draining it into the sewer system.

Green Office Program





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ENERGY MANAGEMENT

(GRI 302, 302-1, 302-2, 302-3, 302-4, 302-5)

In our industry, energy efficiency can be achieved by raising the technical standards of our buildings and equipment and by raising the awareness of users. An important aspect of our operations is to improve the energy efficiency of our construction manufacturing processes and products, and to operate our own fleet of vehicles in an environmentally responsible manner. In this field, we also have a key role to play as one of the leading groups in the domestic construction industry, knowing that the construction sector is responsible for around half of all energy consumption in the European Union.

Our Group has its own renewable energy generation capacity through Greenergy Group, and thus we are also able to gain some independence from energy market exposure and increase our use of renewable energy. Our long-term sustainability goals include increasing our use of energy from renewable sources and sourcing 100% of our electricity from renewable sources by 2030.

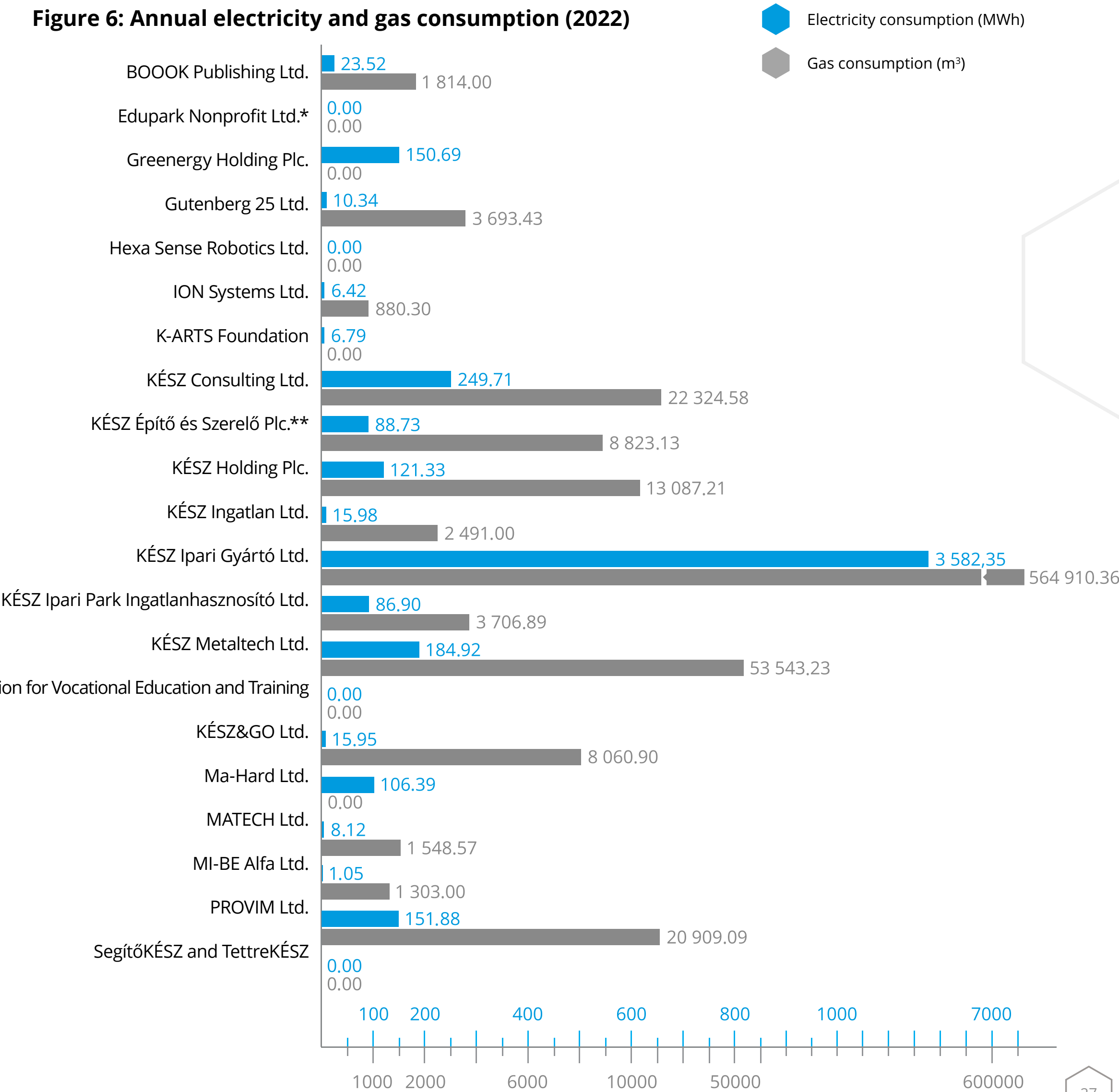
The total energy consumption of our Group's operations derives from

- our construction activities,
- our construction industry manufacturing activities, and
- the operation of self-owned properties and vehicle fleet

during which the energy used is made up of three items:

- electricity consumption,
- gas consumption, and
- fuel consumption.

Figure 6: Annual electricity and gas consumption (2022)





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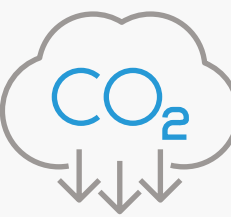
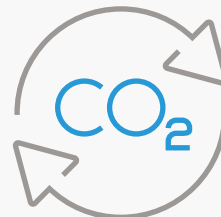
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In terms of both electricity consumption and gas consumption, KÉSZ Ipari Gyártó Ltd. is responsible for a significant share of our total energy consumption (74.5% of total electricity consumption and 79.9% of total gas consumption), as the Group member with largest energy-intensive manufacturing capacity (steel structures). Next to it, our other manufacturing companies, such as KÉSZ Metaltech Ltd. or a PROVIM Ltd. can be mentioned as major users. Although the electricity consumption of Greenenergy Holding Plc., KÉSZ Holding Plc. and KÉSZ Consulting Ltd. and the gas consumption of KÉSZ Consulting Ltd. may seem significant, this is due to the amount of energy calculated and reinvoiced on a per square metre basis for rented office space.

Our sustainability strategy includes, among other things, efforts to reduce CO₂ emissions, including the development of an energy management system to increase energy efficiency, improve energy efficiency and increase the use of renewable energy.

Achieving a 50% reduction in carbon emissions in Scope 1 and 2 by 2030

Energy efficiency	Renewable energy	Vehicles	Offset
25% energy savings MWh/m ²	100% 100% electricity from renewable sources	50% 50% reduction CO ₂ /km/person	CO₂ Offsetting the CO ₂ required to achieve the goals
			

In line with this, we have launched a number of actions and initiatives in the field of energy improvements and energy efficiency projects.





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Manufacturing activity

Our manufacturing activity is an energy-intensive activity, and our member companies in this activity group are the main energy consumers.

At KÉSZ Ipari Gyártó Ltd., we started the replacement of welding machines in 2022, in the course of which we are gradually replacing 32 welding machines with modern machines with inverter technology, which is expected to save 215 GJ/year.

Within KÉSZ Metaltech Ltd., we have established a new green business unit, which aims to concentrate green professional knowledge and allocate resources to develop and implement action plans to achieve the goals set out in the sustainability strategy. A further aim is to open up to Western markets by emphasising environmental awareness and obtaining EPD³ certifications. The new, green business unit's sustainable, renewable energy products and innovation developments have been organised into a joint portfolio, called KÉSZ GREENTECH. It currently includes four innovative products:

- a solar parking, the first prototype of which we started developing in 2022 in cooperation with several KÉSZ Group member companies, and which was delivered at our Kecskemét site in spring 2023;
- an energy-generating solar facade cladding in own production;
- solar roofing made of waste material;
- living plant (green) facade wall.

The main profile of PROVIM Ltd. is general electrical installation and the manufacture of distribution equipment. In our high-voltage building electrical installation contractor projects, we also undertake the manufacture of distribution equipment, building automation and installation of low-voltage systems, medium-voltage equipment and solar power plants, from design to commissioning. In 2022, we engaged in a number of electrical construction projects with the aim of saving energy. The following main projects were implemented in 2022:

- At the Kecskemét site of our Group, lighting modernisation was conducted with the installation of LED systems on the premises of KÉSZ Metaltech Ltd. and KÉSZ Ipari Gyártó Ltd., as well as in the production hall of PROVIM Ltd.
- We carried out the electrical works of the solar parking lot in Kecskemét, developed by Metaltech Ltd.
- We carried out the complete electrical works for the IKEA store in Soroksár, including the electrical works enabling the installation of solar panel systems on the roof.
- We have designed, manufactured and installed energy efficiency automation and smart home products in several building construction projects implemented by KÉSZ Group (e.g. Duna Terasz Grande).

Increasing energy efficiency is, on the one hand, now a customer requirement, which we are constantly meeting in our work on numerous BREEAM and LEED certified construction projects and, on the other hand, we have to meet the energy efficiency requirements of our Western European suppliers in the assembly and certification of our products.





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Operation of real estate

In 2022, our main operational achievements were in reducing energy use. The key to success was adjusting our systems to the current environmental conditions. We used less natural gas for heating, largely due to the mild winter, but with the right parameterisation, we can also achieve significant energy savings. Our main objective is to make our monitoring system more efficient and modernised, and to build and/or upgrade our building management systems.

In Kecskemét, we completed a heating modernisation project in the Industrial Park, replacing the outdated centralised heating system and distribution network and the central gas boiler with a modern system with local heat generators (condensing boiler), achieving significant energy consumption and emission reductions. The new system will result in annual energy savings of 7,315.4 GJ, which translates into an annual reduction of 219.462 m³ of natural gas consumption. Also in 2022, our lighting modernisation project in the Kecskemét Industrial Park started with the partial installation of LED lighting.

In addition to these investments to increase energy efficiency and reduce our CO₂ emissions, we have launched and/or implemented the following specific programmes in 2022.

- At our Budapest site, we have set up a secure bicycle storage facility for our staff, encouraging them to cycle.
- In Budapest, a review of the cooling energy efficiency of our office building and a modernisation concept were completed. In line with the result, we are installing an energy storage device for the liquid cooler of the KÉSZ Mester Udvarház office building, which will save 15-25% of energy.
- On the same premises, on the 5th floor of the parking garage, an office modernisation project was implemented (KÉSZ Metaltech Ltd.), using heat pumps to heat and cool the spaces. The next step in our energy investment project will be the installation of solar panels on the roof of our offices in 2023, for which we plan to use the knowledge and capacity within the Group. The renovation of the office was carried out using leftover materials (steel structures) from our own production.
- At our Kecskemét site, energy modernisation concept plans were drawn up in the areas of building insulation, energy production and energy-efficient technical solutions.
- We have selected a supplier for our CAFM system, which will enable us to efficiently manage operations and maintenance tasks. We can create a database and store it digitally and make the stored data available to our staff at any time.
- We have drawn up the technical content of the lighting modernisation project for Mester Udvarház, as well as a plan for the construction of 8 charging points for electric cars.
- The deployment and programming of the building management system at the Kecskemét site started in 2022. In our Budapest office building, the building management system has been completely overhauled, and will form the basis for the installation of our building monitoring system planned for 2023.
- Also in 2022, we assessed the potential of our available vacant land for energy use.
- In Kecskemét, we installed 44 smart meters in the Industrial Park.





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For 2023, we have set additional targets in the operational area, with a focus on environmental protection and energy efficiency.

- We plan to introduce software-based energy data collection interfaces and applications.
- From 2023, we will cover nearly half of our annual energy consumption with green electricity purchased from an internal wind power producer (Greenenergy Group).

Focus on green energy and self-sufficiency

Founded in 2007, Greenenergy Group is a Hungarian-owned, independent energy company majority owned by KÉSZ Group. The company is mainly active in high-efficiency cogeneration (electricity and heat) and small-scale renewable power plants.

Our power plants





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ENERGY PRODUCTION



- electricity and heat energy co-generation with gas engines

24 gas-engine small-scale power plants:
47 MW electrical capacity

heating and cooling of hospitals, factories
and other public buildings

RENEWABLE ENERGY PRODUCTION



- renewable energy production

biomass boiler:
8 MW

3 wind turbines (Vestas V90):
4.1 MW electrical capacity

2 solar power plants:
Paks and Kiskunfélegyháza

ENERGY TRADE AND VIRTUAL POWER PLANT



- trading and direct sales of the energy produced (to district heating companies, public institutions, industrial installations)
- regulation of virtual power plants

electricity trading licence
HUPX (Hungarian Power Exchange) membership
43 MW MAVIR-accredited regulation capacity

ENERGY INDUSTRY SERVICING



- maintenance of power plants

40+ serviced small-scale power plants
Jenbacher service representation
design and implementation of gas engine and solar small-scale power plants



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10 MW solar power plant commissioned in Paks in 2022

- ◆ EUR 10 million green investment
- ◆ capable of supplying energy to 5,500 households

Its unique feature:

- ◆ It follows the sun's path, so the panels are always at the optimal angle of incidence of the sun's rays. On an annual basis, this allows for 15-20% higher solar energy use and more balanced daytime production compared to conventional systems.
- ◆ Using a solar power plant could reduce Hungary's carbon footprint by 4,000 tonnes per year.

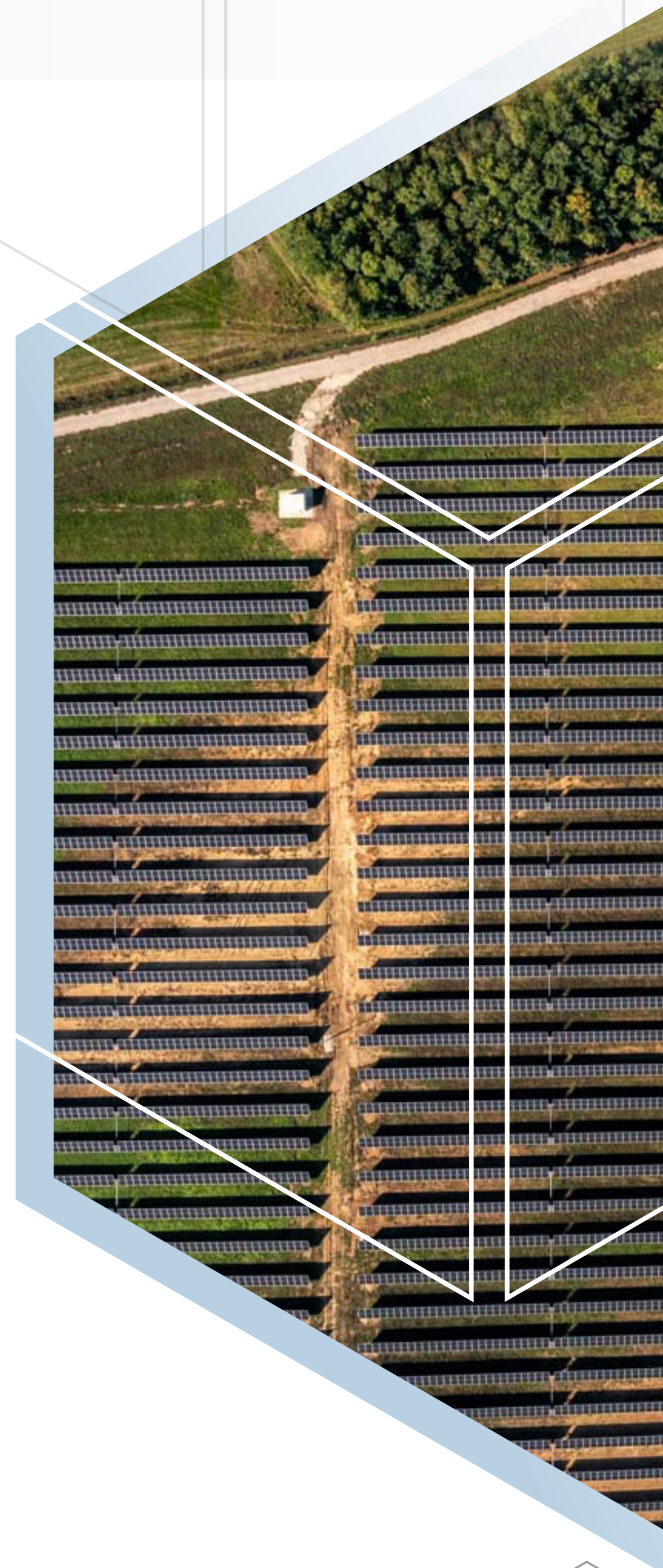
"As a member company of KÉSZ Group, we are committed to clean technologies and our activities have a direct impact on long-term sustainability. Our aim is to expand our renewable energy portfolio. Between 2023 and 2025, we will contribute to the sustainable operation of KÉSZ Group with a total of 13,140 MWh of renewable energy production, thus strengthening the efficient use of synergies within the Group."

László Levente Dajbukát,
Greenergy Holding Plc., CEO



Our main achievements in 2022

- ◆ We added 11.5 MW of capacity to our portfolio.
- ◆ We commissioned the Paks 10 MW solar farm.
- ◆ The construction of a 4 MW solar farm has started in Kiskunfélegyháza, with our new project being built with battery storage, a unique technical solution in Hungary. (The planned handover will take place in 2023.)
- ◆ Following the renovation of our 1.5 MW wind farm in Mezőtúr, production started in September 2022.
- ◆ The installation of a 1 MW gas-engine small-scale power plant in Sárospatak has started. (Commissioning is expected to take place in 2023.)
- ◆ We supply green electricity to Magyar Telekom.





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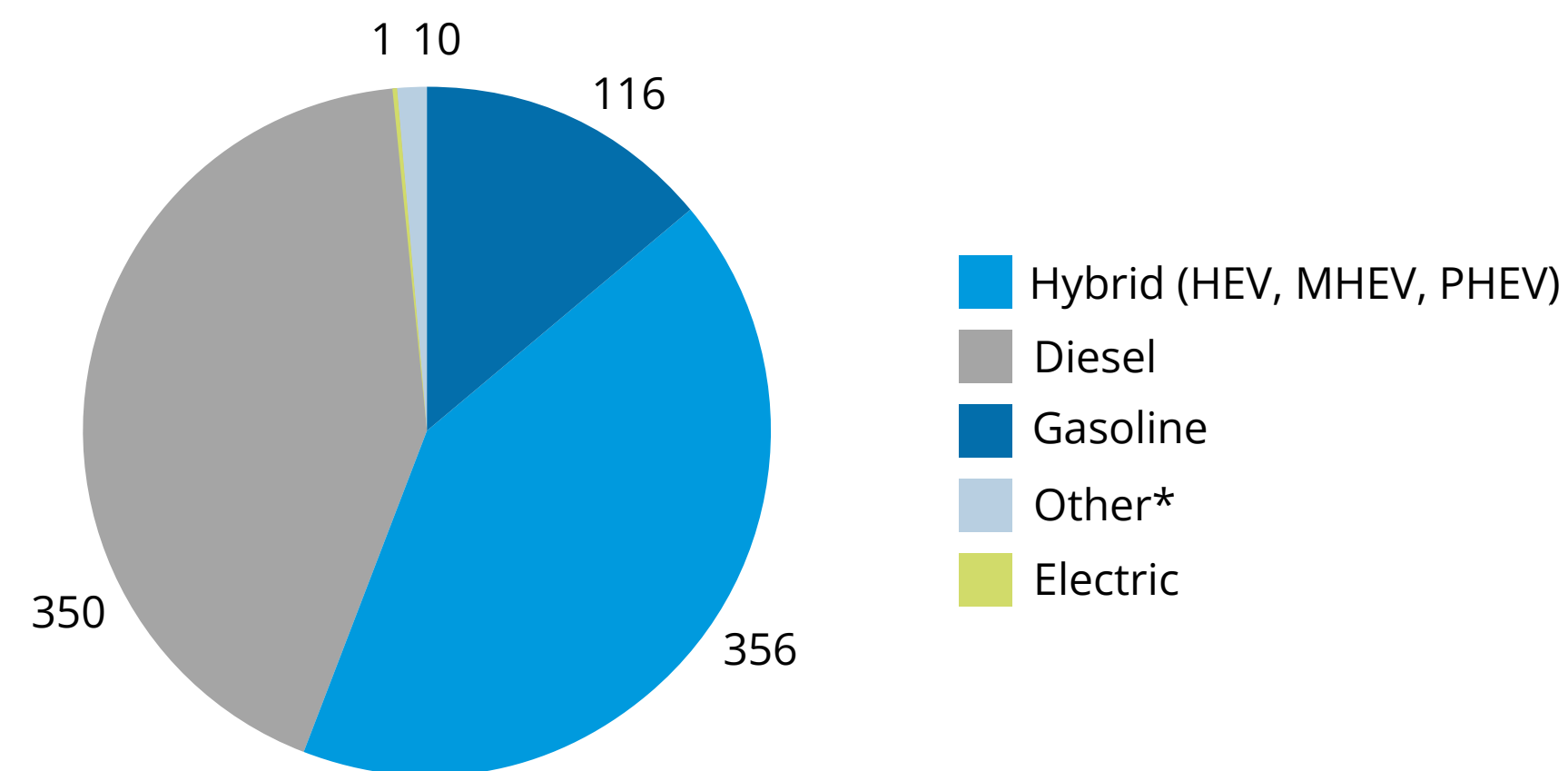
Why is the 4 MW solar farm in Kiskunfélegyháza unique in Hungary?

- ◆ Only 1 central inverter was installed in the solar farm.
- ◆ The versatile structure directs the energy from the solar panels to the grid or to our batteries, and directs the production of energy storage to the grid. This guarantees the best performance.
- ◆ The solar power plant is controllable and, therefore, is less dependent on the weather and the time of day. It also allows for balanced production in cloudy weather.
- ◆ The solar power lost because of the shade can be replenished from the storage.
- ◆ The solar farm also generates electricity for the grid before sunrise and after sunset.

Fleet operation

At KÉSZ Group, given the nature of our activities, we don't just have a fleet of passenger cars, but also various types of trucks, work machinery and minibuses used in construction and manufacturing activities. Within the Group, fleet management and operation tasks are performed by KÉSZ&GO Ltd., which provides fleet management services not only within the Group, but also to customers independent of KÉSZ Group. The majority of their customers use rental and fleet management services on a long-term rental basis.

Figure 7: Composition of our vehicle fleet by drive type in 2022 (units)



*Other: other diesel-powered work machinery, test cars



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To meet the CO₂ emission reduction target of our sustainability strategy, we have committed to replace two thirds of our fleet with hybrid vehicles by 2030, and to reach 50% within 1 year. We also aim to install electric chargers on our sites, preparations for have already been completed in 2022. In addition, the construction of a solar car park at our Kecskemét site started in 2022 and was delivered in March 2023.

In addition to prioritising future-thinking drive types and the opportunities for further technological development, we also place great emphasis on the role of the human factor. In 2022, we ran an awareness-raising campaign through interim newsletters to inform colleagues about driving-related topics such as the importance of checking tyre pressure, the link between winter-summer tyre changes and fuel consumption, the carpooling scheme and car-sharing within the company, which help to reduce fuel consumption. Also in 2022, we conducted a survey on car use habits of staff using company cars.

