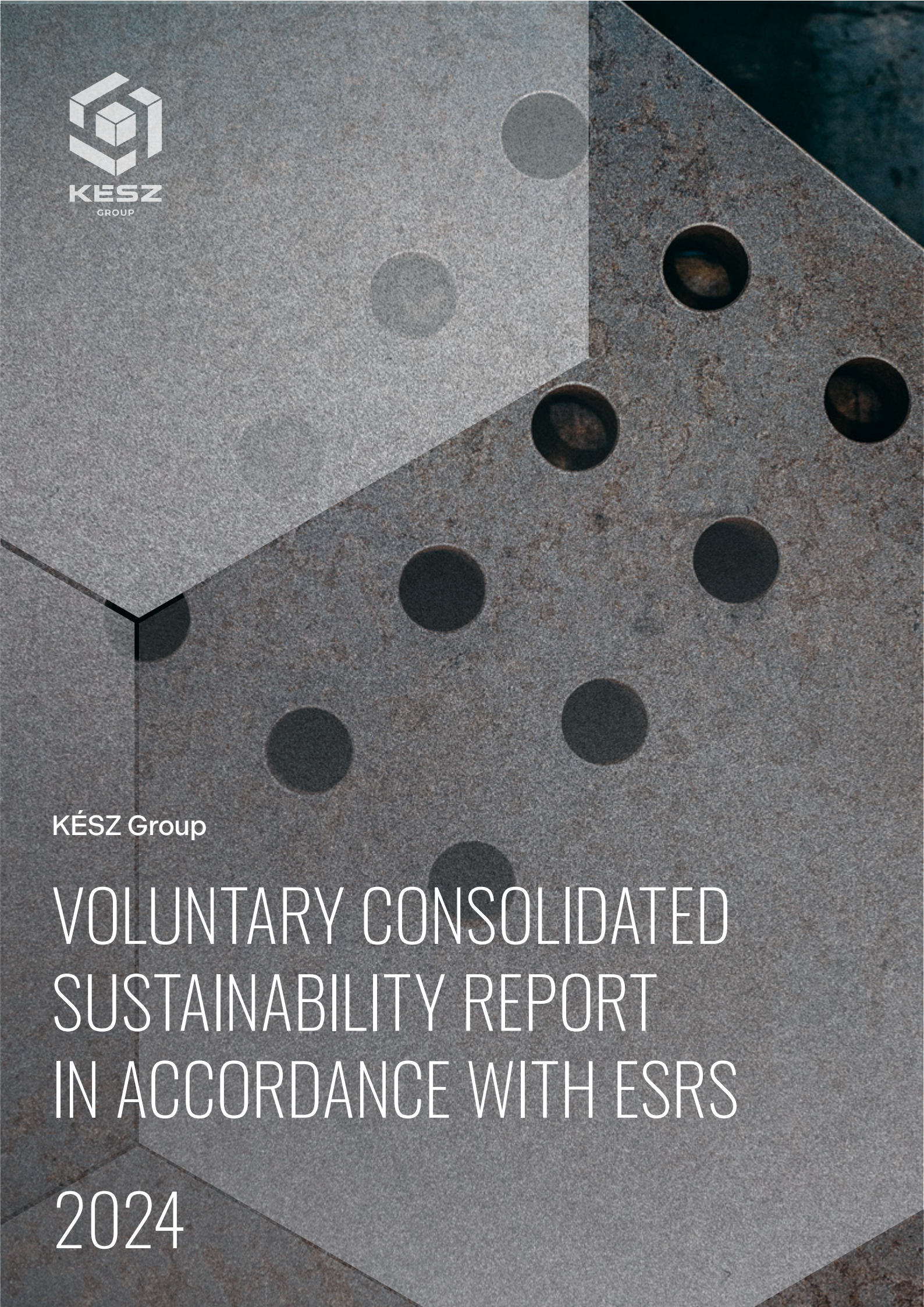


KÉSZ Group

VOLUNTARY CONSOLIDATED SUSTAINABILITY REPORT IN ACCORDANCE WITH ESRS

2024

TABLE OF CONTENTS

EXECUTIVE FOREWORD

DEAR READER,

For the third time this year, the KÉSZ Group publishes its Sustainability Report to summarise the results for the financial year 2024. Unlike in previous years, when the report was prepared in accordance with the GRI Standards 2021 without third-party certification, the document for the financial year 2024 has been drawn up in accordance with the ESRS (European Sustainability Reporting Standards). The new structure will allow the reconciliation of data with previous reports; however, owing to some methodological differences, full reconciliation is not always possible.

It is important to note that the Group is currently not subject to the Corporate Sustainability Reporting Directive (CSRD), and we have no statutory obligation to prepare this report. The Group decided to draft its report on a voluntary basis.

As a Hungarian-owned group of companies in business for over four decades, we are proud to have been among the first in the construction sector to start voluntary sustainability reporting, and have been at the forefront of putting ESG into practice ever since.

Sustainability is an integral part of the KÉSZ Group's strategy. We understand it not only in environmental terms but also in social and economic terms, in a complex way. Our operation is defined by long-term thinking, a culture of caring and openness to innovation. We set concrete targets in our first report – reducing our carbon footprint, transforming our fleet, strengthening our ethical framework – and have been making steady progress ever since. We are a frontrunner in the sector in many areas, for example, we had introduced our complaint reporting system long before we were legally obliged to do so.

In line with our 2030 sustainability strategy, we made significant progress in energy efficiency over the past year. We installed solar parks, upgraded the insulation of our buildings, and replaced windows and doors. Through some of our member companies, energy efficiency and renewable energy are becoming ever more important not only in our own operations but also as an external service.
The financial year 2024 brought major economic challenges. Despite the downturn in construction projects, declining public and foreign orders, and market uncertainties, the Group's diversified scope of activities and international presence provided a solid base. Energy investments, while not fully offsetting the downturn in construction, open up new directions and opportunities for us. In addition, projects that clearly illustrate the link between sustainability and innovation have been implemented, such as development of an office building with solar panels on its façade, or construction of an industrial hall based on circular construction principles.

The KÉSZ Group is not just a construction company but a technology-driven group with a focus on construction, active in a wide range of sectors from energy to water engineering and vocational training. Our innovative products, such as façade-integrated solar panels or solar parking canopies, serve sustainability goals and open up new business opportunities at the same time. Life cycle analyses (EPDs) for our products not only help our customers make better decisions but also increase our corporate awareness.

For us, sustainability is more than a strategic goal: it is also a management responsibility. Transparent operation, ethical corporate governance and the promotion of employee wellbeing were a priority in the past year. Through our podcast series, in-house competitions and education programmes, we aim to bring sustainability closer to our colleagues. Health and safety competitions, health awareness

campaigns and sporting events organised by the TettreKÉSZ Association all aim to ensure that sustainability is not only reflected in strategic documents but also in everyday life.

Our corporate social responsibility is implemented at several levels. Through our foundations, we support workers in a difficult situation, disadvantaged students and the creation of works of art from recycled materials. Our education activities – whether in the form of dual training, workshops or reskilling opportunities – are now more than strategic, they have become an economically independent area. In the Edupark training centre, we offer lifelong learning courses that create new opportunities for young people and career changers alike.

Our international presence is now even stronger: we are active in Romania, Ukraine, Serbia, Germany and also in the United States. We face different challenges in these markets, but we all share the same values everywhere: quality, innovation and sustainability. A changing regulatory environment can be both an opportunity and a challenge, especially in our export markets. In Scandinavia, for example, sustainability is a competitive advantage, while in other regions this approach is yet to become fully fledged.

The environmental and social screening of suppliers is already an important part of our operations, especially for product suppliers, where quality and sustainability go hand in hand. Our aim is to ensure that the sustainability criteria established by KÉSZ are not only applied by us but also persist in our suppliers' own value chains. Therefore, in the near future, the involvement, training and audit of suppliers and other actors in the value chain will be of high priority. Because to understand – and to reduce – our full carbon footprint, it is essential to have a deeper understanding of our value chain and to actively engage with stakeholders.

The vision of the KÉSZ Group is clear: to keep up momentum, to move reasonably but consistently along the path of sustainable operation, social responsibility and transparency. We believe that every step counts, and that investing in the future – be it innovation, education or the environment – not only creates value but also ensures the long-term survival and prosperity of our business.

Budapest, November 2025

Tamás Vida
CEO

Mihály Varga
Founder, Chairman of
the Board of Directors

Capter I
General information

KÉSZ Group[1] is an innovative, technology-driven group of companies with one of the broadest portfolios of activities in the Hungarian construction industry.

As a testament to KÉSZ Group's commitment to sustainability, the Group was among the first in its industry to prepare and publish a voluntary consolidated sustainability report for financial year 2024, in accordance with the European Sustainability Reporting Standards (ESRS). For the previous two years, the Group has been preparing reports in accordance with the Global Reporting Initiative (GRI) standards, so this year's ESRS-based report is another significant step towards transparent and comparable communications on sustainability.

It is important to highlight that the Group is not currently subject to the Corporate Sustainability Reporting Directive (CSRD), meaning that the preparation of this report is not a legal obligation, but a strategic decision.

The report does not comprise part of the Group's annual financial statements, i.e. it is not an integrated report. This approach provides an opportunity for KÉSZ Group to present its sustainability goals, activities and achievements in line with its own needs and operations. An advantage of the voluntary reporting format is that it gives companies the freedom to choose their own areas of focus and to detail initiatives that will contribute to their long-term environmental, social and economic sustainability.

The companies covered by this report will be referred to as the KÉSZ Group, Group or Group of Companies. It is important to note that the report has been prepared on a consolidated basis for the Group's 64 member companies, which are described in detail in Section 2.1 – Subsidiaries.

1 The companies covered by the report are referred to in this document as the KÉSZ Group, Group, Group of Companies or Corporate Group.

1. Basis for preparing the report

Purpose and scope of the report	
Reporting organisation	Name: KÉSZ Holding Plc. Registered office: 6000 Kecskemét, Izsáki út 6
Scope of the report	A list of the companies included in the scope of consolidation can be found in Chapter I, Section 2.1 (“Subsidiaries”)
Reporting period	1 January 2024 – 31 December 2024
Reporting cycle	Voluntary Consolidated ESRS Sustainability Report
Date of publication	13.01.2026

Disclosures relating to specific circumstances

- **Time horizons:** This report is KÉSZ Group’s first sustainability report, prepared in accordance with ESRS requirements. The data and information contained herein are only pertinent to the reporting period. With regard to future information, the Group applies the time horizons set by ESRS in its reporting. Accordingly, short-term means less than 1 year, medium-term means 1 to 5 years, and long-term means more than 5 years.
- **Value chain:** The SIG Group Sustainability Report provides a comprehensive overview of the company’s entire value chain, including supplier (upstream), internal and customer (downstream) activities. For preparing the report, it was important to properly and accurately represent the most important economic actors and processes. The sustainability report therefore covers not only the company’s own internal operations, but also covers all three stages of the value chain in a detailed and proportionate way. Our double materiality assessment has identified the actors with the greatest economic impact, ensuring that sustainability considerations are addressed across the full business environment. A more detailed presentation of the value chain is provided in Section 2.4 (“Value chain”).
- **Measurements and estimates:** The metrics in KÉSZ Group’s Sustainability Report are based on specific calculations and do not contain estimates or industry-average data for the upstream and downstream value chain. The data originate from the KÉSZ Group’s precise internal data collection systems, so the degree of measurement uncertainty is minimal. The report does not include any financial or environmental indicators with a high degree of measurement uncertainty. Assumptions and approximations are not typically used.
- **References:** Annex 1 contains a list of the relevant ESRS disclosure requirements and their locations in the text of the document, ensuring transparent cross-referencing and traceability.
- **Intellectual property disclosures:** KÉSZ Group does not make use of the option to omit specific information relating to intellectual property, know-how or innovation results. This indicates the company’s commitment to providing transparent and comprehensive disclosure.
- **Information on upcoming developments or matters under negotiation:** KÉSZ Group reserves the right not to disclose certain information on upcoming developments or matters under negotiation. This enables it to preserve business agility and strategic flexibility.
- **Reporting errors and changes:** The Sustainability Report for financial year 2024 is KÉSZ Group’s first report aligned with ESRS requirements. Therefore, any reporting errors and corresponding data changes for prior periods will first appear in the report covering the 2025 financial year.

2. About KÉSZ Group

KÉSZ Group is an innovative, technology-driven group of companies with one of the broadest portfolios in the Hungarian construction industry. In addition to construction, it is also active in a number of other industries. As a result, it can meet complex client needs without involving external partners.

Table 1 Total headcount of KÉSZ Group (persons) in financial year 2024

Geographical breakdown	At the end of the reporting period
Hungary	2243

2.1 Subsidiaries

The scope of consolidation includes the parent company, i.e. KÉSZ Holding Plc. as well as the following subsidiaries:

- ALU FRONT Ltd.
- ALUFE Ltd.
- BGS Invest Kft.
- BOOOK Publishing Ltd.
- Cars 4 Go Ltd.
- DÉLÉP-INVEST Ltd.
- EDUPARK Nonprofit Ltd.
- Frontal Fassadentechnik Ltd.
- Frontal Holding Plc.
- GNX Engineering Ltd.
- Greenergy Holding Plc.
- Greenergy Market Ltd.
- Greenergy Solutions Ltd.
- Greenergy Távhő Ltd.
- Greenergy-Power Ltd.
- Greenergy-Service Ltd.
- Greenergy-Solar Duna Ltd.
- Greenergy-Trade Ltd.
- Gutenberg 25 Ltd.
- H5 Lakásfejlesztő Ltd.
- Helinvest-Halle Ltd.
- IMMO Dél-Alföld Ltd.
- IMMOCOM Ingatlankezelő Ltd.
- ION Systems Ltd.
- IP Energy Ltd.
- Kaptár "B" Energetika Ltd.
- Khroma21 Development Ltd.
- Kész Capital Befektetési Plc.
- KÉSZ Castellum Ltd.
- Kész Consulting Ltd.
- Kész Hotel and Conference Management Ltd.
- KÉSZ Ingatlan Ltd.
- KÉSZ International Ltd..
- KÉSZ Invest Ltd.
- KÉSZ Ipari Gyártó Kft.
- KÉSZ Ipari Park Ing. Ltd.
- KÉSZ Metaltech Ltd.
- KÉSZ Projektmenedzsment Ltd.
- KÉSZ Technologies Ltd.
- KÉSZ Building and Construction Plc.
- KÉSZ&GO Ltd.
- Ma-Hard Hajózási és Vízépítő Ltd.
- Magyar Hitel Plc..
- Magyar Ízek K. Sz. Ltd.
- MATECH Magyar Technológiai Ltd.
- Megawatt-Dráva Naperőmű Ltd.
- MI-BE Alfa Ltd.
- MileStone Gazdasági és Mérnöki Ltd.
- PELLET Energy Szolg. és Ker. Ltd.
- PROVIM Ltd.
- SALIX Energy Epsilon Ltd.
- Salix Green Beta Ltd.
- Solenodon Energetikai Ltd.
- Solenoray Power Ltd.
- Solenovent Erőmű Ltd.
- TILIA Ingatlanhasznosító Ltd.
- Tiszapark Ltd.
- TRIOTECHNIK Ipari és Szolgáltató Ltd.
- UMC-Vagyonkezelő Ltd.
- Ventor Ltd.
- Winpower Hungária Ltd.
- YourHotel Management Ltd.
- Zenit-Ház Ltd.

The following companies are presented in more detail, as they are key actors within the Group and their activities are crucial to its operations.

KÉSZ Holding Plc. is KÉSZ Group's governing entity, bringing together the member companies of the Group in a holding structure. Its main role is providing strategic direction, financial and business services and the coordination of the Group's operations. In addition to construction and technology services, Holding Zrt.'s activities include property management, energy, research and development and international expansion.

KÉSZ Building and Construction Ltd. is the flagship of the Group's general construction activities, providing a full range of services in civil engineering, structural engineering and mechanical engineering projects. The company has a proven track record in a wide range of industries, including automotive plants, logistics centres, hotels and defence industry facilities. Its activities cover every phase from project management to turnkey delivery, thereby ensuring reliable and efficient execution.

KÉSZ Industrial Technologies Group is a specialist in industrial technology solutions, providing complex, integrated services ranging from the design and construction of industrial facilities to energy systems. Its core activities include EPC (Engineering, Procurement, Contracting) projects, the installation of electrical systems, the development of control and high-voltage systems, as well as fire protection and renewable energy solutions. The group's four[2] member companies work in a coordinated manner to provide high quality, sustainable technological solutions to their partners.

MATECH Magyar Technológiai Ltd. is a key member of KÉSZ Industrial Technologies, operating on the market as one of the leading industrial technology general contractors, implementing large-scale complex engineering, procurement and construction (EPC) projects, for which it has a team of experts with outstanding domestic and international expertise. It has a significant track record in the implementation of energy, mechanical engineering and technological systems for chemical and bioethanol plants, food industry, pharmaceutical, automotive, power plant, environmental and other industrial projects.

PROVIM Ltd. specialises in electrical general engineering, manufacturing distribution and switching equipment, building automation, and the installation of medium and low voltage systems. The company also plays an active role in the construction of solar power plants. Its team of more than 150 experts works with a number of prominent partners.

ION Systems Ltd. provides outstanding services in the design, programming and installation of industrial power and control systems. The company specialises in the specification of high voltage equipment, the design of PLC (Power Line Communication) systems, field instrumentation and analytical measurements. Its experienced professionals have proven themselves in both domestic and international projects.

Ventor Ltd. provides comprehensive fire protection services, from concept design to implementation and operation. It has significant experience in all areas for finding the optimal solution, providing complex services for fire safety issues. It carries out value engineering based on the comprehensive fire safety expertise and decades of experience of its professional staff.

GNX Engineering Ltd. offers energy and systems engineering solutions, with a particular emphasis on the use of renewable energy sources. The company provides electrical engineering, construction, commissioning and maintenance services, and also offers PPA-based (Power Purchase Agreement) financing models to its clients. GNX has the distinction of being the exclusive importer of BYD industrial energy storage systems, thereby elevating the energy storage possibilities in the region to a new level.

KÉSZ Group's energy portfolio is represented by **Greenenergy Plc.**, which has become a significant player in the Hungarian energy market since its establishment in 2002. The company has been under the majority ownership of KÉSZ Group since 2020, and since then the group has expanded the scope of its activities to include renewable energy generation and the regulation of virtual power plants. Greenenergy's core activity is gas engine-based combined heat and power

2 Matech Magyar Technológiai Kft., PROVIM Kft., ION Systems Kft., Ventor Tűzvédelmi Kft.

generation, and its systems are capable of recovering up to 90% of the heat generated, ensuring outstanding efficiency. The generated heat is delivered directly to district heating companies, public institutions and industrial facilities.

KÉSZ Ipari Gyártó Ltd. is a key player in Hungary and the entire region. The 25,000 m² steel structure production centre, equipped with specialised machinery, is one of Europe's most modern facilities, with production capacity exceeding 20,000 tonnes per year.It has four decades of professional history, with dedicated, innovative BIM-based workflows, artificial intelligence-supported manufacturing design, as well as in-house design, manufacturing and assembly capabilities. KÉSZ Metaltech Ltd. is a company engaged in steel and lightweight structure construction projects, as well as the design, manufacturing, sales and installation of aesthetic and industrial façades, glass structures, doors and windows, and also provides architectural solutions related to renewable energy. Relying on its own resources, KÉSZ Metaltech delivers services meeting the highest client expectations, from consultative design to turnkey delivery.

FRONTAL Holding Plc. represents the innovation efforts of KÉSZ Group in the field of façade technology solutions. With the acquisition completed in 2022, KÉSZ Group acquired a 90% stake in FRONTAL, creating one of the largest aluminium-glass façade technology companies in Central and Eastern Europe. **Alufe Ltd.**, the best known member of FRONTAL Group, was previously engaged in the construction of aluminium façades, doors and windows, and sheet metal cladding, and now specialises in glass façade systems. **Alu Front Ltd.** performs high-quality powder coating of profiles, sheet metal, industrial parts and structures. The cooperation between the two corporate groups rests on solid foundations: shared manufacturing technology principles, in-house resources and a common drive to exploit synergies in digitalisation and product development.

The Group's water infrastructure activities are carried out by **MA-HARD Hajózási és Vízépítő Ltd.** It plays a key role in the field of domestic water engineering, through the execution of complex water engineering projects. Decades of professional experience, a modern technological background and highly qualified professionals ensure that their partners always receive the highest quality of service.

The Group's diversification is reflected in its decades of experience in both hotel management and hospitality. **KÉSZ Hotel and Conference Management Ltd.** operates the Four Points by the Sheraton Kecskemét Hotel and Conference Centre, a member of the Marriott hotel chain. The four-star hotel offers 136 rooms, a wellness area and a conference centre for business travellers, tourists and athletes. **Yourhotel Management Ltd.** is a Hungarian hospitality and hotel management company committed to professional, innovative hotel operations and quality food and hospitality in Hungary, operating the Bistorant Szeged restaurant and the Soleil Apartman in Szeged.

Magyar Hitel Plc. is a financial services company that operates as a financing centre serving the bespoke needs of the Hungarian micro, small and medium enterprise sector.It is a flexible, small organisation providing numerous business opportunities in the areas of factoring finance, short term revolving trade pre-financing loans and the issuance of small bank guarantees.

BOOOK Publishing Ltd. was established in 2008 and conducts sophisticated, substantive book publishing activities, particularly in the fields of gastronomy, lifestyle, design and children's literature.

The professionals and trainers of the **Edupark Nonprofit Ltd.)** are responsible for KÉSZ Group's vocational training activities.

2.2 Strategic objectives and business model

KÉSZ Group's main product and service groups are primarily related to the construction industry, with a particular focus on building construction, industrial and commercial construction, and proprietary real estate projects. No significant change occurred during the reporting period with respect to the products and services offered by the Group.

The Group's primary market is Hungary, where its most important clients are located; however, its international presence is becoming increasingly prominent. Key client groups include multinational and large corporations, institutional partners[3] and real estate developers. No significant change occurred during the reporting period with respect to the main markets and client groups. KÉSZ Group does not conduct activities in industries that are subject to restriction or prohibition in certain markets. It is not involved in activities related to fossil fuels, does not manufacture chemical products, does not engage in the production of weapons, and does not participate in tobacco cultivation or production. Accordingly, there are no related revenues relevant to the Group's operations.

Sustainability-related material impacts, risks and opportunities are exerting an increasing influence on KÉSZ Group's business model, value chain and strategic decision-making. The Group is proactively responding to these by introducing carbon reduction targets, energy efficiency measures and circular economy principles as part of its sustainability strategy; these principles directly influence operational processes and investment decisions.

No material risks or opportunities are expected to arise in the next reporting period that would warrant significant adjustment. However, the Group will continuously monitor sustainability-relevant factors and adjust its investment and development plans as necessary.

During the preparation of the report, KÉSZ Group did not apply entity-specific disclosures.

Table 2 – Revenue figures for financial year 2024

Revenue figures for financial year 2024 (thousand HUF)	
Total net revenue	222 952 701
Revenue from fossil fuels (coal, oil and gas)	0
Revenue from coal	0
Revenue from oil	0
Revenue from gas	0
Revenue from Taxonomy-aligned economic activities related to fossil gases	0
Revenue from chemical production, i.e. activities falling under sector 20.2 of Annex I to Regulation (EC) No. 1893/2006	0
Revenue from the manufacture of controversial weapons	0
Revenue from tobacco cultivation and production	0

3 Municipalities, public authorities, universities, NGOs.

2.3 Sustainability strategy

The KÉSZ Group aims to become an internationally recognised market leader in the construction industry with a focus on sustainability, by exploiting synergies within the Group and closely cooperating with its partners. Its Sustainability Strategy, adopted in 2022 and containing targets defined through to 2030, has been formulated in a manner that goes beyond the mandatory requirements, with the involvement of external and internal stakeholders, keeping long-term value creation in mind.

The development of the strategy was preceded by a thorough sustainability-oriented due diligence process, including a review of industry best practices, a double materiality assessment and a carbon footprint calculation. When determining these directions, consideration was given to tracking current environmental trends, as well as developing social and corporate governance operations in line with the UN Sustainable Development Goals (SDGs).

The Group was among the first in the industry to set SMART[4] targets relating to the environmental, social and governance pillars and to define concrete steps for achieving them. It treats sustainability not as a standalone initiative, but as an integral part of corporate operations, integrating it into its risk management, reporting and governance processes.

Measures supporting the implementation of the strategy include:

- increasing energy efficiency,
- the use of renewable energy sources,
- the development of a green vehicle fleet,
- and the integration of digital and innovation solutions into operations.

The Group pays particular attention to strengthening stakeholder trust, improving internal communications and actively operating CSR[5] programmes, which contribute to the achievement of sustainability targets and the Group's long-term competitiveness.

The environmental, social and governance objectives are presented in the table below. Sub-objectives and actions supporting the objectives have also been identified.

Table 3 – Strategic Sustainability Objectives to 2030

Sustainability targets	SDG goals	SUSTAINABLE DEVELOPMENT GOALS
Environmental protection		
Purchase 100% of our electricity from renewable energy sources.		SDG 7: Affordable and Clean Energy
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 EU Taxonomy.		SDG 11: Sustainable Cities and Communities
Increase the proportion of electric cars in the fleet.		SDG12: Responsible Consumption and Production
Reduce carbon emissions from fuel consumption by 50%.		SDG12: Responsible Consumption and Production

4 SMART goals are a method of setting objectives, with the initials referring to the key principles: Specific, Measurable, Achievable, Relevant and Time-bound.

5 CSR: Corporate Social Responsibility

Table 3 – Strategic Sustainability Objectives to 2030

Sustainability targets	SDG goals	
Increase the recovery rate of non-hazardous waste to 75% in the context of the transition to the circular economy.		SDG12: Responsible Consumption and Production
Increase energy efficiency by 25% compared to 2019.		SDG13: Climate Action
Replacing two-thirds of company cars with hybrid vehicles.		SDG13: Climate Action
Society		
Achieve zero major accidents, including subcontractors.		SDG 3: Good Health and Well-Being
To become one of the most attractive workplaces in the overground construction sector.		SDG 3: Good Health and Well-Being
Ensure a supply of future workers for the construction industry by further strengthening support for education and vocational training.		SDG 4: Quality Education
Transparent communication and embed corporate values in day-to-day operations.		SDG 8: Decent Work and Economic Growth
Developing innovative, sustainable products		SDG 9: Industry, Innovation and Infrastructure
BIM strategy and training		SDG 9: Industry, Innovation and Infrastructure
Strengthen CSR activities		SDG17: Partnerships for the Goals
Corporate governance		
Develop an ESG strategy and incorporate it into corporate policies.		SDG 8: Decent Work and Economic Growth
Establishment of an ESG Committee		SDG 8: Decent Work and Economic Growth
Strengthen the risk approach, risk-based planning and improve control processes.		SDG 8: Decent Work and Economic Growth
Develop partner rating, select partners that meet ESG criteria.		SDG 8: Decent Work and Economic Growth

2.4 Value chain

During the mapping of the upstream stage, KÉSZ Group's due diligence investigation of suppliers was completed in 2023. In the course of this due diligence, the Group identified 1,937 partners. Based on the procurement data, a ranking of suppliers has been carried out, and a list was prepared of those organisations that accounted for 80% of the annual procurement volume. After excluding intra-Group companies and defunct organisations, 141 material external partners were identified across the entire value chain. The excluded entities individually represented less than 0.1% of the total procurement value.