Figure 8: Distribution of fuel consumption by fuel type in 2022

Gasoline (l)	Diesel (l)	Electric car (kWh)
620,732.39	806,186.14	1,875.80

The average life of our vehicle fleet is 3.1 years. When procuring new vehicles, we base our decisions on TCO economic calculations, taking into account environmental factors such as fuel efficiency and emissions. We aim to replace our own vehicles every 4-5 years on average, allowing us to take full advantage of technological advances and the opportunities offered by more efficient and more effective engines.

⁵Based on data for 2023 Q1, we have already achieved the 50% target by the date of this report.
⁶The 2022 data in the table include fuel card purchases but exclude cash/bank card fuel purchases that were made as a result of the government-imposed fuel price cap and the resulting temporary fuel shortage during the year, resulting in fuel purchases that were not necessarily made through the contracted fuel retailer partner. However, the rate of these is negligible, accounting for less than 2% of total fuel purchases.
⁷TCO = total cost of ownership, i.e. the real cost of owning an asset over its lifetime



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Figure 9: Total non-renewable energy consumption in 2022

Total non-renewable energy consumption	Consumption	Consumption (GJ)
Natural gas	707,095.69 m ³	24,041.25
Gasoline	620,732.39 liters	19,863.44
Diesel	806,186.14 liters	29,022.70
Electricity	4,812.95 MWh	17,326.63
Total direct energy purchased		72,927.39
Total indirect energy purchased		17,326.60
Total non-renewable energy consumption		90,254.02
Per-capita energy consumption		53.88

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(GRI 305, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7)

The building stock and the construction industry is responsible for 37% of global CO2 emissions . Keeping this in mind, it is key for us to prioritise our efforts to reduce carbon emissions in our sustainability strategy, thereby contributing to the achievement of the UN Sustainable Development Goals. As per our related commitment to be met by 2030, we plan to

- achieve a 50% reduction in carbon emissions in Scope 1 and 2 by 2030 compared to the 2019 base year, and
- ensure the availability of Scope 3 data on the carbon footprint and its reduction.

⁸ United Nations Environment Programme (2022). 2022 Global Status Report for Buildings and Construction
<https://www.unep.org/resources/publication/2022-global-status-report-buildings-and-construction>



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What are Scope 1, 2 and 3 emissions?

Our greenhouse gas emissions are calculated according to the internationally accepted and applied methodology, the GHG Protocol , which differentiates each tier according to the extent to which an organisation controls its greenhouse gas (GHG) emissions sources.¹⁰

- emissions include emissions from the combustion of fossil fuels (e.g. natural gas) in boilers and emissions from the combustion of fossil fuels in company vehicles.
- Our indirect, Scope 2 emissions are emissions from power plant energy sources that supply electricity for buildings and manufacturing, or electricity for charging electric vehicles. There is no use of district heat, or heat and steam generation.
- Scope 3 emissions include emissions from the extraction of raw materials used in our production, emissions from the manufacture of products we use, emissions from the downstream use or incorporation of our products, or emissions from the disposal of waste. We do not have figures for Scope 3 as yet, but our aim is to develop a measurement system for these and reduce the resulting emissions.

In 2022, we conducted a Group-wide due diligence of our operations, assessed our Scope 1 and 2 carbon emissions, and took stock of our potential emissions reduction opportunities, based on which we adjusted our commitments in the Sustainability Strategy. Our emissions targets set out in the strategy are set against the 'full value' base year of 2019 preceding the Covid period.

Emission data

The Scope 1 and 2 emissions of KÉSZ Group in 2022, the distribution of emissions by source and the emission intensity ratio (per capita) are shown in the tables below.

⁹ <https://ghgprotocol.org/>

¹⁰ Accordingly, Scope 1, also known as “direct” emissions, includes emissions from activities owned or controlled by the organisation. Scope 2, or “indirect” emissions, are emissions from the purchase of electricity used by the organisation. The broadest concept, Scope 3, or “value chain emissions”, refers to indirect GHG emissions resulting from the activities of the organisation, but outside its direct control.



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Figure 10: CO₂ emissions from energy consumption in 2022

Emissions from energy consumption (by area)		Emissions (t CO ₂ e)
Direct Scope 1	Natural gas	1,343.48
	Gasoline	1,427.68
	Diesel	2,176.70
Indirect Scope 2	Electricity	1,328.37
Scope 1 total		4,947.87
Scope 2 total		1,328.37
Scope 1+2 total		6,276.24
Emissions per capita		3.75

We have identified a number of measures that could reduce our Scope 1 and 2 emissions, and we have set out our related commitments for 2030 in our sustainability strategy. The three most important of these measures are:

1. sourcing the total amount of electricity used from renewable sources,
2. increasing the share of hybrid and electric cars and optimising the vehicle fleet, achieving a 50% reduction in emissions on a CO₂/km/person basis, and
3. implementing energy-saving measures and investments related to building operation and our manufacturing activities. Our actions in this area in 2022 are described in detail in our [Energy management] chapter.



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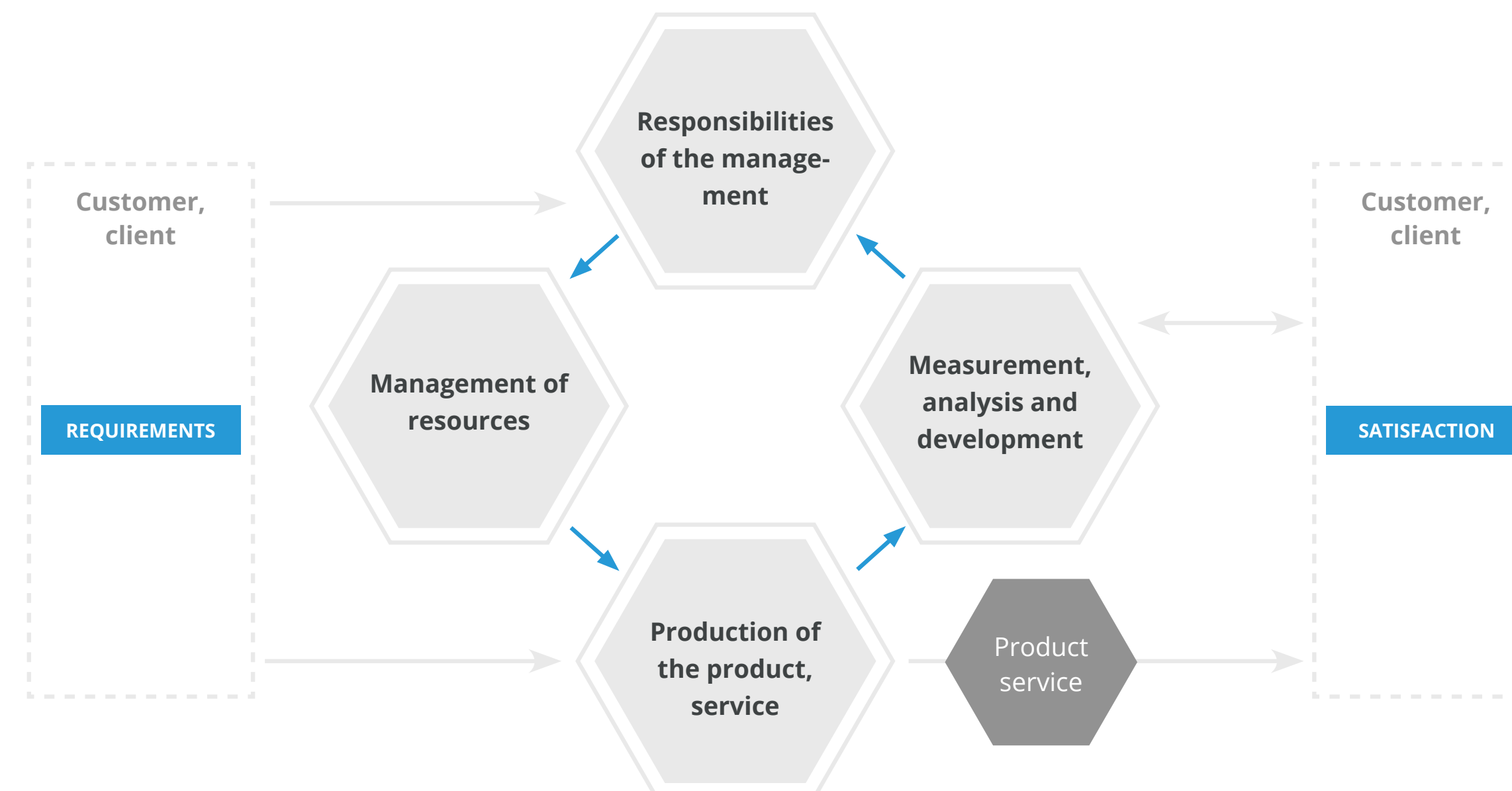
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Operation of our quality management systems

The fundamental aim of our quality management systems is to help meet customer expectations and improve performance and efficiency, providing a sound basis for sustainable development. With appropriate quality assurance and a clear definition of processes, manufacturing, construction and service non-conformities can be prevented, avoided and, if necessary, effectively managed.

The operation under quality management systems is summarised in the Integrated Management Manual for Quality Integrated Systems of our member companies. The quality policy of our member companies (or, in the case of integrated systems, the integrated corporate policy) is set by senior management and provides a framework for setting quality objectives. In the course of the operation of the system, managers set development directions and targets, the achievement of which is continuously monitored. The annual objectives, the resources needed to achieve them, the responsibilities and deadlines are also defined during the management review. Each year, the managers of our member companies with a certified system conduct a risk analysis to identify risks and opportunities that affect our operations. The identification of the various risks is analysed and weighted in several categories, taking into account the activity of the companies concerned. The managers then formulate solutions for reducing probabilities and impacts.





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The compliance with standards and legal regulations required for the operation of our member companies and for the production of our products is supported by a number of certificates. In total, our member companies included in the report have 41 certifications in the following areas:

 8 Quality Management System (ISO 9001)	 7 Environmental Management System (ISO 14001)	 6 Occupational Health and Safety Management System (ISO 45001)	 3 Occupational Safety, Health and Environmental Management System (SCCP – Sicherheits Zertifikat Kontraktoren – Petrochemical Grade)	 1 Quality management system in compliance with NATO normative document requirements (AQAP 2110)
 6 Factory Production Control Systems: Load-bearing steel structures (EN 1090-1) Facade cladding systems Manufacture of doors/windows	 4 Welding certification (EN 1090-2)	 4 Comprehensive quality management system for metal fusion welding (ISO 3834-2)	 1 Welding certificate for the production of pressure equipment (Directive 2014/68/EU, MSZ EN ISO 3834-2)	 1 Manufacture, on-site technological installation, assembly, repair and conversion of storage tanks and equipment for the storage of hazardous liquids and melts, other than pressure vessels (Government Decree No. 216/2019 (IX.5.))

The management of KÉSZ Group is committed to ensuring safe working conditions that do not endanger health and safety, as well as modern technical standards, and is aware that the development of quality and environmentally conscious corporate behaviour is a fundamental requirement for achieving its long-term, sustainable goals.

Management considers the following to be of key importance:

- We strive to continuously improve our quality, environmental protection, occupational safety performance and competitiveness in the areas of our organisation's activities. To this end, risks and impacts are continuously monitored and assessed, and measures are developed to avoid or reduce the risks of high-risk/ high-impact technologies/activities.

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- To continuously improve the integrated management system, we continuously review and evaluate our activities and declared programmes to measure progress and achieve our objectives.
- We give our employees and their representatives the opportunity to participate in the operation and development of our integrated system and in decisions affecting health and safety at work.
- We give priority to understanding and meeting the expected and anticipated needs of our internal and external Customers, through the quality of our services, compliance with occupational safety and environmental protection requirements. We make it a priority to minimise risks and impacts and prevent injuries and health impairment by identifying and implementing state-of-the-art technical tools, equipment and technologies.
- We continuously monitor and fully comply with legal requirements.
- We strive to build long-term relationships with our suppliers and service providers. We expect the services they provide to meet the high quality standards defined, thus contributing to the impeccable quality of the facilities we provide.
- KÉSZ Group develops the quality, environmental protection and occupational safety approach and commitment of its employees through regular training, and raises awareness of the environmental impact and occupational safety risks of its activities. We pay special attention to the professional training of our staff.
- Our company aims to protect the working capacity of employees and to humanise working conditions, thus preventing accidents at work and occupational diseases, improving employee satisfaction and safety at work.

The purpose of quality audits is to determine whether the corporate governance system is operated in accordance with internal requirements and relevant standards, legislation and other regulations. In 2022, the number of internal audit days was 58, while the number of external audit days was 37.

Results of our customer satisfaction survey

Our aim is to continuously improve service quality, to develop a portfolio of activities and services tailored to customer needs, and to increase customer satisfaction. In order to achieve the results we have set ourselves and to maintain the high quality of our services, it is important to keep an eye on the constant changes in customer needs and to be aware of them at Group level. Customer satisfaction is surveyed year on year among our key customers from the previous year, both at home and abroad.

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Our customers currently rate our activities according to five criteria:

- the quality of service
- meeting the deadlines agreed
- the effectiveness of communication
- the process for handling complaints and objections
- value for money in terms of service quality

The customer satisfaction survey is supported by our proprietary corporate governance system, which allows the survey to be carried out electronically, supported by automated processes, whereby our partners rate our services on a scale of 1 to 5. When completing the questionnaire, they have the opportunity to provide a textual opinion on the perception, strengths and weaknesses of our member companies. The results help us to set our development goals, as we analyse our partners' feedback together with senior management as part of our management review, and then use this feedback to set future directions.

In the 2022 customer satisfaction survey, our member companies scored an average of 4.13 (82.6%) on a scale of 5, with some scores of 4.89, which corresponds to a score of 97.8%.

The result of our partner rating

The key objective of the partner rating process is to gain a comprehensive picture of our contracted partners and their performance, and to reduce the risks involved. Since 2014, our Group has had a proprietary corporate governance system in place to support the rating of our partners, which was further developed in 2022. Thanks to this development, the system now automatically sends out both the pre-qualification registration questionnaire and the post-qualification questionnaire. For more information on partner rating and its social and environmental aspects, see the sub-section on Procurement.

Our cooperation with the ISO 9000 Forum

Our member company, KÉSZ Építő és Szerelő Plc. is a member of the ISO 9000 Forum, an association committed to the dissemination of quality-driven approach and the implementation of quality-development tools. At the 29th National Quality Conference organised in September 2022, two of our colleagues represented the Group and delivered presentations on sustainability and digitalisation in the construction industry, which have been two of the main focus areas of the Group in recent years. The focus of the event was on the changing world order, crisis management techniques and examples of a fresh start, as well as the impact of Industry 4.0 and Quality 4.0 on competitiveness.



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The long-term objective of our Real Estate Development business is to deliver developments with volume and return that meet the needs of owners and the market, at the high end of the market, both at home and abroad.

The real estate development market is influenced by the issue of sustainability, which we consider important as an internal commitment, therefore, both for the buildings we develop and for our subcontractor work, we aim to create and enhance an environmentally sustainable built environment. For buildings, we are prioritising energy issues, we have set ambitious carbon reduction targets for the medium term, and we expect our partners to do the same. In running our own organisation, we place strong emphasis on the health and balanced lifestyle of our staff, but we have the same goal in mind when we deliver real estate projects for external customers.

In our 2022 Sustainability Strategy, we made a specific commitment to ensure that our self-developed office buildings in Hungary are at least BREEAM Excellent, LEED Gold, WELL Platinum certified and comply with the EU Taxonomy.

Below you will find a list of green projects completed or in the process of completion in 2022 with involvement by our Group:

General contractor projects:

1. TILIA by Hexagon Offices (Szeged):

The redevelopment of our Group's 12,000 m² building at 25. Gutenberg Street, Szeged, originally a school and office building, is underway. Based on the renovations to be carried out, the building will be the first Platinum-rated office building in the city, which is the highest grade of the WELL Building Standard building categorisation system, aiming to establish the physical and mental well-being of the employees. The property is scheduled for delivery in 2025 and will have the following outstanding features:

- green roof surfaces, usable terraces
- BREEAM-compliant smart building management system (BMS)
- an employee-friendly internal environment that ensures healthy working conditions (e.g. modern ventilation system, smart chargers, 24/7 security)
- CCTV and LED lighting
- free WiFi in the community area and garden
- bicycle storage and shower
- café and restaurant services
- selective waste collection
- energy-efficient sanitation and flushing



**TILIA by
Hexagon Offices**
Szeged





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- 30 electric car chargers
- Class “A” building engineering system e.g. solar panel and heat pump
- Compliance with acoustic requirements in accordance with BREEAM and WELL building certification categories
- tree planting commitment: 1 tree planted for every 20 work stations

In addition to WELL Platinum certification, we are also aiming for BREEAM Excellent certification.

A calculation of the carbon footprint of the TILIA office building has been carried out, as well as a calculation of the amount of built-in carbon saved as part of a development involving the renovation of the existing building has been determined, compared to a building that would be constructed entirely by demolishing the existing buildings and constructing a completely new building.

The proposed solution is ~8-9% more carbon efficient than the solution that would involve the complete demolition and reconstruction of the existing building complex. This is mainly due to the amount of concrete, steel and other construction materials saved by partly retaining the supporting structure, and partly due to lower on-site emissions and demolition waste.

2. Pillar Office Building (Budapest):

In the spring of 2022, the 29,000 m² office building development on the Váci út office corridor, commissioned by GTC Magyarország Ingatlanfejlesztő Plc. and completed by our Group (KÉSZ Építő és Szerelő Plc.), was delivered.

The investment project is characterised by premium quality, sustainable technologies, LEED Gold green certification and development to meet tenant needs. Community and collaboration spaces of various sizes and functions have played an important role in the design. The architect has achieved a building ensemble that blends in with its surroundings through a variety of architectural solutions, through the fluid shaping of the building, by pulling back the façade, and by opening up the arcades, the spaces and the inner green courtyard to the street. KÉSZ Metaltech Ltd. provided the steel structure for the undulating building complex that radiates lightness.

3. Duna Terasz Grande (Budapest):

Duna Terasz Grande is the latest development of the D&B Real Estate Development Group, located in one of the greenest Danube-front locations of Budapest, along the Foka Bay. The 790-apartment project is built in a green environment, with a number of smart, green and unique community solutions, using high quality materials. This is the third phase of the ten-year real estate investment project in District XIII, where KÉSZ Építő és Szerelő Plc. acts as general contractor for the project. An important aspect of the project is the use of premium quality materials and the design of vast spaces, which is reflected in the design of the apartments, the communal areas and the green spaces, which are designed by a team of landscape architects.

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Pillar Office Building
Budapest



Duna Terasz Grande
Budapest





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In addition to inner courtyards with playgrounds, a community yoga, sunbathing and barbecue terrace will also serve to build community. The project will also include smart solutions that are now expected, such as networked smart homes for the apartments, smart benches and e-charging in underground car parks in some locations. Duna Terasz Grande's zero-emission apartments are designed with green, sustainable solutions in mind. Their heating system uses renewable energy from district heating and heat pumps to help keep energy consumption low. The three-layer soundproofed windows and ceiling cooling-heating systems also enhance the comfort of the occupants. A sense of sustainable living space is also provided by communal green terraces, large contiguous green spaces and proximity to the waterfront. Already during the design phase, we kept sustainability in mind by using selective waste collection to separate waste as efficiently as possible and thus create recycling opportunities (see Waste Management section). This idea also won a Heuréka award for one of our staff members.

4. Green Court Office (Budapest):

Green Court Office has been awarded BREEAM Excellent certification thanks to its environmentally-conscious and energy-efficient unique technical solutions. With its environmentally-conscious design and buildings organised around a 3,300 m² internal park, Green Court Office is one of the most attractive new players in the Budapest office market. The general contractor was KÉSZ Építő és Szerelő Plc. The office building meets the requirements for near-zero energy buildings and has been designed with environmental sustainability in mind. Energy-efficient solutions include low-energy induction chilled beams, heat pumps and rainwater recycling. What makes the building a truly unique player in the office market is the double-skin ventilated glass façade, which uses premium quality materials to ensure outstanding energy efficiency, thermal and acoustic protection. The offices have optimal access to natural light thanks to the full-height glazed façade.

Partial construction works, e.g. steel construction and electrical construction works:

1. BMW (Debrecen):

In 2022, BMW's investment project for a complex car manufacturing base on a 400-hectare site entered the construction phase, and our Group is involved in the implementation of this megaproject. KÉSZ Építő és Szerelő Plc. is responsible for the construction of three buildings, the electrical substation (MSS), the central building (CC) and the paint shop building (TOF). The Debrecen factory will be a carbon-free production site, "lean, green and digital" at the same time.

2. MOL Campus (Budapest):

The 28-storey headquarters of MOL Plc., the tallest building in Hungary, was delivered in 2022. This building is in many ways one of superlatives, with one of its special features being the 24-metre-high steel-framed crown on top of the 143-metre tower. The complete design, production and on-site construction of the steel and roof structure of the building complex was carried out by our Group (KÉSZ Metaltech Ltd., KÉSZ Ipari Gyártó Ltd. and our strategic partner bim.Group Ltd.). The building has been awarded the BREEAM Excellent certification.



Green Court Office
Budapest

MOL Campus
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3. Agora Hub (Budapest):

A key objective in the development of the Váci út complex was to create a people-centred community space, ideal not only for work but also for leisure. The spaces between the office buildings will have shops, restaurants and community services after the handover (by 2023), but will also include a 15 tennis court green space with tree-lined areas and grass walkways. The Hub building of the Agora complex, completed in 2022, allows flexible customisation of individual office spaces with the help of the built-in Symbiosy technology. This makes for a more people-centred and personalised working environment than traditional solutions, serving more efficient work. The Agora Hub also has a number of smart office features (e.g. high-tech access control and intelligent meeting booking system, smart parking) and special services (e.g. concierge service, bike sharing) that also have a positive impact on the well-being of employees. In addition, the newly completed complex received a unique, so-called 3D facade by KÉSZ Metaltech Ltd. The building has BREEAM Excellent certification.

4. Liberty Office Building (Budapest):

The A+ rated office building in District IX, implemented by the real estate development company WING, is a BREEAM Excellent rated building with a special feature of a two-storey high planthouse (SkyGarden), complete with a café. The building features state-of-the-art smart solutions (e.g. BMS, optimised electric vehicle charging), environmentally-conscious engineering technologies (e.g. natural ventilation and fresh air supply, district heating, noiseless chilled beams) and the environmentally-conscious use of materials. As part of employee well-being, the scalar with its panoramic views was an important aspect, as were the rooftop gardens on the roof of the building and the running tracks and streetball courts. The inner park on the ground floor is open to the public with a walkway and a splash pad. PROVIM Ltd. participated in the construction.

5. OTP M12 Headquarters (Budapest):

In the summer of 2022, we delivered the M12, an 84,000 m² office building complex for OTP Bank, which took almost 4 years to complete. In addition to KÉSZ Metaltech Ltd., the strategic partner of the KÉSZ Group, bim.GROUP Ltd. and KÉSZ Ipari Gyártó Ltd. participated in the implementation of the entire project. The building is LEED Gold certified.