During the examination of KÉSZ's internal operations, a breakdown of 2023 revenues by activity areas (NACE codes) was also completed. 96% of all revenues could be directly attributed to specific activity codes, which are also shown on the value chain map. The remaining 4% were revenue items that could not be clearly classified under the standard codes. However, these were also taken into account in the analysis, in order to give a full picture of KÉSZ's internal operations.

During the mapping of downstream operations, KÉSZ Group has prepared a list of its customers and clients, based on 2023 sales volumes. The ranking of customers focused exclusively on external partners, and did not include intra-Group transactions. Organisations that accounted for 80% of annual sales were highlighted – 12 partners in total. Smaller clients, each individually representing less than 1% of total sales, were not subject to detailed examination, as their impact was considered marginal from a sustainability perspective.

3. The role of management in addressing sustainability issues

3.1 Corporate governance structure

General Meeting

The supreme governing body of KÉSZ Group is the Kész Holding Plc. General Meeting, which consists of all shareholders. Its operation, powers, the procedure for convening meetings, the exercise of voting rights and the rules for documenting its decisions are governed by the Civil Code[6] and the Statutes of KÉSZ Holding Plc. Shareholders are entitled to exercise their rights primarily at the General Meeting, which is convened at least once a year, before 31 May. The General Meeting is chaired by the CEO, and resolutions are generally adopted by a simple majority of votes. However, a three-quarters majority is required for certain matters, such as amendments to the Statutes.

Management

The executive management of KÉSZ Group – including the Board of Directors and the managing directors – plays a key role in the strategic management and integration of sustainability objectives into the company's operations. Their responsibility extends to ensuring that sustainability considerations are integrated into business decision-making, as well as ensuring regulatory compliance and transparent reporting. They also support responsible dialogue with stakeholders, and the implementation of sustainable development initiatives. This involves the election of occupational health and safety representatives, who represent employee interests in the decision-making process.

The members of the Board of Directors of KÉSZ Holding Plc. are:

- Tamás Vida
- Dr. Pál Marton
- Bence Mihály Varga

The managing directors of the Company are:

- János Moiskó
- Györgyi Perzse

The position of Chairman of the Board is held by Tamás Vida.

Supervisory Board

The members are:

- Mihály Varga
- András Kozma
- Dale André Martin

Composition of the governing bodies
The composition of the governing bodies is illustrated in the following two tables.

The position of Chairman of the Supervisory Board is held by Mihály Varga.

Table 4 – Composition and members of KÉSZ Group's administrative, management and supervisory bodies

Composition and members of the administrative, management and supervisory bodies	
Number of executive members	134
Number of non-executive members	16

6 Act V of 2013 on the Civil Code - https://net.jogtar.hu/jogszabaly?docid=a1300005.tv

5. Table – Ügyviteli, ügyvezető, illetve felügyelő testületeinek nemek szerinti összetétele

Reporting period: 01.01.2024 – 31.12.2024		Administrative, management and supervisory bodies		Independent members of these bodies	
		Breakdown by gender (headcount/ FTE)	Gender distribution (%)	Breakdown by gender (headcount/ FTE)	Gender distribution (%)
Group	Women	22	14,7	0	0
	Men	128	85,3	9	100
	Other	0	0	0	0
	No data	-	-	-	-
	Total	**150**	**100**	**9**	**100**

3.2 Sustainability governance structure

The Sustainability Report currently covers the Hungarian member companies. The Group's sustainability team and senior management are responsible for monitoring impacts, risks and opportunities. 18 managers within the KÉSZ Group participated in the double materiality assessment process, coordinated by MileStone Ltd., a member of the Group, with professional support from external consultants. Final approval is the responsibility of the CEO of KÉSZ Holding Plc. The Group's Organisational and Operational Rules (OOR) were under review during the 2024 reporting period. As part of this review, the systematic integration of management responsibilities related to sustainability and the skills and expertise required for this purpose was completed.

3.2.1. Risk management and internal control of sustainability reporting

KÉSZ Group has aligned its risk management and internal control systems applied in sustainability reporting with the ESRS requirements, in particular with regard to the risks identified during the double materiality assessment. The Group's approach is to use the double materiality assessment as the basis for sustainability risk analysis, as it enables the identification of the most significant impacts and risks affecting both the Group's operations and its external stakeholders. Risks were ranked on the basis of impact and likelihood, thus identifying areas where a significant impact on sustainability performance is expected. The results of the risk assessment were also integrated into strategic planning and the operation of internal functions. Regular reports are prepared for the management and supervisory bodies, ensuring the monitoring of sustainability targets, as well as compliance.

3.2.2. Sustainability considerations of management incentive systems

At KÉSZ Group, the remuneration of the members of the administrative, management and supervisory Boards is determined by the Premium Policy, which specifies the applicable incentive mechanisms for each position. During the reporting period, sustainability issues did not form part of the remuneration system, so incentives were not directly linked to environmental or social objectives.

4. Stakeholder involvement

During the preparation of the Sustainability Report, KÉSZ Group applied the principle of double materiality, which allows the company to comprehensively assess not only the financial impacts on its own operations, but also the environmental and social impacts. This approach ensures that the topics covered in the report are genuinely relevant to both the organisation and its stakeholders.

4.1 Stakeholder involvement

In order to identify the material issues, the Group conducted extensive stakeholder consultations, taking into account the views of various internal and external stakeholders, such as employees, business partners, suppliers, customers and professional organisations.

The stakeholder groups were engaged in a targeted manner in the IRO (Impact, Risk and Opportunity) assessment process. The aim was to confirm the impacts, risks and opportunities previously identified and assessed by the Group's experts.

The assessment of the ESRS topics took place within the framework of a structured stakeholder workshop, which provided an opportunity for stakeholders to actively comment on and prioritise the sustainability issues most important to them. The results of the workshop – the priorities and perceived impacts identified by stakeholders – were incorporated into the IRO assessment, ensuring that the Group's materiality assessment reflects the perspectives of both external and internal stakeholders, and complies with the double materiality requirements prescribed by the ESRS.

The identification of stakeholders was done taking into account KÉSZ Group's entire value chain, along three main levels: upstream (supplier and raw material supply side), the Group's own operations (internal activities) and downstream (customers, end users and afterlife). This structured approach enabled the Group to gain a comprehensive picture of the actors affected by its operations, as well as those who may have an impact on the Group's sustainability performance.

As a result, two main groups of stakeholders were distinguished: external and internal stakeholders.

External stakeholders included:

- financiers,
- strategic suppliers,
- local communities: local government, educational institutions, non-profit organisations,
- as well as national, professional and social cooperation partners.

The internal stakeholders mainly comprised the Group's employees, with a particular focus on sustainability officers and senior management.

4.2 Double materiality assessment

4.2.1. Developing the issue list

Relevant sustainability issues were identified in a bottom-up[7] manner. During this process, internal stakeholders first identified the Group's various business activities based on the value chain analysis, which resulted in a detailed, long list of potentially relevant IROs. The list was then narrowed down

7 The **bottom-up approach** means that the identification of sustainability issues starts from the company's own specific business activities. IROs (Impacts, Risks, Opportunities) are identified in relation to these activities, then mapped to the relevant sustainability issues. Mapping the impact and financial impact pathways can help to clarify how each IRO affects the company's operations and environment.

on the basis of technical criteria, resulting in the short IRO list, which focused specifically on those issues that were truly material to the Group's operations. Senior management used this shortlist for the assessment and final identification of sustainability issues under the ESRS.

4.2.2. Assessment of impact materiality

In assessing impact materiality, KÉSZ Group examined the extent to which each sustainability issue affects the environment, society and stakeholders – regardless of whether it directly affects the company financially. Based on the ESRS methodology, impacts were assessed according to several criteria: severity, likelihood of occurrence, time horizon, and direct or indirect impact on the affected people.

The starting point for assessing the materiality of the impact was a short list against which the Group identified the environmental and social impacts arising from its operations. These were divided into two categories: actual and potential impacts. Actual impacts are those that have already occurred, while potential impacts may possibly occur in the future. In the assessment, each impact was classified separately both according to whether it was actual or potential, and whether it involved a negative human rights impact. Time horizon was also considered, i.e. whether the occurrence of an effect is short-term (current reporting year), medium-term (up to 5 years) or long-term (more than 5 years).

The impacts were then rated on a scale of 0 to 5, according to four main criteria:

For actual impacts:

- Scale – Severity of the impact, assessed in terms of the impact on quality of life, health or access to basic needs, where 0 indicates no significant impact and 5 indicates severe impact.
- Scope – Based on the number of affected people or communities and the geographical reach of the impact, where 0 is not significant and 5 is wide-reaching.
- Irreparability – For negative impacts, the extent and time horizon within which impacts can be mitigated or eliminated. Here, 0 is a very easily remediable effect, and a value of 5 is irreversible.

For potential impacts:

In addition to the previous three criteria, a fourth was added:

- Likelihood – The probability of an impact occurring, based on its occurrence and frequency over time, where 0 indicates a rare impact and 5 is a guaranteed impact.

4.2.3. Financial materiality assessment

In assessing the financial materiality of sustainability issues, KÉSZ Group identified risks and opportunities that could directly or indirectly affect the company's financial position, performance, cash flows or access to capital.

In assessing financial materiality, senior management and sustainability experts relied on the short IRO list, which already contained the relevant topics in a pre-filtered and structured format. The following was taken into account in the assessment:

- The extent of the risk and opportunity, on a scale of 1 to 5, with a score of 1 indicating risks and opportunities affecting a small proportion of annual net revenue, and a score of 5 for those affecting a large proportion of revenue.
- The probability of the risk and opportunity occurring, on a scale of 0 to 5, with a score of 0 indicating that the probability of the risk and opportunity occurring is low, while a score of 5 indicating that it is guaranteed.

» The time horizon was also taken into account during the assessment, i.e. whether the occurrence of a given risk or opportunity is to be understood as short-term (current reporting year), medium-term (up to 5 years) or long-term (more than 5 years).

4.2.4. Aggregation of results, validation and approval

The first step in summarising the results was determining the materiality threshold, which is a key step in the double materiality assessment. This helped to decide whether a sustainability topic related to the identified and assessed IROs, as defined by ESRS, could be considered material and whether the associated disclosures are to be included in the report.
KÉSZ Group scored IROs on the basis of the assessment criteria (scale, scope, irreparability, likelihood) and determined the threshold above which an IRO qualifies as material, based on the aggregated scores.

The assessment was carried out by the company's sustainability experts on the basis of a set of pre-defined criteria.

The threshold was set according to the "trend-break" principle, where the impact materiality threshold was 4.2 and the financial materiality threshold was 3.8. The aim of the methodology was to identify Group-level sustainability issues in which significant, disruptive changes had occurred in the time-series data, and which had thereby become material to the company's operations or impacts. The trend-break principle was applied by analysing multi-year time-series data of the relevant indicators (e.g. energy consumption, CO2 emissions, number of workplace accidents, water consumption, etc.). Thresholds were set so that a statistically or commercially meaningful deviation in a given indicator – e.g. a sudden increase or decrease – was interpreted as a trend break.

The Group's key decisions have always been made by mutual agreement between the persons responsible for sustainability and the external consultant. The decision-making process was preceded by a structured validation process to ensure that it was technically sound, and that sustainability considerations were taken into account. The validation process involved KÉSZ Group's sustainability experts and the CEO of KÉSZ Holding, who jointly approved all material decisions. The reliability of this process is further reinforced by the Sustainability Policy currently under development, which will detail the internal controls and rules that guarantee transparency, consistency and sustainability compatibility of decision-making.

4.2.5. KÉSZ Group's list of material issues for 2024

Table 6 – The Group's material issues in 2024

Material issue	Basis of materiality	
	Impact materiality	Financial materiality
Climate change – Adapting to climate change	*	*
Climate change – Energy	*	*
Pollution – Air pollution	*	*
Pollution – Water pollution		*
Circular economy – Waste		*
Own workforce – Working conditions – Working hours		*

Table 6 – The Group's material issues in 2024

Material issue	Basis of materiality	
	Impact materiality	Financial materiality
Own workforce – Working conditions – Health and safety		*
Own workforce – Equal treatment and equal opportunities – Training and skills development		*
Own workforce – Equal treatment and equal opportunities – Diversity		*
Workers in the value chain – Working conditions – Working hours		*
Workers in the value chain – Working conditions – Health and safety		*
Workers in the value chain – Equal treatment and equal opportunities – Training and skills development		*
Workers in the value chain – Equal treatment and equal opportunities – Diversity		*
Consumers and end-users – Information-related impacts on consumers and/or end-users – Access to (quality) information		*
Business Conduct – Corporate Culture		*

Table 7 – KÉSZ Group's list of material impacts, risks and opportunities (IRO)

Material IRO	Type of IRO	Value chain			Timeframe		
		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
E1 – Climate change							
Adapting to climate change							
The fuel consumption of owned and operated vehicle fleets may lead to environmental impacts, including climate change and pollution, which negatively affect global public health.	Actual negative impact	*	*	*	*		
The use of purchased energy and purchased fuels as energy inputs in the manufacture of industrial machinery results in greenhouse gas emissions that contribute to climate change and air pollution.	Actual negative impact	*	*	*	*		
The operation of hotel buildings requires significant amounts of energy. Potential increases in conventional grid electricity prices and the volatility of fossil fuel prices due to ongoing changes in climate change regulations and new incentives for energy efficiency and renewable energy could increase operating costs, potentially resulting in a negative financial impact on hotels.	Risk	*	*	*	*		

Table 7 – KÉSZ Group's list of material impacts, risks and opportunities (IRO)

Material IRO	Type of IRO	Value chain			Timeframe		
		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Implementing comprehensive climate change adaptation strategies, considering trade-offs between different mitigation strategies, and weighing up the costs and benefits over the long term may require significant capital investment.	Risk	*	*	*	*		
Rising climate risks, such as extreme weather events and changing climate patterns, may reduce long-term demand, lead to land value depreciation, and increase the costs of long-term home ownership.	Risk	*	*	*		*	
Energy							
The fuel consumption of owned and operated vehicle fleets may lead to environmental impacts, including climate change and pollution, which negatively affect global public health.	Actual negative impact	*	*	*	*		
The energy consumed in hotel operations results in greenhouse gas emissions that exacerbate global climate change.	Actual negative impact	*	*	*	*		
The use of purchased energy and fuels in the manufacture of industrial machinery results in greenhouse gas emissions that contribute to climate change and air pollution.	Actual negative impact	*	*	*	*		
The operation of hotel buildings requires significant amounts of energy. Potential increases in conventional grid electricity prices and the volatility of fossil fuel prices due to ongoing changes in climate change regulations and new incentives for energy efficiency and renewable energy could increase operating costs, potentially resulting in a negative financial impact on hotels.	Risk	*	*	*	*		
Regulations on greenhouse gas (GHG) emissions may increase energy costs, leading to increased operating costs and reduced revenues.	Risk	*	*	*	*		
Implementing best practices in energy management may lead to reduced operating costs and increased reputational benefits.	Opportunity	*	*	*		*	

Table 7 – KÉSZ Group's list of material impacts, risks and opportunities (IRO)

Material IRO	Type of IRO	Value chain			Timeframe		
		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
E2 – Pollution							
Air pollution							
The combustion of fuel during power generation operations produces hazardous air pollutants (HAPs), common air pollutants (CAPs) and volatile organic compounds (VOCs), which degrade air quality and further increase the environmental impacts of climate change.	Actual negative impact	*	*	*	*		
The fuel consumption of owned and operated vehicle fleets may lead to environmental impacts, including climate change and pollution, which negatively affect global public health.	Actual negative impact	*	*	*	*		
Harmful air pollution emitted during operations may result in regulatory penalties, increased compliance costs and capital expenditures for the installation of state-of-the-art control technology, which can have a negative financial impact on the business.	Risk	*	*	*	*		
Water pollution							
The long-term impacts of waste management, such as disposal on contaminated external sites, may represent significant costs and regulatory risks for iron and steel manufacturers, including remediation and restoration activities.	Risk	*	*	*		*	
E5 – Circular economy							
Waste							
The long-term impacts of waste management, such as disposal on contaminated external sites, may represent significant costs and regulatory risks for iron and steel manufacturers, including remediation and restoration activities.	Risk	*	*	*		*	
S1 – Own workforce							
Working conditions/Working hours							
The lack of competitive wages, a safe working environment and opportunities for professional development may reduce employee morale, leading to increased employee turnover and rising costs.	Risk		*			*	
Working conditions/Health and safety							
The lack of competitive wages, a safe working environment and opportunities for professional development may reduce employee morale, leading to increased employee turnover and rising costs.	Risk		*			*	

Table 7 – KÉSZ Group's list of material impacts, risks and opportunities (IRO)

Material IRO	Type of IRO	Value chain			Timeframe		
		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Equal treatment and equal opportunities/Diversity							
As the industry continues to undergo rapid innovation, attracting and retaining skilled workers is becoming increasingly important for companies. A lack of gender and racial diversity in the organisation may lead to a narrower pool of candidates, resulting in difficulties in attracting skilled workers, higher recruitment costs and/or reduced operational efficiency.	Risk		*		*		
S2 – Workers in the value chain							
Working conditions/Working hours							
The lack of competitive wages, a safe working environment and opportunities for professional development may reduce employee morale, leading to increased employee turnover and rising costs.	Risk	*		*		*	
Working conditions/Health and safety							
The lack of competitive wages, a safe working environment and opportunities for professional development may reduce employee morale, leading to increased employee turnover and rising costs.	Risk	*		*		*	
Equal treatment and equal opportunities/Diversity							
As the industry continues to undergo rapid innovation, attracting and retaining skilled workers is becoming increasingly important for companies. A lack of gender and racial diversity in the organisation may lead to a narrower pool of candidates, resulting in difficulties in attracting skilled workers, higher recruitment costs and/or reduced operational efficiency.	Risk	*		*	*		
Equal treatment and equal opportunities/Training and skills development							
Strong competition for attracting technically skilled domestic workers may, due to labour shortages, negatively affect a company's financial standing, operating costs and/or unrealised revenues.	Risk	*	*	*	*		
S4 – Consumers and end users							
Information-related impacts on consumers and/or end-users/Access to (quality) information							
Providing inadequate or insufficient energy and sustainability services may lead to the loss of clients, reduced revenues and reputational damage.	Risk	*	*	*	*		

Table 7 – KÉSZ Group's list of material impacts, risks and opportunities (IRO)

Material IRO	Type of IRO	Value chain			Timeframe		
		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
G1 – Business conduct							
Corporate culture							
Failure to effectively manage environmental, social and governance (ESG) risks and opportunities may increase exposure to financial risks, cause missed market opportunities and reputational risks, which may have a negative financial impact on the organisation.	Risk	*	*	*		*	
Providing inadequate or insufficient energy and sustainability services may lead to the loss of clients, reduced revenues and reputational damage.	Risk	*	*	*	*		

4.3 Mandatory subject-specific disclosures independent of double materiality

In addition to the material impacts, risks and opportunities identified through KÉSZ Group's double materiality assessment, further sustainability issues and topics arose. These are defined in the table under Application Requirement 16 of ESRS 1 "General Requirements" that the Group has assessed as not relevant or not material. The mandatory ESRS requirement associated with these is elaborated further below.

4.3.1. Description of the procedures for identifying and assessing material impacts, risks and opportunities related to water and marine resources

During the double materiality assessment, the IROs related to the ESRS E3 topic did not reach the materiality threshold.

The Group's use of natural water resources is limited exclusively to municipal purposes. In assessing the materiality of these issues, the Group concluded that these are not relevant to its operations; nevertheless, it is committed to improving water-use efficiency and promoting sustainability.

The Group continuously monitors and complies with water management legislation. Several subsidiaries have an ISO 14001 environmental management system in place. Production processes do not require significant amounts of water, therefore water use is mainly limited to the municipal water used by staff, and irrigation.

4.3.2. Procedures to identify and assess material impacts, risks, dependencies and opportunities related to biodiversity and ecosystems

During the double materiality assessment, the IROs related to the ESRS E5 topic did not reach the materiality threshold.

The Group has not identified any material impacts on biodiversity and ecosystems at its own sites. In the case of construction activities, site selection falls within the competence of the Clients, with the Group having no direct influence on these decisions. For those projects where the Client specifically requested it, an assessment of the impacts on biodiversity has been carried out with the involvement of external experts.

When setting up a new proprietary site, the member companies of KÉSZ Group carry out an environmental impact assessment on biodiversity and ecosystems. The double materiality assessment did not identify any migration or physical risks that would have a significant impact on biodiversity.

During the assessment of systemic risks, no factor arose that would warrant the introduction of additional measures. The member companies included in the report do not have any sites located in areas sensitive in terms of biodiversity, and do not operate in third countries. Their dependencies on biodiversity and ecosystem services were also examined; however, no disrupted or disruptive ecosystem services were identified that would have a significant impact on the Group's operations. Accordingly, there was no need to develop mitigation plans. Should any project that may impact biodiversity or ecosystems be implemented in the future, the relevant national and EU legislation (e.g. Directives 2009/147/EC, 92/43/EEC, 2011/92/EU) and international standards (e.g. IFC Performance Standard 6) will be taken into account. In such cases, an environmental impact assessment will be carried out as necessary, and consultation with affected communities will also be ensured.

4.3.3. Procedures to identify and assess material impacts, risks, dependencies and opportunities related to affected communities

The Group has determined that the S3 – Affected Communities topic is not relevant to its operations, as although there is ongoing engagement with communities, the focus of activities is on other, more material sustainability areas.

Capter II
Environmental Information

1. Climate change

1.1 Adapting to climate change

This chapter presents KÉSZ Group's direct and indirect greenhouse gas emissions, as well as its objectives and initiatives aimed at reducing them. It also describes how the Group integrates climate change-related risks into its business model.

Table 8 - Summary data for the "Adapting to climate change" sub-topic

Material issue	
Adapting to climate change	
Relevant standard	
ESRS E1	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	**Impact materiality, financial materiality**
Impacts	» The fuel consumption of owned and operated vehicle fleets may lead to environmental impacts, including climate change and pollution, which negatively affect global public health. » The use of purchased energy and purchased fuels as energy inputs in the manufacture of industrial machinery results in greenhouse gas emissions that contribute to climate change and air pollution.
Financial risks	» The operation of hotel buildings requires significant amounts of energy. Potential increases in conventional grid electricity prices and the volatility of fossil fuel prices due to ongoing changes in climate change regulations and new incentives for energy efficiency and renewable energy could increase operating costs, potentially resulting in a negative financial impact on hotels. » Implementing comprehensive climate change adaptation strategies, considering trade-offs between different mitigation strategies, and weighing up the costs and benefits over the long term may require significant capital investment. » Rising climate risks, such as extreme weather events and changing climate patterns, may reduce long-term demand, lead to land value depreciation, and increase the costs of long-term home ownership.
Financial opportunities	» Implementing best practices in energy management may lead to reduced operating costs and increased reputational benefits.

Table 8 - Summary data for the "Adapting to climate change" sub-topic

Material issue	
Addressing the material topic	
Link to sustainability strategy	KÉSZ Group's sustainability strategy includes an environmental pillar and targets related to greenhouse gas (GHG) emissions.
Corporate policies	Integrated Corporate Policy for the following companies: » GNX Engineering Ltd. » ION Systems Ltd. » KÉSZ Building and ConstructionPlc. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » Ma-Hard Hajózási és Vízépítő Ltd. » MATECH Magyar Technológiai Ltd. » MileStone Gazdasági és Mérnöki Tanácsadó Ltd. » Provim Ltd. Procedural instructions for the following companies: » GNX Engineering Ltd. » ION Systems Ltd. » KÉSZ Consulting Ltd. » KÉSZ Building and Construction Plc. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » MATECH Magyar Technológiai Ltd. » MileStone Gazdasági és Mérnöki Tanácsadó Ltd. » Provim Ltd. Group-level regulations: » Company car usage policy » Fuel card usage rules
Key measures	» Determining Scope 1 and 2 emissions » Construction of a new carbon-neutral office building » Fleet management
Metrics	» Level and reduction of Scope 1 and 2 emissions

1.1.1. Description of the procedures for identifying and assessing material impacts, risks and opportunities related to the climate

A number of environmental impacts, risks and opportunities arise in the course of KÉSZ Group's operations, particularly in relation to energy use, fuel consumption and the operation of its buildings. The fuel consumption of owned and operated vehicle fleets may contribute to the acceleration of climate change and air pollution, which negatively affect public health. In addition, the use of purchased energy and fuels in the manufacture of industrial machinery results in greenhouse gas emissions, further increasing climate risks.

The operation of hotel buildings entails significant energy demand, and volatility in fossil fuel prices and changes in climate regulations may increase operating costs. Adapting to climate change, managing trade-offs between risk mitigation strategies, and long-term cost-benefit analyses may require significant capital investment. Extreme weather events and changing climate patterns may reduce demand, lead to land value depreciation, and increase the costs of home ownership.

In response to these challenges, KÉSZ Group has a number of strategic opportunities. Energy investments can reduce operating costs, while innovation and digitalisation promote efficiency, the introduction of automated processes, and transparency in project management and execution. Access to new markets creates opportunities for diversification and international growth. Sustainability building certifications – such as LEED and BREEAM – provide a competitive edge and support compliance with green building standards. Green financing opportunities, such as sustainability-linked investments, incentivise sustainable development, while the development of internal training systems contributes to workforce retention and the mitigation of skilled labour shortages.

In parallel, during the assessment of total greenhouse gas (GHG) emissions, KÉSZ Group has categorised the impacts listed in the abbreviated IRO list by ESRS topics, and used these to determine the actual and potential impacts on climate change. This analysis assisted in establishing impact reduction priorities along the entire value chain, informing strategic decision-making and the achievement of sustainability objectives.

1.1.2. Transition plan and resilience analysis for climate change mitigation

KÉSZ Group does not currently have a transition plan and resilience analysis for climate change mitigation.

1.1.3. Policies related to climate change mitigation and adaptation

KÉSZ Group is committed to achieving the Paris Agreement 2050 climate targets. This is reflected in the central role of climate change in the Group's sustainability strategy. Although the Group does not currently have a separate climate change mitigation policy, environmental management features prominently in the Integrated Corporate Policy, particularly at those subsidiaries where ISO 14001 certification is in place and the risk assessment under the QMS (Quality Management System) already includes climate change-related factors. The development of the sustainability policy has commenced, and the final version is expected to be issued within two years, in 2026 at the latest; the related processes are currently being finalised.

GNX Engineering Ltd.'s Integrated Corporate Policy emphasizes its clients' commitment to environmental management, with the aim of sustainable operations, reducing environmental impacts and increasing energy efficiency. The company supports its clients in achieving their sustainability objectives, while also striving to minimise environmental risks in its own operations. To improve environmental awareness, it provides regular training to its employees and continuously monitors and assesses environmental impacts.

The Integrated Corporate Policies of Provim Ltd., KÉSZ Ipari Gyártó Ltd., KÉSZ Metaltech Ltd., MA-HARD Hajózási és Vízépítő Ltd., MileStone Gazdasági és Mérnöki Tanácsadó Ltd., ION Systems Ltd., and KÉSZ Budilding and Construction Plc. cover the areas of quality management, environmental management, occupational safety and health protection.

From an environmental management perspective, the most important points are as follows:

- The companies are committed to operating in an environmentally responsible way, and continuously monitor and assess the environmental impacts of their activities, particularly in the case of high-risk technologies.
- They strive to minimise environmental risks and prevent injuries and health damage through the application of state-of-the-art technologies.
- They continuously monitor and fully comply with statutory environmental protection requirements.

- They develop employees' environmental awareness through regular training, raising awareness of the environmental impact of their activities.
- They require suppliers to comply with environmental protection requirements, thereby also ensuring the high quality and sustainability of their services.

In addition to the above, the Integrated Corporate Policy of MATECH Magyarország Technológiai Ltd. specifically addresses the enforcement of energy efficiency considerations, both for existing equipment and infrastructure elements and for future developments.

GNX Engineering Ltd., ION Systems Ltd., KÉSZ Consulting Ltd., KÉSZ Building and Construction Plc., KÉSZ Ipari Gyártó Ltd., KÉSZ Metaltech Ltd., MATECH Magyar Technológiai Ltd., MileStone Gazdasági és Mérnöki Tanácsadó Ltd., and Provim Ltd. manage the assessment, evaluation and management of environmental factors and impacts according to a uniform procedure.

Key principles and processes:

- **Objective:** The policy ensures that the companies identify, assess and control the environmental impacts of their past, present and future activities, as well as the associated risk factors.
- **Scope:** The procedure extends to all areas of activity and to the entire environmental management system.
- **Identifying environmental factors:** The environmental factors of construction, energy production and storage, and all other activities with an environmental impact must be assessed at least once a year. The assessment is conducted under the leadership of the environmental officer, with the involvement of experts where necessary.
- **Impact assessment:** The identified environmental impacts are assessed using a quantified methodology (severity, occurrence, detection), based on the RPN (Risk Priority Number). Impacts are considered significant if they reach or exceed 15 points, or if this is justified by public opinion, clients or legal requirements.
- **Continuous updating:** The assessment must also be carried out in the event of any significant technological change, the introduction new materials or products, or changes in legislation.
- **Objectives and measures:** Environmental management objectives and programmes are defined for significant environmental impacts, in line with the Group's environmental policy.
- **Stakeholders:** The policy highlights the role of public authorities, clients and other stakeholders, as well as the importance of regulatory compliance.
- **Documentation:** All assessments, evaluations and measures are documented in an integrated system.

In addition to the Integrated Corporate Policies, KÉSZ Group has also developed comprehensive guidelines for the regulation of vehicle usage and fuel consumption in order to ensure transparent, responsible and efficient operations within the Group. As part of this, the Company Car Use Policy was established, which uniformly regulates the conditions and types of company cars, as well as all related rights and obligations. The policy describes in detail the process of requesting, transferring and contracting company cars, and also defines the scope of use, including the mileage allowance, the possibility of private use, the method of fuel accounting, and the procedures for handling claims and fines. The document also addresses cases where the right of use may be withdrawn, thereby promoting proper and responsible vehicle usage.

Another important element of vehicle usage regulation is the Fuel Card Usage Rules, which regulate in detail the use of fuel cards applied at KÉSZ Group's subsidiaries. In particular, it focuses on the operation of machinery on project sites and extends to all employees – including technical directors, project managers, and construction managers – who are involved in the implementation of projects in any capacity and are entitled to use fuel cards. The purpose of the regulation

is to ensure the proper, documented and verifiable use of fuel cards, thus contributing to cost-efficiency and responsible management of resources.

KÉSZ Group does not currently have a remuneration policy that takes climate considerations into account.

1.1.4. Measures and resources related to climate change policies

KÉSZ Group plans to take a number of measures by 2030 to mitigate the effects of climate change. The Group has set a target to reduce its carbon emissions in the Scope 1 and Scope 2 categories by 50% compared to the base year 2019. To accomplish this, it has been implementing energy efficiency investments, building energy retrofits and making green electricity purchases since 2023. By 2030, they plan to construct a carbon-neutral office building, and wish to explore alternative energy production options.

To reduce transport emissions, the optimisation of the vehicle fleet was launched in 2023, with an increase in the proportion of hybrid and electric vehicles. One of their key objectives is to develop a car-sharing system by 2030.

Fleet management

KÉSZ Group's fleet management is regulated by the "Company Car Use Policy". Company cars can be classified into three main categories: status-linked, service and shared vehicles. Employees at management levels L1–L5[8] are automatically entitled to a status-linked car, while a service car may be requested by those whose job function regularly requires the use of a motor vehicle.The private use of company cars is subject to authorisation and a fee, and family members can only drive them with a special permit. Shared cars can be used for projects, teams or ad-hoc official trips, subject to prior coordination and reservation. Car requests are always submitted electronically, and require approval from the manager and HRBP (HR Business Partner). Every company vehicle has an annual mileage allowance, which forms the basis for accounting and auditing.

The company's fleet consists of nearly 600 vehicles, mostly passenger cars such as the Toyota Corolla and Suzuki Vitara. In the interest of sustainability, the aim is to replace two thirds of the fleet with hybrid-powered vehicles by 2030. Currently, the proportion of hybrid vehicles exceeds 60%, while the number of electric cars is below 10. Vehicle maintenance is mandatory, in accordance with the manufacturer's instructions, and failure to comply may result in the user being held liable. The fleet manager regularly monitors service cycles and sends notifications of upcoming maintenance. GPS devices to support automated recording and reporting are being tested. The use of fuel cards supports the tracking of consumption and reduces the administrative burden. All services – service requests, problem reports, claims handling – can be managed digitally in the ÜSZIR[9] system.

Window replacement and lighting upgrades

Modernisation aimed at improving energy efficiency has been launched at several KÉSZ Group sites, including window replacement and lighting upgrades. In Kecskemét, development has been underway since 2023. Halogen lamps were replaced with LED lighting, achieving significant energy savings. In Székesfehérvár and at the Mester utca site, in addition to lighting, the heating system was also renewed, including the replacement of boilers, cooling units and

8 L1-L2: CEO (chief executive decision maker or body), Management Board members
L3-L4: Sectoral and economic managers, central area managers
L4-L6: Business unit managers, business unit economic managers, central department managers

9 Case Management Service Request System: Service requesting, error reporting, entitlement claiming system for IT, HR, Labour, Marketing, Finance, Security, Legal and Tax, Quality Assurance for Construction, Property Management and Fleet Management.

heating units. Thanks to the remote monitoring system, the operation of the sites can be monitored remotely, and intelligent lighting control is already operational at several locations, only switching on lights where people are actually present.

Heat pump and shading solutions

In Székesfehérvár, the heating system of the old office building was modernised, replacing conventional boilers with heat pump technology, significantly improving energy efficiency. In addition, special glazing was applied to certain buildings to reduce sunlight penetration, thereby lowering cooling demand and increasing indoor comfort. Both solutions contribute to sustainable operations and the optimisation of operating costs.

Green energy

Significant solar and energy improvements have been implemented at KÉSZ Group sites. The Székesfehérvár site, the Mester utca building complex and the Szeged site underwent modernisation, with 1,200 m² of solar panels and a modern heat pump system installed at the latter. In addition, over the past two years, 50% of the energy supply for the largest sites was covered by wind energy, supplied by Greenergy, which is part of the corporate group, thus making green energy available to all subsidiaries and significantly contributing to the reduction of the carbon footprint.

As part of the efforts to reduce the company's carbon footprint, a detailed carbon footprint calculation was prepared for the KÉSZ Greentech solar parking structure. The calculation followed a "cradle-to-gate" approach in examining the journey of the raw materials, and the purpose of the development is to make the structure more environmentally friendly and provide a competitive advantage in the market. The project was supported by external experts and international carbon platforms, and was designed to comply with sustainability legislation.

At the paint shop of KÉSZ Ipari Gyártó Ltd. the upgrading of extraction systems is currently in progress, and will be extended with additional units in 2025. The use of new technologies will allow for improved purification of both the air in the workplace and the air discharged into the environment, taking into account the principle of best available technology (BAT). Fleet renewal is also underway, with conventional vehicles being replaced by hybrid models where possible, reducing transport-related emissions.

KÉSZ Metaltech Ltd. and KÉSZ Ipari Gyártó Ltd.

KÉSZ Metaltech Ltd. and KÉSZ Ipari Gyártó Ltd. have implemented proprietary solar parking canopies which, thanks to their ribbon-system design, are capable of covering large surface areas with minimal fixing points, thus reducing the amount of structural material required. The technology is developed in-house, while the panels and ribbons are sourced externally. The Kecskemét solar car park has been in operation for over a year, and has received positive feedback from users.

However, the applicability of green products is also influenced by regulatory challenges, particularly in Germany, where only certified solar panels are accepted and price categories are regulated. For façade and structural steel fabrication projects where the manufactured products are shipped to the United States, compliance with local legislation and standards is also a key priority. Due to the novelty of the technology, some projects require several rounds of consultation before a contract is signed, reflecting the cautious approach of the clients.

MA-HARD Ltd.

In 2024, MA-HARD Ltd. implemented several significant projects, among which the purchase of an environmentally friendly excavator stands out. This not only serves to reduce harmful emissions, but also enables more economical operation. The company was involved in the construction of a pipeline near the Samsung factory, laying parallel pipes in the Danube riverbed and developing technological solutions in-house. The Göd waterworks development included the installation of two Ø1000 mm KPE pipes in the riverbed, together with water intake points. In addition, they also participated in smaller projects, such as the dismantling of hydrocarbon pipelines and the reinjection of used thermal water using directional drilling technology.

The company's machinery operates under a rental arrangement, which has created new business opportunities. As part of the sustainability strategy, reducing carbon emissions, increasing energy efficiency and minimising waste production are key objectives which, together with the "zero accident" principle, have become an integral part of the company's operations, in line with the corporate Group's expectations.

GNX Engineering Ltd.

GNX Engineering's energy solutions – such as hybrid power plants, energy storage and SCADA systems – enable the optimisation of self-consumption with displacement levels up to 70%, while providing customers with investment-free, tailored consultancy. The company's proprietary monitoring system provides cell-level diagnostics to keep performance at a sustainable level.

The company is not only an integrator, but also a technology developer, which provides it with a long-term competitive advantage, especially in the fast-growing Hungarian solar market, where the development of energy storage capacity significantly lags behind. GNX aims to develop commercially viable systems with a 20-year lifespan that are accessible to both residential and industrial customers. The company is also exploring alternative storage technologies, such as salt-based or thermal storage solutions. To comply with environmental protection regulations, they employ fluorine- and SF6-free technologies, and are already meeting the standards that will be mandatory at the EU level from 2026. Waste management is carried out in accordance with the manufacturer's recommendations and the requirements of the domestic Extended Producer Responsibility (EPR) system, coordinated by MOHU. During this process, particular attention is paid to reducing the scrap rate.

Scope 3 emissions

With regard to Scope 3 emissions, an examination of the possibilities for measuring and collecting data on supply chain emissions was launched in 2024. The long-term objective of the project is to develop a data collection platform that enables the monitoring of the environmental impacts of company operations. The system will record emissions data arising from the energy consumption of projects, as well as the environmental aspects of contract work and leased equipment. This will provide the foundation for a more transparent assessment and optimisation of sustainability performance.

As part of its sustainability efforts, KÉSZ Group plans to launch a pilot project in 2027 to test the practical applications of the circular economy and the "net zero" approach. The purpose of the project is to explore opportunities to reduce and neutralise greenhouse gas emissions in a real operational environment, and to explore the effectiveness of integrating a circular approach into corporate processes.

In addition, by 2028, the Group aims to supplement its procurement policy a set of criteria to promote the substitution of less environmentally friendly materials. The purpose of the amendment is to ensure that procurement decisions favour more sustainable, recyclable or renewable materials with lower environmental impact thereby supporting the achievement of long-term environmental objectives. The aim of these measures is to ensure that KÉSZ Group achieves sustainable, climate-conscious operations in the long term, allowing it to play a leading role in the construction industry from a sustainability perspective as well.

Tree planting

As part of the greening programme implemented at the Kecskemét site, 32 trees and 230 shrubs have been planted to date, to be followed by the planting of a further 100 trees in the near future. The plants are watered by a state-of-the-art irrigation bag system, which delivers exactly the amount of water the plants need. This solution not only promotes water conservation, but also contributes to sustainable green space management.

1.1.5. Targets related to climate change mitigation and adaptation

The Group aims to reduce its Scope 1 and 2 emissions by 50% (4,119 t CO2eq) by 2030 compared to 2019 levels, and to measure and reduce Scope 3 emissions within its projects. The Group started measuring and collecting data on Scope 3 emissions in 2024. The strategy includes increasing energy efficiency, using renewable energy sources, developing a green vehicle fleet, modernising lighting technology, purchasing machinery (e.g. welding machines) using subsidies and own resources, based on environmental considerations, increasing the share of green energy in production, and constructing a carbon-neutral office building.

According to KÉSZ Group's analysis:

- Building insulation and renovation can achieve average heating energy savings of 30%.
- Replacing cars with hybrids can result in 25% fuel savings and a reduction of 599 tonnes of CO2.
- Switching to electric cars, if charged from renewable energy sources, could mean a reduction of up to 2,525 tonnes of emissions.
- Replacing light commercial vehicles with electric vehicles can yield a further reduction of 463 tonnes of CO2eq.
- Procuring electricity from renewable sources could reduce emissions by 1,366 tonnes.

The sustainability strategy indirectly targets this area and includes relevant measures in the form of an action plan. These include increasing energy efficiency, operating the company's own solar panels, providing remote work options for employees, increasing waste recovery intensity, and increasing the proportion of hybrid vehicles in the fleet. Other goals include the installation of bicycle storage and showers, in order to support employee awareness and sustainable transport. Financial targets have not yet been specifically formulated, but the strategic directions already set the path towards sustainability.

KÉSZ Group will monitor its climate change-related targets in a structured manner, including through the establishment of an energy management system, as well as data collection platforms that have supported the measurement and reporting of consumption data from 2023. The Carbon Working Group and the energy division are responsible for regulatory compliance and the preparation of decision-supporting reports, while the internal carbon price and incentive system supports the achievement of target values. The purpose of the Carbon Working Group and the

decision-supporting reports is also to take the impact of external factors (e.g. weather anomalies) into account during the assessment. This ensures that the baseline values provide a realistic picture of the company's operations.

KÉSZ Group's sustainability strategy contains a number of emission reduction targets, but these do not currently qualify as science-based targets – for example they are not aligned with the Science Based Targets initiative (SBTi). Furthermore, the analysis and consideration of climate change scenarios (e.g. IPCC models) is not documented, and therefore the targets are not directly linked to global climate goals.

1.2 GHG emissions

1.2.1. Scope 1 and 2 GHG emissions

Given that KÉSZ Group is preparing its first ESRS-compliant sustainability report, there is no historical period against which GHG emissions could be compared. Accordingly, no relevant changes requiring a report have occurred in the definition of either the reporting entity or the upstream or downstream value chain that would affect comparability.

In calculating its GHG emissions, KÉSZ Group converted emissions from the use of natural gas, petrol, diesel and purchased electricity into their carbon dioxide equivalents. For this purpose, it applies the GHG Protocol Corporate Standard[10], the conversion factors of the internationally agreed 2006 IPCC guidelines[11], supplemented by emission values published by the Hungarian Energy and Public Utility Regulatory Office (MEKH) and domestic service providers. This methodology ensures the accuracy and comparability of the calculations in the international and domestic regulatory environment. The approach allows the company to monitor and report its carbon footprint in a transparent manner.

A location-based approach was used to calculate the company's GHG emissions, as the activities underlying the company's report are limited exclusively to Hungary. A financial control-based methodology was used to determine direct (Scope 1) and indirect (Scope 2) emissions. GHG data were not disaggregated by country, operating segment, economic activity or subsidiary; only group-level aggregation was used. This approach ensures data uniformity and reporting consistency.

For financial year 2024, the Group will not publish Scope 3 GHG emissions data.

The Group currently does not have any contractual or supplier-level information (e.g. green electricity certificates, individual procurement contracts) that would allow the calculation of Scope 2 market-based emissions. Accordingly, under the GHG Protocol guidelines, market-based emissions will be identical to location-based emissions. In addition, as the Group is not subject to the EU ETS (Emissions Trading System), it is not currently obligated to record or report this type of emissions data. In the future, should relevant data become available or the regulatory environment change, market-based calculations may also be introduced.

The total GHG emissions of the KÉSZ Group calculated as above in financial year 2024 were 8,223.53 tonnes of CO2-equivalent. Of these, Scope 1 emissions, i.e. direct emissions, amounted to 5,981 tonnes of CO2-equivalent, while Scope 2 emissions, i.e. indirect emissions from purchased energy, amounted to 2,424.52 tonnes of CO2-equivalent. The extent of KÉSZ Group's contribution to climate change is illustrated not only by the GHG emissions data, but also by the GHG intensity indicator. This indicator relates the total emissions shown in the table below to total net revenue (HUF 222,953 million). In 2024, KÉSZ Group's GHG intensity was 0.04 tonnes of CO2-equivalent per million HUF, which indicates the level of emissions relative to economic performance.

Table 9 - KÉSZ Group's GHG emissions in 2024

Overview of KÉSZ Group's GHG emissions in 2024	
Scope 1 GHG emissions	
Scope 1 gross GHG emissions (tonnes of carbon dioxide equivalent)	5 981
Scope 2 GHG emissions	
Scope 2, location-based gross GHG emissions (tonnes of carbon dioxide equivalent)	2 242,52
Scope 2, market-based GHG emissions (tonnes of carbon dioxide equivalent)	2 242,52
Total GHG emissions	
Total GHG emissions (location-based) (tonnes of carbon dioxide equivalent)	8 223,53

10 GHG Protocol: https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

11 2006 IPCC Guidelines for National Greenhouse Gas Inventories: https://www.ipcc-nggip.iges.or.jp/public/2006gl/vol2.html

Table 9 - KÉSZ Group's GHG emissions in 2024

Overview of KÉSZ Group's GHG emissions in 2024	
Total GHG emissions (market-based) (tonnes of carbon dioxide equivalent)	8 223,53
Revenue-based GHG intensity (Scope 1 + Scope 2 location-based) (tonnes of carbon dioxide equivalent per million HUF)	0,04
Revenue-based GHG intensity (Scope 1 + Scope 2 market-based) (tonnes of carbon dioxide equivalent per million HUF)	0,04
Net revenue used for calculating GHG intensity (million HUF)	222 953
Net revenue (million HUF)	222 953
Total net revenue (in financial statements) (million HUF)	222 953

In 2024, the KÉSZ Group purchased renewable energy directly from E2 Hungary Plc. under a Power Purchase Agreement (PPA). The purchased energy was generated by wind power plants. As a result, 24% of Scope 2 emissions were covered by this type of renewable energy source.

1.2.2. GHG mitigation projects financed through GHG removals and carbon credits

KÉSZ Group does not currently use GHG removal in its operations, and we do not have any GHG mitigation projects financed through carbon credits.

1.3 Energy consumption and energy mix

This chapter presents the energy consumption associated with KÉSZ Group's own operations, as well as its objectives and initiatives aimed at increasing energy efficiency and reducing energy consumption.

Table 10 - Energia altéma összefoglaló adatai

Material issue	
Energy	
Relevant standard	
ESRS E1	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	**Hatás Materialség, Financial materiality**
Impacts	» The fuel consumption of owned and operated vehicle fleets may lead to environmental impacts, including climate change and pollution, which negatively affect global public health. » The energy consumed in hotel operations results in greenhouse gas emissions that exacerbate global climate change. » The use of purchased energy and fuels in the manufacture of industrial machinery results in greenhouse gas emissions that contribute to climate change and air pollution.
Financial risks	» The operation of hotel buildings requires significant amounts of energy. Potential increases in conventional grid electricity prices and the volatility of fossil fuel prices due to ongoing changes in climate change regulations and new incentives for energy efficiency and renewable energy could increase operating costs, potentially resulting in a negative financial impact on hotels. » Regulations on greenhouse gas (GHG) emissions may increase energy costs, leading to increased operating costs and reduced revenues.
Financial opportunities	» Implementing best practices in energy management may lead to reduced operating costs and increased reputational benefits.
Addressing the material topic	
Link to sustainability strategy	KÉSZ Group's sustainability strategy includes an environmental pillar and targets related to energy consumption.
Corporate policies	Integrated Corporate Policy for the following companies: » GNX Engineering Ltd. » ION Systems Ltd. » KÉSZ Building and ConstructionPlc. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » Ma-Hard Hajózási és Vízépítő Ltd. » MATECH Magyar Technológiai Ltd. » MileStone Gazdasági és Mérnöki Tanácsadó Ltd. » Provim Ltd.
Key measures	» Increasing energy efficiency » Operating own solar panel systems » Increasing the proportion of hybrid vehicles in the fleet » Installing bicycle storage and showers
Metrics	» Energy consumption value

Energy data collection

Within KÉSZ Group, the collection of data on energy consumption is partly decentralised, meaning that some sites collect and provide data on their own, while for other sites, data is collected centrally. About 90% of energy consumption data – electricity, gas, water and sewerage – is available within the Group. The remaining 10% relates to external sites that are not directly connected to the central system, and therefore data requests are made on an annual basis. The sites collect data on a monthly basis, primarily from utility bills, which are aggregated in Excel spreadsheets and form the basis of the monthly monitoring reports.

In addition to data obtained from utility bills, the Group's subsidiaries also record the readings of sub-meters at their sites, which are sourced from internal records rather than from service providers. This allows for more detailed monitoring and analysis of energy consumption. For solar panel systems, generation and consumption data are collected separately. Where remote metering solutions are in operation, this information can be retrieved in real time or near real time from the distribution systems. Some of the energy data are also included in the specialist's reports.

Energy intensity

Energy consumption data are available for KÉSZ Group's sites, especially for the industrial production units, which typically operate at higher consumption levels. This data is mainly used for internal purposes, such as preparing controlling and sustainability reports. However, when leasing out own-owned properties, energy consumption does not form the basis for calculating rental fees, and therefore the financial attribution of energy consumption is not automatic. This is because the lease arrangements are not based on energy intensity, which means that this type of linkage is currently not relevant within the operational model.

Table 11 - Total energy consumption of KÉSZ Group in 2024

Total energy consumption of KÉSZ Group in 2024	
Energy consumption (MWh)	**KÉSZ Group**
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	15 132,64
Fuel consumption from natural gas	11 373,27
Fuel consumption from other fossil sources	0
Consumption of electricity, heat, steam and cooling purchased or acquired from fossil sources	1 556,19
Total fossil energy consumption	**28 062,09**
Share of fossil energy sources in total energy consumption (%)	**85,95**
Consumption from nuclear sources	1 876,95
Share of energy consumption from nuclear sources in total energy consumption (%)	5,75
Fuel consumption from renewable sources, including biomass (which includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	0
Consumption of electricity, heat, steam and cooling purchased or acquired from renewable sources	1 984,92
Consumption of self-generated renewable energy from non-fuel sources	725,83

Table 11 - Total energy consumption of KÉSZ Group in 2024

Total energy consumption of KÉSZ Group in 2024	
Total renewable energy consumption	**2 710,75**
Share of renewable sources in total energy consumption (%)	8,3
Total energy consumption	**32 649,79**

Table 12 - Energy consumption and related energy intensity relating to activities in high climate impact sectors

Energy consumption and related energy intensity relating to activities in high climate impact sectors in 2024	
Total energy consumption relating to activities in high climate impact sectors (MWh)	28 062,09
Net revenue from other activities outside high climate impact sectors	-
Net revenue from activities in high climate impact sectors	**222 953**
Energy intensity based on net revenue	0,13

KÉSZ Group's net revenue in the reporting year was HUF 222,953 million, which – taking into account the total energy consumption of the company – resulted in an energy intensity of 0.13 MWh/million HUF. This is relevant because the Group's activities are typically associated with sectors that have a significant impact on the climate.

2. EU Taxonomy Report

The EU Taxonomy Report chapter was compiled in accordance with Article 8 of Regulation 2020/852 of the European Parliament and of the Council[12] (hereinafter: Taxonomy Regulation).

The Taxonomy Regulation represents not merely a compliance obligation for construction companies, including KÉSZ Group, but also a strategic opportunity to strengthen their position in sustainable construction markets. Companies that are capable of integrating the environmental objectives and technical criteria set by the taxonomy into their projects – whether new construction, renovation or property development – can gain a significant competitive advantage. With growing demand for sustainable buildings, these companies can not only contribute to reducing their environmental impact, but can also strengthen their market credibility and become more attractive to investors, clients and partners. Furthermore, the framework provided by the Taxonomy will help address climate risks and support the green transition of the construction industry, contributing to the creation of a sustainable future.

The Taxonomy Regulation defines the following six environmental objectives:

- climate change mitigation (CCM);
- climate change adaptation (CCA);
- the sustainable use and protection of aquatic and marine resources (WTR);
- the transition to a circular economy (CE);
- pollution prevention and control (PPC);
- protecting and restoring biodiversity and ecosystems (BIO).

For an economic activity to qualify as environmentally sustainable, i.e. Taxonomy-aligned, four basic conditions must be met:

- The activity must be included in the list of activities set out in the Annex to the Delegated Regulations of the Taxonomy, i.e. it must be an activity that can contribute to achieving the EU's environmental objectives. These activities are referred to as Taxonomy-eligible activities.
- The activity complies with the Technical Screening Criteria (TSC) of the Taxonomy Regulation. The Technical Screening Criteria can be divided into two parts: the Significant Contribution (SC) criteria, which examine whether an economic activity contributes significantly to at least one of the six environmental objectives set out in the Taxonomy Regulation; and the Do No Significant Harm (DNSH) criteria, which ensure that no harm is caused to any of the five remaining objectives.
- The activity must comply with the Minimum Social Safeguards (MSS), which ensure the enforcement of the principles of fundamental human rights, workers' rights, and ethical and transparent corporate governance.

Under the Taxonomy Regulation and Delegated Regulation 2021/2178[13], companies subject to non-financial reporting obligations are required to disclose the proportion of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) associated with their Taxonomy-eligible and Taxonomy-aligned activities. While in 2022, only economic activities that contributed significantly to (1) mitigation and (2) adaptation to climate change were required to undergo a technical criteria

12 EU Regulation 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending EU Regulation https://eur-lex.europa.eu/legal-content/HU/TXT/?uri=celex:32020R0852

13 EU Delegated Regulation 2021/2178 of 6 July 2021 specifying the content and presentation of information to be disclosed concerning environmentally sustainable economic activities - https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=CELEX:32021R2178

assessment and have the required financial indicators published, the EU Delegated Regulation 2023/2486[14] – which will enter into force on 1 January 2024 – requires the Taxonomy eligibility assessment for the four additional environmental objectives, as well as the publication of the relevant revenue, CapEx and OpEx values.

Methodology

During 2024, KÉSZ Group reviewed and identified its economic activities qualifying as Taxonomy-eligible in respect of all six environmental objectives.

Examination of EU Taxonomy-eligible activities

When mapping its Taxonomy-eligible activities, KÉSZ Group used the eligibility criteria set out in the relevant Delegated Regulation 2021/2139[15] as a basis. In this context, it identified which activities may qualify as Taxonomy-eligible on the basis of the NACE codes assigned to the individual economic activities.