In 2022, KÉSZ Holding Plc. became a member of the Hungary Green Building Council (HuGBC), a professional community that has been bringing together all areas of the construction industry since 2009. The HuGBC aims to contribute to the spread of environmentally-responsible and cost-effective building practices in Hungary by promoting the necessary market, educational and legislative conditions. HuGBC membership allows us to learn from others and share our own best practices, thus contributing to the transformation of the sector and KÉSZ Group.

Agora Hub

Budapest



OTP M12 Headquarters

Budapest





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OCCUPATIONAL HEALTH AND SAFETY, HEALTH PROTECTION

(GRI 403)

In the absence of adequate protection and control, construction and manufacturing work processes can present a number of potential hazards to workers, the identification and management of which are essential to maintaining safe and healthy working conditions. Therefore, in addition to legal compliance, we constantly monitor industry trends, apply best practices and continuously improve to ensure the safety of our employees, partners and subcontractors. Our key objective is to achieve zero accidents at work, including zero serious accidents, both within our own and subcontractor's operations.

The management of KÉSZ Group is committed to ensuring the personal, material and organisational conditions of occupational health and safety, as well as modern technical standards, and actively works to continuously improve and consolidate the culture of occupational health and safety for all stakeholders. We comply with the provisions of OHS-related legal regulations and requirements of the MSZ ISO 45001 Occupational Health and Safety Management System standard (hereinafter: OHSMS) to the maximum extent possible, and the ratio of employees covered by the OHSMS, both externally and internally audited, is 70% among the companies participating in reporting. Certification is renewed regularly and compliance of member companies is audited annually by a third party.

- Companies with OHSMS certification: KÉSZ Építő Plc., PROVIM Ltd., ION Systems Ltd., MATECH Magyar Technológiai Ltd., KÉSZ Metaltech Ltd., KÉSZ Ipari Gyártó Ltd.
- Companies with SCC^P (Sicherheits Certifikat Kontraktoren) – Petrochemical Grade certification: KÉSZ Építő Plc., MATECH Magyar Technológiai Ltd., KÉSZ Metaltech Ltd.

The scope of our OHS and fire protection regulation system covers all workplaces, own and external work areas, leased premises, social and other facilities, while its personal scope applies to all employees, contract workers, students in dual training and subcontractors. The Company Management ensures that the necessary personnel and material conditions needed for the implementation of the statutory OHS requirements are in place, the Head of the Quality Business Unit ensures compliance with and enforcement of the legal regulations and instructions on the basis of monthly reports and documentation, and can monitor OHS performance on a daily basis via the dashboard interface created for this purpose. Both white-collar and blue-collar staff are required to know and comply with OHS and fire protection regulatory documents, attend OHS training, eliminate any conditions that could cause accidents, report any anomalies or deficiencies and attend periodic medical fitness examinations. Our Code of Ethics also states that all employees have a common duty and obligation to promote and maintain safe and healthy working conditions, and that all employees must immediately report accidents, injuries, unsafe work equipment and working conditions to their supervisor or the occupational health and safety officer. As a means of accident prevention, our activities are highly controlled, with 4,588 walk-throughs carried out in 2022, during which 12,828 actions were taken on our sites and projects.





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Management of occupational health and safety risks

Our rules of procedure on risk assessment is a key element of our measures to prevent workplace accidents and occupational diseases, and to ensure safe and healthy working conditions. We carry out regular and continuous risk assessments to examine working conditions as widely as possible, uncover hazards, identify and prioritise measures to comply with legal regulations. Our target software is used to carry out daily risk assessments at our changing workplaces, so that the results of health and safety coordinator inspections can be used by the technical management in charge of construction to monitor the risk level of deviations on their projects and take preventive measures. Discrepancy reporting and compliance with the measures are monitored using software tools developed and implemented in 2018 by the Quality Business Unit and the Group's developers. Risk assessment is an occupational health and safety activity and is, therefore, carried out by an experienced OHS professional.

At all our sites, we have assessed the needs for personal protective equipment and developed a policy on the use of personal protective equipment, and we only make such purchases with the involvement of OHS specialists, and when changing product ranges, we make decisions with the help of OHS representatives and after testing.

In the event of an emergency, the environmental protection officer, the OHS representative and the OHS and fire protection officer jointly ensure that the expertise and technology available separately at the various organisational units are made available to all the member companies of KÉSZ Group. If, despite all precautions taken, an accident does occur, the causes are identified, and the consequences and the interventions applied are analysed. To ensure that we are appropriately prepared for emergencies, we provide ongoing training, such as self-rescue for work at height, first aid training and evacuation drills. No emergency events occurred in 2022.

In compliance with the Labour Safety Act, we ensure the reconciliation of interests in the field of occupational health and safety and the protection of workers' interests in the field of OHS. The Group's OHS officers are entitled to call on the services of an expert on matters relating to safe and healthy working conditions, subject to prior agreement with the employer, and to discuss such matters with the OHS authority.





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OHS training and awareness-raising

All employees are required to complete a proprietary onboarding and annual refresher EHSQ e-learning training and exam, tailored to target groups based on job classification, jointly organised by HR and the Quality Business Unit. In addition to the relevant legal minimum requirements, to strengthen safety awareness more widely, our subcontractors working on construction sites also receive full EHSQ training on site, with a total of 17,093 people trained in 2022. Based on a competency table, the company provides and HR schedules specific training related to the given job, such as first aid qualification training, fire safety exams and training for OHS representatives. In the case of a high level of non-compliance, the OHS officer may introduce extra training. To monitor compliance with OHS rules, we organise daily, weekly, monthly and quarterly walk-throughs at our sites and conduct internal audits in accordance with our internal audit plan, using the above-mentioned software.

In order to further strengthen our OHS culture, we organised monthly and annual OHS competitions for teams working on projects, with more than 300 employees from 23 teams. We use the above-mentioned target software to measure and reward, depending on the results, cooperation in correcting the detected deviations, accident indicators and keeping accident risk low. The absolute winner of the competition was the Pillar Office Building project team, which scored the most points during the period reviewed and won the monthly OHS competition four times in 12 months. The winners received a team-building programme worth HUF 1 million.

In the autumn, we organised HSE Days at the LEGO East Block in Nyíregyháza and BMW Debrecen construction sites, with the primary aim of preventing accidents and developing a safe and healthy working attitude.

The development of the subcontractor training and registration programme, which complements the access control system, started in 2018. Testing started at the end of 2018, but was suspended during the pandemic. In 2022, new developments were added and the system was relaunched on a trial basis. The aim of the development is to facilitate compliance with OHS and fire protection legislation for construction activities, increase HSE awareness, facilitate deployment in the case of parallel work across projects, and ensure uniform registration and immediate traceability of qualifications, training, authorisations and their expiry dates. Certain conditions are checked centrally, in particular the expiry of medical fitness for work examinations, which automatically revoke access rights, but other warnings, sanctions, irregularities and test results can also be linked to a personal profile.





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Occupational health

Our employees are required to undergo an occupational health examination at least annually, depending on the job, the activity and, among other things, the components of the hazardous mixtures used, at six-monthly intervals, supplemented by biological monitoring or an extraordinary examination, as appropriate, in accordance with our policies on risk assessments and medical fitness testing. The service is provided by contractual partners. The qualifications and training of the doctors of our occupational health partners are checked by the Quality Management department. Medcover offers complex preventive screenings for white-collar workers at the Group's expense, which can be extended to family members at cost price. All our employees have the opportunity to contact our contractual partners in the event of a health complaint.

Reporting and investigation of accidents

Quasi-injuries, road accidents, work-related accidents, increased exposure cases, occupational diseases are always investigated in accordance with internal rules on occupational health and safety and the national legislation in force. In 2022, there were 26 work-related accidents, of which 22 were reportable to the OHS authorities. Rate of accidents per 1 million working hours is 8.8 The accidents were not serious and most of them occurred in production, typically involving slip-and-fall accidents due to inattention, crush injuries or hand injuries due to hand impacts.



Number of fatal accidents
Number of occupational diseases
Number of serious accidents
Number of traffic accidents involving personal injury

Figure 11: Number of work-related accidents in 2022

Total number of accidents	26
Men	25
Women	1
Total number of serious accidents	0
Men	0
Women	0
Total number of reportable accidents	22
Men	21
Women	1



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EMPLOYMENT

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The employment policy of KÉSZ Group member companies is characterised by efficiency, sustainable growth and stability. Sustainable growth built on strong foundations ensures successful operations. We attach great importance to the continuous development of our human resources management. Our Group-wide sustainability strategy is also reinforced and supported by our HR strategy, which provides appropriate support for the translation of the strategy into everyday practice.

Objectives in the focus of the HR activities of KÉSZ Group

Efficiency	Innovation	Community and social responsibility
Ensuring effectiveness through organisational and operational efficiency	Continuous improvement, daily improvement using an agile approach	Cooperation between employees and partners of the Group, strengthening working relationships based on trust, development of micro and macro-level communities, strengthening responsibility in social roles

In order to achieve the above objectives, key aspects are embedded in our Group's employment policy.

Priorities of our HR strategy:

- Hiring the most suitable employee in the position most suitable for them and for us
- Continuous training and development, by means of gaining experience at work, leadership coaching and other developments
- Improving both individual and collective performance, behaviour and set of values
- Performance-based differentiation
- Transparent frameworks and management communication
- Further strengthening of feedback culture; improving the formal and informal performance appraisal process
- Relying on excellent and exemplary employees to successfully implement various change management processes
- Equal treatment, non-discrimination
- Continuously improving our attractiveness (employer branding activities in both external and internal communication)

In order to achieve the above objectives, key aspects are embedded in our Group's employment policy.





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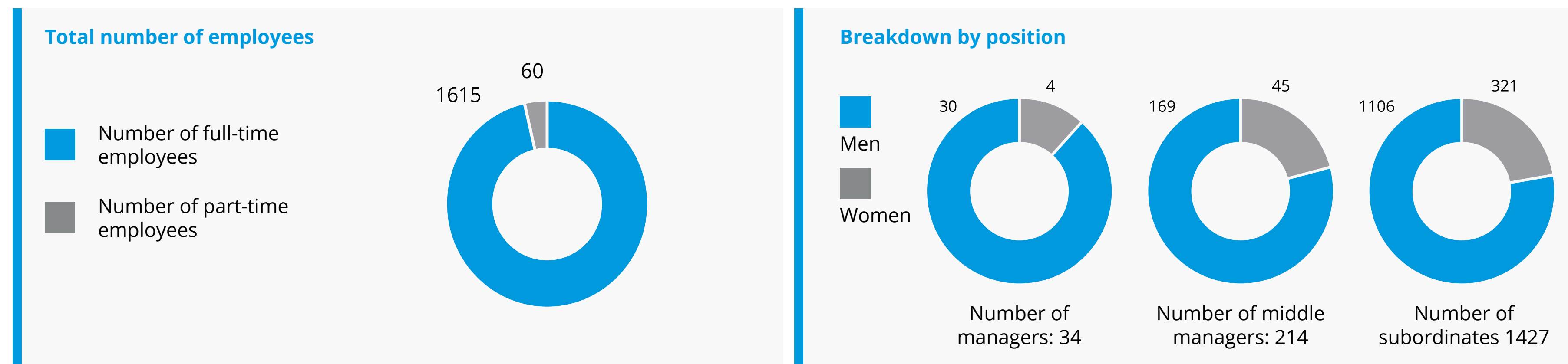
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Impact assessment

Positive effects	Negative effects
<ul style="list-style-type: none"> • workforce development • youth development, vocational training activities • developing leadership and management operation • corporate social responsibility • values, culture, leading by example • ethical standards • equal treatment, development-oriented management attitude • strengthening feedback culture • improving cooperation 	<ul style="list-style-type: none"> • impact on employees who do not meet performance expectations • impact on employees who reject continuous change • impact on employees with an inappropriate attitude to work

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Figure 12: Overview of the data on employees of KÉSZ Group





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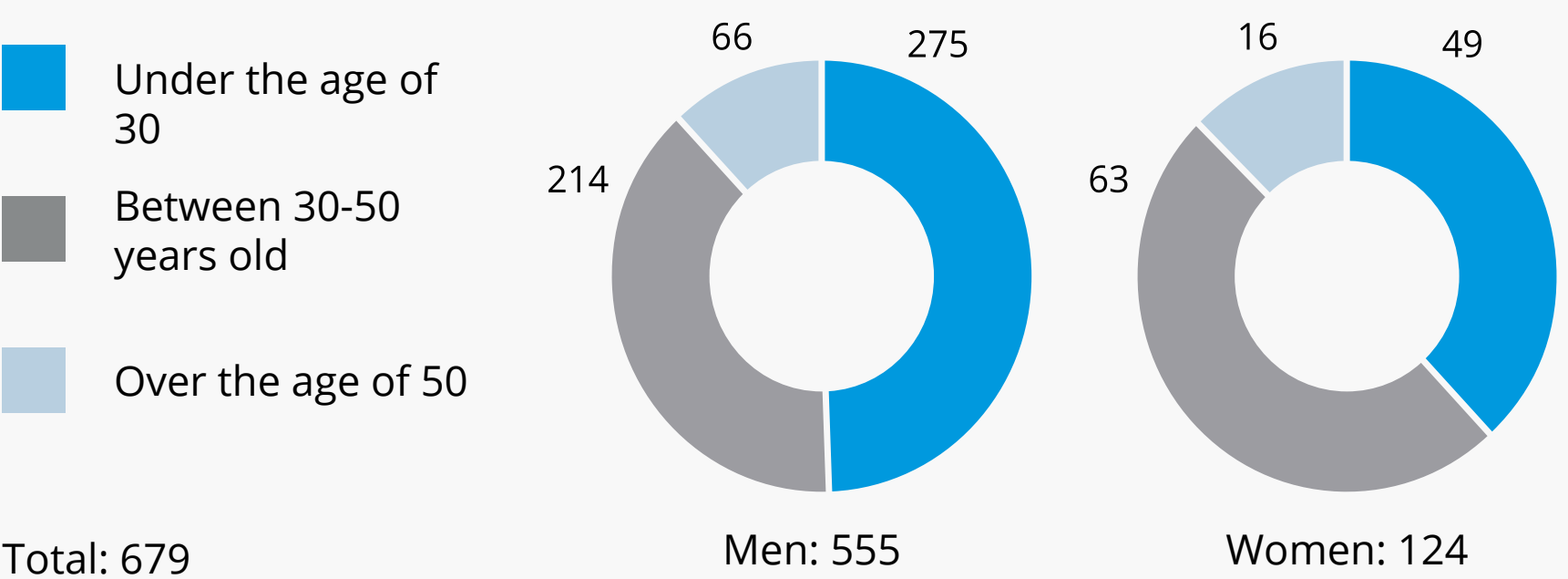
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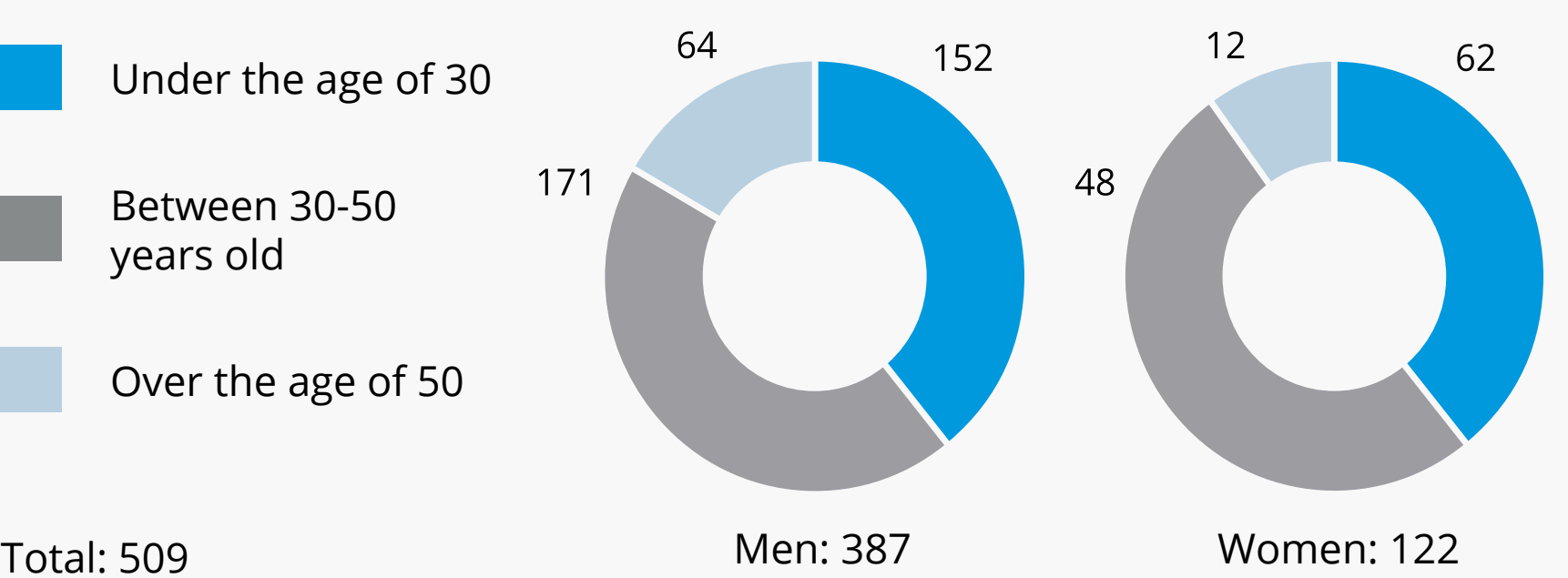
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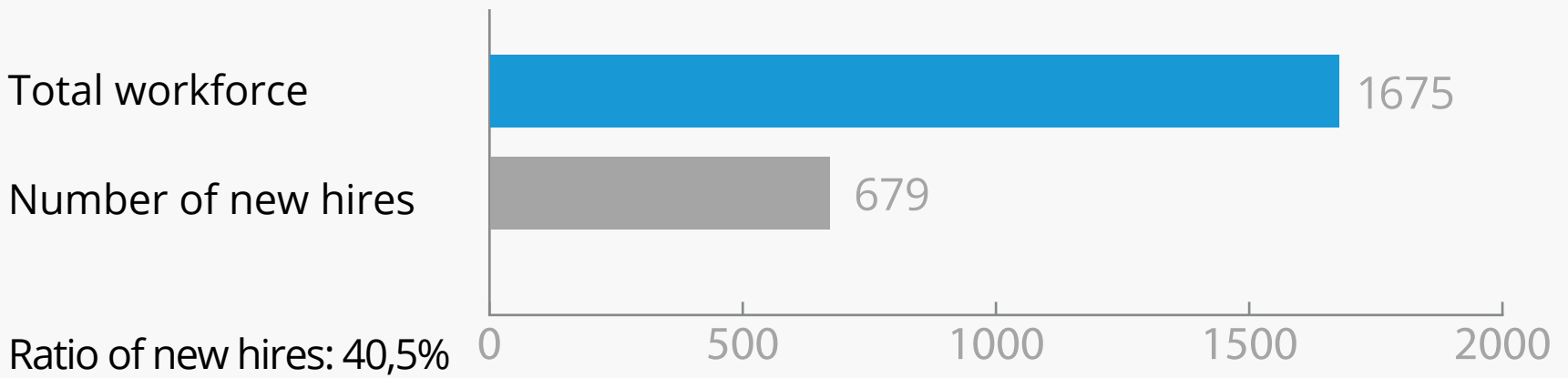
Total number of new hires



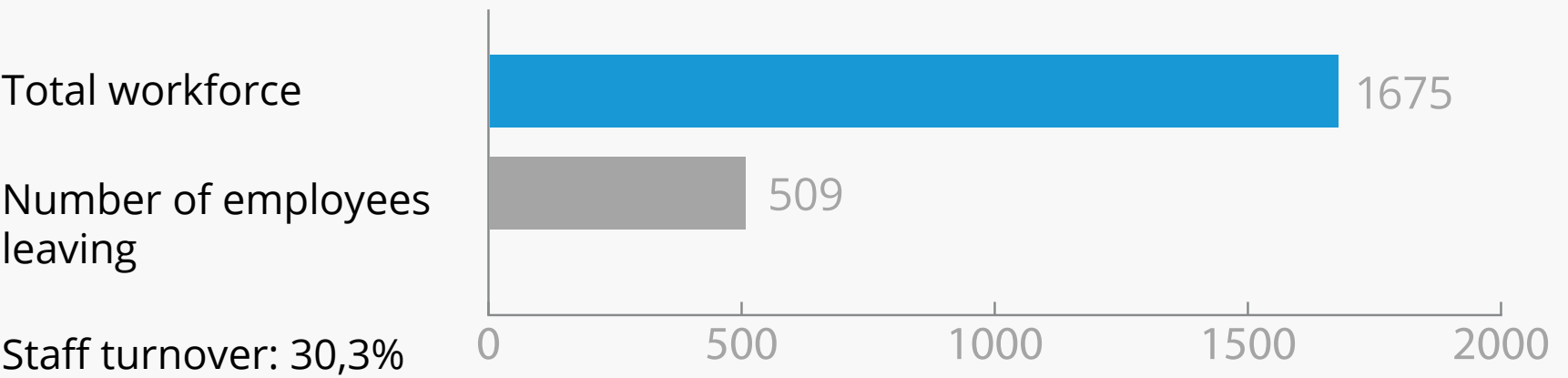
Total number of employees leaving



Ratio of hired employees to closing headcount



Ratio of departed employees to closing headcount





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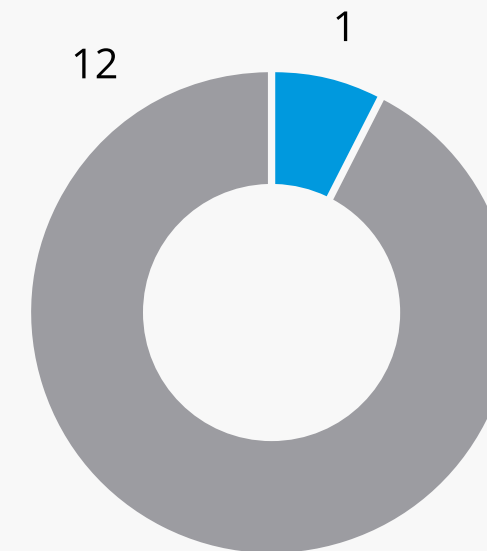
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Number of employees returning to work after the end of parental leave in the reporting period by gender

Men

Women

Total: 13

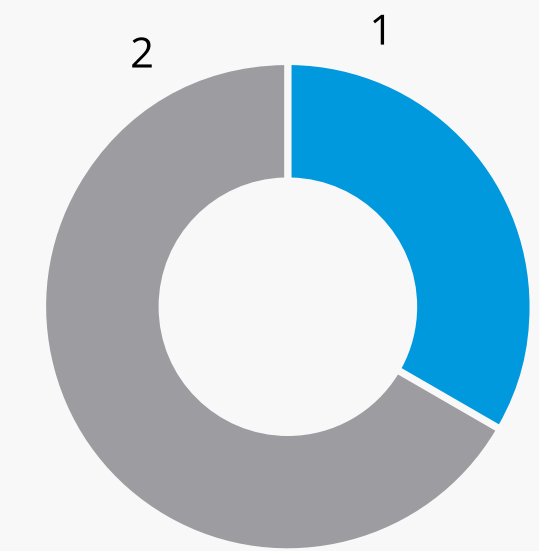


Number of employees returning to work after the end of parental leave and still employed 12 months after returning to work

Men

Women

Total: 3

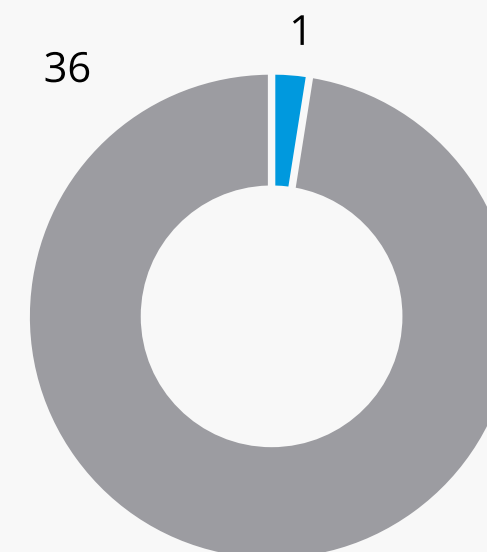


Total number of employees taking parental leave by gender

Men

Women

Total: 37

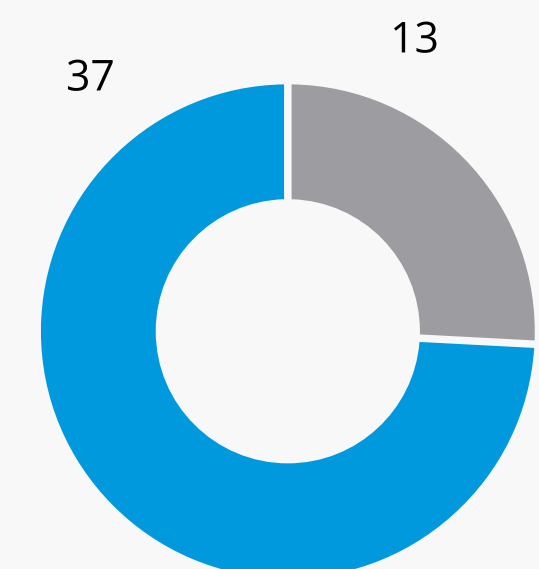


Return to work rate

Total number of employees returning to work after the end of parental leave in the reporting period

Total number of employees taking parental leave

Return to work rate (%): 35





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Internal communication

Effective internal communication is essential to our success. In addition to management meetings, we use various channels of internal communication (email, newsletter, HexagOn app), which we are continuously improving to increase the effectiveness of our outreach to both our white-collar and blue collar employees. Sharing information, presenting changes, sharing successes, communicating experiences, identifying challenges and priorities are all part of the daily internal communication.