The analysis covered the activities of the subsidiaries within the scope of KÉSZ Group's Sustainability Report.

Examination of EU Taxonomy-aligned activities

As the disclosure of Taxonomy-aligned economic activities and the related financial indicators (e.g. CapEx, OpEx, revenue apportionment) is scheduled for the next business year, the Group will not publish the eligibility list this year either.

14 EU Delegated Regulation 2023/2486 of 27 June 2023 determining the conditions under which an economic activity qualifies as contributing substantially to the achievement of environmental objectives - https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=OJ:L_202302486

15 EU Delegated Regulation (EU) No 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Text with EEA relevance) - https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=CELEX:02021R2139-20250108

3. Pollution

3.1 Air pollution and water pollution

The chapter presents the sources of pollution associated with KÉSZ Group's own operations, and the measures taken to reduce the environmental impact of pollution.

Table 13 - Summary data for the air pollution and water pollution sub-topic

Material issue	
Air pollution and water pollution	
Relevant standard	
ESRS E2	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	**Impact materiality, financial materiality**
Impacts	» The combustion of fuel during power generation operations produces hazardous air pollutants (HAPs), common air pollutants (CAPs) and volatile organic compounds (VOCs), which degrade air quality and further increase the environmental impacts of climate change. » The fuel consumption of owned and operated vehicle fleets may lead to environmental impacts, including climate change and pollution, which negatively affect global public health.
Financial risks	» Harmful air pollution emitted during operations may result in regulatory penalties, increased compliance costs and capital expenditures for the installation of state-of-the-art control technology, which can have a negative financial impact on the business. » The long-term impacts of waste management, such as disposal on contaminated external sites, may represent significant costs and regulatory risks for iron and steel manufacturers, including remediation and restoration activities.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	KÉSZ Group's sustainability strategy includes the environmental pillar, and thus the objectives related to pollution.
Corporate policies	**Integrated Corporate Policy for the following companies:** GNX Engineering Ltd. ION Systems Ltd. KÉSZ Building and ConstructionPlc. KÉSZ Ipari Gyártó Ltd. KÉSZ Metaltech Ltd. Ma-Hard Hajózási és Vízépítő Ltd. MATECH Magyar Technológiai Ltd. MileStone Gazdasági és Mérnöki Tanácsadó Ltd. Provim Ltd.

Table 13 - Summary data for the air pollution and water pollution sub-topic

Material issue	
Corporate policies	**Procedural instructions (pollution) for the following companies:** GNX Engineering Ltd. ION Systems Ltd. KÉSZ Ipari Gyártó Ltd. KÉSZ Metaltech Ltd. MATECH Magyar Technológiai Ltd. MileStone Gazdasági és Mérnöki Tanácsadó Ltd. Provim Ltd. **Procedural instructions (handling of dangerous substances) for the following companies:** ION Systems Ltd. KÉSZ Building and Construction Plc. KÉSZ Ipari Gyártó Ltd. KÉSZ Metaltech Ltd. MATECH Magyar Technológiai Ltd.
Key measures	BREEAM, WELL and LEED certifications Reducing carbon dioxide emissions
Metrics	Measurement of pollutants

3.1.1. Description of the procedures for identifying and assessing material pollution-related impacts, risks and opportunities

Fuel combustion employed in power generation operations causes a significant environmental burden. This results in the release of hazardous air pollutants (HAPs), common air pollutants (CAPs) and volatile organic compounds (VOCs) into the atmosphere, which degrade air quality and exacerbate the impacts of climate change. Air pollution poses a serious risk not only for the environment, but also for public health.

The fuel consumption of the vehicle fleet owned and operated by KÉSZ Group also contributes to the environmental burden. The resulting pollution and greenhouse gas emissions affect public health on a global scale, and increase the negative impacts of climate change.

Harmful air pollution emitted during operations may attract regulatory sanctions, as well as increased compliance costs and capital expenditure needs arising from the installation of state-of-the-art control technologies. These factors represent a direct financial burden for the Group, and can affect operational efficiency.

The long-term impacts of waste management – in particular disposal on contaminated external sites – may result in significant costs and regulatory risks. This is particularly relevant in the iron and steel industry, where remediation and reclamation activities require substantial resources and have a long-term impact on the sustainability performance of the company.

Information on the identification of impacts, risks and opportunities is presented in detail in Part I, Section 4.2 – "Dual materiality assessment", as well as in Table 7.

3.1.2. Pollution-related policies

The Group manages the environmental risks associated with the ISO 14001 standard through integrated policies and regulations at the Group level, with particular attention to waste management and water, air and soil pollution. The risks associated with these activities are reviewed annually through internal audits and site inspections. To ensure regulatory compliance, regular change monitoring is conducted, not in the form of a classic climate risk analysis, but based on the continuous monitoring and assessment of relevant legal and regulatory obligations. Some member companies of the Group (GNX Engineering Ltd., ION Systems Ltd., KÉSZ Ipari Gyártó Ltd., KÉSZ Metaltech Ltd., MATECH Magyar Technológiai Ltd., MileStone Gazdasági és Mérnöki Tanácsadó Ltd., Provim Ltd.) apply a unified but separate environmental policy in the fields of air, soil, noise and water protection. The policies aim to prevent pollution, monitor emissions, comply with statutory limit values, and minimise adverse environmental impacts.

Key principles:

- Air quality protection
- Soil and land protection
- Water protection
- Noise and vibration protection

These companies pay particular attention to **air quality protection**. In all cases involving new or modified point sources of air pollution (e.g. chimneys, stacks), the environmental officer must be given prior notification, and will then assist in ensuring compliance. Emissions from diffuse sources (e.g. open windows, doors) are also monitored continuously. The aim is to ensure that the amount of pollutants released into the air does not exceed the official limit values, and that the best available techniques are used to prevent or reduce emissions during all activities. The Group does not currently operate any major point sources, but strict compliance with environmental requirements remains the guiding principle for all new activities.

Water protection aims to protect the quality and quantity of surface and groundwater. Wastewater from construction activities shall be discharged to the public water system or to an approved wastewater treatment facility, exclusively in a manner that does not compromise natural watercourses or water recharge. It is strictly prohibited to introduce any chemical substance or waste into drains or sewers. In all cases, the companies shall ensure that no pollution of waste water or natural water occurs at the construction sites, and that if any incident threatens the water quality, it shall be reported immediately to the regional manager, who shall act in accordance with the emergency plan. The objective is to preserve the physical, chemical and biological properties of water, prevent pollution, and fully comply with regulatory requirements.

The procedural instructions for the handling of **hazardous substances** uniformly regulates every step of the processing of hazardous substances and mixtures for ION Systems Ltd., KÉSZ Building and ConstructionPlc., KÉSZ Ipari Gyártó Ltd., KÉSZ Metaltech Ltd. és MATECH Magyar Technológiai Ltd., from procurement to use and waste management.

The purpose of the regulation is to ensure regulatory compliance, to protect the workers and the environment, and to ensure safe working practices at all stages of activities involving dangerous substances. The procedure applies to all employees, subcontractors, sites and projects.

Before the procurement of hazardous substances, it must be verified in all cases whether the given substance is classified as hazardous and whether it has a valid Safety Data Sheet (MSDS) in Hungarian. Only substances for which an activity permit is available from the National Centre for Public Health and Pharmacy may be used. In all cases, when choosing between two substances for

a given purpose, the less hazardous, less environmentally polluting substance must be chosen. The handling of hazardous substances at the KÉSZ Group is subject to strict regulation. Material safety data sheets must be made available both electronically and in hard copy, and must be preserved. Employees working with hazardous substances must keep records of the quantities purchased, used, stocked and transferred, and these records must be retained for at least five years. Materials may only be stored in lockable, well-ventilated, labelled containers. No food, drink or medicines may be kept in these containers, and only trained personnel may enter.

During transport, adequate packaging must be ensured, avoiding leakage, evaporation and dust generation, and shipments must be labelled with inscriptions and pictograms. In the event of a spill or contamination, immediate action is required. Hazardous substances may only be used by trained, medically fit employees, in accordance with the material safety data sheet and the instructions for use.

The responsible manager shall regularly check compliance with the rules at the workplace. Entry by unauthorised persons is prohibited, and this must also be indicated by signage. Hazardous substances may only be transferred to subcontractors with valid permits, and the data sheet must be obtained. Subcontractors must be trained in all cases. The packaging of hazardous substances, as well as contaminated or expired substances, qualifies as hazardous waste, and must be handled in accordance with the waste management policy. The annexes to the policy contain typical substances, hazard classes, pictograms, H and P statements and asbestos marking requirements. The supervisors and construction managers are responsible for implementation, and documentation shall be managed in a single, integrated system. The Group does not currently have a policy on pollution, but a Group Sustainability Policy is under development, and will include such provisions (see section 1.1.3).

3.1.3. Pollution-related measures and resources

KÉSZ Group's sustainability strategy aims to reduce pollution mainly through the mitigation of indirect burdens on air, soil and water. It focuses on air pollution by reducing carbon emissions (Scope 1-2) through the use of electric vehicles and renewable energy. Waste management measures such as increased recycling, composting and selective collection can help prevent soil and water pollution, especially in construction and office operations.

MA-HARD Ltd.

MA-HARD Ltd. pays special attention to environmental protection during its water use processes, especially in the case of dredging, bank building and the construction of hydraulic structures. The machines used are closed systems, and biodegradable materials are used, so water pollution generally does not arise as an issue. Built-in materials such as filter fabrics, water construction stone or polyethylene pipes also do not cause direct environmental burden. However, at certain sites, such as port construction sites, previously deposited contaminants may be released. In these cases, the company uses technical remediation solutions to deal with said contaminants. As the work sites are located in the vicinity of a river, the company does not carry out its own water quality monitoring, but relies on sampling and automatic measurement systems from the competent authorities. No water is extracted during the company's operations, and drinking water for the vessels is supplied from local wells.

KÉSZ Ipari Gyártó Kft. és KÉSZ Ipari Park Ingatlanhasznosító Ltd.

KÉSZ Ipari Gyártó Ltd. (Kecskemét) paid a fee of HUF 6.84 million in 2023, with the largest emissions coming from nitrogen oxides (over 56 tonnes), while no sulphur dioxide emissions were recorded. In 2024, KÉSZ Ipari Park Ingatlanhasznosító Ltd. paid only HUF 6,971 in air pollution charges, also mainly for nitrogen oxide and carbon monoxide emissions. The two companies' emissions and tariff data show significant differences, resulting from the nature of their activities and their emissions volumes.

3.1.4. Pollution-related targets

KÉSZ Group's sustainability targets contribute directly to the mitigation of air and water pollution. The measures aimed at reducing carbon dioxide emissions — such as the use of electric vehicles, building insulation and the application of renewable energy sources — reduce air pollutants arising from the combustion of fossil fuels. Increasing waste recycling and the development of green infrastructure can mitigate the risk of soil and water pollution.

KÉSZ Group's target is that its domestically developed own office buildings receive at least BREEAM[16] Excellent, LEED[17] Gold or WELL Platinum certification. Thus, the Group contributes directly to reducing environmental pollution, as these certification schemes impose strict requirements on the energy efficiency, water use, indoor air quality and waste management of buildings. BREEAM and LEED assess measures aimed at reducing air, water and soil pollution in separate categories, such as the reduction of harmful emissions, the application of pollution prevention technologies and sustainable material use. WELL certification focuses on healthy indoor air quality and water use, which also reduces environmental impact. Thus, these targets not only increase the sustainability of buildings, but also have a direct impact on reducing pollution. Currently, 10% of the buildings owned by KÉSZ Group hold a green certification.

16 Building Research Establishment Environmental Assessment Method

17 Leadership in Energy and Environmental Design

3.1.5. Metrics related to air pollution and water pollution

Table 14 - List of pollutants emitted into air and water (2024)

Pollutant name	Emissions to air (kg)	Discharge to water (t or kg)	Released to soil (t or kg)
Carbon monoxide (CO)	17,25	0	0
Ammonia (NH3)	0	0	0
Non-methane volatile organic compounds (NMVOCs)	0	0	0
Nitrogen oxides (NOx/NO2)	44 892,88	0	0
Sulphur oxides (SOx/SO2)	0	0	0
Total nitrogen	0	0	0
Total phosphorus	0	0	0
Hydrochlorofluorocarbons (HCFCs)	0	0	0
Halons	0	0	0
Arsenic and its compounds (As)	0	0	0
Cadmium and its compounds (Cd)	0	0	0
Chromium and its compounds (Cr)	0	0	0
Copper and its compounds (Cu)	0	0	0
Mercury and its compounds (Hg)	0	0	0
Nickel and its compounds (Ni)	0	0	0
Lead and its compounds (Pb)	0	0	0
Zinc and its compounds (Zn)	0	0	0
Alachlor	0	0	0
Aldrin	0	0	0
Atrazine	0	0	0
Chlordane	0	0	0
Chlordecone	0	0	0
Chlorfenvinphos	0	0	0
Chloro-alkanes, C10-C13	0	0	0
Chlorpyrifos	0	0	0
DDT	0	0	0
1,2-dichloroethane (EDC)	0	0	0
Dichloromethane (DCM)	0	0	0
Dieldrin	0	0	0
Diuron	0	0	0
Endosulfan	0	0	0
Endrin	0	0	0
Halogenated organic compounds (AOX)	0	0	0
Heptachlor	0	0	0

Table 14 - List of pollutants emitted into air and water (2024)

Pollutant name	Emissions to air (kg)	Discharge to water (t or kg)	Released to soil (t or kg)
Hexachlorobenzene (HCB)	0	0	0
Hexachlorobutadiene (HCBD)	0	0	0
1,2,3,4,5,6-hexachlorocyclohexane (HCH)	0	0	0
Lindane	0	0	0
Mirex	0	0	0
PCDD + PCDF (dioxins + furans) (as Teq)	0	0	0
Pentachlorobenzene	0	0	0
Pentachlorophenol (PCP)	0	0	0
Polychlorinated biphenyls (PCBs)	0	0	0
Simazine	0	0	0
Tetrachloroethylene (PER)	0	0	0
Tetrachloromethane (TCM)	0	0	0
Trichlorobenzene (TCB) (all isomers)	0	0	0
1,1,1-trichloroethane	0	0	0
1,1,2,2-tetrachloroethane	0	0	0
Trichloroethylene	0	0	0
Chloroform	0	0	0
Toxaphene	0	0	0
Vinyl chloride	0	0	0
Anthracene	0	0	0
Benzene	0	0	0
Brominated diphenyl ethers (PBDEs)	0	0	0
Nonphenol and nonphenol ethoxylates (NP/NPEs)	0	0	0
Ethylbenzene	412,89	0	0
Ethylene oxide	0	0	0
Isoproturon	0	0	0
Naphthalene	0	0	0
Organotin compounds (as total Sn)	0	0	0
Di-(2-ethylhexyl) phthalate (DEHP)	0	0	0
Phenols (as total C)	0	0	0
Polycyclic aromatic hydrocarbons (PAHs)	0	0	0
Toluene	62,45	0	0
Tributyltin and its compounds	0	0	0
Triphenyltin and its compounds	0	0	0
Total organic carbon (TOC) (total C or KOI/3)	0	0	0
Trifluralin	0	0	0
Xylene	2181,65	0	0
Chlorides (as total Cl)	0	0	0
Chlorine and inorganic compounds (HCl)	0	0	0

Table 14 - List of pollutants emitted into air and water (2024)

Pollutant name	Emissions to air (kg)	Discharge to water (t or kg)	Released to soil (t or kg)
Asbestos	0	0	0
Cyanides (total CN)	0	0	0
Fluorides (as all F)	0	0	0
Fluorine and inorganic compounds (HF)	0	0	0
Hydrogen cyanide (HCN)	0	0	0
Particulate matter (PM10)	0	0	0
Octylphenols and octylphenol ethoxylates	0	0	0
Fluoranthene	0	0	0
Isodrin	0	0	0
Hexabromobiphenyl	0	0	0
Benzo(g,h,i)perylene	0	0	0

The total quantity of pollutant emissions to air during the 2024 business year was 47,567.12 kg.

At KÉSZ Ipari Gyártó Ltd., air pollution is monitored through point sources in regular five-year measurement cycles, the results of which are recorded in a report and forwarded to the competent authorities. This practice ensures regulatory compliance and the monitoring of environmental emissions.

4. Circular economy

4.1 Waste management

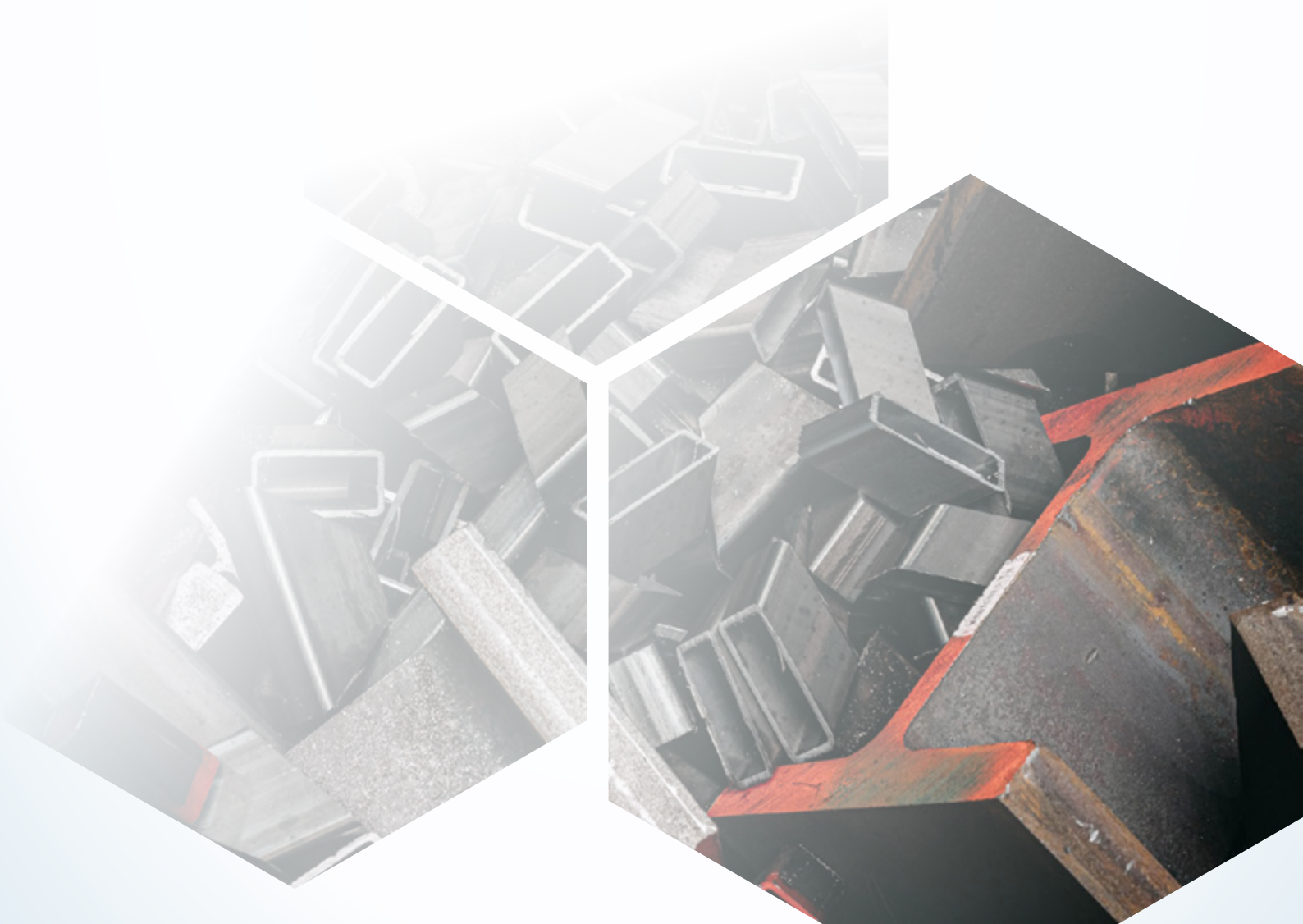
This chapter presents the waste sources associated with the KÉSZ Group's own operations, as well as the measures aimed at reducing the environmental impacts of waste management.

Table 15 - Summary data for the waste sub-topic

Material issue	
Waste	
Relevant standard	
ESRS E5	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Impacts	-
Financial risks	The long-term impacts of waste management, such as disposal on contaminated external sites, may represent significant costs and regulatory risks for iron and steel manufacturers, including remediation activities.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	KÉSZ Group's sustainability strategy includes an environmental pillar and targets related to waste management.
Corporate policies	**Integrated Corporate Policy for the following companies:** » GNX Engineering Ltd. » ION Systems Ltd. » KÉSZ Building and Construction Plc. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » Ma-Hard Hajózási és Vízépítő Ltd. » MATECH Magyar Technológiai Ltd. » MileStone Gazdasági és Mérnöki Tanácsadó Ltd. » Provim Ltd. **Procedural instructions (waste) for the following companies:** » GNX Engineering Ltd. » ION Systems Ltd. » KÉSZ Consulting Ltd. » KÉSZ Building and ConstructionPlc. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » MATECH Magyar Technológiai Ltd. » MileStone Gazdasági és Mérnöki Tanácsadó Ltd. » Provim Ltd. Document Management Policy

Table 15 - Summary data for the waste sub-topic

Material issue	
Key measures	» Increasing waste recovery » Reducing the quantity of waste generated » Reducing waste generated at construction sites » Training and application of material-efficient design principles to own projects; » Establishing a data collection system for tracking material quantities used; » Testing circularity and net zero concepts on pilot projects;
Key measures	**EPD list:** » KÉSZ Ipari Gyártó Ltd.: o Structural steel » KÉSZ Metaltech Ltd.: o Aluminium façade o Aluminium single door o Aluminium composite façade o Steel façade o Fiber cement façade
Metrics	» Measurement of office waste quantity » Total mass of waste generated » Conversion of waste quantity to carbon footprint



4.1.1. Description of the processes for identifying and assessing material impacts, risks and opportunities related to resource use and the circular economy

Information on the disclosure requirement is presented in detail in Part I, Section 4.2 – "Dual materiality assessment", as well as in Table 7.

4.1.2. Policies on resource use and the circular economy

Currently 9 subsidiaries have Integrated Corporate Policies covering waste management, water, air and soil pollution prevention in accordance with the ISO 14001 standard. These policies provide a consistent framework for managing environmental risks at the subsidiary level. Waste management regulations extend not only to office operations, but also to construction and manufacturing activities. The principles of the circular economy will also be incorporated into the procurement policy, for example through a criteria system for the substitution of less environmentally friendly materials. This ensures that environmental considerations remain embedded into corporate governance and day-to-day operations.

KÉSZ Group takes into account the principles of the waste hierarchy in its environmental protection policies, particularly prevention, reuse, recycling and disposal. The waste management process of certified companies is reflected in their waste management procedures in a regulated manner, prioritising the avoidance and minimisation of waste generation. In the manufacturing areas, residual materials are recorded and reused in subsequent production, and the reject rate is continuously monitored and analysed.

Although the Group does not have a separate policy on circular economy and waste management, KÉSZ Group plans to publish a company-wide policy within 3 years, expected in 2027. There are already subsidiaries whose applicable procedural instructions already contain waste management guidelines.

GNX Engineering Ltd., ION Systems Ltd., KÉSZ Consulting Ltd., KÉSZ Building and ConstructionPlc., KÉSZ Ipari Gyártó Ltd., KÉSZ Metaltech Ltd., MATECH Magyar Technológiai Ltd., MileStone Gazdasági és Mérnöki Tanácsadó Ltd. and Provim Ltd. apply a uniform waste management policy, which aims to exclude environmental pollution, to collect and store waste safely and to transport it to disposal or recycling facilities.

Key principles and rules:

- Waste prevention and minimisation: All employees and subcontractors are obliged to avoid or minimise the generation of waste, to the extent possible. Waste must be collected in designated collection containers at the point of generation (e.g. hazardous waste collection point, municipal waste bin).
- Handling of hazardous waste: Hazardous waste should only be collected in a designated location, in a designated container. Full containers shall be removed by a licensed contractor, at least once a year. In the event of an incident (e.g. a spill), the emergency plan should be followed. The site managers, construction managers and the environmental officer shall handle the removal and all associated documentation.
- Handling of non-hazardous waste: All waste must be collected selectively, in containers designated on the premises and on construction sites. The responsible construction managers an cleaning staff are responsible for its removal. Consignment notes must be retained and sent to the environmental officer.
- Regulatory compliance: Waste may only be transported and handled by a duly licensed company. Copies of permits shall be verified by the environmental protection officer.
- Data reporting and record keeping: Records must be maintained on waste generated and

removed, and annual declarations on waste quantities must be submitted to the environmental protection authority. The declaration shall be prepared by the person responsible for the environment.

» Responsibilities: The site managers, construction managers, facility managers and the environmental protection officer are responsible for waste management; compliance with the rules is an ongoing duty.

For the regulation of the documentation processes related to waste management, KÉSZ Group applies the Document Management Policy, which defines the procedures for the management of documents produced, handled, stored and destroyed by legal entities registered in Hungary. The Policy covers in detail the filing, circulation, archiving, scrapping and secure management of electronic and physical documents. Its aim is to ensure the traceability, protection and proper management of documents, in particular environmental and waste management documents, thereby supporting the achievement of sustainability objectives.

4.1.3. Measures and resources related to resource use and the circular economy

Waste management in the construction industry

KÉSZ Group is committed to the circular economy model, with a particular focus on optimising material use and recycling. During the manufacturing processes, dismantled materials — such as aluminium cladding — are sold or recycled. Facade systems and steel structures are manufactured in separate locations, in order to avoid corrosion reactions. Special mould designs are used in the production process to minimise material loss and increase efficiency. The resulting scrap materials shall not be treated as waste, but shall be identified and sold to partner companies for use as secondary raw materials. When dismantled, the steel structural elements already installed are recovered and recycled into production, reducing the need for new raw materials. KÉSZ Group applies a performance-based pay system that encourages employees to reduce the scrap rate, thus directly improving production efficiency. The effect of this is clearly observable in the 2024 data of KÉSZ Ipari Gyártó Ltd., where 11,337 tonnes of steel were produced, resulting in 1,258 tonnes of steel scrap, which led to a scrap rate of 11.09%. This ratio shows a slight improvement compared to previous years, especially compared to the higher waste volumes in 2021 and 2022.

Based on the monthly scrap data of KÉSZ Metaltech Ltd., the first half of the year saw a low scrap rate (e.g. 0.10% in January and 0.28% in February), but significant spikes occurred in August and October (1.70% and 1.67%). These values are more than ten times the January figure, indicating that quality challenges were encountered during the periods in question. The effectiveness of the performance-based pay system can therefore play a key role not only in reducing the average annual scrap rate, but also in managing monthly fluctuations, especially if targeted measures are taken to support workers in critical periods.

In addition, paint, packaging and solvents are also collected and recycled, for example for cleaning purposes. Steel burrs and wire cuttings are recovered through a dust separation system, further reducing the environmental impact. All these solutions contribute to sustainable production and reduce the industrial ecological footprint.

The principles of the circular economy are tested through pilot projects, and material-efficient design principles are applied in proprietary buildings. These measures directly contribute to reducing environmental burdens, in particular through the prevention of soil and water pollution. Examples include ensuring separate waste collection, purchasing composting bins, replacing single-use plastics and donating old furniture. Several waste collection points have been set up on construction sites, and compaction, removal and recycling are carried out on all projects. Waste quantities are converted into carbon footprint, and targets are set for reduction.

Selective waste collection is currently carried out twice a week, with paper and plastic deliveries.

2024 projects – KÉSZ Building and Construction Plc.

KÉSZ Building and ConstructionPlc. participated in the execution of several significant industrial and tourism projects in 2024; these included, for example, the launch of the construction of the CEVA cleanroom facility in Monor, the expansion of the LEGO factory, as well as the construction of the FLEX halls and the Hévíz hotel. In 2024, a number of KÉSZ Group member companies participated in the construction of the BMW factory in Debrecen, where they carried out the construction of the painting plant, the electrical substation and the central building, among others, thus contributing to one of KÉSZ Group's largest industrial investments. The TILIA project in Szeged involved a complex office building development, including renovation and construction of a new building. Sustainability, in particular the management of construction and demolition waste, has become increasingly important in construction work. The large-scale projects running in parallel — such as Mercedes, BMW and LEGO — required significant capacity coordination, while the shortage of skilled labour and the tightening market environment also made it more difficult to secure new contracts. In response, the company implemented organisational changes to improve operational efficiency, which has also posed challenges from an HR perspective. In order to optimise construction processes, digitalisation gained an increasingly important role, for example through the use of the Dalux system, which supports on-site quality inspections and process monitoring. Innovations have primarily appeared in areas where a direct financial benefit could be achieved, such as optimising the use of materials, fine-tuning scheduling or making subcontractor coordination more efficient.

Employee engagement

Employees are continuously trained and supported through awareness-raising programmes and information sessions. The pre-planning of residual materials is encouraged, and employees are also motivated to contribute their own innovative ideas to reducing waste generation and increasing the recovery rate, which is rewarded within the framework of the HEURÉKA programme (see: Own Workforce – Section 1.1.4).

ISO 14001 standard

For subsidiaries certified under ISO 14001, environmental risks are assessed annually and measures are taken to prevent and minimise their negative environmental impacts. The measures are recorded among the annual objectives and programmes, and their implementation is continuously monitored. To ensure regulatory compliance and to further its commitment to the environment, KÉSZ Group pays particular attention to verifying the permits of its waste management partners. Prior to contract conclusion, the validity and adequacy of permits are examined in all cases, and this is continuously monitored thereafter as well. This verification practice covers all the Group's sites, and includes checking that waste is collected properly and regularly. The aim is to ensure that all stages of waste management comply with the prevailing environmental legislation, and support sustainable operations.

Green certifications

- TILIA office building (Szeged) – awarded the BREEAM Excellent Design Stage certification, as well as the WELL Platinum pre-certification.
- LEGO factory expansion – implemented in accordance with LEED Gold criteria.
- The Pillar Office Building was also constructed in line with LEED Gold criteria.

During the TILIA Office Building project in Szeged, which is being developed in-house, the environmental impacts have been assessed and mitigation measures have been identified. The project was awarded the HuGBC Zero Carbon Award in the renovation category, as by retaining the structural framework, a nearly 9% lower carbon footprint was achieved compared to a complete demolition and rebuild. The building holds BREEAM Excellent, WELL and Access4You certifications. The BREEAM certificate confirms that the building is constructed in an environmentally friendly manner, while the WELL Platinum pre-certification indicates that the health and comfort of the workers was a key consideration in the design. Professional support in the certification process was provided by ABUD Mérnökiroda and the bim.GROUP design team.

4.1.4. Targets related to resource use and the circular economy

KÉSZ Group's targets include increasing the recovery rate of non-hazardous waste to 75% by 2030 compared to the 2019 base year, and reducing the amount of waste generated from construction sites and offices. As part of the Group's sustainability strategy, composting facilities were established in 2024, and the actions initiated in 2023 aimed at developing selective waste collection and awareness-raising were continued.For 2030, it has also set the target of converting waste generated into carbon footprint and determining related target values.

The Group aims to continuously reduce the scrap rate in manufacturing areas, and to explore technologies to further increase the recovery rate.

Sustainable raw materials – green steel

KÉSZ Group pays particular attention to the use of green steel, which is produced in electric arc furnaces, from recycled steel scrap, and by direct reduction with hydrogen. The Salzgitter programme, for example, uses green hydrogen produced from renewable energy – including electricity from North Sea wind farms – during steel production, significantly reducing the carbon footprint and supporting circular raw material use.

Waste management

In 2023, KÉSZ Group launched the Green Office programme, which focuses on the measurement and management of office waste. Simultaneously, it set a target to reduce the amount of waste generated by construction sites. The sustainability strategy's circular economy goals include the development of a data collection system for tracking material use by 2024.

4.1.5. Resource outflows (Waste)

In the spirit of its commitment to sustainability, KÉSZ Group has certified EPDs (Environmental Product Declarations) for several product groups, objectively documenting the environmental impacts of products throughout their life cycle. For steel structures and various façade systems such as aluminium shutters and composite panels, EPDs cover around 99% of the total product range, and were published in 2024. EPDs remain valid for five years. If the product or production process changes by more than 20%, the calculations need to be updated to reflect the change, as the previous documentation no longer reflects the real environmental impacts. The EPDs were certified by an independent external auditor, and the data contained therein are verified and approved values.

EPDs are currently being developed for PROVIM Ltd. products, in particular for switchgear cabinets. KÉSZ Group manages EPDs at a strategic level, as they involve significant costs, but are key to achieving zero-emission building targets. Materials with EPDs are preferred for use in installations, as they provide a competitive advantage in markets that favour sustainability, especially in Northern Europe. The existence of EPDs is an entry requirement for some tenders, and they also

improve brand image and transparency, allowing objective comparison of products with those of other manufacturers.

Table 16 - List of the Group's Environmental Product Declarations

EPDs obtained in 2024	
Products with EPDs	**The 6 Environmental Product Declarations (EPDs) are available at the following links:** 1. Aluminium facade 2. Aluminium door 3. Fiber cement facade 4. Steel facade 5. Structural steel 6. Aluminium composite facade

Aluminium facade

This product plays a significant role in the construction industry, particularly in the creation of large facade surfaces, where durability, weather resistance and aesthetic appearance are important.

The product is composed mainly of aluminium (99.5 – 99.7%) and contains 30% recycled material, thus contributing to the goals of the circular economy. The aluminium is sourced entirely from within the EU, and the product does not contain any REACH-listed[18] hazardous substances and therefore does not pose a health risk when used as intended.

In quantitative terms, the total global warming potential (GWP)[19] of 1 m² (2.7 kg) of aluminium cladding is 16.6 kg of CO2-equivalent, derived from the production of raw materials, transport and manufacturing. At the end of the product's life cycle, 98% of the material is recyclable and only 2% goes to landfills, which is an outstandingly good ratio from a sustainability perspective.

Aluminium door

Doors play an important role in the construction industry, particularly as opening solutions for industrial and commercial buildings where durability, functionality and aesthetics are important. The product is mainly composed of aluminium (80.51%), steel (6.38%), plastic (7.39%), rubber (4.98%) and stainless steel (0.74%), all from EU-sourced raw materials. The door weighs 39.589 kg, measures 1000 mm × 2100 mm × 70 mm, and contains 16.1% recycled material, contributing to the goals of the circular economy.

The total global warming potential (GWP) from the production of a door is 418 kg of CO2-equivalent, deriving from the production of raw materials, transport and manufacturing. At the end of the product's life cycle, 79% of the materials are recycled, 4% are incinerated and 17% are landfilled, representing a relatively low environmental impact.

Fiber cement facade

This product is mainly composed of mineral-based raw materials such as cement (25-40%), sand (25-40%), pigments (10%) and, to a lesser extent, cellulose, water, clay, lime and wollastonite. The components sourced entirely from within the EU, and the product does not contain recycled material, but is also not listed under REACH, and therefore does not pose a health risk when used as intended.

18 REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals – https://echa.europa.eu/candidate-list-table

19 Global warming potential (GWP) is a measure of how much heat a given greenhouse gas can absorb and thereby heat the Earth's atmosphere.

In quantitative terms, the total global warming potential (GWP) of 1 m² (14.22 kg) of fibre cement facade is 20.8 kg of CO2-equivalent, derived from the production of raw materials, transport and manufacturing. The product is not recyclable and is 100% landfilled at the end of its life cycle, which represents a significant environmental burden.

Steel facade

The products manufactured by KÉSZ Metaltech Ltd. are mainly made of steel (85%) and zinc (15%), using raw materials sourced entirely from the EU. The façade elements are 100% metal-based and contain 4.85% recycled material, contributing to the goals of the circular economy. The production process involves the production of 1 m² (6.16 kg) of steel cladding, combined with 1.038 kg of wooden pallets and smaller quantities of polystyrene and polyethylene packaging.
In quantitative terms, the total global warming potential (GWP) of the product is 26.2 kg of CO2-equivalent, deriving from raw material production, transport and manufacturing. At the end of the product's life cycle, 98% of the steel facade is recyclable and only 2% is landfilled, which is an extremely good rate in terms of sustainability.

Structural steel

Structural steel produced at the Kecskemét manufacturing plant of KÉSZ Ipari Gyártó Ltd. This plant is one of Europe's most modern steel structure manufacturing facilities, with a capacity of 16,000 tonnes per year. The product is mainly used for industrial, energy, chemical and environmental facilities and buildings with various functions (e.g. sports halls, factories, warehouses).

Structural steel plays a significant role in sustainable construction, as it is 93% recyclable and 7% reusable, an outstanding ratio from a circular economy perspective.66% of the product's composition comes from recycled steel and 32% from primary steel, which also contributes to a closed material loop.

The environmental characteristics of the product include a total global warming potential (GWP) of 1,780 kg of CO2-equivalent for the production of 1 tonne of structural steel. This includes raw material production, transport and manufacturing. Steel with a density of 7,850 kg/m³ is used in manufacturing, and the product does not contain any REACH-listed hazardous substances. The packaging uses 33.19 kg of wooden pallets per functional unit.

Aluminium composite facade

Aluminium composite facade manufactured by KÉSZ Metaltech Ltd. at the company's Kecskemét plant. The product is mainly used for building facades and plays a significant role in providing modern, aesthetic and functional solutions for the construction industry. The company uses its own machinery and design team for manufacturing, so the entire process is carried out in-house, tailored to the customer's needs.

The composition of the product is 39% aluminium, 60% extruded thermoplastic and 1% PE-based protective film, all of which is sourced from the EU. The product contains 20% recycled material, contributing to the goals of the circular economy. Waste generated during production is handled according to strict protocols, and the product does not contain any REACH-listed hazardous substances, so it does not pose a health risk when used as intended.

In quantitative terms, the total global warming potential (GWP) of 1 m² (7.6 kg) of aluminium cladding is 20.4 kg of CO2-equivalent, derived from the production of raw materials, transport and

manufacturing. At the end of the product's lifecycle, the aluminium part is 98% recyclable, while the composite core is 45% incinerated and 55% landfilled, resulting in a mixed environmental impact.

The product's environmental characteristics include a high recycling rate, moderate fossil energy consumption (376 MJ/m²) and water use (2.01 m³/m²), as well as the amount of hazardous waste generated during production (0.0667 kg/m²), which is also documented.

The EPDs have been registered by the Building Information Foundation RTS (Finland) and verified by an independent third party (Mari Kirss, Rangi Maja OÜ – LCA Support). The EPDs comply with EN 15804:2012+A2:2019 and ISO 14025, and are therefore internationally recognised.

LCA (Life Cycle Assessment) and EPD (Environmental Product Declaration) are closely related tools for promoting the circular economy. Using the LCA methodology, the environmental impacts

Table 17 - KÉSZ Group's waste generation in 2024

KÉSZ Group's waste generation in 2024				
Waste category/operation type	**Hazardous waste (t)**	**Non hazardous waste (t)**	**Total (t)**	**% of total waste**
A) Total amount of waste generated	**95,4**	**7 746,3**	**7 841,7**	**100**
B) Quantity diverted from disposal (recovery)	**53,6**	**6 646,3**	**6 699,8**	**85,4**
1. Preparation for re-use	53,3	4 833,5	4 886,8	62,3
2. Recycling	0	0	0	0
3. Other recovery operations	0,3	1 812,8	1 813	23,1
Total quantity recovered	**53,6**	**6 646,3**	**6 699,8**	**85,4**
C) Quantity to be disposed of	**41,8**	**1 100**	**1 141,9**	**14,6**
1. Incineration	0	0	0	0
2. Landfilling	0	0	0	0
3. Other disposal operations	41,8	1 100	1 141,9	14,6
Total quantity disposed of	**41,8**	**1 100**	**1 141,9**	**14,6**
D) Non-recycled waste (total C – B.ii)	**41,8**	**1 100**	**1 141,9**	**14,6**
Percentage of waste not recycled (%)	**43,8**	**14,2**	**14,6**	**14,6**

of products and manufacturing processes can be mapped in detail, enabling reductions in energy consumption, the optimisation of material use and the improvement of manufacturing efficiency. EPDs are he standardised, verified publication of these analyses, presenting the environmental performance of products in a transparent way to market actors and regulators.

At KÉSZ Group, life cycle analyses are carried out by an external consultant who collects data, then performs the modelling and calculations in accordance with the applicable international standards. This ensures that the results are objective, credible and comparable with data from other industry players. The information thus obtained will support the increase of the recycling rate, the integration of secondary raw materials and will also contribute to the wider use of sustainable construction practices.

Table 18 - Total quantity of hazardous and radioactive waste

Total quantity of hazardous and radioactive waste			
Waste type	**Quantity (t)**	**Location/site of generation**	**Remarks/Method of treatment**
Hazardous waste	95,4	Own sites (Kecskemét, Székesfehérvár)	Disposal, recycling
Radioactive waste	0	-	-
Total quantity	95,4	Own sites (Kecskemét, Székesfehérvár)	Disposal, recycling

The data were calculated using a simple aggregation method, based directly on information from internal record-keeping systems.

In 2024, the KÉSZ Group generated a total of 7,841.7 tonnes of waste, of which 6,699.8 tonnes were recovered, resulting in a diversion rate of 85.4%. Of this, 4,886.81 tonnes were prepared for re-use, while 1,813 tonnes were treated through other recovery operations. Only 1,141.9 tonnes of waste were disposed of, exclusively in the form of other disposal operations, as neither waste incineration nor landfilling took place.

Capter III
Social Information

1. Own Workforce

1.1 Working conditions

This section presents the Group's use of working time, and its objectives and initiatives to optimise and make more efficient use of working hours.

Table 19 - Summary data for the Working conditions – Working hours sub-topic

Material issue	
Working conditions – Working hours	
Relevant standard	
ESRS S1	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Impacts	-
Financial risks	The lack of competitive wages, a safe working environment and opportunities for professional development may reduce employee morale, leading to increased employee turnover and rising costs.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	The Group is the most attractive place to work in the overground construction sector.
Corporate policies	» Code of Ethics of the KÉSZ Group[20] » Disciplinary Policy » Child Benefit Package for workers about to have children » Anniversary Bonus Framework » Bereavement Policy » Medicover Health Insurance Package Use Policy » Employment Policy » Premium Policy » Organisational Grade Policy
Key measures	» Internal satisfaction surveys: quarterly, short questionnaires along selected themes, systemic NPS-style evaluation » DARE programme » EUREKA programme » HR 4.0 approach
Metrics	» Results of internal satisfaction surveys » Wage-related indicators

20 Code of Ethics: https://www.keszgroup.com/sites/default/files/documents/2022-12/kesz-etikai-kodex-202111.pdf

Table 20 - Munkafeltételek, egészségvédelem és biztonság al-altéma összefoglaló adatai

Material issue	
Munkafeltételek - Egészségvédelem és biztonság	
Relevant standard	
ESRS S1	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Impacts	-
Financial risks	The lack of competitive wages, a safe working environment and opportunities for professional development may reduce employee morale, leading to increased employee turnover and rising costs.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Achieving zero major accidents, also extended to subcontractors
Corporate policies	» Occupational Health and Safety Policy » Codification Code » Security Policy » Procedure for the purchase of personal protective equipment Occupational health and safety management system (ISO 45001): » GNX Ltd. » ION System Ltd. » KÉSZ Building and Construction Plc. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » MATECH Ltd. » Provim Ltd. Safety, health and environment governance system (SCCp) » KÉSZ Building and Construction Plc. » KÉSZ Metaltech Ltd. » MATECH Ltd. Procedural instructions for the following companies: » GNX Ltd. » ION System Ltd. » KÉSZ Building and Construction Plc. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » MATECH Ltd. » Provim Ltd.
Key measures	» Reducing EHS (Environment, Health and Safety) risks in operational areas by involving the EHSQ (Environment, Health, Safety and Quality) area » Integrating OSH KPIs (Key Performance Indicators) into the executive bonus

Table 20 - Munkafeltételek, egészségvédelem és biztonság al-altéma összefoglaló adatai

Material issue	
Metrics	» KPIs for occupational safety and health: » Number of workers covered by the occupational health and safety management system » Number of deaths from work-related injuries » Number of deaths from work-related illnesses » Number of accidents at work to be recorded » Number of cases of illness to be recorded » Number of working days lost

1.1.1. Material impacts, risks and opportunities and their interaction with the strategy and the business model

The Group's sustainability report covers all persons who are directly involved in or have a material impact on the company's operations. This includes own employees, agency workers, subcontractors and partners who regularly contribute to the company's activities and who may be materially affected by the operations, the strategy or the business model.

The Group's own workforce includes manual workers, engineers, office and back-office staff, managers, as well as trainees, dual training students and members of school cooperatives. The company also regularly involves non-employees in the implementation of projects, such as subcontractors, agency workers, consultants and experts with specific skills.

The main challenges in the Group's operating environment are of a systemic nature, such as skills shortages, labour turnover and economic uncertainty, which may affect the company's stability and growth potential in the long run. Although the company's own operations do not involve activities that could be linked to forced or child labour, some parts of the global supply chain, particularly those concerning raw materials and components from developing countries, may pose a potential risk. Accordingly, the Group pays particular attention to the ethical and legal compliance of its supplier relations, especially in the areas of manufacturing, logistics and transportation, where human rights concerns may arise indirectly. The company has ethical standards and controls in place to minimise these risks. In addition, specific but significant risks are also monitored, such as workplace accidents or employee health and safety challenges, and are addressed through the company's own EHS system, regular site visits and preventive measures.

A shortage of skilled workers, which represents a material risk arising from the impacts and dependencies that affect the Group's own workforce, may hinder the timely completion of projects, increase labour costs and lead to a reduction in construction and production capacity. The lack of properly trained physical workers, engineers and technicians can lead to increased overtime, higher error rates and quality risks. Staff turnover is also a risk, as the loss of experienced workers can result in knowledge gaps and slower internal processes. Market uncertainty, such as fluctuations in demand in the construction sector, can affect workforce planning and long-term employment strategies. Administrative and legal challenges, such as changes in labour regulations, can increase compliance risks. In addition, labour shortages or performance problems in the supply chain can also have an indirect impact on in-house staff, especially in the construction stage. Tightening occupational safety and health (OSH) regulations are another external factor that can affect both operating costs and working conditions.

The strategic opportunities for the Group in terms of human resources mainly relate to the development of internal training systems and the retention of human labour. The Group aims to develop the competences of its employees in a targeted way, thereby increasing engagement and

reducing the risks of skills shortages. Training programmes provide opportunities for professional development, conscious career planning and knowledge sharing within the company. These measures will contribute to long-term staff retention, organisational stability and competitiveness in a labour market environment where demand for skilled professionals is constantly on the rise.

Positive impact activities include internal training programmes, dual training, traineeship programmes, OSH improvements, employer branding[21], and development aimed at innovation and digitalisation.

The Group regularly analyses whether certain groups of workers, such as manual workers, young people or older workers, are exposed to increased workplace hazards, such as accidents or damage to health. OSH and training programmes are designed accordingly. These significant risks and opportunities are especially relevant for manual workers, engineers, subcontractors, dual training apprentices and members of the supply chain.

1.1.2. Policies concerning own workers

The KÉSZ Group is committed to operating in a lawful, transparent and value-driven manner, based on a well-structured and single internal regulatory system. Policies and codes not only set the framework for the organisation's operations but also directly serve the interests of employees: they provide rights and obligations, support day-to-day work and contribute to a safe, predictable and supportive work environment.

Regulatory documents – whether on employment, safety, remuneration or ethics – cover all stages of the employees' lifecycle, from onboarding through career-building and recognition to dealing with specific life situations. The aim is to ensure that each employee knows exactly what is expected of them, and what opportunities and support are available to them, while the organisation as a whole operates according to a common set of principles.

The purpose of the policies presented below is to provide a clear framework for work and a standard set of opportunities to all employees of the Group.

The purpose of the Codification Code is to standardise the principles, procedures and responsibilities for the creation of regulatory documents, such as codes, policies, procedural instructions and work instructions, and for keeping records of them. The document ensures a uniform terminology and image, and sets out detailed rules on formal requirements and the handling of exceptional procedures.

The Security Policy sets out safety standards and rules of conduct employees, customers and partners must observe when staying and working on the Group's premises. It addresses topics such as the locking of premises, key management, the storage of valuables, and the secure management of construction projects and events. The prevention of abuse, the management of disputes, and security requirements for foreign affiliates are also covered.

The Procedure for the purchase of personal protective equipment (PPE) serves the protection of the health and safety of workers. The regulation complements the Group Procurement Procedures by requiring the professional involvement of the quality service provider (MileStone Gazdasági és Mérnöki Tanácsadó Ltd.) and by clearly specifying legal compliance and disciplinary consequences.

The Disciplinary Policy is intended to ensure lawful and ethical conduct and to support long-term cooperation between employer and employee. It lays down the rules for disciplinary proceedings,

21 Employer branding: a strategic process to create an attractive corporate image for existing and potential employees.

the measures that may be imposed and excludes cases that fall within the scope of the Code of Ethics or the competence of the public authorities.

The Child Benefit Package for workers about to have children supports the start of a family with a gift package and a voucher, which doubles in the case of multiple pregnancy.
The Anniversary Bonus Framework grants moral and financial recognition for employees who have been with the company for at least 10 years. The rules set out the conditions of eligibility, the method and the rate of remuneration.

The purpose of the Bereavement Policy is to enable the Group to express condolence for its deceased employees in a dignified manner and to provide support to the bereaved relatives in the form of funeral assistance.

The Medicover Health Insurance Package Use Policy provides a transparent and regulated framework for the private healthcare services available to employees. The Medicover service is also available for passive employment if the employee undertakes to bear the costs.
The Employment Policy contains provisions regarding the establishment, modification and termination of employment, working hours, wages and the rights and obligations of the employer and the employee, in accordance with the legislation in force and the Organisational and Operational Rules.

The Premium Policy sets out a framework for performance-related pay, encouraging cooperation and outstanding performance. It details the conditions, amounts and payment rules for annual and project bonuses.

The Recruitment Policy governs the entire recruitment and selection process, from the moment a vacancy arises to the point of entry. It pays special attention to equal opportunities, diversity and the creation of an inclusive workplace culture.

The Organisational Grade Policy provides a single and transparent frame for the classification of jobs, supporting pay and remuneration decisions, career planning and internal mobility.
In addition to the aforementioned regulations, the Group's rules applicable to its own staff are set out in the Code of Ethics, which has been in force since 2021 and has not been amended since then. The document defines the Group's operating principles, with a particular focus on equal treatment, equal opportunities, the protection of employees' rights, including the right to privacy and freedom of expression, safe working conditions and legal compliance. The Code clearly prohibits all forms of discrimination, human trafficking, forced labour and child labour, and expects not only its employees but also all its suppliers to comply with it.

The Code is binding for all employees and also applies to suppliers and the employees of partners in the value chain. The Group's Code of Ethics gives high priority to the safety, health and dignity of employees, and is closely linked to its occupational health and safety management system.
The ISO 45001 system in place at the companies listed below regulates the management of risks at the workplace and aims to improve the safety of workers, enhance the working environment and prevent accidents at work. This system not only serves legal compliance but also supports the actual enforcement of the principles set out in the Code of Ethics, in particular the respect for human dignity, the wellbeing of workers and the right to safe working conditions:

- GNX Engineering Ltd.
- ION System Ltd.
- KÉSZ Building and Construction Plc.
- KÉSZ Ipari Gyártó Ltd.

- KÉSZ Metaltech Ltd.
- MATECH Ltd.
- Provim Ltd.

This approach is also reinforced by the SCCp (Sicherheits Certifikat Contraktoren – Safety Certificate for Contractors) scheme, which sets stricter requirements, particularly for high-risk industries. The SCCp addresses OSH and environmental aspects in an integrated way, and helps to ensure safe and responsible operations in line with the company's ethical principles – not only for its own employees but also for suppliers and subcontractors. It is implemented at the following companies:

- KÉSZ Building and Construction Plc.
- KÉSZ Metaltech Ltd.
- MATECH Ltd.

In the Group's external relations, the principle of equal treatment and non-discrimination will be a priority. The Code of Ethics lists in detail the protected characteristics on the grounds of which discrimination is prohibited, such as gender, gender identity, sexual orientation, race, skin colour, nationality, ethnic minority status, mother tongue, disability, health, religion or belief, political or other opinion, marital status, maternity or paternity, age, social origin, financial standing, employment status or membership of an interest group.

The Code of Ethics highlights the concept of a caring company, which includes the appreciation and retention of employees, health and safety measures, and a fund to help employees and their families in difficult situations.

The Group's Security Policy provides employees, customers and external partners with a comprehensive framework of safe operation. It aims to develop a coherent, state-of-the-art approach to security that meets today's security requirements. The scope of the policy extends to all member companies, contractual partners and persons on the Group's premises, as well as the properties and systems located there.

The document sets out in detail the security requirements for work, with particular focus on locking premises, key management, the storage of valuables, and the safe management of construction projects and events. It also defines rules for the management of security incidents, control and information, and the responsibilities relating to personal and technical security.

Emphasis is laid on the prevention and detection of abuse, disputes handling, and the application of security standards to foreign affiliates. The Policy not only seeks to ensure physical and technical security but contributes to maintaining the integrity and operational stability of the KÉSZ Group.

The Abuse Reporting Policy sets out the procedures for reporting and investigating unlawful or suspected unlawful acts under Act XXV of 2023 (the Complaints Act). The system ensures an objective and impartial procedure, respect for data protection principles, and that whistleblowers are advised of the outcome of the procedure.

It is an integral part of the Code of Ethics of the organisation. The reporting channels provided through the Clean Hands programme allow employees to act in accordance with the values set out in the Code of Ethics, such as honesty, responsibility, respect and fairness, when they encounter abuse. Reports are investigated by the Ethics Committee, which imposes sanctions where necessary, thus reinforcing the principles of the Code. Corporate Security is responsible for the operation of the reporting interface and for keeping records of it.

In 2024, the following notifications were received:

- Cases examined by the Ethics Committee: 5
- "Clean Hands" notifications: 27

Out of the 27 "Clean Hands" notifications, 5 cases were referred to the Ethics Committee, as the outcome of the investigation justified them being assessed by the Committee. The remaining cases were examined too but did not require any Committee procedure.