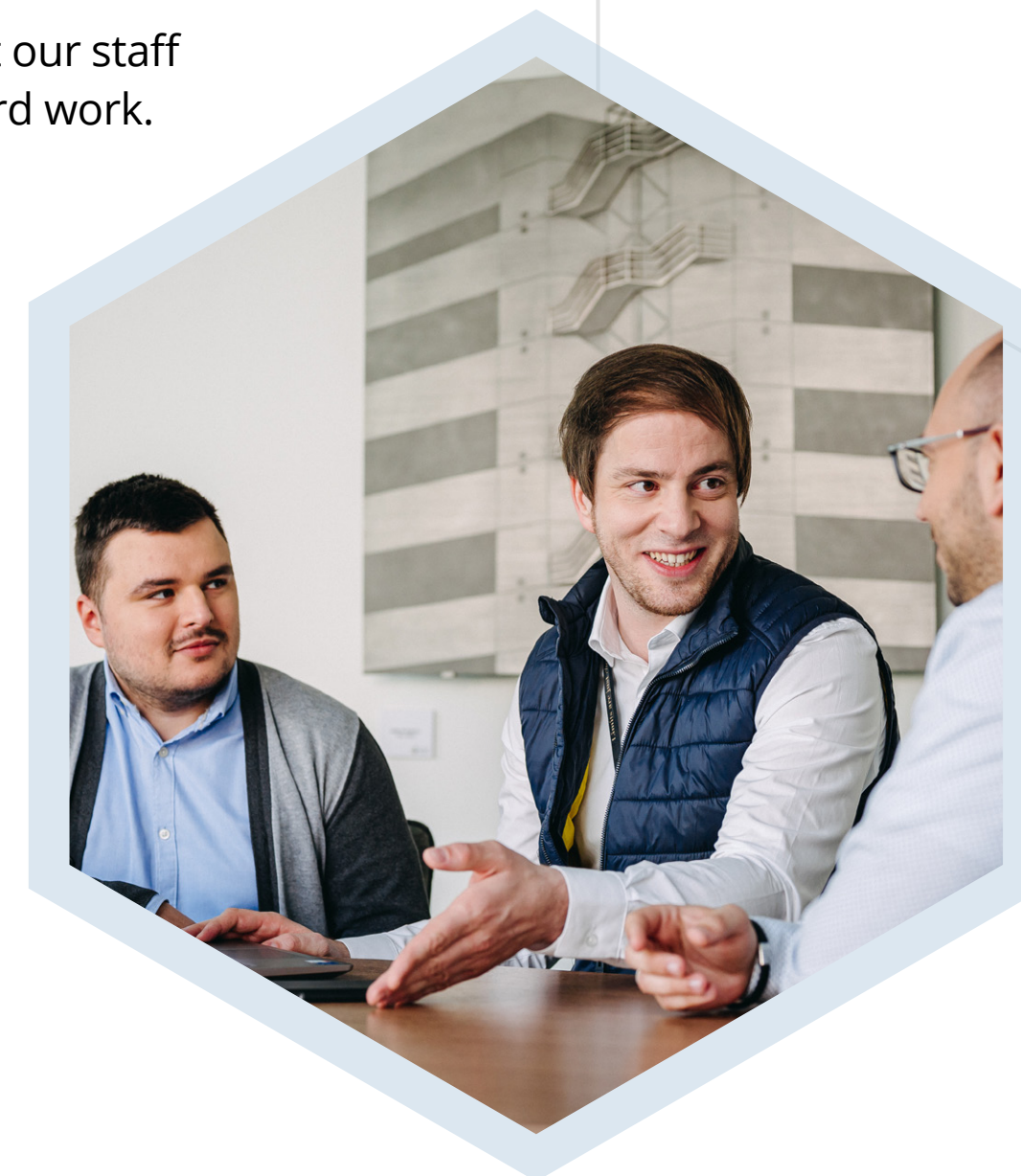
Remuneration

Our remuneration policy applies both positive and negative incentives. Our Bonus Policy applies to all our staff and senior colleagues.

To measure performance, annual targets are set and evaluated weighted by Group, sector and individual targets.

Benefits and incentives

Caring is a core value in our HR strategy through KÉSZ Group's approach to ownership. We support our staff with incentives and benefits in addition to their basic salaries, in recognition of their loyalty and hard work.





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Benefits and other incentives provided to KÉSZ Group employees

<ul style="list-style-type: none">Life and accident insurance for all staffHealthcare services<ul style="list-style-type: none">Medicover for white-collar employeesCompany physician care for blue-collar employeesCafeteria scheme for white-collar employeesFree hot meals for blue-collar employees	<ul style="list-style-type: none">Annual bonusProject bonus (for staff working on a project)Loyalty bonusAbsence allowance (in case of absence from family)Construction allowance – allowance for week-long work, work organisation allowance, technical supervisor allowanceHexagon Prize
<ul style="list-style-type: none">Private use of company carPrivate mobile use as per the contractUse of IT tools	<ul style="list-style-type: none">Office convenience servicesTeam building eventsApple DayExtra time off after donating blood
<ul style="list-style-type: none">Core staff programme	<ul style="list-style-type: none">Support for anglers, cyclists, football cup participants through TettreKÉSZEmployee support for people in difficulty (social assistance, etc.) through SegítőKÉSZ
<ul style="list-style-type: none">Reimbursement of commuting expenses under the law	

Specific benefit and retirement programme obligations

As KÉSZ Group, we do not provide any benefits related to pension fund and health fund membership for our employees, and we do not operate a pension scheme. If agreed between the employer and the employee who has reached retirement age, it is possible to work in our Group while receiving a pension.

Core staff programme for our staff members who have been working at KÉSZ Group for 10-15-20-25 years

In October 2022, we held our fifth anniversary Gala Dinner at the Four Points by Sheraton Hotel and Conference Centre in Kecskemét. The event celebrated our staff members who have been loyal, persistent and exemplary employees of the Group for 10-15-20-25 years. We are very proud to have welcomed nearly 400 of our staff on one of these occasions in recent years.



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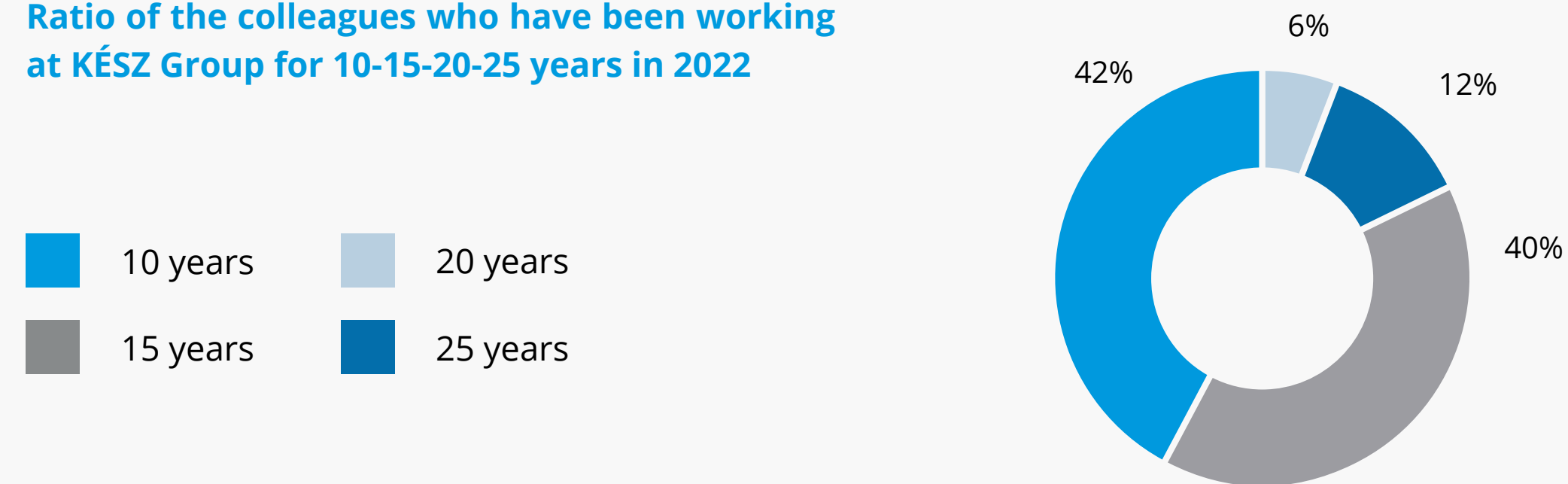
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Service award program for our colleagues who have been working at KÉSZ Group for 10-15-20-25 years

Ratio of the colleagues who have been working at KÉSZ Group for 10-15-20-25 years in 2022



In 2022, a total of 107 people received the award: 45 colleagues have been with us for 10 years, 43 colleagues for 15 years, 13 for 20 years and 6 KÉSZ colleagues—true veterans—have been the driving force of our team for 25 years.

Maternity programme

We also pay attention to our colleagues who have recently become mothers and fathers, and it is particularly important for us to keep in touch with them to ensure their smooth integration into work after parental leave, and to keep them informed about the latest news and developments related to our Group during their absence. We provide a consultation service for colleagues planning to return from parental leave.

Home office: regulating work from home

Our employees can work from home under a Home Office agreement and with the prior permission of their line manager. This can be initiated by either party, and in all cases, the same employment terms and conditions apply as for regular employment. Our Home Office Policy also covers occupational health and safety, how to use work equipment and the importance of data protection.

The well-being of our staff

As a responsible employer, we also pay special attention to the health of our staff members, and to this end we have launched various initiatives within KÉSZ Group. In 2022, we launched a mindfulness club as part of our well-being activities. 11 of our enthusiastic colleagues participated in the programme for months and with perseverance. As part of the annual training plan, we also offered stress management training for our staff, which they could attend on the recommendation and delegation of senior colleagues.



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Feedback

We ask for feedback on the effectiveness of our work through mini surveys. Currently, we mostly use specific mood barometer-type, so-called pulse-check surveys. We also consider the feedback and evaluations following our trainings and workshops as important feedback, from which we can build and make our activities more effective.

Challenges

In 2022, KÉSZ Group was also unable to avoid the shortage of resources and skilled workers, which are common in the construction sector. In addition to issues of staff turnover and retention, we believe it is essential to identify and address psychosocial risks. In our recruitment activities, we place strong emphasis on equal opportunities, providing opportunities for internal career paths and paying special attention to the screening of conflicts of interest.

Briefly about our current developments

A new job framework is being prepared for 2023, defining twenty job families and sub-families. By creating standard job descriptions, we aim to simplify, support performance assessment and provide transparent career paths and opportunities. In addition, the job framework defines a logical organisational structure, making the responsibilities of each job function clear and transparent.

Employer Branding

We are particularly proud that KÉSZ Group has risen from 8th place in the real estate industry rankings to 2nd place in 2022. The Randstad Employer Brand Research is the most comprehensive independent employer brand research in the world, selecting the most attractive employers from thousands of companies. The analysis provides insights into the job choice criteria and motivations of potential employees. The results of the survey were based on the opinions of around 8,000 respondents aged 18-64 in Hungary, and were used to present the most attractive employer awards.





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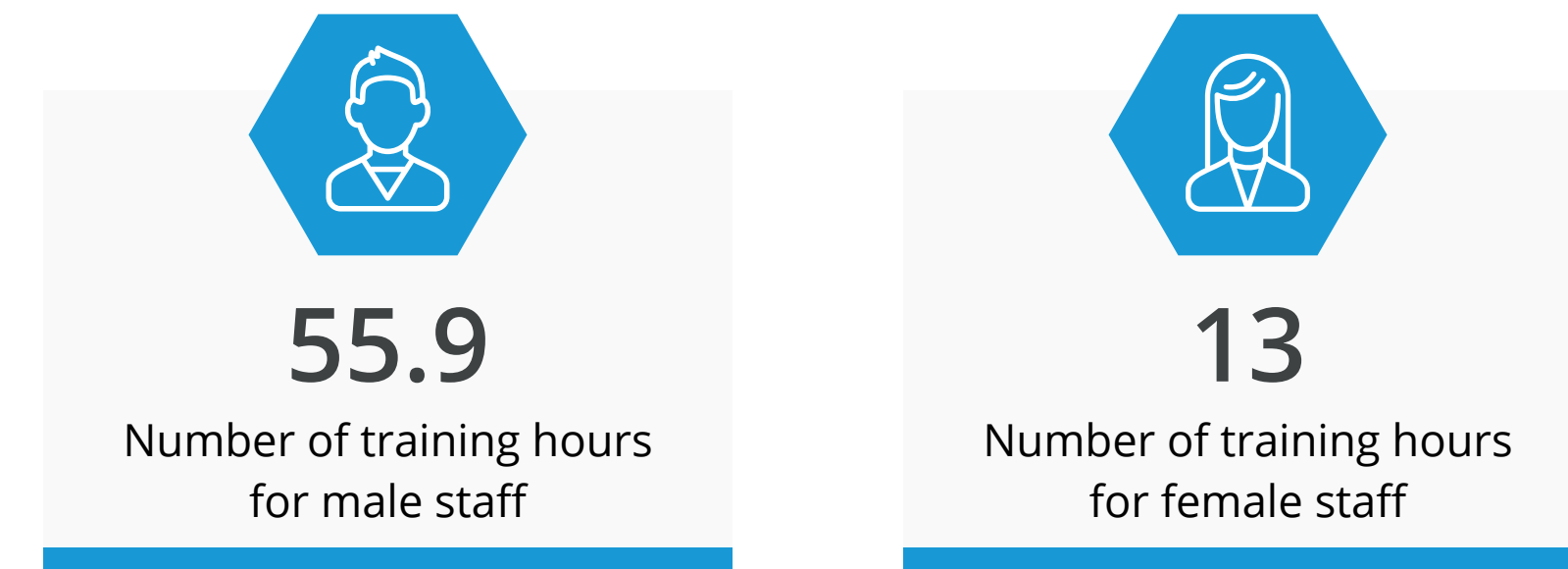
One of the key factors in maintaining competitiveness is the continuous development of human capital, maintaining and enhancing the professional skills of our staff. It is a very important objective for us to ensure that our employees, regardless of age, gender and grade, have access to a variety of training programmes, whether it is professional or skills training (e.g. language training, stress management, effective collaboration, effective feedback) or even skills that can be used in everyday life.

We offer a wide range of training types, from general statutory training (e.g. occupational health and safety, fire protection) to professional development, language training, management soft skills, IT training at various levels, or even job-specific training. In 2022, our employees took part in nearly 80 different training courses, including adult vocational training courses organised by the Edupark Sectoral Training Centre for our own staff (welder, locksmith, electrician, chipper). The total number of training hours delivered reached 77,801 hours, with training hours per person amounting to 46.4

Figure 13: Total training hours by gender (in 2022)

Gender	Number of training hours
Men	72 963
Women	4 838

Figure 14: Number of training hours per person (in 2022)



In 2022, we invested more than HUF 200 million in training our employees.

¹¹ Team building training directly organised by subsidiaries is not included in the total.





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E-Learning

We are also increasingly using digitalisation in our training, with sustainability in mind. In this spirit, we have more than 50 in-house developed e-learning courses available for our staff to take, wherever and whenever they want. With this form of training, we can also reduce our paper consumption and travel-related emissions.

Future generations and adult learning

We have been working for years with various universities and sectoral vocational training institutions. The vocational training activities in Szeged, Kecskemét and Budapest are carried out by the experts and trainers of EDU-PARK Ágazati Képzőközpont Nonprofit Ltd. In recent years, we have not only created training locations that can serve as an example for others, but we have also built a comprehensive, renewed vocational training system, achieving significant results in sectoral vocational training.

“In addition to our own employees, we pay particular attention to training future generations. Among our social objectives, we place great emphasis on the education of young people in the construction sector and on providing high quality training.”

Zsuzsanna Naderi,
KÉSZ Group, Head of Vocational Training





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TRAINING CENTRE COMMITMENTS

EDUPARK Nonprofit Ltd. Sectoral Image Center (ÁKK)

KÉSZ Holding Plc. - KÉSZ Építő Plc. -
MAHART Tiszayacht Ltd.

📍Szeged 📍Kecskemét

Corporate Training Center (CTC)

KÉSZ Ipari Gyártó Ltd.

📍Kecskemét

Knowledge Building Team ÁKK Nonprofit Plc. (ÁKK)

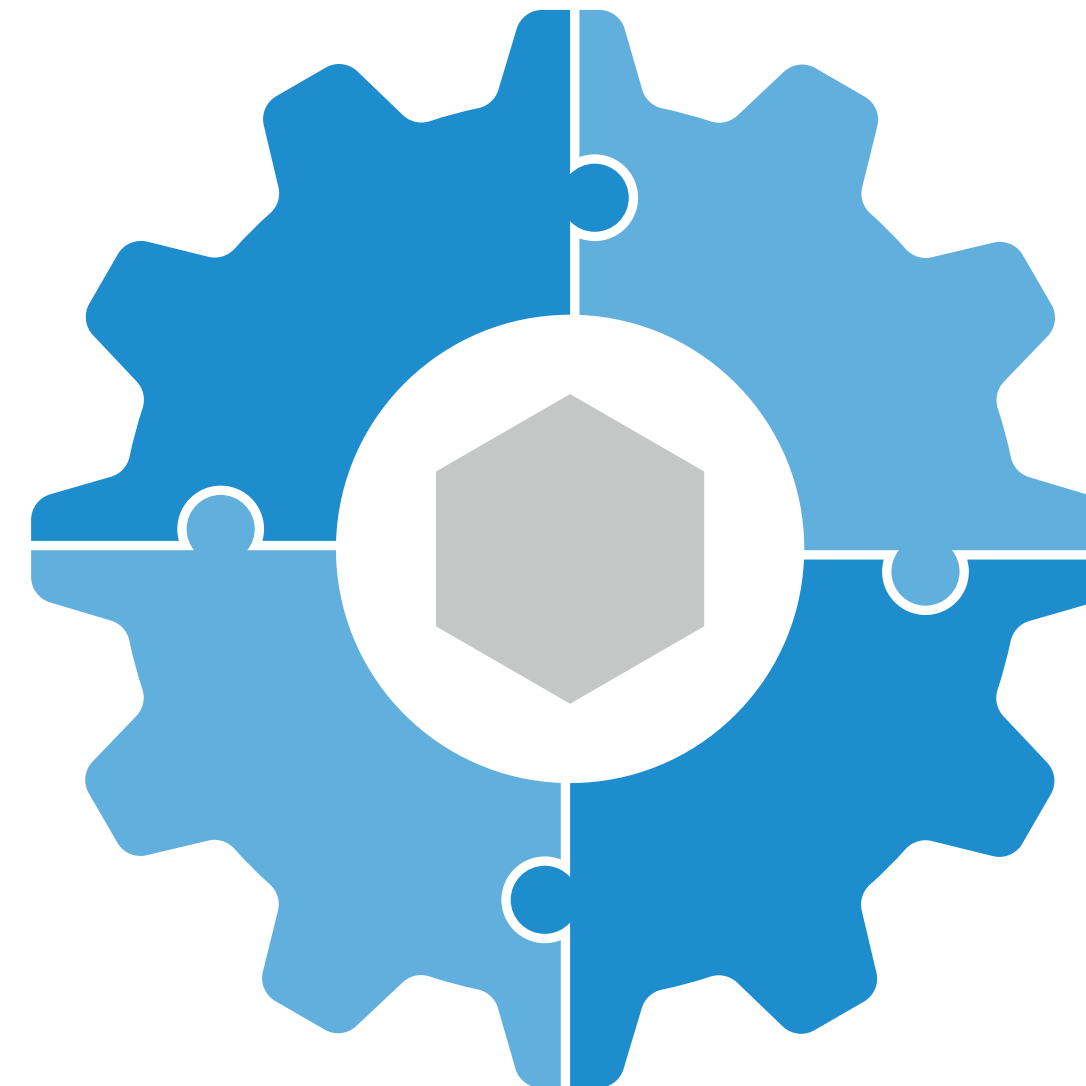
Bayer Construct Plc. - KÉSZ Holding Plc. -
Market Plc.

📍Budapest

Member Institution Of GFE Technical and Vocational Training School

Strategic cooperation between KÉSZ Holding Plc.
-Gál Ferenc University

📍Szeged





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Our dual training in Kecskemét and Szeged is an excellent opportunity for participants to acquire the knowledge and work experience necessary for their profession in a real productive, value-creating environment, alongside modern workshops. We believe it is critical that our graduates are ready for the digital transformation of the industry and the related challenges. After obtaining their qualification, young professionals are given long-term opportunities to work at our companies and partners, mainly in Hungary, but also for a longer or shorter period of time in foreign workplaces. We are proud of our results, which are summarised in the figure below.

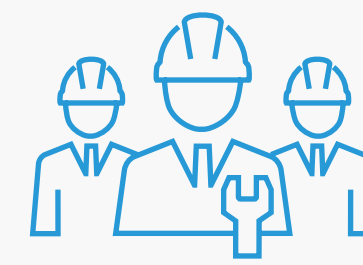
Vocational training of 350 students and 180 adults

in the school-year of 2022/2023.



Dual training in 5 sectors

Engineering, building service engineering, construction industry electronics and engineering, specialized machine and vehicle production



Student satisfaction

over 85%



35 prominent corporate partners

in dual training



51% further study proportion

51% of our school-leavers continue studies and 39% of them enter into employment (22% at KÉSZ Group)





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From 2021 onwards, we offer adult learning opportunities not only for students, but also for our staff at KÉSZ Group. At the Kecskemét Industrial Park, more than 80 of our employees are training to become electricians, welders, machinists, CNC cutters, building and structural fitters. The two most popular courses among adults in Szeged are building engineering and electrical engineering.

In cooperation with the largest domestic construction industry players (Bayer Construct Plc., Market Plc.), we established Tudásépítő-Team Ágazati Képzőközpont Nonprofit Plc. (Tudásépítő-Team ÁKK) in 2022. The aim of Tudásépítő-Team ÁKK is to provide up-to-date dual and trial training in the construction sector, supervised by vocational training centres through school and adult education, and to provide a sectoral workforce of technicians and skilled workers for the entire Hungarian construction industry, with state support, in line with the Vocational Training 4.0 strategy. The organisation started providing vocational education and training for nearly 140 vocational school students as a dual partner in September 2022.

Strategic objective		Becoming a centre of excellence in sectoral vocational training
Medium-term objectives		<ul style="list-style-type: none"> ▶ Expanding adult learning activities for both Group employees and the wider local audience ▶ Making methodological developments comprehensive: to have the methods and teaching content developed be applied all professions and in all our teaching units
Longer-term objectives		<ul style="list-style-type: none"> ▶ Digitalisation of student portfolios and project assignments ▶ Participation in international projects ▶ Continuing knowledge sharing with industry and VET stakeholders

Sustainable development in the operation of Edupark ÁKK

In 2022, a major workshop development programme was launched in Szeged, which, on the one hand, increases the size of the workshops and educational facilities operated for vocational training purposes and, on the other, fully modernises the energy efficiency of the Szeged base's buildings. Under the programme, buildings are insulated, windows and doors are replaced, heating, cooling, hot water and lighting systems are upgraded, and a solar panel system is installed on the roof corresponding to total consumption. As a result of these improvements, the energy supply of the Szeged training base will be almost self-sustainable.





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Continuous development of our education service

We ask for feedback from our graduated students so that we can measure the quality of our educational services. We also ask for feedback on staff and facilities in our annual satisfaction survey and we are very proud of the positive feedback we receive. Student satisfaction is above 85%. We draw up an annual development plan for the areas to be developed and work continuously to implement the tasks set.

COOPERATION WITH EDUCATIONAL INSTITUTIONS

We pay particular attention to cooperation with educational institutions, both in terms of training and grooming the next generation of our employees, and in terms of actively shaping the attitudes of future generations.

University of Pécs – Strategic Cooperation Framework Agreement

The University of Pécs (PTE) is the first in the country to launch a professional further training course for facade design engineers with the professional cooperation and support of KÉSZ Metaltech Ltd.

“With this training, we are responding to current market needs, as the demand for the work of façade design engineers is constantly growing. We are also particularly proud that the training is not only unique in Hungary, but only a handful of universities in Europe are involved in this field, meaning that the students participating in the course will be able to gain up-to-date knowledge that will definitely give them a competitive advantage in the labour market.”

Róbert Barócsi,

Managing Director of KÉSZ Metaltech Ltd.





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The first such training in the country was launched in 2022. The instructors of PTE MIK developed the structure and content of the training with the professional support of the managers and engineers of KÉSZ Metaltech Ltd., Hydro Building Systems Germany GmbH. (Wicona) and Hydro Extrusion Hungary Ltd. Alongside them, several prominent representatives from Germany, Austria, the Czech Republic and Croatia have been involved in the training. The framework cooperation agreement, to be signed at the opening of the academic year, focuses on three areas: as part of research, development and innovation, the two parties undertake to exchange knowledge and to create cutting-edge knowledge and technology in the field of facade cladding through joint projects. The objective of the focus area related to training and education is to share scientific knowledge. The third focus area involves the development of a joint strategy between the two parties, where PTE undertakes to take into account the guidelines of KÉSZ Metaltech Ltd. when compiling its training programme and training portfolio.

Budapest University of Technology and Economics – BIM training and BIM scholarship

At KÉSZ Group, we work every day to start preparing for the coming decades with innovation and digitalisation, so that we can face the challenges of the future with confidence. A key element of this is BIM-based operation, and incorporating a BIM approach into our work processes. The implementation of the agreed strategy has started, with almost 700 people participating in BIM training courses organised in cooperation with the Budapest University of Technology and Economics. More than 40 applications from Hungary and abroad have been received for the BIM Scholarship Programme launched in cooperation between KÉSZ Group and the Budapest University of Technology and Economics. The seven successful applicants are not only present in one of our member companies, but are supporting and helping several companies in the Group to transform.



"The BIM Strategy was adopted by KÉSZ Group in January 2022, with the involvement of all relevant departments. The strategy sets out long and short-term goals along 8 horizontal areas and includes action plans to achieve these at member company level."

László Szalados

KÉSZ Group, Chief Technical Officer



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Gál Ferenc University, Technical School, Vocational School, Secondary School and College – Provision of a profession and a job

With the support of KÉSZ Group and Gál Ferenc University, the Szeged branch of the Gál Ferenc University, Technical School, Vocational School, Secondary School and College was established with the aim of making up for the labour shortage in the construction industry with graduates. As a practice-oriented institution, young people can learn a trade in a workplace environment rather than in a classroom. They can spend your summer internship at KÉSZ Group and after graduation, they will have a secure job, either in one of the Group's domestic units or abroad, or with one of our partners. The three-year vocational training school offers a choice of courses in welding, electrical installation, building and structural installation, and for cooling and ventilation system technicians, water and sewerage system technicians, central heating and gas system technicians, and structural construction and installation technicians. The five-year course, which also provides a school-leaving certificate, trains building engineering technicians.

All students in the school receive a scholarship. The amount is the same for everyone in the first semester, then differentiated and increasing according to academic performance. KÉSZ Group has the option to conclude an employment contract with the students, after which the scholarship is adjusted to the minimum wage. In the course of its professional activities, the vocational training institution adopts a positive pedagogical approach, as per which everyone is valuable in something, it just has to be found. This is a conscious pedagogical work that all teachers in the school strive to achieve through their own pedagogical methods. Many of the students arrive with learning difficulties and negative attitudes towards learning, thus creating an atmosphere of openness and trust in schools can only be achieved through such conscious building work. Each year, the career guidance activities give candidates an insight into the work and daily life of KÉSZ Group's factories.



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University of Szeged – Research, development and education cooperation

The joint research, development and education cooperation between SZTE and KÉSZ Holding Plc. aims to help young people to further their education and find a job in the region. KÉSZ Group supports university students by providing them with apprenticeships, while SZTE helps them with thesis writing and thesis supervision in technical and engineering fields. According to the agreement, the university takes into account and integrates into the curriculum the developments already implemented and underway by KÉSZ Group. The Science Park Szeged project, the technological and health science developments determine the future of the university, in which areas KÉSZ Group is also seen as a cooperating partner.

“Sustainability and care are important values for the future of both education and industry. Hand in hand with the University of Szeged, we are looking to train new professionals to better our present, our future and our environment. Our joint work together aims to keep young people in the region and help them find their place in the labour market.”

Mihály Varga,

Founder of KÉSZ Group and Chairman of the Supervisory Board



In addition to educational cooperation, joint research and development projects will be launched, particularly in the fields of hygiene, engineering technology, standardisation and accreditation.



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KÉSZ Group - Bayer - Market – the Tudásépítő Team invites people to build and learn

The sectoral training centre, a joint venture between three Hungarian construction companies, was created to train students and adults to become construction professionals who can create lasting value in the construction industry using the latest technologies.

Hungary's leading construction companies launched the initiative: KÉSZ Group, Bayer Construct Plc. and Market Építő Plc.

For young people and adults who are interested, the following opportunities are available 3-year vocational school courses:

- Tiler/finisher
- Painter, plasterer, paperhanger
- Mason

2-year post-baccalaureate technical school courses:

- Building construction technician
- Civil engineering technician

5-year technical school courses:

- Building construction technician
- Civil engineering technician

School-based adult education courses:

- Tiler/finisher
- Painter, plasterer, paperhanger
- Mason
- Building construction technician
- Civil engineering technician

Following successful application, a vocational training employment contract is concluded, providing participants with professional training and benefits. In addition to providing modern technological skills, the Tudásépítő Team supports the studies with a HUF 100,000 student wage, a contribution towards meals and workwear. After passing the vocational exams, job offers await the newly qualified, helping them to find a job and fulfil their professional potential.





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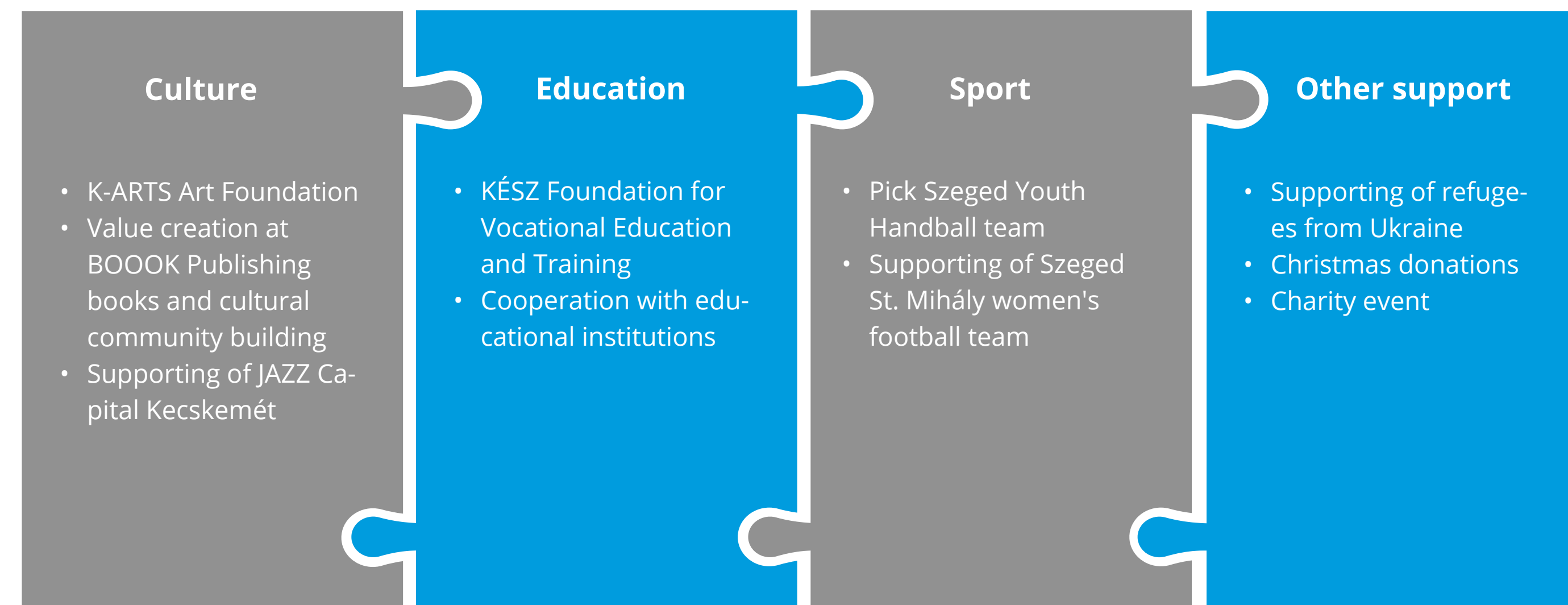
(GRI 413)

Since its foundation, our Group has been a strong advocate for people in need and local communities. We are committed to supporting culture, education and sports. In addition, we are also sensitive to other needs, such as helping people living in and fleeing the war-torn area of the Ukraine in 2022. Our foundation activities, educational and sports collaborations and volunteering through our staff provide the right foundation to create social value in our key focus areas.

Our support policy

In our donation and sponsorship activities, the main pillar of our support policy is to support people in need, the arts, education and sports. All of this is of course updated to reflect current needs. Helping those affected by the war that broke out in the Ukraine last year was a key focus for our Group, which is why we have launched special grants in 2022.

Social value creation at KÉSZ Group





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In the case of sponsorship partnerships, in accordance with the Sponsorship Policy the Sponsorship Committee decides on KÉSZ Group's diverse sponsorship and support activities, while the final decision on all other support is taken by the CEO. In 2022, our Group provided more than HUF 100 million in grants and support (without corporate tax subsidies).

Non-profit organisations founded by KÉSZ Group and their key activities

K-ARTS Art Foundation



KÉSZ Group has been committed to supporting the arts for decades. In 2017, we launched the K-ARTS Art Foundation, whose mission is to promote contemporary art—working with steel and other industrial materials—in Hungary and abroad.

The Foundation has built up a significant contemporary fine arts and applied arts collection. It currently has more than 500 works of art under its care, which it presents to the public at exhibitions and events. This evolving contemporary collection consists primarily of metal sculptures, installations, as well as drawings, prints, photographs and paintings. The creators include not only renowned Hungarian artists but also emerging foreign sculptors.

The Foundation's mission is to support the development of creators of industrial fine arts, applied arts and applied design. K-ARTS has been organising metal arts creative camps in the KÉSZ Industrial and Innovation Park for several years (Kecskemét Steel Sculpture and Fine Arts Symposium, International Metal Arts Camp). It regularly organises exhibitions of the works created there, and has been invited to present these on numerous occasions. KÉSZ Group not only provides the area and space for the artists to work, but also involves our specialists, such as welders, locksmiths and painters, in the creative process and provides the materials and tools to help them create their works.





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“So far, we have presented our K-ARTS Art Collection of paintings, prints, photographs, steel sculptures and other works of art in more than fifty exhibitions. At the beginning of 2022, for example, a special installation was created in Kecskemét relating to the contemporary art exhibition Metszéspont (Intersection Point) to celebrate the 40th birthday of KÉSZ Group. Forty steel discs, each weighing 460 kg and interspersed with the handprints of KÉSZ staff members, were transported from the KÉSZ Industrial Production Plant to Deák Square in Kecskemét, arranged in a hexagonal shape.”

István Árvai

Curator and Artistic Director of K-ARTS Art Foundation



In 2022, we have tried to promote the work of more contemporary fine and applied artists, to raise their profile through exhibitions and to bring them closer to the public. We supported the creation of solo exhibitions of domestic artists by lending and exhibiting their works from our collection (for example: Roland Kazi: Spaces of Timelessness – Kunsthalle, January-February 2022).

We organised and presented a significant summary exhibition in Kecskemét in the Hírös Agóra cultural centre on the occasion of the Day of Hungarian Culture. Our exhibition was called Metszéspont (Intersection Point). We built a large-scale steel installation in the square in front of the building.

In the spring of the year (06.04.2022 – 25.04.2022), we presented a selection of photographs from our collection at the Budapest Photo Festival, at the FUGA Budapest Architecture Centre, entitled ‘Scratched Mirror’.

Our traditional creative camp KASZ+ 2022 – 19th Kecskemét Steel Sculpture and Fine Arts Symposium was held between 30 May and 16 June 2022 at the KÉSZ Industrial and Innovation Park in Kecskemét. The camp hosted eight artists who were able to try their hand at creating new works in an industrial environment. The creators of KASZ+ 2022 were Mihály Ágoston Gyurcsovics, Ágost Kopány Erős, Lili Cseh, Gyula Majoros, Bea Kusovszky, Annamária Gáspár, Tamás Drabik and Ádám Tettamanti.

The 72 new works of art created during KASZ+ were presented as part of a group exhibition in the underground car park of the IQ office building. The exhibition was open to the public from 16 June to 31 July. To mark the occasion, several guided tours were held, and groups from vocational schools also visited the exhibited works.

More than 200 people visited the exhibition on the Night of Museums in Kecskemét (25 June 2022), which was accompanied by concerts and film screenings.



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In the second half of the year, we mentored the creative work of additional artists, providing them with materials, design assistance and technical advice (for example Antal Plank, Gyula Majoros, Judit Rabóczky, Judit Nemes, László Taska, János Kalmár, Péter Dóczé).

A comprehensive study on the work of Dutch artist and medalist Elisabeth Varga was published (International Art Medal Federation – Médailles Magazine), for which we provided information and photos.

The KÉSZ Industrial and Innovation Park in Kecskemét and the peach-tree garden of the adjacent Four Points by Sheraton Hotel were transformed into a spectacular sculpture park and Steel Promenade for all to see in recent years. The sculpture park we run attracts many visitors every year, helping to promote the city's marketing.

SegítőKÉSZ Foundation



“Our greatest asset is the people” – in accordance with the credo of our founder, Mihály Varga, we established the SegítőKÉSZ Foundation in 2006 with the aim of providing assistance to all our staff members whose living conditions and working ability is permanently negatively affected, whether due to their work or for reasons unrelated to work. The scope of public benefit activities includes health promotion, disease prevention, healing and health rehabilitation, as well as several social activities such as family support and care for the elderly. A pioneering private foundation of its kind, it provides support and a safety net for colleagues and their families. Our organisation also took part in providing accommodation, housing and care to several families in Hungary who fled the horrors of the Russian-Ukrainian war.

TettreKÉSZ Association

TettreKÉSZ Association was founded in 2019 with the main objective of supporting the community activities of the Group's employees. The Association brings together hobby groups from UltraBalaton runners to Tour de Zalakaros cyclists, from hikers to professional anglers and shooters, supporting the enthusiasm and energy of colleagues by working with numerous clubs and competitions. The active communities of the Association include the KÉSZ Cycling Club, Aerobics Kecskemét, IONs Football and PROVIM Football, the Running Team, the Anglers and the Meditation Club. Thanks to the Hungarian Boating and Water Sports Association, there are several sports facilities available, including kayaking and rowing, both indoors and outdoors at the Pénzügyőr Sports Park.





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KÉSZ Foundation for Vocational Education and Training

The aim of the KÉSZ Foundation for Vocational Education and Training is to alleviate the labour shortage in the construction industry by strengthening the quantity and quality of vocational education and training, so that qualified students are trained in the vocational education and training subsystems to meet the economy's needs for a supply of skilled workers. Increasing the importance of practice-oriented vocational training adapted to the actual needs of the labour market by expanding dual vocational training, by providing financial and non-financial support to institutions providing such training, and by increasing the number of apprenticeship contracts and cooperation agreements. VET students gain work experience in a labour market environment or in a workshop integrated into the workplace, developing key competences for employment. In addition to the above, the long-term goal is to restore the recognition and social esteem of vocational education, training and skills development, especially among the younger generation.

KÉSZ Group for the future of books

The book market is a highly capital-intensive sector and it can take more than a year to produce a book and, depending on the interest in the book, another year or two after publication to recoup the costs. Book printing, as a traditional sector, is not one of the main target markets for capital investors because of its specificities. However, KÉSZ Group felt it was of the utmost importance to support this good cause for the future of books and, through BOOOK Publishing, to do its utmost to preserve this special cultural treasure for future generations.

Facts and data

Founded 15 years ago	80 thousand sold copies in 2022	59 thousand printed copies	BOOOK Kitchen events with thousands of participants, of whom 70% are female visitors
11 thousand literary books	45 thousand cookbooks	3 thousand lifestyle books	International Gourmand Award - Gourmand World Cookbook Award 2022





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What will be the future of books?

The mission of BOOOK Publishing is to develop culture and education. Its main objective is to save books for future generations, of course with the addition of digital solutions to meet the needs of the target group, as visuality is becoming increasingly important for young readers.

Cultural centre in the heart of Budapest

However, BOOOK Publishing, known for its high-quality and meaningful books, is much more than just a book publisher. In addition to high-quality and niche publishing, the editorial workshop in District IX is also the venue for exclusive writer-reader meetings and other events. The space, which can also be used for community cooking, is an excellent way to reinforce the gastronomic side of publishing. The cultural centre, which also functions as a community space, serves as a venue for onboarding events, innovation days and networking meetings for KÉSZ Group employees.

When organising and running the events, an important objective is to ensure that there is no food waste and that the Food Bank is supported with the leftover food and ingredients.

"Our mission is to develop culture and education. We do our utmost to preserve books as a manifesto. We want to 'preserve' books for future generations while meeting the demands of the digital age. We also aim to build community and shape the cultural life of the capital through our unique community space."

Péter Széplaki,

Managing Director of BOOOK Publishing





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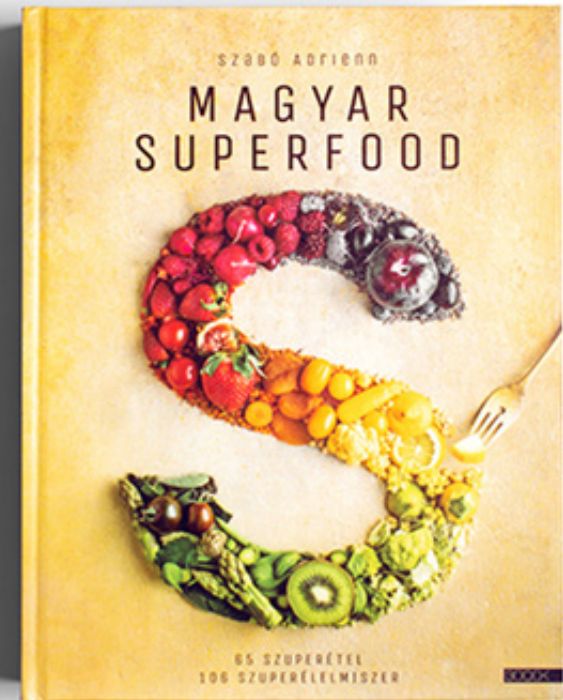
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Environmental considerations in printing house selection

In the production of quality printed books, the publisher pays particular attention to environmental considerations when choosing a printing house. Books are printed on FSC paper in an environmentally-certified printing house.