The system guarantees the anonymity of whistleblowers and strictly prohibits retaliation against bona fide whistleblowers. This will ensure that the prevention, detection and remediation of breaches remain a protected and supported process within the organisation in all cases, in line with the spirit of the Code of Ethics.

The Group believes transparent internal communication is of crucial importance, and implements it through multiple channels to ensure that all employees have access to up-to-date information. Management letters, podcasts and regular use of the HexagON app[22] ensure that employees are kept up to date with company policies, current changes, new opportunities and initiatives. These channels are not only for the transmission of information but also enable dialogue and feedback. The frequency of communication is weekly, monthly or project-based, depending on the topic and the organisational unit.

Particular attention is paid to blue-collar colleagues for whom regular staff meetings are organised. These events provide an opportunity for them to be informed directly and face-to-face about the company's operations, its objectives and the changes that affect them. Personal information is especially important for this group of workers, as not everyone has digital tools or access to online communication platforms. This way company information reaches everyone, regardless of their job title or technical capabilities.

The Group's policies are fully in line with the Hungarian legislation in force, the Labour Code (Act I of 2012), the Criminal Code (Act C of 2012), the Act on Equal Treatment and the Promotion of Equal Opportunities (Act CXXV of 2003), the Act on the Right to Informational Self-Determination and on Freedom of Information (Act CXII of 2011) and the Civil Code (Act V of 2013). They also seek to follow the principles of international guidelines such as those of the UN, ILO[23] and OECD, but this is not formally enshrined in any Group policy.

Together, these policies ensure that the organisational culture remains transparent, safe and value-based – and this is key to the recruitment process, as the Group seeks to attract employees who are committed to ethical behaviour, diversity and inclusion.

Employee recruitment, promotion, training and career development in the KÉSZ Group are based solely on objective criteria. Decisions are underpinned by professional competence, qualifications, skills and relevant experience. The company will reject any procedure that is not performance-based and does not rest on professional values. The senior management (board of directors, supervisory board) is responsible for ensuring equal treatment and equal opportunities. The Group is committed to mindset-shaping and awareness-raising, and regularly organises e-learning courses, in-house training sessions and workshops. The aim of the training is to guarantee that all employees understand and uphold the company values in their daily work, and actively contribute to an open and respectful workplace culture. Training is mandatory for all employees, and managers are responsible for raising awareness. The Group also strives to make the physical working environment accessible, paying particular attention to the specific needs of employees, customers

22 A customised application of the KÉSZ Group, which serves as an internal communication channel.

23 ILO: International Labour Organization

and visitors with disabilities. Company policies (Occupational Health and Safety Policy, Security Policy, ISO 45001, SCCp, etc.) require that everyone be provided with safe and healthy working conditions and that the necessary adjustments be made. Regular reviews of job requirements assure that they do not put certain groups at a disadvantage.

Managers have a duty to make sure that the unbiased assessment and promotion of employees is based solely on professional criteria. The Group keeps up-to-date records on recruitment, training and promotion, which makes the opportunities and progress of employees transparent. These are supported by HR systems (e.g. Pyramid, HRMaster). The Group has its own training centres and workshops, offering a broad training portfolio, a digital learning environment (Moodle, e-learning), and supports upskilling, reskilling, soft skill[24] development and managerial succession. Development opportunities are available for all employees, and a structured on-boarding process and support are provided for trainees and young workers.

1.1.3. Cooperation with employees to manage sustainability impacts

The opinions and experiences of KÉSZ Group employees play a real role in decision-making and in shaping day-to-day processes, in particular in handling actual and potential impacts and in the double materiality assessment. Employees' experiences, needs and suggestions are regularly taken into account, including for the purpose of staff headcount management, and developing working time frames, training programmes, benefit schemes or work organisation measures. HR reports, turnover data, performance appraisals and employee satisfaction surveys all contribute to providing management with a realistic picture of the workforce and to informing strategic and operational decisions. Data captured in HR systems (Power BI, Excel) allows us to identify trends, problems and opportunities for improvement.

At the operational level, HR, the Senior Management Forum (L1–L4 levels) and the Board of Directors are responsible for cooperation with the employees. These departments ensure that employee feedback, needs and experiences are integrated into the day-to-day operation of the Group.

In order to understand the experiences and needs of marginalised or vulnerable employees (e.g. women, disabled people), the Group applies the rules referred to in section 1.1.2 universally to all employees. The training courses, benefits and communication channels for onboarding new employees are accessible to all. There is no difference in training requirements or OSH standards – they are the same for everyone.

There are currently no specific needs or conflicts of interest in the service area that justify the introduction of specific competences or different procedures. At the same time, HR and management continuously monitor the organisation's operations and the situation of employees and, where necessary, carry out targeted interventions to ensure equal treatment and appropriate support for all.

1.1.4. Processes to correct negative impacts and channels for employees to raise concerns

The Group's general approach to corrective action in the event of significant negative impacts on its own workforce is based on rapid, transparent and structured problem management. All major complaints, feedback or breaches are investigated by HR and the relevant management levels (e.g. Board, senior management). HR, Legal, Compliance and the Ethics Committee also play an active role in the corrective action process, involving external experts where necessary.

24 The HR 4.0 approach represents the fourth generation of human resource management, based on the integration of digitalisation, automation, data-driven decision-making and a people-centred organisational culture.

The Group regularly evaluates the effectiveness of its remedies, including through complaints, feedback, satisfaction surveys, exit interviews and questionnaires. The annual planning and wage raise process supports the reduction of wage inequalities, while the analysis of turnover data helps to identify the root causes of problems and facilitates long-term improvements.
Workers have the means to know and have access to structures and processes that allow them to express their concerns or needs. Internal communication takes place through a number of channels, which are described in section 1.1.2 Policies concerning own workers. The combination of digital platforms (e.g. HexagON, Moodle) and face-to-face presence ensures that communication barriers, such as language or visual difficulties, are effectively overcome.

A detailed description of the complaint handling and feedback facilities is provided in section 1.1.2, including the "Clean Hands" reporting interface, the functioning of the Ethics Committee, and the system for complaints directly addressed to HR and the managers. The Group supports the operation of these channels on all premises, and ensures that they are available digitally and in person.
The problems raised are monitored and effectiveness of the channels is evaluated with the tools mentioned in section 1.1.3, complemented by data extracted from the Mitfahrer corporate governance system and feedback collected by HR. Once compliance issues are recorded, an audit report is automatically generated and sent to the appropriate managerial levels. Regular audits and internal controls ensure that the channels are truly operational and effective.

The Group has reliable data on whether employees are aware of and trust these structures, and also has anti-retaliation policies in place to protect whistleblowers.

1.1.5. Measures taken to address the material impacts on own workers and approaches to mitigating material risks and exploiting significant opportunities related to own workforce, and the effectiveness of these measures

The KÉSZ Group implements a number of measures to prevent or mitigate material negative impacts on its own workforce. These include strict observance of OSH regulations, regular OSH inspections, health and safety training, and the introduction of working time frames to manage fluctuations in workload.

The Group's OSH activities and initiatives reflect the organisation's commitment to creating a safe working environment. Regular EHSQ training and the accident prevention campaigns attest to this, and there are also extended audits to ensure a high level of occupational safety. In addition, the periodic organisation of OSH competitions not only provides an incentive but also an opportunity to share good practices and recognise outstanding performance. Teams excelling in competitions set an example of responsible work, while underperforming teams highlight areas for improvement.

The publication of OSH case studies is also an important element of knowledge sharing. These enlightening stories help raise awareness of the importance of attention and discipline, especially in dangerous working environments. The case studies show that distraction, such as a phone call, can have serious consequences, and that constant communication and listening to each other are an essential part of the work process.

The role of supervisors, foremen is key: with proper coordination and a responsible attitude, the risk of accidents can be significantly reduced. In addition to respecting health and safety rules, optimising work organisation and regular training also contribute to safe work.

The health of employees is another important aspect for the Group. In 2024, more than 80 colleagues attended in the health screening day organised by the SegítőKÉSZ Foundation at the

Kecskemét site, where comprehensive checkups were carried out to support disease prevention and occupational safety.

There is a strong focus on encouraging positive impact: the Group runs training and successor development programmes, supports professional advancement, mentoring, new employee integration processes, as well as community building and welfare initiatives (e.g. DARE programme). The training portfolio is developed along the HR 4.0 approach[25], based on feedback from employees and trainees.

The Group's comprehensive training and development programme is to support learning in all sectors through structured training plans and a dedicated platform. Continuous staff development is ensured through training courses, instructive sessions, workshops, training for managers, and e-learning materials. At the same time, there are career guidance events aimed at the next generation of workers to shape young people's mindset through the demonstration of modern technologies, such as BIM, VR goggles and 3D printing. The two strands – in-house development and external successor training – are mutually reinforcing, and help build professional competences and lay the foundations for the future of the construction industry.

Overall, the Group's OSH and successor training measures are part of a comprehensive, conscious strategy to create a safe working environment, promote responsible work and involve future generations. Together, competitions, case studies and training programmes strengthen the OSH culture and contribute to the sustainable development of the organisation.

Actions and initiatives are monitored and evaluated according to a pre-defined and documented process (see section 1.1.4). In its decision-making mechanism, the organisation regularly takes into account feedback from stakeholders, including employees, trainees, partners and managers. A good example of this is the EUREKA programme, which was launched in 2015 within the Group to encourage innovative thinking, ideas and initiatives by employees to increase efficiency. The programme provides a regulated framework for the submission and implementation of ideas, and an opportunity to reward originators for the economic benefits achieved through the improvements they introduce. The initiative builds on the enthusiasm and commitment of employees, helping the company retain its competitiveness.

To address material impacts, the Group has dedicated resources, including human resources, compliance and ethics functions, and digital support systems.

The Group ensures that its own operations, including its purchasing, sales and data processing practices, have no material negative impacts on its workforce. Where there is tension between business pressures and sustainability goals, the Group will prioritise long-term ethical and sustainability considerations.

The functioning, availability and efficiency of the complaints and feedback channels are detailed in section 1.1.2 of Part II (Environmental Information).

1.1.6. Objectives for addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities

The Group's social objectives for 2030 comprehensively reflect its commitment to employee well-being, a safe working environment, ethical operation and community engagement. The strategy aims to ensure that the majority of employees recommend the company as an employer, actively participate in internal satisfaction surveys, and that the health and safety management system

25 The HR 4.0 approach represents the fourth generation of human resource management, based on the integration of digitalisation, automation, data-driven decision-making and a people-centred organisational culture.

(ISO 45001) covers 80–90% of employees, while the number of serious accidents is reduced to zero, including subcontractors.

As part of its corporate social responsibility, the company had involved at least 5 per cent of its employees in voluntary programmes by 2024, and will involve 10 per cent by 2030. For all its projects over HUF 10 billion – be it its own investment or construction as a contractor –, the Group allocates a dedicated budget to support local community initiatives with the involvement of the residents concerned. The aim is to make the KÉSZ Group the most attractive place to work in the overground construction sector, through customised training plans and support for the professional and personal development of employees.

Moreover, regular OSH, fire and environmental inspections are carried out to achieve the "zero major accidents" target, with 3,074 inspection reports and 9,590 irregularities detected in 2024. In addition, more than 80% of the employees are already covered by the ISO 45001 occupational health and safety management system, as attested by GNX Ltd. with a certification in 2024.

The professional and personal development of staff is supported through an individualised training plan, resulting in an 82% learner satisfaction rate in 2024. In recent years, employment data has been collected and reported in a structured way according to the GRI standard, in order to increase the attractiveness of jobs. As a result, the Group earned the "Most Attractive Workplace" award in the construction and real estate sector in 2024, based on an independent international survey by Randstad Employer Brand Research.

A CSR strategy has been developed to strengthen the corporate culture and ethical behaviour, in which employees play an active role. The ethical guidelines will be extended to the entire pool of suppliers and subcontractors, ensuring responsible and transparent operations throughout the value chain.

In setting these targets, the company takes into account the impact on the quality of life of employees, with a particular focus on satisfaction, health and safety, professional development, job security, community experience and relieving turnover pressures. The targets are consistent over time, allowing year-on-year comparisons and the monitoring of progress.

The Group monitors the achievement of these targets on an ongoing basis, using the systems previously defined (see section 1.1.4). HR, Compliance and senior management jointly assess the results, and where necessary, adjust the targets or measures. The objectives are based on international standards, legal requirements, the company's Code of Ethics, and sustainability goals, such as the UN SDGs.

1.1.7. Profile of workers employed by the company

At the end of the year, the Group had 2,243 employees of whom 1,708 were men and 535 women. As per the data, nearly 76% of employees are men, while women make up around 24%. Data on the number and ratios of employees are based on the time tracking software used by the Group and on the systems used to manage human resources master data. These tools allow accurate monitoring of employee movements, and provide a reliable basis for calculating annual turnover rates.

In 2024, a total of 932 employees left the Group, bringing the annual turnover rate to 41.55%. This indicator shows the rate of labour turnover and provides important information for evaluating the HR strategy of the organisation.

Table 21 - Number of staff in the KÉSZ Group (closing headcount at the end of 2024)

Total number of employees by gender	
Men	1 708
Women	535
Other	0
No data	0
Total employees	2 243

The vast majority of the Group's employees (2,182) work on a permanent contract, while only 61 are fixed-term workers. The final year-end figures show that full-time employment is the predominant pattern, especially among male workers, with 1,218 of them working full time, as opposed to 429 for women. A total of 515 people work part time, 63 women and 452 men. The Group currently has no employees with on-call duty.

Table 22 - Employee headcount in the KÉSZ Group by type of contract and gender

Information on employees by type of contract, broken down by gender				
Women	**Men**	**Other**	**No data**	**Total**
Number of employees (headcount/FTE)				
535	1 708	0	0	2 243
Number of permanent workers (headcount/FTE)				
501	1 680	0	0	2 181
Number of temporary workers (headcount/FTE)				
34	27	0	0	61
Number of employees with on-call duty (headcount/FTE)				
0	0	0	0	0
Number of full-time employees (headcount/FTE)				
429	1218	0	0	1647
Number of part-time employees (headcount/FTE)				
63	452	0	0	515

1.1.8. Profile of workers not engaged as employees within own workforce

The Group also engages persons who are not considered employees of the company. These include, for example, subcontractors and specialists. This type of employee is usually hired under a project-based, fixed-term contract to aid the company's operations, and mainly performs roles requiring specific expertise in areas such as consultancy, technology or construction.

The data presented in the report have been compiled on the basis of the systems used to manage human resources master data and time tracking software. The number of staff is shown on an FTE basis.

The data are presented as per the number of staff recorded at the end of the reporting period and have not been averaged. In the financial year 2024, this equalled 298 people. Please note that the number of non-employees may vary considerably depending on the project, especially in the case of seasonal or intermittent projects. In the absence of data, estimates were used, particularly for subcontractors, where contract duration, typical weekly work and feedback from project managers were used as the basis of estimation.

Table 23 - Indicators relating to non-employees

Total number of non-employees				
Women	**Men**	**Other**	**No data**	**Total**
Total number of non-employees (headcount/FTE)				
134	164	0	0	298
Number of self-employed non-employees (headcount/FTE)				
0	0	0	0	0
Number of persons hired from an employment agency (headcount/FTE)				
0	0	0	0	0

1.1.9. OSH management and emergency protocols

The Group's OSH management system rests on strict control mechanisms, which include both internal and external audits. The conformity of the certified systems, including those operating under ISO 45001, is verified by qualified internal auditors according to the annual audit plans of member companies. The frequency of inspections may be daily, weekly, quarterly, half-yearly, ad hoc or exceptional, depending on the nature of the activity.

GNX Ltd., ION System Ltd. and Provim Ltd. apply the Emergency and Rescue Plan No. GFL-14 uniformly, which is valid across all premises and construction sites, regardless of the company the employee works for. These regulations seek to provide a single, transparent and legally compliant procedure for the prevention, management and documentation of emergencies, thereby protecting human life, health, the environment and property.

The document details the identification of emergencies, the responsibilities, the actions to be taken, and the documentation obligations. The procedures cover all incidents that could endanger workers or the environment, including accidents involving hazardous substances, machinery breakdowns, fires, explosions, natural hazards, radiation incidents, and damages attributable to subcontractors' errors.

In the financial year 2024, the following incidents took place:

- Damage to property: 3
- Damage affecting projects: 16
- Safety checks: 20

All employees are required to get to know and comply with the provisions of the Emergency and Rescue Plan. The managers in charge are responsible for ensuring that the necessary training is provided, that emergency equipment is regularly checked, and that the relevant documentation is kept up to date.

The KÉSZ Group's health and safety management system covers 46.43% of the workforce, that is 1,040 employees. There were no deaths during the reporting period. However, there were 33 work accidents that need to be recorded, making up a total of 649 lost working days. This suggests that, although the number of accidents was relatively low, they had a significant impact on the working capacity of the staff concerned. The number of cases of falling ill at work remains zero, which may indicate the effectiveness of preventive measures. There were also no deaths among non-employees; however, 29 accidents had to be recorded. At Group level, no work-related illnesses were reported, either among employees or non-employee staff.

Table 24 - Indicators relating to the Health and safety sub-topic

Number of employees covered by the health and safety management system (headcount)	1 040
Ratio of employees covered by the health and safety management system (%)	46,43
Number of deaths from work-related injuries	0
Number of deaths from work-related illnesses	0
Number of work-related accidents to be recorded	33
Ratio of work-related accidents to be recorded (%)	1,47
Number of cases of work-related illnesses to be recorded – employees of the company	0
Number of days lost due to work-related injuries and deaths resulting from work-related accidents, to work-related illnesses and deaths from illness – employees of the company (days)	649

24. Table - Egészségvédelem és biztonság al-altéma mutatószámai

Non-employees	
Number of non-employees covered by the health and safety management system (headcount)	8 590
Ratio of non-employees covered by the health and safety management system (%)	3,83
Number of deaths from work-related injuries	0
Number of deaths from work-related illnesses	0
Number of work-related accidents to be recorded	29
Ratio of work-related accidents to be recorded (%)	1,29
Number of cases of work-related illnesses to be recorded – non-employee staff of the company	0
Number of days lost due to work-related injuries and deaths resulting from work-related accidents, to work-related illnesses and deaths from illness – non-employee staff of the company (days)	0[26]
Cases of work-related illness reported to the company or identified by the company through medical surveillance (number)	0

26 In the case of subcontracted workers, the Group has no immediate access to the number of days lost after an accident at work, or the consequences of such an incident.

1.2 Equal treatment and equal opportunities

This section describes the Group's efforts to promote equal treatment and equal opportunities, in particular the training and upskilling of employees and the promotion of diversity.

Table 25 - Summary data for the Equal treatment and equal opportunities – Training and skills development sub-topic

Material issue	
Training and skills development	
Relevant standard	
ESRS S1	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Impacts	-
Financial risks	Strong competition for attracting technically skilled domestic workers may, due to labour shortages, negatively affect a company's financial standing, operating costs and/or unrealised revenues.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Quality development the professional and personal skills of our staff through an individualised training plan.
Corporate policies	» VET and successor development strategy
Key measures	» Professional training courses by Edupark » E-learning platform
Metrics	» Exam results » Attendance sheets » Learner satisfaction survey results

Table 26 - Summary data for the Equal treatment and equal opportunities – Diversity sub-topic

Material issue	
Diversity	
Relevant standard	
ESRS S1	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Impacts	-
Financial risks	As the industry continues to undergo rapid innovation, attracting and retaining skilled workers is becoming increasingly important for companies. A lack of gender and racial diversity in the organisation may lead to a narrower pool of candidates, resulting in difficulties in attracting skilled workers, higher recruitment costs and/or reduced operational efficiency.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Transparent communication and integration of corporate values into daily operations.
Corporate policies	» Code of Ethics » Abuse Reporting Policy
Key measures	» Applying the principle of equal pay for equal work » Taking HAYS salary data into account in the annual pay planning process
Metrics	» Diversity indicators (gender, age)

1.2.1. Diversity indicators

Table 27 - Diversity indicators relating to senior management

Women	Men	Other	No data	Total
Gender breakdown of senior management in terms of quantity (headcount/FTE)				
2	40	-	-	42
Gender distribution of senior management (%)				
4,76	95,24	-	-	100

The Group has a total of 42 senior managers, of which 40 are men and only 2 are women; hence the proportion of women is 4.76%, while men make up 95.24%.

The Group defines senior management as the Board of Directors and the members of the Senior Management Forum (levels L1–L4). In practice, this means managers who are one or maximum two levels below the executive and supervisory bodies in the organisational hierarchy. Based on the Group's internal structure, these levels represent the highest operational and strategic decision-making levels.

1.2.2. Equal pay for equal work

The KÉSZ Group is committed to putting the principle of "equal pay for equal work" into practice, which it supports at various levels and through various means. Wages are basically determined at the subsidiary level; however, wage raise proposals are always approved by KÉSZ Holding Plc. This process is coordinated by HR to ensure that the pay policy meets the requirements of equal opportunities and transparency.

For the purpose of pay planning, the Group also takes into account industry benchmarking data, especially the annual wage surveys of HAYS[27], as well as market information from recruitment experience. This data is updated annually and incorporated into the pay strategy. For the companies subject to consolidation, the actual Hungarian minimum wage and wage floor are used as a threshold for all forms of employment, so no lower wages are set.

The Group applies a single organisational grade system, which takes into account job complexity, the level of responsibility, experience and qualifications. These grades apply across member companies, and certain benefits are also aligned with them.

Pay scales are currently being developed to create a transparent and uniform system across job groups and organisational levels. Wage inequalities are regularly examined in the annual pay planning process.

The age distribution of the Group's employees is balanced. Almost half of the employees (49.89%) are aged between 30 and 50, while the proportion of those under 30 is 28.62% and 28.22% for workers over 50. The share of men is higher in all age groups, especially in the younger and middle-aged categories. This distribution suggests that the organisation relies on an experienced workforce but also has a supply of successors, which is favourable in terms of long-term operation.

Table 28 - Headcount of KÉSZ Group employees by age

Women	Men	Other	No data	Total
Number of employees under 30 (headcount/FTE)				
124	518	0	0	642
Ratio of employees under 30 (%)				
4,73	23,09	0	0	28,62
Number of employees aged 30–50 (headcount/FTE)				
303	816	0	0	1 119
Ratio of employees aged 30–50 (%)				
13,5	36,38	0	0	49,89
Number of employees over 50 (headcount/FTE)				
108	374	0	0	482
Ratio of employees over 50 (%)				
6,32	21,89	0	0	28,22

1.2.3. Training and skills development

All employees of the Group participate in regular performance and career progress reviews. The total number of training hours amounted to 4,411 hours, of which 3,552.5 hours were completed by men and 858.5 hours by women. This shows that the participation rate in training is higher among male workers; however, all workers have the opportunity to develop.

During the reporting period, none of the Group's non-employees participated in regular performance or career progress reviews, nor were any training hours recorded for them.

27 HAYS is an international HR services and recruitment agency doing annual industry wage surveys and labour market analyses.

Table 29 - Training indicators relating to KÉSZ Group employees

Women	Men	Other	No data	Total
Number of employees participating in regular performance and career progress reviews (headcount/FTE)				
535	1 708	0	0	2 243
Ratio of employees participating in regular performance and career progress reviews (%)				
23,85	76,15	0	0	100
Average training hours by gender (hours)				
858,5	3 552,5	0	0	4 411

Table 30 - Training indicators relating to non-employees of the KÉSZ Group

Women	Men	Other	No data	Total
Number of non-employees participating in regular performance and career progress reviews (headcount/FTE)				
0	0	0	0	0
Ratio of non-employees participating in regular performance and career progress reviews (%)				
0	0	0	0	0
Average training hours by gender (hours)				
0	0	0	0	0
Category "A"	**Category "B"**	**Category "C"**	**Category "D"**	**Total**
Average training hours per employee (hours)				
0	0	0	0	0

1.2.4. Incidents, complaints and serious human rights implications

The Group deals with the financial aspects of discrimination or harassment at the workplace in close cooperation with HR and Finance. If such an incident occurs, HR documents the incident, while Finance posts the related fines, penalties or compensation in the appropriate lines of the financial statements. The Group makes sure that all complaints, grievances and investigations are recorded. Based on the reports, there are no systemic or serious social or human rights violations at the Group, but all reports are investigated and action is taken where necessary.

No serious human rights violations or significant incidents involving own staff happened in the financial year 2024.

The Group regularly reports on the status of complaints and incidents, as well as the results of the actions taken.

In 2024, the Ethics Committee investigated a total of 5 cases, while the "Clean Hands" internal whistleblowing system received 27 notifications. This shows that employees actively use the abuse reporting facility, and that the Ethics Committee deals with such cases regularly.

Total number of discrimination cases, including harassment	5
Number of complaints submitted	27
Total amount of fines, penalties and compensation imposed on account of the incidents and complaints described above (HUF thousand)	n/a

2. Workers in the value chain

2.1 Working conditions

This section presents the use of working time by workers in the Group's value chain, as well as its objectives and initiatives to optimise and make more efficient use of working hours. In addition, it explains how the Group integrates risks and opportunities related to work time management into its business model. It also covers direct and indirect activities related to health and safety, and the objectives and initiatives to improve them.

Table 31- Summary data for the Working conditions – Working hours sub-topic

Material issue	
Working hours	
Relevant standard	
ESRS S2	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Impacts	-
Financial risks	A versenyképes bérek, biztonságos munkakörnyezet és a szakmai fejlődés lehetőségeinek hiánya csökkentheti a munkavállalói morált, ami megnövekedett munkavállalói fluktuációt és növekvő költségeket eredményezhet.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Regular and structured audits of subcontractors (including environmental and human rights aspects) and related statistics. Incorporating HSQ (Health Screening Questionnaire) criteria into the partner rating scheme.
Corporate policies	» Code of Ethics » Supplier Code of Conduct
Key measures	» Partner rating scheme » "Clean Hands" programme
Metrics	» Results of the partner rating scheme » Information related to notifications under the "Clean Hands" programme

32. Table - Munkafeltételek, egészségvédelem és biztonság al-altéma összefoglaló adata

Material issue	
Health and safety	
Relevant standard	
ESRS S2	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Impacts	-

32. Table - Munkafeltételek, egészségvédelem és biztonság al-altéma összefoglaló adata

Material issue	
Financial risks	The lack of competitive wages, a safe working environment and opportunities for professional development may reduce employee morale, leading to increased employee turnover and rising costs.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Regular and structured audits of subcontractors (including environmental and human rights aspects) and related statistics. Integration of HSQ criteria into the partner rating scheme.
Corporate policies	» Code of Ethics » Supplier Code of Conduct » Procurement Policy » Security Policy
Key measures	» Partner rating scheme » "Clean Hands" programme
Metrics	» Results of the partner rating scheme » Information related to notifications under the "Clean Hands" programme

2.1.1. Material impacts, risks and opportunities and their interaction with the strategy and the business model

The risk of human rights abuses in the Group's value chain, in particular child labour, forced labour and bonded labour, is currently not considered significant. The Group Code of Ethics clearly prohibits these practices, and is binding for all Group entities, suppliers and partners.