CREATING VALUE THROUGH SPONSORSHIP

Among a wide range of sports sponsorships, KÉSZ Group backs the future hopefuls of youth teams and the lesser-known sports disciplines as an enthusiastic supporter and unadulterated local patriot in Szeged. In addition to sports, we also support art and creative events in Szeged and Kecskemét, thus promoting the cultural development of the region.





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Sports sponsorship

Pick Szeged Youth Handball Team

In addition to supporting the Pick Szeged Youth Handball Team, the “Good Student – Good Athlete” programme, established jointly with the sports club, every year rewards children who excel in both sports and learning, off the court and in school alike.

St. Mihály women's football team

We are also a name sponsor of the Szeged-based St. Mihály FC women's football team, who finished top of the women's second division in 2022. Thanks to the girls' excellent performance, we can now cheer on the team in the first division in the 2022-23 season.

Other sports support

We provide corporate tax support in all spectator team sports: football, handball, basketball, water polo, ice hockey and volleyball.

Cultural sponsorship

JAZZ CAPITAL Festival, Kecskemét

The JAZZFŐVÁROS (JAZZ CAPITAL) Festival in Kecskemét, supported by the KÉSZ Group for many years, takes place in the summer months, typically in August. Visitors to the event can sample a wide range of classical jazz genres. Over four days, the festival features nearly 150 performers from 10 countries and not only ensures a great time for jazz fans, but there are also a wide range of other activities on offer for children and adults.





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Support for the Ukraine

KÉSZ Group has subsidiaries in the Ukraine and several European countries. It had an office in Kiev and a concrete factory in Kalush, called 3 Betony LLC, until the outbreak of the war. The Ivano-Frankivsk Oblast is a priority for the hinterland, so in addition to supporting the traumatology department of the local hospital, KÉSZ Group has also donated food and cleaning products to the local community, to which it is committed as the home of its Ukrainian employee community. Our Group is in constant contact with our Ukrainian colleagues and we do our utmost to support them and ensure their safety. We have helped to transport colleagues and their relatives, even to distant countries, as well as providing accommodation, food and jobs in Hungary, and we have organised several donation drives to help the Ukrainian population and colleagues. In addition to supporting its staff, KÉSZ Group also aims to support the community affected. This time, we procured and delivered more than HUF 5 million worth of medicines to the traumatology ward of the Kalush hospital and donated 420 kg of food and cleaning products to people in need.

Volunteering

Our Group supports employee initiatives and volunteering. A prime example of this was the cooperation between KÉSZ Metaltech Ltd., KÉSZ Ipari Gyártó Ltd. and Baometall Ltd., who organised a joint collection for our four-legged friends—thus joining our KÉSZ Next sustainability programme. After the collection, the staff of KÉSZ Metaltech Ltd. visited the shelter of the Green Shelter Animal Protection Foundation of Vác and their pets. Of course, they did not go empty-handed: they donated nearly HUF 250,000 worth of dog and cat food, canned food and cleaning products to the 200 dogs and 100 cats on the site.

More information on our cooperation with educational institutions and universities is available in the Education and Training section.





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Throughout the many years of our Group's operation, we have always paid particular attention to operating our business in a transparent and compliant manner. Thus, from a corporate governance perspective, we also strive to create an efficient organisational structure with clear lines of responsibility. We do this despite the fact that the number of companies under the direct control of KÉSZ Holding Plc. is very significant and growing every year, meaning that the scope and complexity of the tasks is becoming increasingly complex.

2022 was a particularly important year for us as we set the direction for our sustainability strategy and launched our sustainability campaign, KÉSZ Next.

Management was actively involved in the due diligence process prior to the creation of the sustainability strategy and in setting strategic goals and action plans. As an integral part of the process, our managers were briefed separately in May 2022 on the expected sustainability obligations (EU Taxonomy, CSRD).

The next target for 2023 is to further deepen collective knowledge through onboarding sustainability training and ESG training for managers.

Although the sustainability strategy development was initiated by the company's management and owner, it was also met with a positive reception from our employees and coincided with grassroots initiatives.

Among the companies included in our first sustainability report, KÉSZ Holding Plc. is the lead company of KÉSZ Group, which basically exercises ownership rights and performs legal, business development, investment, financial, organisational development, audit, security and controlling functions. In addition, it brings together, manages and develops the Group with the mission of continuing the activities of KÉSZ Group as a dominant market player, increasing its share in all the business areas in which it has an interest.

The organisational and operational structure of the member companies of KÉSZ Group is determined, on the one hand, by the Articles of Association/Founding Deed of the given company and, on the other, by our currently effective Organisational and Operational Regulations (OOR).

KÉSZ Group bases its operations on the Sectors and the Central Area. The organisational structure of KÉSZ Group represents an organisational and governance structure that relies on the more active responsibility of managers, and is thus based on more focused, efficient resource-based operation, improving competitiveness, ensuring the stabilisation and long-term retention of KÉSZ Group's market position, and enforcing its professional competences and knowledge.





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Organisational structure of KÉSZ Holding Plc.

1. General Assembly

The supreme governing body of KÉSZ Holding Plc. is the General Assembly which consists of all shareholders. Ownership will be expressed through the decisions of the General Assembly. Its operation, powers, the procedure for convening meetings, the exercise of voting rights and the documentation of its decisions are governed by the Civil Code and the Articles of Association of KÉSZ Holding Plc. All the rights which the shareholders have in relation to the affairs of the company are exercisable by the shareholders as a whole primarily at the General Assembly.

2. Management

At KÉSZ Holding Plc., the rights of the Board of Directors are exercised, as a senior executive, by the Chief Executive Officer, pursuant to the effective Articles of Association. This position was held by Tamás Vida in 2022 as well. He is appointed for an indefinite term and has the right of independent representation.

The key tasks of the CEO are, but are not limited to:

- Manages KÉSZ Holding Plc. and through it the whole of KÉSZ Group, and ensures its lawful operation in compliance with the law.
- Defines the Group's short and long-term strategy in line with the owners' vision and expectations, and submits these to the Supervisory Board for approval.
- Ensures the prompt production of the shares of KÉSZ Holding Plc. in accordance with statutory requirements and supervises the keeping of the share register.
- Submits the annual reports to the General Meeting.
- Sets directions for and decides on sponsorship, patronage, support, CSR at Group level, and defines and is responsible for the implementation of the sustainability strategy.
- Oversees the reports received under the Clean Hand programme and ensures the functioning of the Ethics Committee.
- Can order investigation into any matter or event and can appoint the persons who will carry out the investigation.

Management of conflicts of interest

The CEO—with the exception of the shares of public limited companies or of companies in which the Company has a participating interest—may not acquire equity participation or function as an executive officer in other business associations pursuing as a core activity the same economic activity as the Company. The Chief Executive Officer or their relative—with the exception of usual everyday transactions—may not conclude contracts in the scope of the core activity of the Company in their own name or for their own benefit.



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3. Supervisory Board

Ownership control of KÉSZ Holding Plc. is exercised by the Supervisory Board. Its task is to supervise management in order to safeguard the interests of the Company and its owners, and to promote the enforcement of the will of the owners in the operation of KÉSZ Holding Plc.

The Supervisory Board acts as a body and its members are elected by the General Assembly. The structure, the operating rules, the relations between the members, the duties, rights, obligations and responsibilities of the Supervisory Board are set out in the Civil Code, the Articles of Association of KÉSZ Holding Plc. and the Rules of Procedure of the Supervisory Board.

In 2022, the Board consisted of three members: Zoltán Nagy, Dr. Péter Balázs and Mihály Varga, the latter of whom is also the chairman of the Board. Their hold an indefinite-term mandate and neither is employed by the Group.

The key functions of the Supervisory Board are, but are not limited to:

- Examines proposals submitted to the General Assembly and presents its position on these at the General Assembly;
- Approves the Group's strategy and business plan, and monitors their implementation through regular reports;
- Discusses and gives its opinion, as necessary, but at least quarterly, on the report presented by management on the Company's asset and financial position and business activities;
- Operates the Group's internal audit system;
- Monitors the implementation of the short and long-term strategy approved by the Supervisory Board and checks external and internal compliance;
- Develops plans for the future of the Group, looking ahead for decades.

The sustainability topics are managed by the following levels:

Sustainability topic	Management level
Sustainability Strategy Corporate social responsibility	CEO level
Environment and climate protection Occupational safety Innovation Supplier chain management	Deputy CEO level
Compliance	Legal Director
Diversity Talent management	HR Director

In 2022, the operational management organisation of KÉSZ Group was composed of the CEO and the body assisting its work, the Management Board (Deputy CEOs, Heads of Sectors, Heads of Central Areas).

The Board is composed of 9 members, 8 men and 1 woman, all Hungarian citizens. They meet on a monthly basis and are responsible, among other things, for managing the economic, social and environmental impacts of KÉSZ Group.



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More information on the Management Board is available on the following website: <https://www.keszgroup.com/en/about-us/management>

The Chief Executive Officer is the head of the operational management organisation of KÉSZ Group and has authority over the whole of KÉSZ Group. KÉSZ Group has an Ethics Committee in place with the participation of the CEO.

Operations of the various subsidiaries of KÉSZ Group

Depending on the professional nature of their activities, the companies included in the report are classified under Sectors or the Central Area, or, in the case of specialised activities, they operate directly under the supervision of KÉSZ Holding Plc.

KÉSZ Holding Plc. asserts and exercises its own ownership will through the decisions of the supreme body (general assembly/quotaholders' meeting) of the given subsidiary. The head of the Sector or Central Area comprising the subsidiary is also the owner representative of KÉSZ Holding Plc., who manages the given Sector or Central Area in accordance with the provisions of the currently effective OOR and the decisions of the owner. Subsidiaries are accordingly obliged to operate in accordance with and comply with the instructions of the head of the relevant Sector or Central Area.

The transparent corporate governance of our subsidiaries is governed by the Articles of Association/Founding Deed/Memorandum of Association and OOR of the given company. Thus, all member companies have a general assembly or quotaholders' meeting established to exercise ownership powers, as well as a managing director, a board of directors (single-member or with multiple members) and a company manager.

For our foundations, founders' rights are exercised by the founders in the form of a meeting or a board of trustees, convened by the trustee or chairman of the board of trustees in charge of the foundation's assets. The articles of association also cover the conflict of interest in the person of the trustee and the chairman of the board of trustees.

In the case of our TettreKÉSZ Association, the bodies of the association are the general assembly, which is the decision-making body of the association, and the board, which represents executive management.

ECONOMIC PERFORMANCE

(GRI 201, 201-1, 201-2, 201-3, 201-4)

Directly produced and distributed economic value

The sustainability strategy adopted by KÉSZ Group and the achievement of the objectives therein require that we operate in a sustainable and efficient way, in economic terms as well. This enables us to operate as a successful, value-creating company for our owners and other internal stakeholders, while at the same time providing reliable, high-quality services to our external partners.



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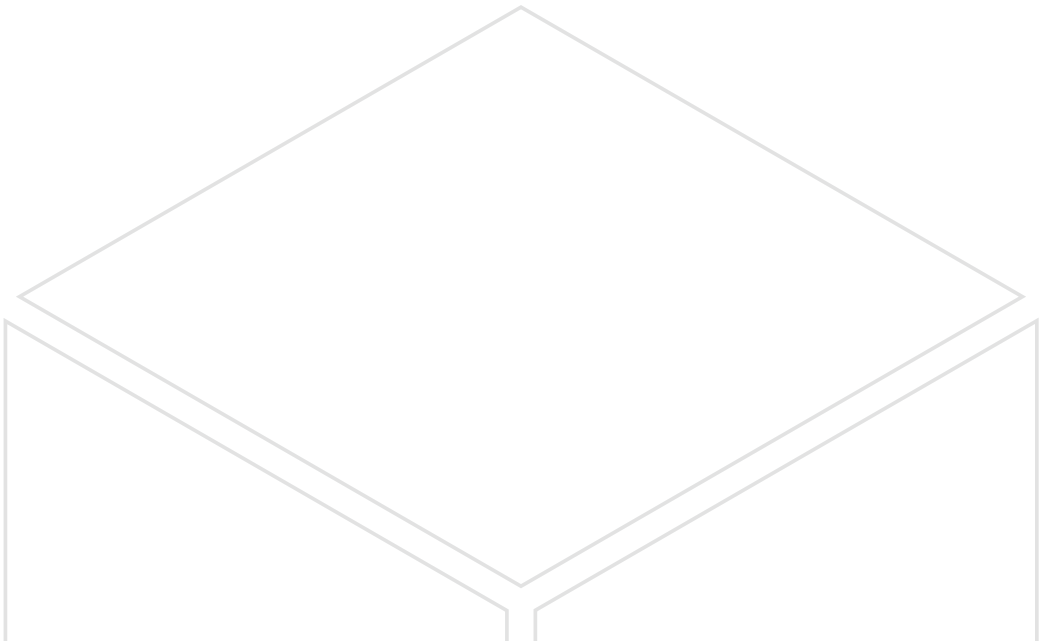
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Company name	BOOOK Publishing Ltd.	Edupark Nonprofit Ltd.	Greenery Holding Plc.	Gutenberg 25 Ltd.	Hexa Sense Robotics Ltd.	ION Systems Ltd.	KÉSZ Consulting Ltd.	KÉSZ Építő és Szerelő Plc.	KÉSZ Holding Plc.
Economic value generated (1000 HUF)									
Revenues:									
Net sales revenue									
+	282 925	458 831	25 446 445	109 998	272 608	7 122 87	3 858 322	101 033 828	141 932 820
Income from financial transactions									
+									
Other revenues									
Material-type expenditures (1000 HUF)	305 375	128 146	14 743 737	118 149	278 499	5 857 381	1 592 019	93 488 505	2 074 794
Personnel expenditures (1000 HUF)	48 259	240 482	758 157	22	2 703	520 098	1 791 442	3 703 928	1 370 980
Payments to capital investors (1000 HUF)									
Taking into account the dividend granted in account- ing terms, i.e. the dividend approved in April 2022, which has been charged to the profit/loss and the retained earnings for 2021 and the previous year	0	0	490 000	0	0	700 000	0	3 000 000	1 042 595
Payments to the state budget (1000 HUF)									
Income tax, business tax, innovation contribution, tax- es and contributions charged to other expenditures	8314.72	2 307	2 319 382	5 677	3 618	62 783	74 362	397 139	220 533.37
Community investments (1000 HUF)									
Donation, sponsorship, without corporate tax subsidies	0	27 000	0	0	0	0	100	0	72 240
Retained earnings (1000 HUF)									
Profit after tax, value reduction, dividends paid	0	60 896	5 876 673	-13 850	-2 054	-160 144	172 688	-1 732 229	10 156 127.63





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Company name	KÉSZ Ingatlan Ltd.	KÉSZ Ipari Gyártó Ltd.	KÉSZ Ipari Park Ingatlanhasznosító Ltd.	KÉSZ Metaltech Ltd.	KÉSZ&GO Ltd.	MA-HARD Ltd.	MATECH Ltd.	MI-BE Alfa Ltd.	PROVIM Ltd.
Economic value generated (1000 HUF)									
Revenues:									
Net sales revenue +	643 975	26 088 059	1 590 747	20 859 697	3 082 532	842 596	14 439 581	1 283 416	13 720 071
Income from financial transactions +									
Other revenues									
Material-type expenditures (1000 HUF)	289 015	22 818 695	1 685 976	17 407 605	1 660 482	516 095	12 461 101	894 122	11 112 061
Personnel expenditures (1000 HUF)	366 305	2 299 555	0	2 442 769	111 958	269 092	713 913	0	1 392 985
Payments to capital investors (1000 HUF)									
Taking into account the dividend granted in accounting terms, i.e. the dividend approved in April 2022, which has been charged to the profit/loss and the retained earnings for 2021 and the previous year	0	0	0	0	0	0	400 000	0	1 300 000
Payments to the state budget (1000 HUF)									
Income tax, business tax, innovation contribution, taxes and contributions charged to other expenditures	12 651	132 183	29 554	328 127	181 950	13 336	91 070	64 207	82 516
Community investments (1000 HUF)									
Donation, sponsorship, without corporate tax subsidies	0	0	0	0	0	0	0	0	0
Retained earnings (1000 HUF)									
Profit after tax, value reduction, dividends paid	-23 996	837 626	-124 783	238 900	824 723	-25 205	254 532	325 087	-675 249

Export revenues	BOOOK Publishing Ltd.	ION Systems Ltd.	KÉSZ Építő és Szerelő Plc.	KÉSZ Holding Plc.	KÉSZ Ingatlan Ltd.	KÉSZ Ipari Gyártó Ltd.	KÉSZ Metaltech Ltd.	PROVIM Ltd.	Greenery Holding Plc.	Total
Revenues from exports (1000 HUF)	541	61 045	466 096	280 434	358	590 215	460 860	55	5 942 595	7 801 658

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Financial consequences and other risks and opportunities of climate change

At present, climate change risks and opportunities that could generate material changes in our operations, revenues or expenses have been defined for the Property Management sector.

Identified climate change-related risks and associated material impacts:

1. Infrastructure

Storm damage, extreme precipitation, high average daily temperatures in the summer period. Taking into account recent periods, the risk rating is category III/D, as all three factors were present in the region in 2022.

2. Energy

Climate change is expected to reduce heating demand in Central Europe and significantly increase cooling energy demand in Central and Southern Europe, which will further increase electricity consumption in peak summer periods. More intense and frequent heat waves change energy supply and demand patterns, often in opposite directions. Further temperature rises and droughts may limit the amount of cooling water available for summer heat generation (reducing energy supply), while demand for air conditioning will increase. In addition, the increased magnitude and frequency of extreme weather events pose a threat to physical energy infrastructure, overhead transmission and distribution, but also to substations or transformers.

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3. Insurance

Climate change is expected to significantly alter the frequency and intensity of most types of extreme events. In the short term, underlying trends are factored into the premiums, meaning they will gradually increase. However, knowledge about risks often increases in larger increments, which can lead to a surge in prices in a short period of time.

4. Other threats

The impacts are expected to disproportionately affect SMEs, including disruption to business operations, damage to assets, disruption to supply chains and infrastructure, leading to increased maintenance and material costs and prices.

Following the identification of risks and impacts, we have prepared our emergency plans for all operated facilities. The impact of the risks may be in the order of more than 1% of the value of the various buildings.

Methods used to manage risks:

- emergency plan and its training for building operators,
- short-term energy contracts and the introduction of an energy-efficient attitude towards building use,
- incorporating innovations and making major investments,
- continuous operation of a monitoring system,
- use of expert staff for energy audits,
- finding grant and subsidy sources to make our manufacturing buildings more sustainable,
- long-term cooperation in the selection of maintenance partners and, thus, fixing service fees at a moderate level.

More information on energy investments and measures to reduce CO₂ emissions can be found in the Energy Management and Emissions subsections.



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Figure 16: Financial support from the state

Financial support (1000 HUF)	BOOOK Publishing Ltd.	Edupark Ltd.	KÉSZ Holding Plc.	KÉSZ Ipari Gyártó Ltd.	KÉSZ Metaltech Ltd.	MATECH Ltd.	PROVIM Ltd.	Greenery Holding Plc.	Total
Tax benefits and tax credits	0	323 393	37 409	183 254	986	986	27 400	2 985	576 413
Grants/aid	10 000	0	19 221	0	154 187	0	0	0	183 408
Investment grants, research and development grants	0	0	0	0	0	0	0	25 046	25 046
Fees	0	0	0	0	0	0	0	0	0
Financial assistance from export credit agencies	0	0	0	0	0	0	0	0	0
Financial incentives	0	0	0	0	0	0	0	0	0

INDIRECT ECONOMIC IMPACT

(GRI 203, 203-1, 203-2)

Major infrastructure investments

In 2022, two of our companies have made major infrastructure investments and infrastructure service developments that could impact local communities and local economies. Details of each development and the expected impacts are presented in the table below.

Company name	Rate of infrastructure investments and the development of services (HUF)	Subject of the investment	Current or expected impacts on communities and local economies
KÉSZ Ipari Park Ingatlanhasznosító Ltd.	57 000 000	Construction of public utility tunnel, reconstruction, concrete works, road works, paving / Renovation of changing rooms, showers	Support for pedestrian and vehicle traffic and parking within the industrial park / Ensuring orderly conditions, appropriate hygiene and lockable containers for blue-collar workers in the industrial park
MI-BE Alfa Ltd.	2 000 000	Creation of lockable bicycle storage / Creation of lockable waste storage area	Supporting office staff in using alternative, environmentally-friendly means of transport / Establishing organised waste storage conditions, supporting selective waste collection
Total	59 000 000		

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Significant indirect economic impacts

KÉSZ Group is an integral part of the construction industry value chain. This means we have a significant indirect economic impact on our employees, on the customer side on clients, industrial and retail end-users, as well as on suppliers and, in some cases, logistics partners. Our continued expansion and investment projects are reinforcing each of these economic impacts.

Our work performed for our industrial clients contributes to the growth of the given company, to economic activity and thus to the creation of new jobs. In case of our retail end-user projects, we contribute to creating and improving housing conditions.

KÉSZ Group is an important employer in the communities around our sites, as employees create local added value. We also have a strong contribution to make in various areas of vocational training in the construction industry, for example as a company providing training for local apprentices or adult education. In the 2022/2023 academic year, our Group provided vocational training to 350 students and 180 adults and employed interns in 5 sectors through dual training, supporting the training of the next generation. In the field of vocational training, we also collaborate with other players in our industry, and in 2022 we established Tudásépítő-Team Ágazati Képzőközpont Nonprofit Plc. together with two major players in the industry.

We are committed to a variety of sustainable construction industry systems that contribute to the overall national infrastructure as elements of the construction industry. We are members and, in many cases board-delegating members of several Hungarian industry and professional associations (e.g. ÉVOSZ, HuGBC, ISO 9000 Forum), where we collaborate with the members on the introduction of professional innovations and know-how developments, thus promoting innovation in the industry. With the same approach, we work together with universities (e.g. PTE, Gál Ferenc University) to implement joint training courses in the construction industry. Special emphasis is placed on the wider dissemination of digitalisation solutions (e.g. BIM scholarship and internship programme). Through these, KÉSZ Group supports industry innovation, sustainability and the increase of added value in the construction industry.

Our indirect economic impact on suppliers and supply companies is also significant. In 2022, KÉSZ Group procured goods worth around HUF 190 billion and we had business relationships with a total of 2,798 direct suppliers. We also generate orders for external suppliers for certain purchases and construction works.



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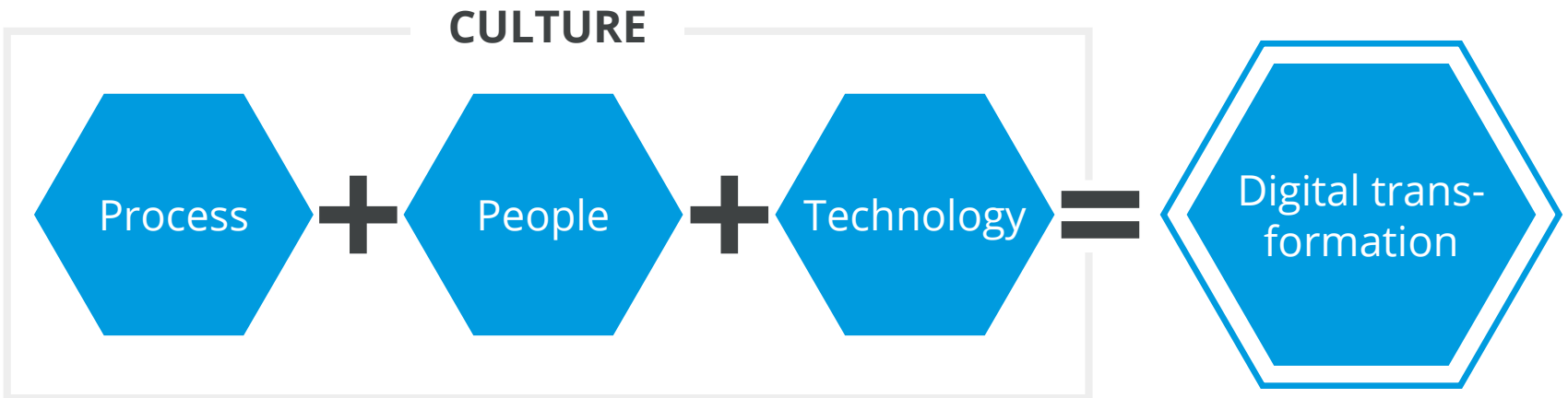
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KÉSZ GROUP'S DIGITALISATION STRATEGY

The transition to digital operation is not a task for the future, it is the present for KÉSZ Group. Our Digital Strategy aims to develop and automate our processes and systems in an organised, coordinated and integrated manner. This enables us to transition to data-driven operations, increasing our efficiency and competitiveness. KÉSZ Group's Connect Programme was completed in 2022, which aims to bring the Group's digital transformation closer to colleagues through various channels of internal communication.



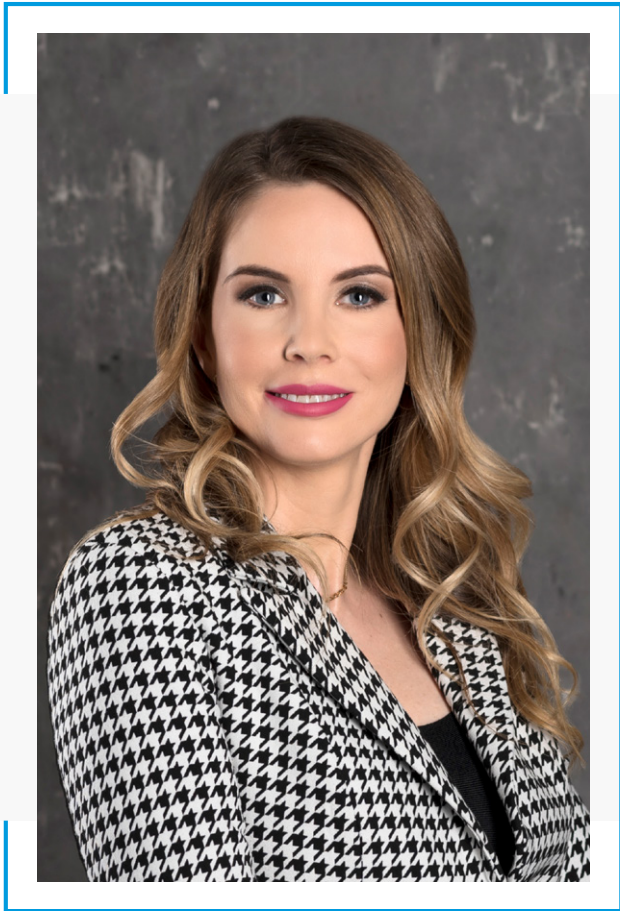
Our digitalisation strategy is a 7-tier, interdependent system, from process automation to the programme-level introduction of artificial intelligence and robotics that permeates the entire strategy. However, it also includes the modernisation of KÉSZ Group's corporate governance system, as well as the development and introduction of data collection applications.

The highlight of 2022 was the roll-out of process robotics aligned with strategic process automation.

"Robotic process automation solutions are powerful software tools for performing time-consuming, repetitive, rule-based office tasks and speeding up workflows. They help us to reduce operational costs and the possibility of errors. KÉSZ Group was supported by as many as 5 robots in 2022, and the objective is to launch 5 more in 2023."

Erika Sas,
Head of Accounting Services

Gábor Klementisz-Csikós,
Head of Digitalisation





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(GRI 2-15; GRI 205; GRI 205-1; GRI 205-2; GRI 205-3)

At KÉSZ Group, we strive to achieve our business goals, sustainable development and economic unity with the full confidence of our partners. Trust is an essential element of our operations, and it is up to all of us to maintain it. To maintain our results, high quality and earned trust, we are committed to operating to the highest ethical standards and professional procedures. We must act with integrity in all our actions and in all our decisions, and we must take responsibility for our actions as individuals, as employees and as an organisation. This is why we expect all our staff to make decisions that are in line with our corporate goals and culture, to create value, and to ensure high levels of customer satisfaction and quality.

Our revised Code of Ethics has been in force since 2021. The content of the document covers not only all employees, but also the entire supplier base, as they are required to accept it as part of the pre-qualification process.

As part of the onboarding process, all our employees are required to attend and pass an ethics training course, familiarise themselves with the workplace etiquette rules and sign a declaration that they have read and accept these as part of their employment contract.

Our internal stakeholders

For our employees, we keep the following values in mind:



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Equal treatment

Our employees are selected and assessed solely on the basis of their professional competence and performance. We reject all other forms of selection, reward, promotion, preference, favouritism, advantage gain.

Equal opportunities

When selecting our employees, we make it a priority to offer everyone with the right professional skills the opportunity to make a difference.

Prohibition of harassment

Our Group does not tolerate any form of harassment, including, but not limited to, verbal or written communications that contain hurtful, abusive, threatening, obnoxious, taunting, humiliating, or derogatory language about the other party's "protected characteristics".

Harassment may include unwanted touching, physical contact, advances; overt or implied sexual solicitation or request, innuendo, sending a message containing sexual references; threats or intimidation; sending, posting, displaying or showing derogatory, offensive, shocking, pornographic, discriminatory images, content.

Discrimination

Discrimination against employees and partners on the grounds of sex, race, skin colour, membership of an ethnic or national minority, language, disability, health condition, religion or belief, political or other opinion, marital status, maternity or paternity, sexual orientation, gender identity, age, social origin, financial standing, employment or other legal relationship, membership of an advocacy group, other status, characteristic or attribute is prohibited. All of these values are underpinned by mutual loyalty: loyalty of employees to each other, loyalty of employees to the company, and loyalty of the Company to its employees. Caring and listening cooperation is one of the keys to our long-term success.

We expect our managers to lead by example, whether it's the quality of their work or the application of the guidelines in the regulations. They are also expected to have integrity.

Our Group feels responsible for the safe and healthy working environment and employee well-being, which includes educating and training all employees to comply with the relevant safety and health standards, and providing them with benefits that promote an active lifestyle and health (see more in the Society chapter).

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From the perspective of our employees, conflict of interest as a fundamental requirement must be examined in each individual situation and in some cases is not acceptable. Conflict of interest exists when an employee's personal activities, interests or relationships actually or apparently conflict with the interests of KÉSZ Group or prevent them from exercising the commitment and objectivity expected towards KÉSZ Group in the course of their work.

Conflicts of interest can arise for two reasons:

- due to position or job, or
- for personal reasons.

In all cases, the line manager and/or HR Director must be made aware of the potential conflict of interest. The HR Director is responsible for ensuring that the report is forwarded to the Ethics Committee, which investigates the report and, if necessary, takes a decision and initiates action to eliminate the conflict of interest. The decision or action of the Ethics Committee must be notified to the person who made the report.

Any employee can report anonymously through the “Clean Hand” interface, in which case the report is investigated according to the rules of the “Clean Hand” programme.

We expect our employees to keep confidential any information they learn in the course of their work and to respect our confidentiality policy.

In addition, it is also fundamental that employees have a duty to protect the assets of the Group (physical and intellectual property) and to treat these as prudent owners, which includes cost-consciousness.

Our external stakeholders

Our Code of Ethics also sets out our common objectives for cooperation with external stakeholders. As such, the satisfaction of our customers and clients is important to us. Our motto is fair business cooperation with all our partners.

We comply with legal regulations governing competitive relationships with our competitors, and we reject and prohibit all unethical and illegal business practices that restrict competition. We reject unfair or unlawful information gathering, industrial espionage, bribery or any other unfair practices in relation to our own or our competitors' business.



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The effectiveness of our work also depends on the fairness and correctness of our relationship with our subcontractors and suppliers. In our relationships with our partners, honouring our agreements is a fundamental requirement. At the same time, we encourage them to act fairly and ethically, and one of the ways we do this is by having them accept our Code of Ethics. We also reject all forms of illegal employment, such as child labour, forced labour, undeclared work, etc. All of our suppliers meet these criteria, as they go through a multi-round partner rating process before being selected, and we stipulate as a core obligation in all our subcontractor and supplier contracts the requirement of legal and compliant employment.

Anti-corruption

We fully reject and condemn all forms of corruption and encourage our staff and external partners to report any cases of ethics violations through the reporting channels provided. Investigations are managed under the direct authority of the CEO and/or the Supervisory Board, with the head of the area subject to regular reporting and accountability obligations. The experience of each incident is continuously fed back to the area concerned, which ensures that the necessary policy and process adjustment actions are taken and incorporated into the normative instructions on company security.

We inform all our employees about our anti-corruption rules, and we require them to be familiar with our policies. We also provide anti-corruption training for our staff. New hires are required to complete the training on entry, and existing employees are required to complete the training annually, via our e-learning platform.

Main anti-corruption pillars	Channels for anti-corruption reporting
Code of Ethics Code of Ethics and Conduct Rules of procedure of the Ethics Committee Disciplinary Policy Privacy Policy (protection of personal data) Abuse prevention strategy	Tiszta Kéz (Clean Hand) programme: It is possible to report suspicious activities related to abuse or bribery anonymously, both for our colleagues and to external stakeholders (e.g. suppliers, partners). This aims for such reports to be recorded in a forum that handles reports appropriately and investigates them without exception. Additional information: https://www.keszgroup.com/en/kesz-cares/clean-hands-program On the electronic interface, e.g. in addition to needs and requests related to access cards and access rights, needs and requests related to security events, events, live guarding and security needs. We monitor the time available for incident investigation—as set out in our policies—as part of management control Reporting to line managers and the Security Manager

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Ethics Committee

The anonymity of whistleblowers is guaranteed by the Ethics Committee. The identity of the whistleblower remains protected even if the involvement of the whistleblower is necessary for the investigation to be effective. KÉSZ Group strictly prohibits any retaliation against bona fide whistleblowers.

Registered reports are referred to the Ethics Committee of KÉSZ Group, which decides on the further course of the investigation and the sanction corresponding to the gravity of the case.

The applicable sanctions are set out in the Disciplinary Policy of KÉSZ Group and in labour laws, and, where appropriate, the infringement may also be grounds for termination of employment by the employer.

In 2022, one substantiated corruption incident took place at our Group, resulting in the termination of the employment of the employee concerned. No corruption risks were assessed last year.

Fines

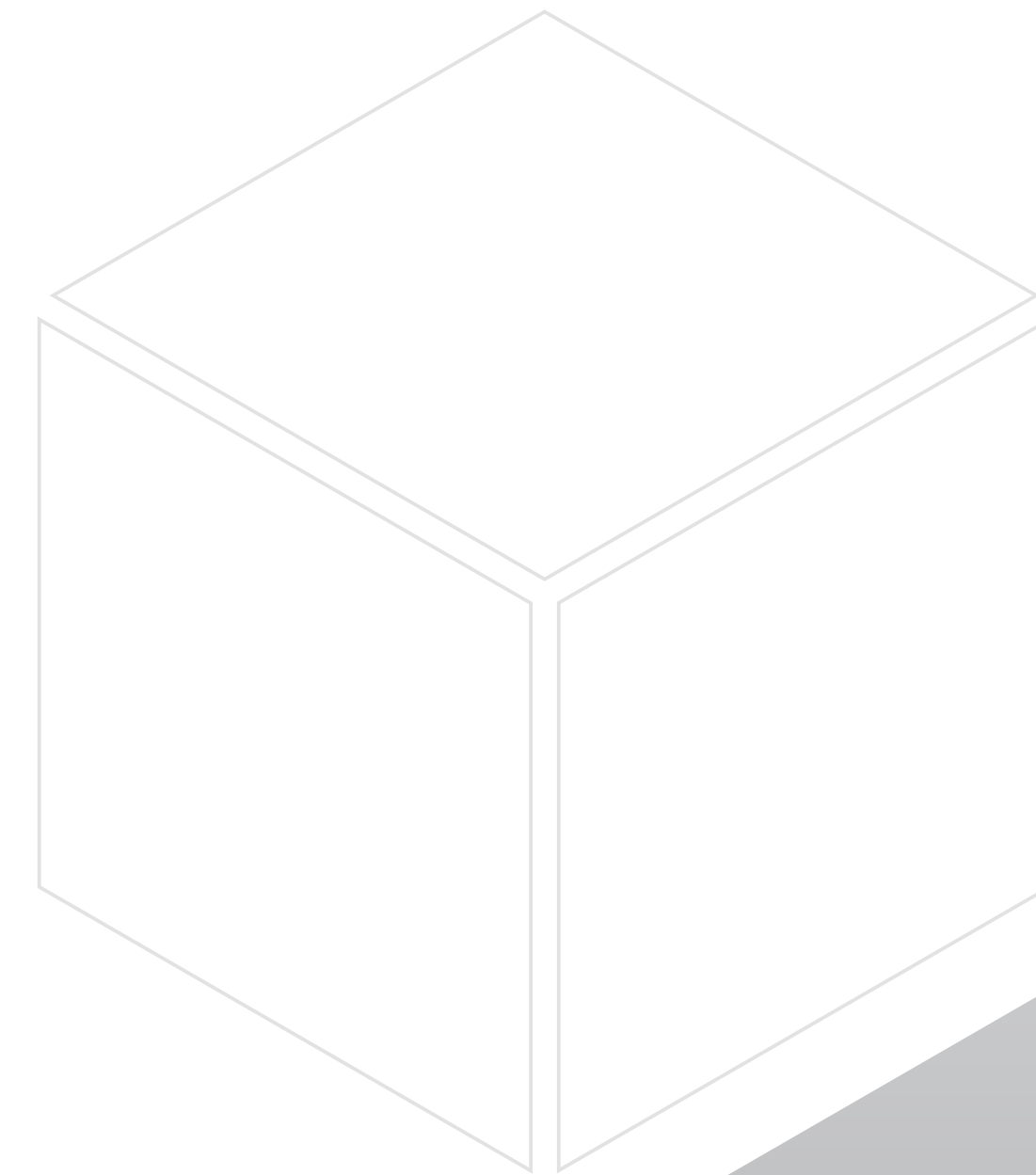
Our Group considers fines above HUF 2 million to be significant. In 2022, there were no fines imposed in relation to professional activity.

DATA PROTECTION

(GRI 418-1)

The place of data processing within the organisation

Our Data Protection Officer is responsible for identifying, prioritising and mitigating the risks to data processing that arise in the course of the organisation's operations, and for establishing a framework for business activities that are compliant with data protection requirements. This area helps to train our staff in data protection, so that in their day-to-day operations they process the data entrusted to them responsibly and with clear accountability. Our Group supports our operations by securing data protection risks and through compliance with relevant data protection legislation.





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Privacy Policy

The latest version of our Group-wide Privacy Policy entered into force in 2022, and includes, among other things, the employee data processing information notice, describes the employer's data processing processes based on legitimate interest, and includes related documents (e.g. camera operation, access control system operation, bag screening, etc.), taking into account GDPR aspects and requirements.

At KÉSZ Group, we take the utmost care to protect the personal data of our employees, subcontractors and all our partners who have a relationship with us.

Protection of the personal data of our customers, partners, suppliers and subcontractors

Our external customers and stakeholders can find information on how personal data are processed, the legal basis for processing and the rights of data subjects at the <https://www.keszgroup.com/en/data-processing-notice> website, which is accessible to everyone. Data subjects may send any comments concerning their personal data to the adatvedelem@kesz.hu email address specified in the notice, and may also send any requests concerning the storage, modification or erasure of data.

Protection of the personal data of our staff

Our employees are informed in detail about the way their personal data are processed, the scope of processing and their related rights during the onboarding process. We pay particular attention to transparency in our operations, so when new colleagues join, we make a point of informing them of this. Our employees can find detailed information in our Privacy Notice to help them understand the details of how their personal data is processed.

Before processing personal data, we always carefully consider whether this is actually necessary. The processing of personal data may only be initiated if we have adequate legal basis and there is no doubt that the purpose of processing cannot be achieved by any other means. As a data controller, we are obliged to process the personal data of data subjects in a lawful, fair and transparent manner. We comply fully with relevant and applicable national and European Union laws and standards (primarily the GDPR) in relation to the collection, processing and erasure of the personal data of data subjects.



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Impact assessment

For all our data processing operations, where necessary, we carry out a detailed interest assessment test, in which it is of paramount importance that the processing does not have a negative impact on the human rights and freedoms of data subjects. We are not currently aware of any cases where such negative effects have arisen in relation to data processing. However, there are also essential data processing operations that are in the interests of both our Group and the data subjects.

Guidelines, policies and procedures we follow

As a data controller, we are required to have an adequate legal basis for processing personal data and establish the right balance between our legitimate interest in processing and the interests, fundamental rights and freedoms of data subjects. To this end, we use a detailed interest assessment test and impact assessment process.

We constantly review ongoing data processing operations and also monitor the state of the art in science and technology on an ongoing basis. We implement appropriate technical and organisational measures for ensuring that, by default, only personal data which are necessary for each specific purpose of the processing are processed.

Data protection training

Our Group provides regular training to raise employee awareness of data protection. The purpose and task of data protection training is to enable employees to acquire and apply, throughout their employment, the theoretical and practical knowledge, rules and instructions that will enable them to perform their work in accordance with data protection requirements. Our employees receive mandatory data protection training in the form of e-learning on an annual basis, upon starting work or during the performance of their work duties. The Data Protection Officer is responsible for the preparation of the curriculum and delivery of the training sessions.



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Liaising with data subjects

In the case of contractual relationships, we primarily examine whether data processing is taking place in relation to the given relationship. If it does, a data processing agreement or a data processing annex is annexed to the contract. These documents regulate the processing of personal data, examined on a case-by-case basis of course. This measure informs both the member company and the partner concerned of their rights and obligations and of the action to be taken by each party. At KÉSZ Group, we pay particular attention to the data of our contractual contact persons, the processing of which is described on <https://www.keszgroup.com/en/data-processing-notice>. In summary, we can state that the parties regulate the processing of personal data and the conditions thereof in the contract itself.

Substantiated complaints about data breaches and data loss

Since the entry into force of Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR), we have not received any complaints from data subjects or reports of data theft, data loss or data leakage.

IT security

It is vital for our Group to protect our information systems, their content and our communication channels against all forms of criminal activity or unwanted activities, such as electronic crime and cyber-attacks, including unauthorised access, information leakage and misuse of data or systems. Our corporate security and IT security areas maintain organisational, process-related and technical information security measures based on accepted international standards. We use coordinated electronic and physical security controls (e.g. access control, security monitoring) to strengthen our ability to manage sensitive data such as trade secrets.

Our Group's Global IT Policy was finalised in 2022, which regulates IT at the highest level. This is where group-wide IT security policies, BYOD (bring your own device), software/hardware procurement, IT administration policies, website policies, maintenance, data storage, cloud usage, IT support are regulated.

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Similar to the data protection area, the IT security area also has a channel for reporting comments, incidents and complaints. Comments sent to informaciobiztonsag@kesz.hu are processed directly by the responsible managers, the IT Security Manager and the IT Director.

Employee IT security training is provided in the form of e-learning when the employee starts work and on an annual basis thereafter.

In line with the rapidly changing IT environment, we started preparing a new IT Security Roadmap and IT Security Strategy in 2022, one of the main objectives of which is to raise user awareness and promote the safer use of devices. Furthermore, in the same year, multi-factor identification was introduced to further enhance security.

In 2023, we are launching an internal communication campaign to raise security awareness: quizzes and tests with prizes, training, device use guides (e.g. password storage tools).



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(GRI 204; 204-1, GRI 308; 308-1; 308-2; GRI 414; 414-1; 414-2)

One of the cornerstones of our Group's more than 40 years of success is ensuring that cooperation with the large number of suppliers and subcontractors we are in contact with is smooth, reliable and trouble-free in all situations. Our own performance is greatly influenced by the quality of the cooperation with our partners, and as such we always think in terms of the whole value chain and strive to optimise it.

We are responsible to our customers and clients for providing high-quality services that are increasingly sustainable. An important element of our Group-wide sustainability strategy for 2022 was to extend it to procurement as a strategic area, to set specific expectations for our suppliers and to collaborate with them to help and educate them on the path we have started.

In 2022, we adopted a new Group-wide procurement strategy, setting out our expectations for the period 2022-2024. The strategic objective is to strengthen the process-based operation of Procurement and to contribute to the effectiveness of business activities through the efficient operation of Procurement processes. The Procurement Organisation and the tools and procedures used in its procurement activities are, without exception, designed to ensure uniform, rapid, regulated and transparent operation. This requires the development and implementation of processes and communication channels on advanced digital platforms, the development of a corporate culture and feedback system, and the development of partnerships.

With the above main strategic directions and the corresponding implementation steps, our aim is to make the procurement system uniform and even more efficient across the Group, and to make the process fully integrated, digital, traceable, measurable and paperless.