The procurement strategy gives priority to EU sources, as these countries tend to have stricter labour laws and lower human rights risks. However, disruptions in the global supply chains – such as war conflicts, political instability or logistical difficulties – can lead to some products being shipped from further afield. The Group currently has 5,684 active supplier and subcontractor contracts, of which 93.82% have been concluded with Hungarian partners and 6.18% with foreign partners. This ratio reflects the Group's focus on cooperation with domestic partners, with strict control mechanisms in place for both Hungarian and international relationships.

Material negative impacts in the value chain stem mainly from systemic problems that may directly or indirectly jeopardise the wellbeing of workers and the sustainability of corporate operations. Such problems can include OSH shortcomings, which put workers' health and safety at risk; breaches of ethical standards, such as discrimination or unfair treatment; lack of compliance with legislation, particularly in the areas of working hours, pay and forms of employment; and excessive overtime and precarious employment, which leave workers vulnerable in the long term.

To address these issues, the Group operates a comprehensive partner rating and auditing scheme for its suppliers, which ensures compliance at multiple levels. The aim of the partner rating process is to regularly assess the performance of corporate partners, primarily in the case of subcontractors engaged for projects. The rating is done in the Mitfahrer corporate governance system, where a questionnaire is used for the purpose of automatic scoring. It is important to note that this rating system is not an ESG rating system.

The partner rating process consists of two main steps:

- **Scoring** – the performance of partners is assessed quantitatively based on factors such as meeting deadlines, the quality of cooperation, the professionalism of the service or product, the consistency of contractual performance, and the technical readiness and reliability of the human resources provided. Each criterion is rated on a scale of 0 to 20, and the sum of these gives a base rating.

- **Q&A assessment** – focuses on negative events that occur during performance, such as work accidents, safety incidents, problems in materials management or billing, or a change of personnel during the project. Such events will result in a deduction from the score, expressed in percentage, depending on their severity – for example, a security incident can warrant a deduction of up to 50%. Further deductions may also result from penalty points in the field of HSE (health, safety and environment).

Based on the final score, the partner is rated on a scale of 1 to 5, where 5 is excellent and 1 is unacceptable.

The audits include a close examination of working conditions, legal compliance, production capacity and professional competence.

The Group supports the identification and assessment of risks through a number of tools. Examples include regular audits, Bisnode[28] reports and targeted analyses to enable the early identification of potential problems. In addition, feedback mechanisms, such as complaint reporting systems (see section 1.1.2), provide an opportunity for employees and partners to report problems, thus enhancing transparency, trust and continuous improvement in the value chain.

To promote positive impacts, the Group actively supports its partners. It regularly organises awareness-raising workshops and training to help suppliers and subcontractors understand and apply sustainability and ethical standards..

2.1.2. Policies related to workers in the value chain

The KÉSZ Group is committed to respecting human rights and following ethical business practices, as attested by several internal policies and guidelines. The Supplier Code of Conduct sets out clear expectations about worker safety, the avoidance of precarious forms of employment, and the prohibition of human trafficking, forced and child labour. These standards are in line with the principles of the International Labour Organisation (ILO), and reflect the Group's intention to maintain a fair and safe working environment throughout the value chain.

The company's policies are aligned with relevant internationally recognised standards, such as the UN Guiding Principles on Business and Human Rights, the ILO Fundamental Principles and the OECD Guidelines for Multinational Enterprises. Although no explicit comparison with these was made according to the report, full consistency with the Hungarian legislation is ensured, making the regulation legally and morally sound.

Employee perspectives are integrated into corporate decision-making, especially when working with suppliers and subcontractors. The purpose of the Procurement Policy is to regulate procurement processes in a uniform way, and to set out basic principles to be followed, such as transparency, fairness and ethical market conduct. The Policy applies to all employees and affiliates, compliance with it is mandatory, and deviation from it requires written authorisation. The Procurement Director is responsible for overseeing the Policy, while the CEO is responsible for approving it.

28 The Bisnode report is a business risk assessment report that analyses companies from a financial, legal and operational perspective. The KÉSZ Group uses this report to evaluate the reliability of its partners and suppliers, in particular in terms of legal compliance and financial stability, on an ex-ante and ongoing basis

Engagement with suppliers and subcontractors takes place as detailed in section 2.1.1. Engagement is the responsibility of the Procurement Director, the procurement team, and the heads in charge of the relevant area. They have discretionary powers, but act along the central strategic guidelines to ensure coherence and consistency.

2.1.3. Processes for engaging with value chain workers about impacts

The KÉSZ Group uses a range of tools to manage human rights impacts, including contractual requirements for suppliers, complaint handling channels and partner rating procedures. If unethical or unsustainable practices are detected, the procedures set out in the Procurement Policy, such as the exclusion or re-rating of the partner, will be triggered.

The Group regularly assesses the effectiveness of engagement and complaints handling, and strives to ensure that the policies applied are accessible and understandable to all stakeholders, where necessary, through translation or visual aids.

For details on the related tools, evaluation methods and feedback mechanisms, see section 2.1.1.

2.1.4. Measures to address material impacts on workers in the value chain, approaches to managing material risks and exploiting significant opportunities related to value chain workers, and the effectiveness of these measures

The objective of the Group is to achieve tangible, positive impacts for employees in the value chain, and to avoid any material negative impact on them in its operations. To this end, it will introduce measures that go beyond legal compliance and actively contribute to improving the quality of life of workers.

The Group pays particular attention to creating a safe and healthy working environment that promotes not only physical but also mental wellbeing, both for its own employees and for those in the value chain. By regulating working time, there is a smaller risk of overwork and work-life balance is facilitated. The promotion of a sustainability approach is also an overarching goal, supported at several levels. The Group regularly organises educational events, internal communication campaigns and industry collaborations to raise environmental and social awareness. These opportunities give employees the chance to learn about and actively contribute to shaping responsible manufacturing and purchasing practices.

The measures put in place are based on the real needs of workers in the value chain, and are continuously monitored and developed by the Group. Based on feedback, audits, and the changes in the market and the regulatory environment, the programmes can be flexibly adapted.
The Group pays particular attention in its operations to ensuring that it does not have a material negative impact on workers in the value chain. To this end, it uses various communication and monitoring channels, such as the supplier and partner rating system, which are described in detail in Part II (Environmental Information), section 2.1.1.

2.1.5. Objectives for addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities

Workers in the value chain, their representatives or agencies are not directly involved in the formal definition of the Group's objectives, the monitoring of performance or establishing the directions of improvement based on the results. These are done by the Group's central procurement, quality and sustainability management, as well as by strategic and operational decision-makers. Although workers in the value chain are not directly involved, feedback from

suppliers, partners and subcontractors, as well as changes in the legal and market environment have an indirect impact on the evolution of goals and improvements.

The Group is continuously improving its cooperation with key strategic partners, including the regular sustainability compliance audits of subcontractors since 2023. The goal is to have 80% of the partners meet the Group's sustainability requirements by 2030, ensuring the sustainability and compliance of the entire value chain.

The objectives are primarily qualitative and principled, and the impact of measures to promote workers' wellbeing is monitored in qualitative terms.

2.2 Equal treatment and equal opportunities

This section presents the Group's efforts to promote equal treatment and equal opportunities along the value chain, with a particular focus on training and skills development for workers in the value chain.

Table 33 - Summary data for the Equal treatment and equal opportunities – Training and skills development sub-topic

Material issue	
Training and skills development	
Relevant standard	
ESRS S2	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Hatások	-
Financial risks	Strong competition for attracting technically skilled domestic workers may, due to labour shortages, negatively affect a company's financial standing, operating costs and/or unrealised revenues.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Regular and structured audits of subcontractors (including environmental and human rights aspects) and related statistics. Integration of HSQ criteria into the partner rating scheme.
Corporate policies	» Code of Ethics » Supplier Code of Conduct » Procurement Policy
Key measures	» VET and successor development strategy
Metrics	» Professional training courses by Edupark

The section presents the Group's efforts to promote diversity along the value chain, as well as its initiatives and objectives to foster an inclusive and diverse work environment.

Table 34 - Summary data for the Diversity sub-topic

Material issue	
Diversity	
Relevant standard	
ESRS S2	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Hatások	-
Financial risks	As the industry continues to undergo rapid innovation, attracting and retaining skilled workers is becoming increasingly important for companies. A lack of gender and racial diversity in the organisation may lead to a narrower pool of candidates, resulting in difficulties in attracting skilled workers, higher recruitment costs and/or reduced operational efficiency.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Regular and structured audits of subcontractors (including environmental and human rights aspects) and related statistics. Integration of HSQ criteria into the partner rating scheme.
Corporate policies	» Code of Ethics » Supplier Code of Conduct
Key measures	» Partner rating scheme » "Clean Hands" programme
Metrics	» Results of the partner rating scheme » Information related to notifications under the "Clean Hands" programme

2.2.1. Processes to correct negative impacts and channels for value chain workers to raise concerns

Rapid innovation in the technology sector and competition for technically skilled domestic labour represent an ever greater challenge for the Group, which now affects the value chain. A lack of skilled workers can not only lead to a drastic increase in recruitment costs, but may also directly jeopardise operational efficiency, delay development projects and result in lost revenue. These factors may also undermine the Group's competitiveness and financial stability in the long run.

A further risk is the lack of gender and racial diversity in the construction industry, potentially leading to a narrower pool of candidates and a shortage of talent in the Group's value chain. Apart from weakening labour market positions, this also limits the innovation capacity of the organisational culture. Lack of diversity in the value chain can also deteriorate employee engagement, increase turnover and, in the longer term, compromise the Group's reputation in the labour market.

In response to these risks, the Group operates corrective mechanisms at several levels, as explained in the previous sections.

The complaints procedure, the Code of Ethics and the Procurement Policy guarantee the protection of whistleblowers against retaliation and the confidentiality of complaints. Emphasis is placed on respect for privacy and the right to data protection, which is essential to maintain trust.

The 10 specific questions used in the ex post rating process provide an opportunity to explore changes, risks and their management in more depth. This regular feedback helps the Group to proactively respond to emerging challenges and to strengthen the foundations of a sustainable, inclusive and competitive operation.

Operation along the value chain is also key to managing risks and building trust. The principles we adhere to when working with suppliers, partners and other stakeholders, such as transparency, ethical conduct and environmental responsibility, ensure that the Group's values are applied across the whole value chain.

3. Consumers and end-users

3.1 Information-related impacts on consumers and/or end-users

This section presents the Group's efforts to ensure that consumers have access to transparent, accurate and timely information about services and products. It also describes how the Group integrates aspects of access to information into its customer relations and business processes.

Table 35 - Summary data for the Access to (quality) information sub-topic

Material issue	
Access to (quality) information	
Relevant standard	
ESRS S2	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Hatások	-
Financial risks	Providing inadequate or insufficient energy and sustainability services may lead to the loss of clients, reduced revenues and reputational damage.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Incorporating consumer and end-user feedback into day-to-day operations. Providing transparent information.
Corporate policies	ISO 9001:2015 certification at the following companies: » Alufe Ltd. » Alu Front Ltd. » GNX Ltd. » ION System Ltd. » KÉSZ Building and ConstructionPlc. » KÉSZ Ingatlan Ltd. » KÉSZ Ipari Gyártó Ltd. » KÉSZ Metaltech Ltd. » MATECH Ltd. » MileStone Gazdasági és Mérnöki Tanácsadó Ltd. » Provim Ltd.
Key measures	» Complaint handling and warranty reporting interfaces » Customer satisfaction surveys
Metrics	» Cases received through complaint handling and warranty reporting interfaces » Results of customer satisfaction surveys

3.1.1. Material impacts, risks and opportunities, and their interaction with the strategy and the business model

The Group includes all consumers and end-users in the scope of disclosure who may be subject to a material impact in the course of its operations, as required by ESRS 2. This includes workers employed directly, non-employees under the company's control, and partners affected through business relationships. Impacts on these stakeholders as a result of the Group's strategy and business model can be direct, for example through the quality, safety or sustainability of its own products and services, or indirect, such as through the operation of its supply chain, subcontractors or logistics partners. Consumers and end-users exposed to material impacts are primarily those who use the buildings, facilities and infrastructure developed, constructed or operated by the Group, or who directly use the services. In addition, customers of suppliers, subcontractors and logistics partners as well as end-users who come into indirect contact with the products or services of the Group may also be affected along the value chain.

Identifying and managing the material impacts on consumers and end-users is of paramount importance for the KÉSZ Group. Negative impacts may include quality complaints, service shortcomings, health or safety risks. To address these, the Group regularly conducts customer satisfaction surveys. Continuous improvement based on surveys and feedback enables the Group to respond to user needs and improve the quality of its services. All of these activities have a positive impact not only on end-users but also on corporate customers, residential consumers and community partners, strengthening trust and long-term cooperation.

The KÉSZ Group is committed to making a positive impact on consumers and end-users, especially as regards the quality and safety of products and services. To this end, it is continuously working out solutions that meet high professional and environmental standards while improving user experience. The Group's educational activities, such as information campaigns, user guides and sustainability information, support consumers in making informed choices and better understanding the functioning of products and their environmental and social impacts.

Through its CSR programmes, the Group supports not only its direct customers but also the wider community, for example, through educational initiatives or environmental projects.

Risks arising from impacts on consumers and end-users include reputational damage, legal or financial consequences, loss of customers, or market harm resulting from failure to meet sustainability requirements. At the same time, these impacts also create opportunities, such as the strengthening of brand image, reaching new markets, increasing customer satisfaction and supporting the sustainable development goals.

The Group pays special attention to consumers and end-users who have special needs, belong to sensitive groups or use special products and services. In their case, targeted risk analyses, customised communication and individual service development are used. Material risks and opportunities mainly relate to the quality, safety, availability and sustainability of products and services, as well as customer relationship processes.

3.1.2. Policies related to consumers and end-users

The Group's policies and practices referred to in the previous sections cover all consumers and end-users who may be materially affected by the company's operations. This includes workers employed directly, non-employees under the company's control, and partners affected through business relationships. The Group's main policies, such as the Code of Ethics, the quality management system, the complaints handling policy and the customer satisfaction questionnaires, aim to effectively

manage material impacts, risks and opportunities that affect consumers and end-users. Special focus is put on the quality, safety, sustainability of products and services, and the protection of consumer rights. When engaging with consumers and end-users, the Group uses transparent, clear and accessible forms of communication, including newsletters, websites and customer service, a complaint handling interface, personal interactions and social media channels. The complaint handling system allows all stakeholders to raise concerns or claims directly, supported by documented and traceable processes.

Policies regarding consumers and end-users are in line with internationally recognised guidelines, such as the UN Guiding Principles on Business and Human Rights, the ILO Fundamental Principles and the OECD Guidelines for Multinational Enterprises.

In the reporting period, significant progress was made in developing the complaint handling system further, in expanding the approaches to sustainability due diligence and remediation, and in defining new expectations for corporate customers and partners, particularly in the area of ethical and sustainability compliance. Policies are communicated through multiple channels, such as podcasts, newsletters, websites and personal interactions. The Group makes sure that the policies are accessible and understandable to all stakeholders, where necessary, through translation or visual aids.

3.1.3. Processes for engaging with consumers and end-users regarding impacts

Consumer and end-user perspectives influence decisions and actions to address actual and potential impacts in the Group in a number of waysS4-2.

Customer and end-user relations are high on the Group's agenda, ensuring a continuous dialogue throughout the entire customer lifecycle – from making an offer and contracting through service provision and warranty periods to post-contract customer satisfaction surveys. Communication can take place in person, online, by phone or in writing, and the frequency depends on the needs of the customer, the nature of the service and the specificities of the project. The Group also involves customer service channels, complaint handling interfaces, digital platforms (e.g. website, social media, newsletter) and, where necessary, consumers' legal representatives or authorised agents. The aim is to enable all stakeholders to make informed decisions, and to process feedback in an efficient and transparent way.

Within the Group, the customer relations and quality management functions as well as senior management (Board of Directors, Senior Management Forum) have operational responsibility for ensuring engagement with customers and end-users. This responsibility is not a dedicated role; rather, a shared responsibility between quality control, customer relations and sustainability managers, and the HR and communications teams.

3.1.4. Processes to correct negative impacts and channels for consumers and end-users to raise concerns

As a rule of thumb, the Group follows transparent, documented and multi-channel complaint handling, feedback and quality assurance procedures whenever consumers or end-users are affected by a material negative impact. If the Group becomes aware that its operations are having an adverse effect on any of the groups concerned, it will investigate the matter immediately and take measures to resolve the problem and to prevent further risks.

There are several specific channels for consumers and end-users to send their complaints and feedback, which are described in section 3.1.2. The Group ensures that these channels are accessible to all stakeholders.

The Group also monitors external, third-party mechanisms, such as channels maintained by government agencies, NGOs, industry associations or other collaborative initiatives, which provide consumers and end-users with an opportunity to file a complaint or raise concerns about the Group's activities.

Classical end-user relations are typically limited in the Group. Nevertheless, in the Warranty submenu of the Mitfahrer Project module, a total of 2,491 notifications were received during 2024 and recorded for complaint handling purposes.

3.1.5. Measures to address material impacts on consumers and end-users, approaches to managing material risks and exploiting significant opportunities related to consumers and end-users, and the effectiveness of these measures

The Group has put in place measures to prevent, mitigate or remedy material negative impacts on consumers and end-users at several levels (see sections 3.1.3 and 3.1.4).

There were no serious human rights incidents or major complaints related to consumers or end-users during the reporting period.

When deciding to terminate a business relationship – for example, in the case of serious ethical breaches or legal violations, conduct inconsistent with the Group's principles or persistent underperformance –, the Group takes into account the actual and potential impacts on consumers and end-users, and seeks to minimise the adverse effects of termination, for example, by providing alternative services or compensation.

The company participates in industry and stakeholder initiatives, and cooperates with universities and professional organisations to improve customer satisfaction and gather end-user feedback.

Corporate social responsibility

The KÉSZ Group's social responsibility is not merely based on internal initiatives, it also builds on active community engagement. CSR programmes and activities are communicated in a transparent way on the HexagON interface.

During the reporting period, the Group sponsored various social, educational, cultural and sporting initiatives with a significant, total amount of HUF 184 million, which reflects the company's commitment to community values. The recipients include art foundations (e.g. K-Arts), sports associations (e.g. TettreKÉSZ Foundation, Szeged Water Sports Association), educational institutions (e.g. Gál Ferenc University, Association of Building Sciences), and social and health organisations (e.g. Csodalámpa Foundation, the Hungarian Red Cross). The Group also funds internal initiatives, such as the operating costs of the employee stock ownership plan (ESOP) or grants for employees. Support is provided through several member companies, and demonstrates the diversity of the Group's social responsibility.

K-ARTS

Donations are not the only means by which the Group expresses its commitment to culture: in 2017, it established the K-ARTS Art Foundation, which aims to promote contemporary fine and applied arts that use industrial materials as their primary component. The Foundation is based in the KÉSZ Industrial and Innovation Park where it hosts international art camps and maintains a collection of over 500 works of art. The Group's professionals are actively involved in the creative process, so the Foundation also acts as a creative partner of the company.

The Group and the K-ARTS Art Foundation have actively contributed to the Building Industry Marketing Communication of the Year Award, established by the National Federation of Hungarian Building Contractors (ÉVOSZ) to recognise the work of communication professionals in the building industry. The Group supported the initiative already in the preparatory phase, while K-ARTS produced the awards in a creative way, using construction materials. This joint work exemplifies the Group's commitment to sectoral value creation and creative collaborations.

The Group donated two monumental sculptures to the city of Kecskemét, created by the K-ARTS Art Foundation. The steel sculpture "Ya good ol' cavalryman" evokes the spirit of Zoltán Kodály at the intersection of Izsáki út and Olimpia utca, while the "Hexaverse" at the roundabout in Sport utca pays homage to the engineering mindset. Both works were made in the plant of KÉSZ Ipari Gyártó Ltd., and both represent the cultural and scientific heritage of the city in a visually impressive manner.

Universities

As part of the BIM[29] Strategy adopted by the Group in 2022, a scholarship scheme has been introduced for the students enrolled in the civil, architectural, building services and electrical engineering programmes at the Budapest University of Technology and Economics who are interested in BIM. During the 8–12 months of traineeship, participants can enhance their knowledge through real projects, while benefitting from career guidance and thesis assistance.

Associations

In 2024, instead of Christmas gift packages, the Group donated HUF 3 million to the NANE Association, which works to eliminate violence against women and children. The donation fits well into the Group's corporate social responsibility goals, in particular in the area of women's rights and equal opportunities. At the last meeting of the year, members of the Balance Women's Club created handmade table decorations, which were first used to decorate the tables at the Group's Christmas party. Afterwards, the ornaments were delivered to the Váci utca premises of BMSZKI (Budapest Methodological Centre of Social Policy and Its Institutions), which provides support for female survivors of violence. The award event was also attended by the leaders of the NANE Association and the KÉSZ Group who, also on this occasion, expressed their commitment to social responsibility and cooperation.

These initiatives are based on the needs of our own workforce, and aim to improve employee well-being, health, professional development, safety at work, community building and satisfaction. These efforts are in line with the UN Sustainable Development Goals, especially in the areas of health and wellbeing, quality education, decent work, responsible consumption, climate protection and partnership.

3.1.6. Objectives for addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities

The Group has currently no measurable, result-oriented targets defined for end-users and consumers, but their feedback is of paramount importance, as consumers are at the heart of its operations and value creation..

29 Building Information Modelling is a digital design and documentation method used in the construction industry. BIM is not just a 3D model but a data-rich, integrated system that covers the entire lifecycle of a building – from design through construction to operation and management.

Capter IV
Corporate Governance Information

1. Business Conduct

The chapter presents the principles of the KÉSZ Group's compliance-driven operation and describes the internal compliance activities. Special attention is paid to the promotion of ethical business conduct, anti-corruption measures, and the functioning of whistleblowing channels and their role in corporate governance.

36. Table - Vállalati kultúra altéma összefoglaló adata

Material issue	
Corporate culture	
Relevant standard	
ESRS G1	
Relationship of the material topic to KÉSZ Group	
Basis of materiality	Financial materiality
Hatások	-
Financial risks	» Failure to effectively manage environmental, social and governance (ESG) risks and opportunities may increase exposure to financial risks, cause missed market opportunities and reputational risks, which may have a negative financial impact on the organisation. » Providing inadequate or insufficient energy and sustainability services may lead to the loss of clients, reduced revenues and reputational damage.
Financial opportunities	-
Addressing the material topic	
Link to sustainability strategy	Transparent communication and integration of corporate values into daily operations.
Corporate policies	» Code of Ethics » Privacy Policy » Insurance Handbook » Financial Management Policy » Global IT Policy » User Information Security Policy » Information Security Guidelines and Requirements » International Project Approval Policy » Internet and Email Use Rules » IT Assets Allocation Policy » IT Project Portfolio Management Policy » Anti-Virus Policy » Rules of Trading in the Financial Instruments of the Company » Policy for the Mandatory Legal Review of Contracts » Contract Management Policy » Sponsorship Policy » Scheduling Policy » Coverage Calculations Policy

36. Table - Vállalati kultúra altéma összefoglaló adata

Material issue	
Key measures	» Establish a Compliance Board » Develop and implement a sustainability strategy
Metrics	» Information related to cases notified through the "Clean Hands" programme interface » Attendance of training courses

1.1 Role of the administrative, supervisory and management bodies

Between 2022 and 2030, the Group will implement a comprehensive sustainability strategy to ensure the sustainable, transparent and ethical operation of the company. A central element of the strategy is the development of an efficient and resilient operating model at Group level, which will fully support the transparency and efficiency of internal processes by 2030. To this end, the entire sustainability strategy is to be reviewed in 2025 to ensure that it is up-to-date and relevant.

The governance and compliance of the Group is guaranteed by administrative, management and supervisory bodies with a high level of expertise, such as the Compliance Board, the Supervisory Board, the CEO, and the legal, HR and corporate security managers. These bodies coordinate – through regular, minuted meetings – legal and ethical operation and the harmonisation of control mechanisms.

Reinforcing risk management is also a key objective: a structured methodology is to be developed at Group level by 2025, and risk-based planning and control processes are to be improved.

1.2 Corporate culture and business conduct policies, corporate culture

The Group's regulatory framework provides a single, comprehensive framework for the different areas of the company, promoting legality, security, transparency and efficiency. Policies are built on each other and are logically interlinked to ensure the integrated management of the organisation.

The Code of Ethics, which sets out the corporate values and the standards of conduct, serves as the basis of operation. This is supplemented by the Privacy Policy, which regulates the processing of personal data in accordance with EU and national data protection regulations, and the Information Security Policy, which protects data in both electronic and physical form.

To ensure legal compliance, the Policy for the Mandatory Legal Review of Contracts defines a uniform procedure for the ex ante verification of contracts, while the Contract Management Policy regulates the documentation and retriveability of contracts. These are closely linked to the Financial Management Policy, which sets out the organisational and operational framework of financial management.

The framework for financial and insurance processes is set out in the Insurance Handbook and the Rules of Trading in the Financial Instruments of the Company, with the former dealing with insurance matters and the latter aimed at the prevention of cases of capital market abuse. The Coverage Calculations Policy supports the financial planning of projects, while the Scheduling Policy serves to standardise timing practices.

The international dimension of project management is governed by the International Project Approval Policy, which sets out the approval and status reporting procedures for foreign projects.

In the area of IT operations and security, there are several policies building on each other. The Global IT Policy and the Information Security Guidelines and Requirements (ISGRs) set out the basic principles of IT systems operation, while the User Information Security Policy, the Anti-Virus Policy, and the Internet and Email Use Rules govern user-level security and responsible digital behaviour. The IT Assets Allocation Policy and the IT Assets Use Policy regulate the handover and use of IT assets, while the IT Project Portfolio Management Policy describes the process of managing software development needs.

The Group's social engagement and external relations are governed by the Sponsorship Policy, which sets out the procedures for sponsorship and patronage activities.

To identify, report and investigate illegal or unethical behaviour, the Group uses the "Clean Hands" ethical issues notification programme, which is described in section 1.1.2. The Group protects whistleblowing employees against retaliation, in accordance with the requirements set out in the national laws transposing Directive (EU) 2019/1937.

The Group provides regular compliance, ethics, anti-corruption and sustainability training, covering all employees and managers. Functions most at risk of corruption and bribery: procurement, supplier relations, high-value projects, financial processes. The Group's payment practices are characterised by prompt settlement, regular monitoring and claims management. The Group satisfies the requirements set out in the national law transposing Directive (EU) 2019/1937, and thereby fulfils the disclosure requirements in ESRS G1-1 10(d).

1.3 Managing supplier relations and payment practices

The Group's cooperation with suppliers forms an integral part of its sustainability and compliance strategy. Quality, cost-efficiency, environmental and social aspects, with a particular focus on regional procurement, are a key factor in establishing and maintaining partnerships. This approach leads to responsible operation not only in economic but also environmental and social terms.

The integrity and conformity of the supply chain are ensured through the partner rating system and regular audits, as described above. In selecting contractors, the Group applies criteria such as environmental compliance, waste reporting practices, resource efficiency and social responsibility to help achieve its sustainability goals.

Procedures for preventing, detecting and dealing with corruption and bribery are strict and consistent. Irregularities are reported immediately, and non-compliant partners are banned, if necessary. This practice matches the Group's Code of Ethics, which serves to reinforce a culture of legal compliance.

The Group's financial practices are highly transparent and reliable, which is reflected by the fact that invoices are paid on average only 6.04 days after the contractual or statutory payment deadline. This low level of delay is particularly noteworthy in the light of payment deadlines of typically 8, 15, 30 or even 60 days, and marks the Group's financial discipline and commitment to its partners.

Member companies conclude different types of contracts with their suppliers, meaning that invoicing practices may vary from company to company. However, in all cases, they will act in accordance with the General Terms and Conditions, and respecting payment deadlines is a priority. Average payment times at Group level are a good example of the company's commitment to maintaining fair and reliable business relationships.

Contract types can be grouped as follows:

- No order or other contracts
- Subcontracting
- Contracts for the procurement of project materials
- Warehouse or consignment contracts
- Service contracts
- Purchase and sale of tangible fixed assets (other than for projects, warehouse or production)
- General contractor contracts
- Agency contracts for specialised legal services or legal representation
- Framework contracts (no order or multiple orders agreements)
- Lease agreements

1.4 Prevention and detection of corruption and bribery

The Group's anti-corruption and ethical compliance system runs in a strict, structured and transparent framework, making sure that the company operates legally and in a responsible way on all levels. Its key element is the Compliance Board, which operates independently of the operative management chain to guarantee objective and impartial oversight in the prevention, detection and management of corruption and bribery.

Compliance and integrity results are assessed jointly by the Compliance Board, Internal Audit and Quality Management through regular audits, inspections and reports. These results are communicated to the Supervisory Board, the Board of Directors and the shareholders so as to ensure transparent corporate governance and the alignment of control mechanisms.

Anti-corruption procedures are implemented on an ongoing basis and are supported by several means: regular audits, targeted training and reporting mechanisms help prevention and rapid response. The training programmes are for all employees and managers, and take a variety of forms – mandatory e-learning modules, in-house training, on-the-job training, and dual training. Members of the administrative, supervisory and management bodies are also actively involved in training. The effectiveness of training activities is regularly analysed, either by training region or by worker category, especially when the content of the programmes differs significantly.

Oversight of political influence and lobbying activities is the responsibility of appointed representatives selected by the Compliance Board and the management bodies. This oversight structure ensures that the Group's operations comply with ethical, legal and social standards at all levels, and contribute to preserving the integrity of the company.

1.5 Cases of corruption and bribery

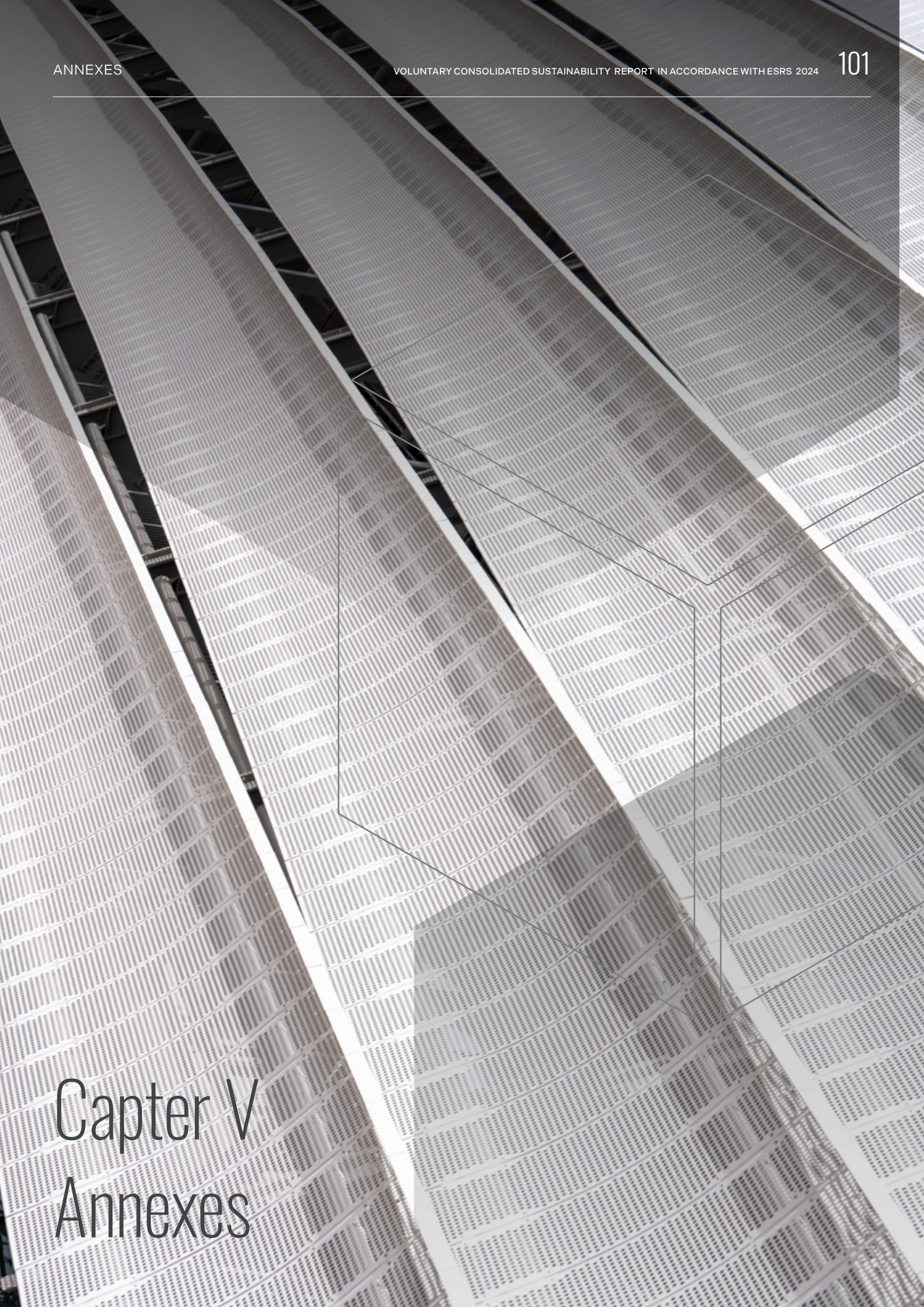
The Group has no record of being found guilty of breaches of anti-corruption or anti-bribery legislation. In the financial year 2024, there were no such court judgments against the Group's managers or employees.

Table 37 - Participation in anti-corruption training

Measures to address breaches of anti-corruption and anti-bribery procedures and standards	
Participation in anti-corruption training	
Name of training	Code of Ethics
Topics discussed/Function at risk	All areas

Table 37 - Participation in anti-corruption training

Measures to address breaches of anti-corruption and anti-bribery procedures and standards	
Frequency of training	When joining the company or when the Code of Ethics is amended
Duration of training	1 hour
Number of participants (person)	All new entrants
Participation rate among all employees (%)	100
Number of managers participating (person)	All new entrants
Participation rate among managers (%)	100



Capter V
Annexes

Annex 1.

List of fulfilled ESRS disclosure requirements

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
ESRS 2 General disclosures				
BP-1	General basis for preparation of sustainability statements	Basis for preparing the report	Pages 9	
BP-2	Disclosures relating to specific circumstances	Basis for preparing the report	Page 9	
GOV-1	The role of the administrative, management and supervisory bodies	Corporate governance structure	Pages 17-18	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability governance structure	Page 19	
GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability considerations of management incentive systems	Page 19	
GOV-4	Statement on due diligence	Statement on due diligence	Pages 112	Annex 2 contains the detailed process
GOV-5	Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting; Double materiality assessment	Pages 19-21	
SBM-1	Strategy, business model and value chain	About KÉSZ Group	Pages 10-16	
SBM-2	Interests and views of stakeholders	Stakeholder involvement; Double materiality assessment	Pages 20-22	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Strategic objectives and business model	Page 13	Additional information is provided in the summary tables at the beginning of each chapter presenting a material topic.

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Identification of material issues	Pages 20-28	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Identification of material issues	Pages 19 and 28-29	
ESRS E1 Climate change				
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Adapting to climate change	Page 34	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Adapting to climate change	Pages 30-31	
ESRS 2 IRO-1	Description of the procedures for identifying and assessing material impacts, risks and opportunities related to the climate	Adapting to climate change	Pages 30-32	
E1-2	Policies related to climate change mitigation and adaptation	Adapting to climate change	Pages 32-34	
E1-3	Measures and resources related to climate change policies	Adapting to climate change	Pages 34-37	
E1-4	Targets related to climate change mitigation and adaptation	Adapting to climate change	Pages 37-38	
E1-5	Energy consumption and mix	Energy consumption and energy mix	Pages 40-43	
E1-6	Gross and total GHG emissions in Scope 1, 2, 3	GHG emissions	Pages 38-40	
E1-7	GHG mitigation projects financed through GHG removals and carbon credits	GHG emissions	Page 40	
E1-8	Internal carbon pricing	GHG emissions		Topic not material

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
E1-9	Anticipated financial impacts from material physical and transition risks and climate-related opportunities	GHG emissions		Topic not material
ESRS E2 Pollution				
ESRS 2 IRO-1	Description of the procedures for identifying and assessing material pollution-related impacts, risks and opportunities	Air pollution and water pollution	Pages 45-47	
E2-1	Pollution-related policies	Air pollution and water pollution	Pages 47-49	
E2-2	Pollution-related measures and resources	Air pollution and water pollution	Pages 48-49	
E2-3	Pollution-related targets	Air pollution and water pollution	Page 49	
E2-4	Air, water and soil pollution	Air pollution and water pollution	Pages 50-54	Not material a téma
E2-5	Substances of concern and substances of very high concern	Air pollution and water pollution		Topic not material
E2-6	Anticipated financial impacts from pollution-related impacts, risks and opportunities	Air pollution and water pollution		Topic not material
ESRS E3 Water and marine resources				
ESRS 2 IRO-1	Description of the procedures for identifying and assessing material impacts, risks and opportunities related to water and marine resources	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E3-1	Policies related to water and marine resources	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E3-2	Measures and resources related to water and marine resources	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E3-3	Targets related to water and marine resources	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E3-4	Water consumption	Mandatory subject-specific disclosures independent of double materiality		Topic not material

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
E3-5	Anticipated financial impacts from impacts, risks and opportunities related to water and marine resources	Mandatory subject-specific disclosures independent of double materiality		Topic not material
ESRS E4 Biodiversity and ecosystems				
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Mandatory subject-specific disclosures independent of double materiality		Topic not material
ESRS 2 IRO-1	Procedures to identify and assess material impacts, risks and opportunities related to biodiversity and ecosystems	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E4-2	Policies related to biodiversity and ecosystems	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E4-3	Measures and resources related to biodiversity and ecosystems	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E4-4	Targets related to biodiversity and ecosystems	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E4-5	Impact metrics related to biodiversity and ecosystems changes	Mandatory subject-specific disclosures independent of double materiality		Topic not material
E4-6	Anticipated financial impacts from biodiversity and ecosystem-related risks and opportunities	Mandatory subject-specific disclosures independent of double materiality		Topic not material
ESRS E5 Resource use and circular economy				
ESRS 2 IRO-1	Description of the processes for identifying and assessing material impacts, risks and opportunities related to resource use and the circular economy	Waste management	Pages 54-56	
E5-1	Policies on resource use and the circular economy	Waste management	Pages 54-56	
E5-2	Measures and resources related to resource use and the circular economy	Waste management	Pages 57-63	

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
E5-3	Targets related to resource use and the circular economy	Waste management	Pages 59	
E5-4	Resource outflows	Waste management		Topic not material
E5-5	Resource outflows	Waste management	Pages 59-63	
E5-6	Anticipated financial impacts from risks and opportunities related to resource use and the circular economy	Waste management		Topic not material
ESRS S1 Own workforce				
ESRS 2 SBM-2	Objectives for addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities	Working conditions	Pages 65-67	
ESRS 2 SBM-3	Profile of workers employed by the company	Working conditions	Pages 67-79	
S1-1	Profile of workers not engaged as employees within own workforce	Working conditions	Pages 67-79	
S1-2	Collective bargaining coverage and social dialogue	Working conditions	Page 72-73	
S1-3	Diversity indicators	Working conditions	Pages 73	
S1-4	Adequate wages	Working conditions	Pages 74-76	
S1-5	Social protection	Working conditions	Page 75-76	
S1-6	Persons with disabilities	Working conditions	Pages 76-77	
S1-7	Training and skills development metrics	Working conditions	Page 77	
S1-8	Health and safety metrics	-		Topic not material
S1-9	Work-life balance metrics	Equal treatment and equal opportunities	Page 81	
S1-10	Compensation metrics (pay gap and total compensation)	Equal treatment and equal opportunities	Pages 81-82	
S1-11	Incidents, complaints and serious human rights implications	-		Topic not material
S1-12	Persons with disabilities	Working conditions	Pages 72-73	
S1-13	Training and skills development metrics	Equal treatment and equal opportunities	Page 82	
S1-14	Health and safety metrics	Working conditions	Pages 78-79	
S1-15	Work-life balance metrics	-		Topic not material

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
S1-16	Compensation metrics (pay gap and total compensation)	-		Topic not material
S1-17	Incidents, complaints and serious human rights implications	Equal treatment and equal opportunities	Pages 83	
ESRS S2 Workers in the value chain				
ESRS 2 SBM-3	Interests and views of stakeholders	Working conditions	Pages 84-86	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Working conditions	Pages 87-88	
S2-1	Policies related to workers in the value chain	Working conditions	Pages 86-87	
S2-2	Processes for engaging with value chain workers about impacts	Working conditions	Page 87	
S2-3	Processes to correct negative impacts and channels for value chain workers to raise concerns	Working conditions	Page 87-88	
S2-4	Measures taken to address the material impacts on value chain workers and approaches to managing material risks and exploiting significant opportunities related to value chain workers, and the effectiveness of these measures	Working conditions	Page 87-88	
S2-5	Objectives for addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities	Working conditions	Page 88	
ESRS S3 Affected communitie				
ESRS 2 SBM-2	Interests and views of stakeholders	Mandatory subject-specific disclosures independent of double materiality		Topic not material
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Mandatory subject-specific disclosures independent of double materiality		Topic not material

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
S3-1	Policies related to affected communities	Mandatory subject-specific disclosures independent of double materiality		Topic not material
S3-2	Processes for engaging with affected communities about impacts	Mandatory subject-specific disclosures independent of double materiality		Topic not material
S3-3	Processes to correct negative impacts and channels for affected communities to raise concerns	Mandatory subject-specific disclosures independent of double materiality		Topic not material
S3-4	Measures taken to address the material impacts on affected communities and approaches to managing material risks and exploiting significant opportunities related to affected communities, and the effectiveness of these measures	Mandatory subject-specific disclosures independent of double materiality		Topic not material
S3-5	Objectives for addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities	Mandatory subject-specific disclosures independent of double materiality		Topic not material
ESRS S4 Consumers and end users				
ESRS 2 SBM-2	Interests and views of stakeholders	Information-related impacts on consumers and/or end-users	Page 90-91	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Information-related impacts on consumers and/or end-users	Page 92-93	
S4-1	Policies related to consumers and end-users	Information-related impacts on consumers and/or end-users	Page 93	
S4-2	Processes for engaging with consumers and end-users about impacts	Information-related impacts on consumers and/or end-users	Page 93-94	
S4-3	Processes to correct negative impacts and channels for consumers and end-users to raise concerns	Information-related impacts on consumers and/or end-users	Page 94	

Annex 1. - List of fulfilled ESRS disclosure requirements

Disclosure requirement		Section	Page	Additional information
S4-4	Measures taken to address the material impacts on consumers and end-users and approaches to managing material risks and exploiting significant opportunities related to consumers and end-users, and the effectiveness of these measures	Information-related impacts on consumers and/or end-users	Pages 94-96	
S4-5	Objectives for addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities	Information-related impacts on consumers and/or end-users	Page 96	
ESRS G1 Business Conduct				
G1-1	Policies on corporate culture and business conduct, and corporate culture	Business conduct	Pages 99-100	
G1-2	Managing supplier relationships	Business conduct	Pages 100-101	
G1-3	Preventing and detecting corruption and bribery	Business conduct	Page 101-102	
G1-4	Confirmed cases of corruption and bribery	Business conduct	Page 102	
G1-5	Political influence and lobbying activities	Business conduct	Page 101-102	
G1-6	Payment practices	Business conduct	Page 101-102	

Annex 2

Statement on due diligence

In order to facilitate understanding of the due diligence process applied by KÉSZ Group with respect to sustainability issues, the Group's due diligence process is presented below in tabular form, with cross-references.

Annex 2.

Core elements of due diligence	Paragraphs of the sustainability statement
a) embedding due diligence into governance, the strategy and the business model	I./3.2 Sustainability governance structure I./3.2.1 Corporate due diligence on sustainability I./3.2.3 Sustainability considerations of management incentive systems I./4.2 Double materiality assessment
b) cooperation with relevant stakeholders at all key steps of the due diligence process	I./3.2 Sustainability governance structure I./4.1 Stakeholder involvement I./4.2 Double materiality assessment I./4.3 Mandatory subject-specific disclosures independent of double materiality III./2.1 Working conditions
c) identifying and assessing adverse impacts	I./4.2 Double materiality assessment
d) taking measures to address those adverse impacts	II./1.1 Adapting to climate change II./1.3 Energy consumption and energy mix II./3.1 Air pollution and water pollution II./4.1 Waste III./1.1 Working conditions III./1.2 Equal treatment and equal opportunities III./2.1 Working conditions III./2.2 Equal treatment and equal opportunities III./3.1 Information-related impacts on consumers and/or end-users IV./1 Business conduct
e) monitoring and communicating the effectiveness of these efforts	II./1.1 Adapting to climate change II./1.3 Energy consumption and energy mix II./3.1 Air pollution and water pollution II./4.1 Waste III./1.1 Working conditions III./1.2 Equal treatment and equal opportunities III./2.1 Working conditions III./2.2 Equal treatment and equal opportunities III./3.1 Information-related impacts on consumers and/or end-users IV./1 Business conduct

Annex 3

List of data points in the horizontal and topical standards derived from other EU legislation

Annex 3

Disclosure requirement and related data point	eference to the Regulation on sustainabili-ty-related disclosures (23)	Reference to Pillar 3 (24)	Reference to the Regulation on benchmarks (25)	Reference to the EU Climate Law (26)	Materiality of disclosure	Page num-ber
ESRS 2 GOV-1 Board's gender diversity, paragraph 21(d)	Indicator no. 13 in Table 1 of Annex I		Annex II of Commission Delegated Regulation (EU) 2020/1816 (27)		Material	Pages 17-18
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)			Annex II of Delegated Regulation (EU) 2020/1816		Material	Pages 17-18
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Indicator no. 10 in Table 3 of Annex I				Material	Page 112
ESRS 2 SBM-1 Involvement in fossil fuel-related activities, paragraph 40(d)(i)	Indicator no. 4 in Table 1 of Annex I	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on social risk	Annex II of Delegated Regulation (EU) 2020/1816		Material	Page 13
ESRS 2 SBM-1 Involvement in activities related to chemical production, (paragraph 40(d)(ii)	Indicator no. 9 in Table 2 of Annex I		Annex II of Commission Delegated Regulation (EU) 2020/1816		Material	Page 13
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	Indicator no. 14 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1818 (29), Article 12(1) of Delegated Regulation (EU) No 2020/1816, Annex II		Material	Page 13
ESRS 2 SBM-1 Participation in activities related to cultivation and production of tobacco Paragraph 40(d)(iv)			Delegated Regulation (EU) 2020/1818, Article 12(1) of Delegated Regulation (EU) No 2020/1816, Annex II		Material	Page 13
ESRS E1-1 Transition plan to reach climate neutrality by 2050 Paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	Page 32

Annex 3

Disclosure requirement and related data point	eference to the Regulation on sustainabili-ty-related disclosures (23)	Reference to Pillar 3 (24)	Reference to the Regulation on benchmarks (25)	Reference to the EU Climate Law (26)	Materiality of disclosure	Page num-ber
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks paragraph 16(g)		**Article 449a** Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	delegated Regulation (EU) 2020/1818, Articles 12(1)(d)-(g) and 12(2).		Material	Pages 32-33
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator no. 4 in Table 2 of Annex I	**Article 449a** Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 3: Banking book – Climate Change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	Page 39
ESRS E1-5 Energy consumption from fossil sources, disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator no. 5 of Table 1 and Indicator no. 5 of Table 2 of Annex I				Material	Pages 42-43
ESRS E1-5 Energy consumption and mix, paragraph 37	Indicator no. 5 in Table 1 of Annex I				Material	Pages 42-43
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40-43	Indicator no. 6 in Table 1 of Annex I				Material	Pages 42-43
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicator no. 1 and 2 of Table 1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Articles 5(1), 6 and 8(1)		Material	Pages 38-40
ESRS E1-6 Gross GHG emis-sions intensity paragraphs 53-55	Indicator no. 3 in Table 1 of Annex I	Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, Table 3: Banking book – Climate Change transition risk: Alignment metrics	Regulation (EU) 2020/1818, Article 8(1)		Material	Pages 38-40

Annex 3

Disclosure requirement and related data point	eference to the Regulation on sustainabili-ty-related disclosures (23)	Reference to Pillar 3 (24)	Reference to the Regulation on benchmarks (25)	Reference to the EU Climate Law (26)	Materiality of disclosure	Page num-ber
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Material	Page 40
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			delegated Regulation (EU) 2020/1818, Annex II, Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) **ESRS E1-9** Location of significant assets at material physical risk, paragraph 66(c)		Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, preamble paragraphs 46 and 47; Table 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			Not material	
ESRS E1-9. Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)		Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, preamble paragraph 34; Table 2: Banking book – Climate Change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Not material	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator no. 8 in Table 1 of Annex I, Indicator no. 2 in Table 2 of Annex I, Indicator no. 1 in Table 2 of Annex I, Indicator no. 3 in Table 2 of Annex I				Material	Pages 46-53
ESRS E3-1 Water and marine resources, paragraph 9	Indicator no. 7 in Table 2 of Annex I				Not material	

Annex 3

Disclosure requirement and related data point	eference to the Regulation on sustainabili-ty-related disclosures (23)	Reference to Pillar 3 (24)	Reference to the Regulation on benchmarks (25)	Reference to the EU Climate Law (26)	Materiality of disclosure	Page num-ber
ESRS E3-1 Dedicated policy, paragraph 13	Indicator no. 8 in Table 2 of Annex I				Not material	
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Indicator no. 12 in Table 2 of Annex I				Not material	
ESRS E3-4 Total water, recycled and reused, paragraph 28(c)	Indicator no. 6.2 in Table 2 of Annex I				Not material	
ESRS E3-4 Total water consumption in m3 per net revenue in million EUR on own operations, paragraph 29	Indicator no. 6.1 in Table 2 of Annex I				Not material	
ESRS 2 – IRO 1 – E4 paragraph 16(a)(i)	Indicator no. 7 in Table 1 of Annex I				Not material	
ESRS 2 – IRO 1 – E4 paragraph 16(b)	Indicator no. 10 in Table 2 of Annex I				Not material	
ESRS 2 – IRO 1 – E4 paragraph 16(c)	Indicator no. 14 in Table 2 of Annex I				Not material	
ESRS E4-2 Sustainable land/ agriculture practices or policies, paragraph 24(b)	Indicator no. 11 in Table 2 of Annex I				Not material	
ESRS E4-2 Sustainable oceans/ seas practices or policies, paragraph 24(c)	Indicator no. 12 in Table 2 of Annex I				Not material	
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	Indicator no. 15 in Table 2 of Annex I				Material	
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Indicator no. 13 in Table 2 of Annex I				Material	Pages 62-63
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator no. 9 in Table 1 of Annex I				Not material	Pages 62-63
ESRS 2 – SBM3 – S1 Risk of incidence of forced labour, paragraph 14(f)	Indicator no. 13 in Table 3 of Annex I				Not material	

Annex 3

Disclosure requirement and related data point	eference to the Regulation on sustainabili-ty-related disclosures (23)	Reference to Pillar 3 (24)	Reference to the Regulation on benchmarks (25)	Reference to the EU Climate Law (26)	Materiality of disclosure	Page num-ber
ESRS 2 – SBM3 – S1 Risk of incidence of child labour, paragraph 14(g)	Indicator no. 12 in Table 3 of Annex I				Not material	
ESRS S1-1 Human rights policy commitments, paragraph 20	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex I				Not material	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S1-1 Processes and measures for preventing human trafficking, paragraph 22	Indicator no. 11 in Table 3 of Annex I				Not material	
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Indicator no. 1 in Table 3 of Annex I				Material	
ESRS S1-3 Grievance/ complaints handling mechanisms, paragraph 32(c)	Indicator no. 5 in Table 3 of Annex I				Material	Pages 73, 75, 83, 86, 87, 90-95
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88(b) and (c))	Indicator no. 2 in Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	Pages 78-79
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88(e)	Indicator no. 3 in Table 3 of Annex I				Not material	Pages 78-79
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Indicator no. 12 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	Indicator no. 8 in Table 3 of Annex I				Not material	

Annex 3

Disclosure requirement and related data point	eference to the Regulation on sustainabili-ty-related disclosures (23)	Reference to Pillar 3 (24)	Reference to the Regulation on benchmarks (25)	Reference to the EU Climate Law (26)	Materiality of disclosure	Page num-ber
ESRS S1-17 Incidence of discrimination, paragraph 103(a)	Indicator no. 7 in Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		Not material	
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD, paragraph 104(a)	Indicator no. 10 of Table 1 and Indicator no. 14 of Table 3 of Annex I				Not material	
ESRS 2 – SBM3 – S2 Significant risk of child labour or forced labour in the value chain, paragraph 11(b)	Indicator no. 3 and 13 of Table 12 of Annex I				Not material	
ESRS S2-1 Human rights policy commitments, Section 17	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex I				Not material	
ESRS S2-1 Policies related to value chain workers, Section 18	Indicator no. 3 and 4 of Table 11 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		Not material	
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights and OECD, paragraph 19	Indicator no. 10 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19					Not material	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Indicator no. 14 in Table 3 of Annex I				Not material	
ESRS S3-1 Human rights policy commitments, paragraph 16	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex I				Not material	

Annex 3

Disclosure requirement and related data point	eference to the Regulation on sustainabili-ty-related disclosures (23)	Reference to Pillar 3 (24)	Reference to the Regulation on benchmarks (25)	Reference to the EU Climate Law (26)	Materiality of disclosure	Page num-ber
ESRS S3-1 Nonrespect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines, Section 17	Indicator no. 10 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		Not material	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Indicator no. 14 in Table 3 of Annex I				Not material	
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex I				Not material	
ESRS S4-1 Nonrespect of UNGPs on Business and Human Rights and OECD, Section 17	Indicator no. 10 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		Not material	
ESRS S4-4 Human rights issues and incidents, paragraph 35	Indicator no. 14 in Table 3 of Annex I				Not material	
ESRS G1-1 UN Convention against Corruption, paragraph 10(b)	Indicator no. 15 in Table 3 of Annex I				Material	Page 83
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Indicator no. 6 in Table 3 of Annex I				Material	Page 83
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24(a)	Indicator no. 17 in Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS G1-4 Anti-corruption and anti-bribery standards, paragraph 24(b)	Indicator no. 16 in Table 3 of Annex I				Not material	