OBJECTIVES		ACTIONS
Active contribution to business profitability		<div>Centralised procurement and the supporting organisational structure</div> <div>Cooperation with partner areas and between business lines</div>
Uniform, fast, regulated and transparent operation		<div>Digitalisation in processes, introduction of a single ERP procurement module</div>
Assessment and management of risks		<div>Strategic partnerships</div> <div>Optimised inventory management</div> <div>Partner rating</div>
Integrating ESG considerations into processes		<div>Development of partnerships and establishment of a contractual framework</div> <div>Paperless due to digitalisation</div> <div>Development of corporate culture and feedback provision</div> <div>Ongoing training</div>



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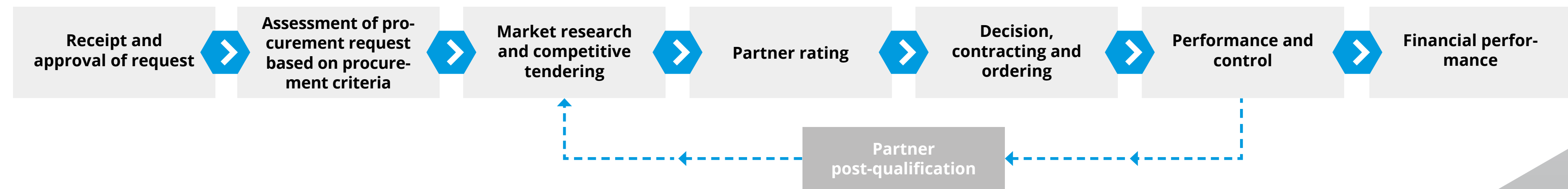
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The main steps in our procurement process

Managing the entire process through the ERP system ensures transparency, consistency, speed, efficiency and measurability. This includes the ongoing rating of our suppliers, ensuring a partner pool that is sufficiently large and stable, and increasingly risk-weighted to include ESG-focused aspects. To ensure transparency, we strive to conduct the entire process electronically:

- The tendering process is implemented in electronic form on account of the increasing number of electronic auctions;
- Electronic contracting is used with partners where electronic signatures are already in place;
- We mandatorily have our suppliers accept our Code of Ethics, which already includes EHSQ criteria;
- Our partners upload their data through an electronic interface when they self-register;
- The medium-term goal is to create a so-called “partner window” where we can communicate with our partners digitally.





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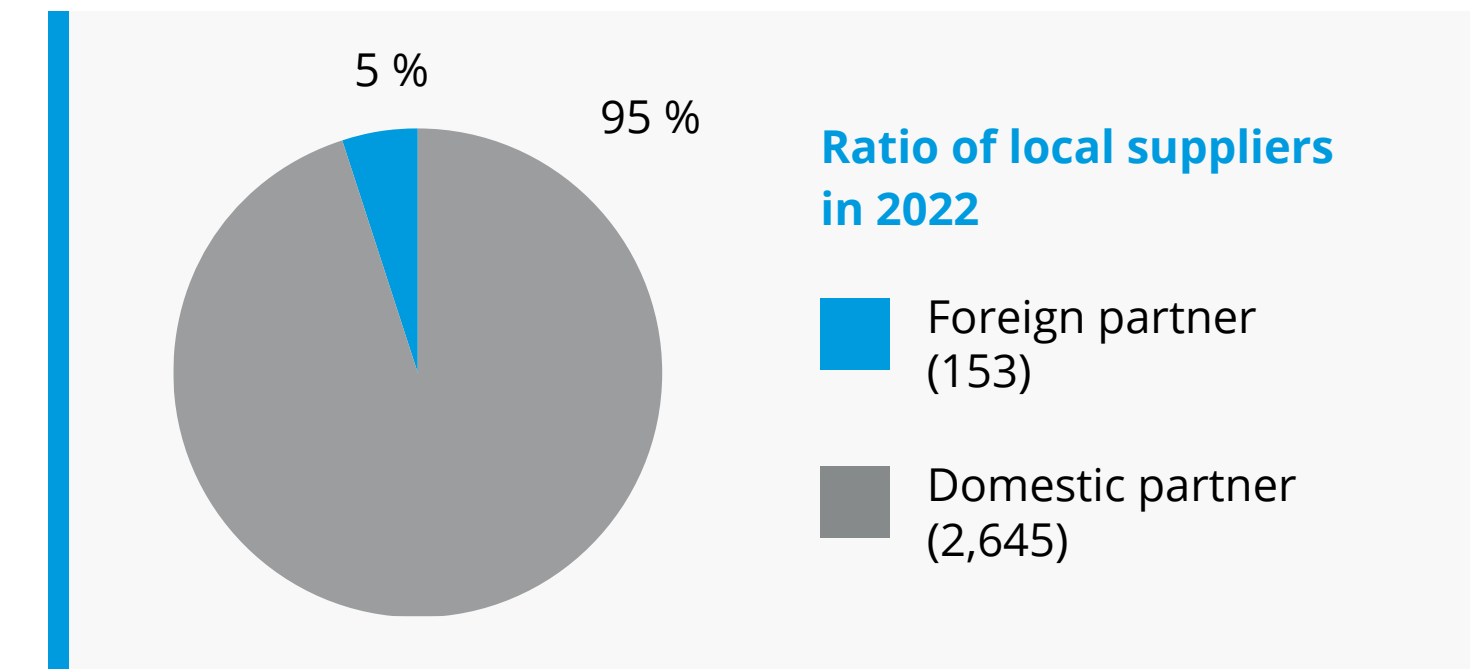
Geographical location of our partners

Geographical location, or proximity, is not a negligible factor in the selection of our partners, as it ensures not only rapid accessibility but also the most environmentally-friendly logistical load, if the supply side allows.

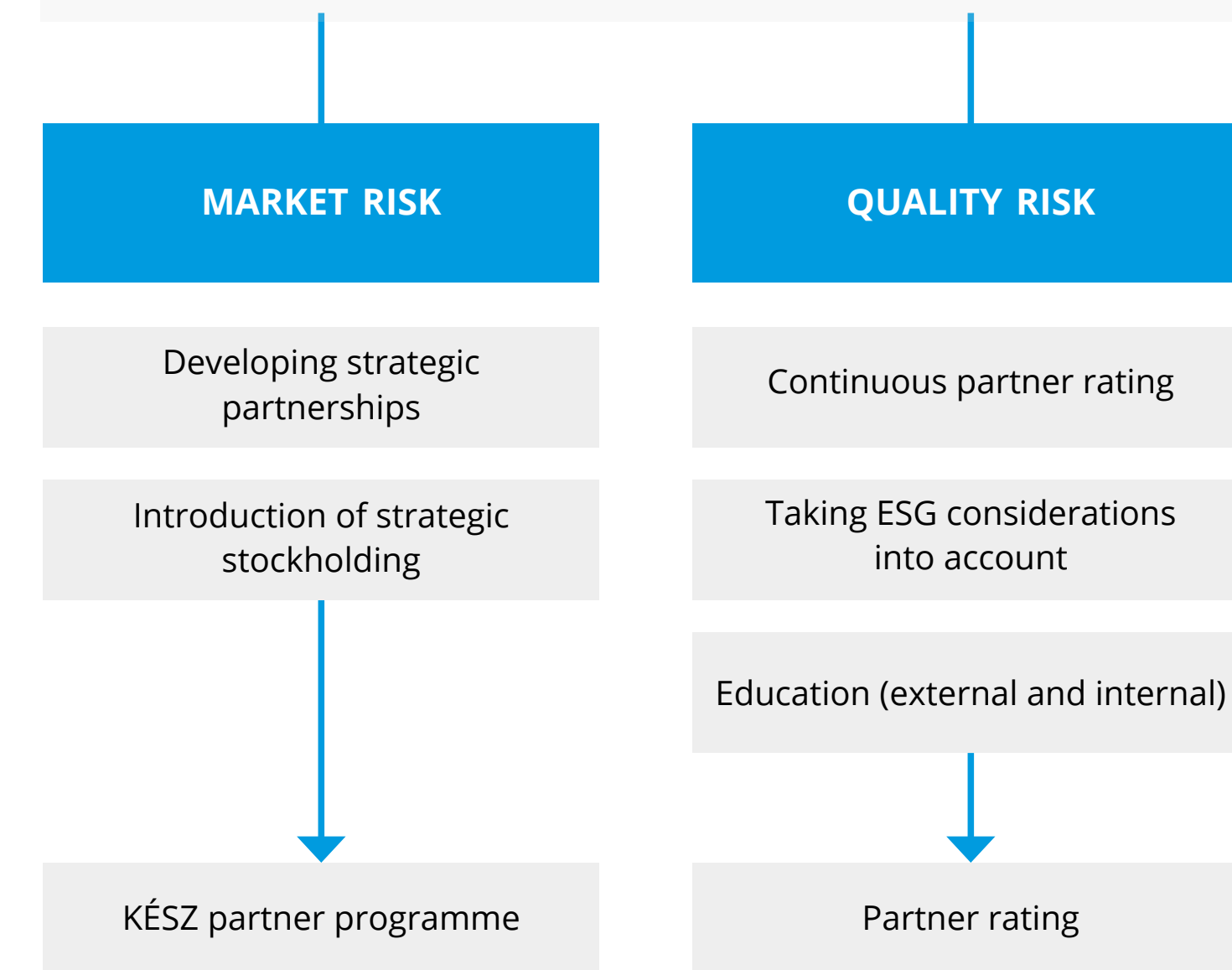
In 2022, the companies featured in the report had a total of 2,798 suppliers, 95% of which were domestic. The steel structure manufacturing business line had the highest share of foreign suppliers because the rolling mills are located in Europe. The majority of foreign partners are Austrian and German.

Risk management within the procurement area

It is also important in the construction industry to identify and manage the various risk factors. For us, one of the key issues is to deliver quality services on time, and our suppliers play an essential role in this. Examples include market risks such as location risks, logistics risks, critical product or critical workload risks, resource (e.g. labour) availability risks. These are managed in different ways, such as building strategic partnerships, introducing strategic stockholding by setting up logistics centres, or involving a foreign trading partner. In 2022, the development of the "KÉSZ PARTNER" programme was launched, the aim of which is to select strategic partners who are ESG-compliant and with whom we can work together in a stable and mutually beneficial way in the long term, with continuous monitoring. The parties thus selected are screened using our partner rating system and this is done on an ongoing basis and repeatedly. The programme will be implemented in 2023. We also aim to develop (economic, commercial, technical, etc.) auditing of our strategic partners.



Risk factors and their management





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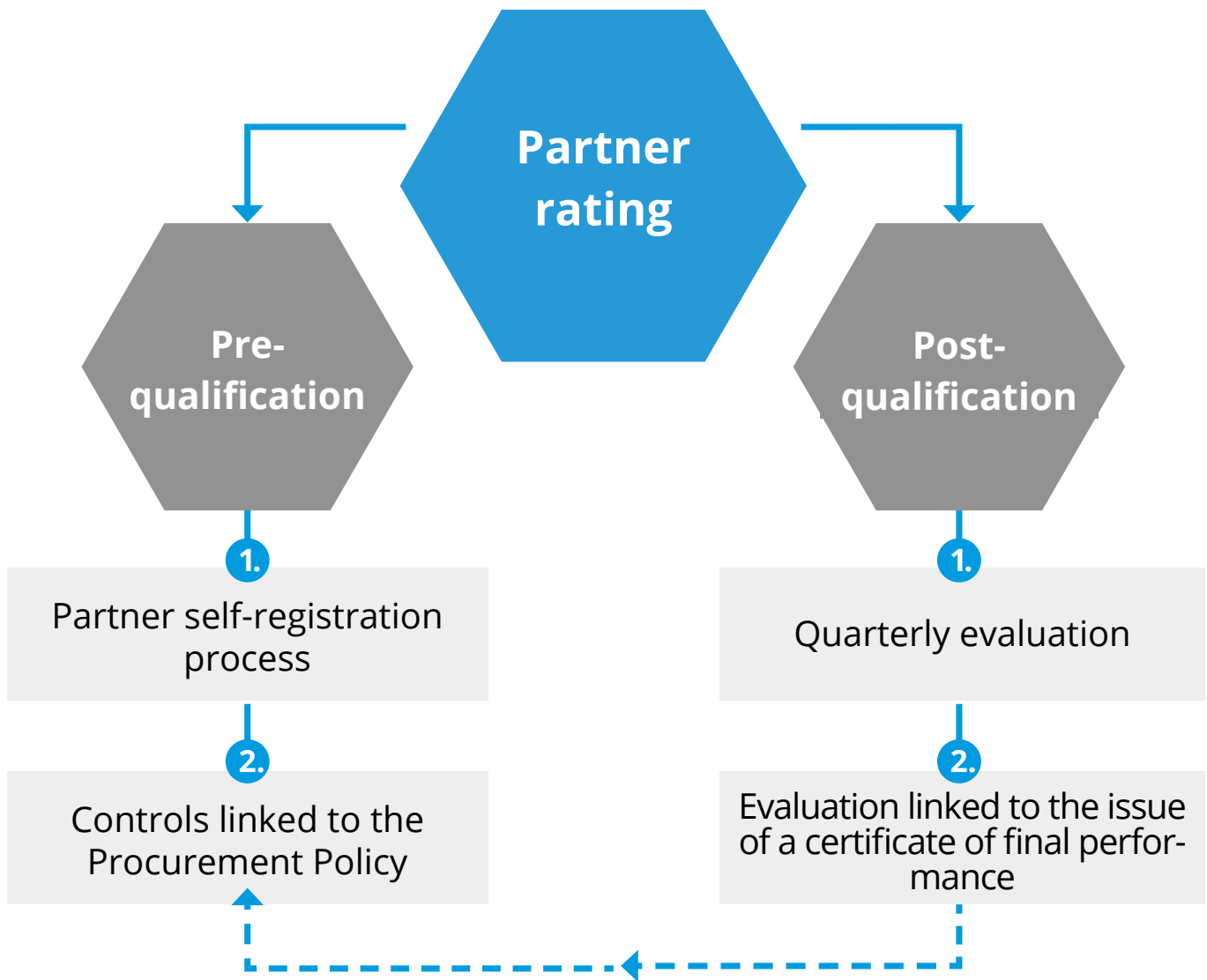
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In addition, the risks associated with the quality of suppliers, whether they are size-related, financial risk factors, or ownership and regulatory risks, need to be managed. We can ensure this through continuous partner rating, with sustainability aspects embedded as an element. We are aware that a significant number of domestic suppliers are less mature in terms of ESG, so we are focusing on training and informing them, so that they understand why it is essential to incorporate this mindset into their day-to-day operations. One of the elements of our Group-wide sustainability strategy for 2022 is to develop supplier partnerships from a sustainability perspective.

Due to the number of our member companies and the complexity of our portfolio, it is particularly important for our Group to have smooth cooperation with the suppliers related to our daily operations and to have a sufficient number of potential partners available to carry out individual tasks immediately and in terms of competitive tendering. To this end, we have taken several steps in recent years to minimise risks.

Following the Covid-19 pandemic, we were faced with considerable challenges on account of the Russian-Ukrainian war and the disruption in the logistics supply chain for raw materials.

From 2021 onwards, we have established a well-functioning partner rating programme and system, with the following main pillars.



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The main purpose of partner rating is to gain a comprehensive overview of our suppliers, their performance and to use the information available to reduce risks.

The first step in the process is pre-qualification, where we screen potential partners based on various publicly available criteria (e.g. whether they are subject to regulatory procedures). We will then send the partner a self-registration questionnaire, which includes social (ISO 45001 and SCC^p certification, workforce composition) and corporate governance (e.g. ISO 14001, ISO 50001, ISO 9001 certification) questions for a deeper understanding and rating.

Partner rating for suppliers with whom we have not yet worked is performed based on the KPIs thus determined. In case there is already a business relationship with the party concerned, a post-qualification is carried out on the basis of the accumulated experience after the completion of the work, the issue of a certificate of final performance and/or on a quarterly basis. Within this, as an environmental aspect, we assess partners' material management in terms of whether there has been an unjustified use of materials or energy, safety incidents or an HSE sanction during performance. From a social perspective, we examine whether there has been any work-related accidents caused by the partner on the project. Collaboration with partners deemed to be potentially risky is only possible with senior management approval.

In 2022, the environmental and social assessment of our suppliers did not identify any circumstances that led to the termination of the relationship.

By aggregating the above rating criteria, the partner's classification (on a scale of 1 to 5) is established and the partner's performance in the cooperation is decided. We carry out the full rating procedure for all our partners on an ongoing basis and, if necessary, we terminate relationships with the given partner. The aim is to be able to work with suppliers that are important to us in the long term, and to identify the deficiencies that can be remedied. Based on the post-qualification results to date, the average score of the supplier database built by our Group on a scale of 1 to 5, taking into account quarterly ratings, is 4.61 in 2022. The measurement objectively confirms that our quality work would not be possible without a similar quality group of partners, which we have successfully built up over many years.



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BIM	Building Information Modeling	A new approach to design methodology; it involves the simulation and optimisation of building design and construction processes using comprehensive digital models.
BREEAM	BRE Environmental Assessment Method	A building rating system developed by the Building Research Establishment (BRE) in the UK.
CSR	Corporate Social Responsibility	CSR is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public.
CSRD	Corporate Sustainability Reporting Directive	The CSRD will require in-scope companies to disclose information on sustainability matters that affect the company.
EMSZ	Hungarian Association of Building Insulators, Roofers, Tinsmiths, and Carpenters	
ESG	Environmental, Social, Governance	ESG is an acronym for Environment, Social, Governance, which defines the framework for these investment projects. It is also referred to as socially responsible finances or green finances.
ÉVOSZ	National Federation of Hungarian Building Contractors	
EU Taxonomy		The EU Taxonomy is a single classification system that includes a list of environmentally-sustainable economic activities, while providing guidance on how these activities should be reported.
GRI	Global Reporting Initiative	GRI provides the world's most widely used sustainability reporting standards.
HEV	Hybrid Electric Vehicle	Hybrid electric vehicle. Electric car with regenerative braking, powered by an internal combustion engine but not charged from an external source. In addition to a conventional petrol engine, it is equipped with a smaller battery and an electric motor..
HuGBC	Hungary Green Building Council	HuGBC is a nonprofit organization that works to provide environmentally responsible construction practices through the promotion of the necessary market, educational, and legislative conditions.





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LEED	Leadership in Energy and Environmental Design	In terms of the number of buildings certified under the US LEED rating system, it is the second most successful system in Hungary and in the Central European region after BREEAM, and since its introduction in 1998, it has been one of the most widely used systems globally.
LEO		National Association of Facility Management and Building Management Service Providers
MHEV	Mild Hybrid Electric Vehicle	The benefits of mild hybrid cars are more limited than those of full and plug-in hybrids. The low-voltage (and low-power) electric motor does not move the car on its own, it just starts it up at lightning speed and helps the combustion engine when more power is needed temporarily. The main function of the electric motor in such vehicles is to convert the kinetic energy released during deceleration into electricity. This is the main reason for the ability of mild hybrids to reduce consumption, which is therefore not much more than a few per cent, as the electrical grid is not able to recycled and store significant amounts of electrical energy during braking.
MKKE		Hungarian Publishers and Booksellers Association
PHEV	Plugin Hybrid Electric Vehicle	A hybrid car can also be charged from an external source with a slightly larger battery capacity than a normal hybrid. They are similar in design to conventional hybrid vehicles, but can run on pure electricity as well as fossil fuels.
SCCP	Sicherheits Certifikat Contraktoren	Contractors Safety Certificate
Scope 1		“Direct” emissions, emissions from activities owned or controlled by the organisation (fuel, natural gas)
Scope 2		“Indirect” emissions, emissions from the purchase of electricity used by the organisation.
UN SDGs	United Nations Sustainable Development Goals (SDGs)	The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries - developed and developing - in a global partnership.
WELL		The WELL rating, originating in the United States, is one of the latest international building rating systems



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	Disclosure 2-3 Reporting period, frequency and contact point	6.		
	Disclosure 2-4 Restatements of information			first report
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	Disclosure 2-7 Employees	53-55.		
	Disclosure 2-8 Workers who are not employees			trainees (37), commission agreement (21), hired workforce (92)
	Disclosure 2-9 Governance structure and composition	81-83.		
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	Disclosure 2-30 Collective bargaining agreements			no bargaining agreements
GRI 3: Material Topics	Disclosure 3-1 Process to determine material topics	16-17.		
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GRI 201: Economic Performance	Disclosure 201-1 Direct economic value generated and distributed	83-85.		
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GRI 201: Economic Performance	Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage			The KÉSZ Group determines wages regardless of gender and the level of the minimum wage, solely on the basis of the value of the advertised position.
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	Disclosure 305-4 GHG emissions intensity	36-38.		
	Disclosure 305-5 Reduction of GHG emissions	36-38.		
	Disclosure 305-6 Emissions of ozone-depleting substances (ODS)			During the leak check, our service partners record the amount of F-gases in the equipment and the tightness of the equipment in the records of the National Climate Protection Authority. In the future, we would like to take this source into account when calculating GHG emissions.
	Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			There are 10 point sources at our locations (based on declarations by MIBE Alfa and KÉSZ Ipari Gyártó) according to the law are measured by an accredited organization on a regular basis in accordance with regulations. The authorization documentation for point sources is provided by the Quality department compiled, where the authorizations according to the legal regulations are available.

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Name of the indicator		Page number	Omission	Explanation
GRI 305: Emissions	Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			The emission calculation is based on the results of the measurements and given by the operating data.
				Total pollution (kg):
				Sulfur dioxide.....4.56
				Nitrous oxide.....69,860.73
				PM (non-toxic) 1,389.99
				VOC4,783.71
GRI 306: Effluents and Waste				
GRI 306: Effluents and Waste	Disclosure 306-1 Water discharge by quality and destination	20-24.		
	Disclosure 306-2 Waste by type and disposal method	20-24.		
	Disclosure 306-3 Significant spills	20-24.		
	Disclosure 306-4 Transport of hazardous waste	20-24.		
	Disclosure 306-5 Water bodies affected by water discharges and/or runoff	20-24.		
GRI 401: Employment				
GRI 401: Employment	Disclosure 401-1 New employee hires and employee turnover	54.		
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to	56-59.		
	Disclosure 401-3 Parental leave	55.		



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Name of the indicator		Page number	Omission	Explanation
GRI 403: Occupational Health and Safety				
GRI 403: Occupational Health and Safety	Disclosure 403-1 Occupational health and safety management system	48.		
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	49.		
	Disclosure 403-3 Occupational health services	51.		
	"Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety"	50.		
	Disclosure 403-5 Worker training on occupational health and safety	50.		
	Disclosure 403-6 Promotion of worker health	57-58.		
	"Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships"	48-51.		
	"Disclosure 403-8 Workers covered by an occupational health and safety management system"	48.		
	Disclosure 403-9 Work-related injuries	51.		
	Disclosure 403-10 Work-related ill health	51.		



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Name of the indicator		Page number	Omission	Explanation
GRI 404: Training and Education				
GRI 404: Training and Education	Disclosure 404-1 Average hours of training per year per employee	60.		
	"Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs"	61-69.		
	"Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews"	56., 59.		
GRI 413: Local Communities				
GRI 413: Local Communities	"Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs"	70-77.		
	"Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities"	70-77.		
GRI 418: Customer Privacy				
GRI 418: Customer Privacy	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	95-99.		
GRI 308: Supplier Environmental - Assessment 2016				
GRI 308: Supplier Environmental Assessment 2016	Disclosure 308-1 New suppliers that were screened using environmental criteria	100-104.		
	"Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken"	100-104.		



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Name of the indicator		Page number	Omission	Explanation
GRI 414: Supplier Social Assessment				
GRI 414: Supplier Social Assessment	Disclosure 414-1 New suppliers that were screened using social criteria	100-104.		
	Disclosure 414-2 Negative social impacts in the supply chain and actions taken	100-104.		
GRI 204: Procurement Practices				
GRI 204: Procurement Practices	Disclosure 204-1 Proportion of spending on local suppliers	102.		