



KÉSZ GROUP

# SUSTAINABILITY REPORT 2023



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# WELCOME

Dear Reader,

Once again, KÉSZ Group publishes its Sustainability Report, reflecting our responsible approach, our commitment and our activities in 2023.

In 2023, we have continued to pursue a well-defined, comprehensive ESG strategy. We have continuously strived to improve our sustainable practices in order to meet the increasing expectations of stakeholders and regulatory requirements. The two key success factors driving our Group's ESG journey are embedding sustainability in our business strategy and strengthening management and employee engagement. We are proud of the numerous achievements we have made in these areas over the past period.

Transparent corporate governance is a key issue for our management. In that spirit, we have strengthened our ethical operation in the Compliance area by focusing on prevention and by renewing our Clean Hands complaint reporting system. Another key factor we have identified within the Group is diversity and equal opportunities. We are developing a range of programmes for our female employees, which will hopefully add further socially positive value to our colourful, inclusive and forward-looking corporate culture.

Dynamic development, creative and innovative solutions and innovation have always been part of the activities of KÉSZ Group. On the strength of those values, over the past 40 years, the Group has become a company we can be proud of today. In 2023, KÉSZ Holding Plc. passed a major mile-

stone, as our consolidated turnover reached HUF 232 billion. Our successful acquisitions over the past two to three years have helped us to mitigate major shocks and achieve a more balanced market presence. This was compounded by the fact that in the year under review, our Group's existing order book also reached an all-time high.

Current economic conditions have presented a major challenge to companies in the construction sector that are committed to green building, digitalisation and technological modernisation. Unfortunately, the war between Russia and Ukraine continued, energy prices remained high and competition increased as market size decreased, putting pressure on contractors' costs. The relentless rise in raw material prices has also reduced the sector's performance. However, the biggest challenge facing the construction industry is the shortage of skilled workers, both in engineering and in skilled trades, coupled with the lack of uptake of modern machinery and innovative technologies.

We regard sustainability as a complex category. Apart from involving forward thinking, we believe that it can also provide a significant competitive advantage. We are particularly proud of the development of our TILIA office building, which was the first building in Szeged to achieve BREEAM Excellent certification, and we have also aimed for the WELL Platinum and Access4you Gold qualifications. At our headquarters in Kecskemét, we have installed the first solar car park of our KÉSZ Greentech business unit, which





was born in the spirit of sustainability in both its design and construction. Life-cycle analysis and environmental product declarations have been produced for various products to support our customers in making more environmentally conscious choices and mitigating negative impacts. We have further increased our renewable generation capacity and will start purchasing 0.5 MW of wind power in 2023. Fortunately, no fatalities or serious accidents within the Group or its subcontractors occurred during the reporting period. We paid particular attention to educating our employees on sustainability issues. We ran a successful campaign by organising EHS Day, health screening programmes and well-being presentations and workshops. We have played a pioneering role in vocational training, which is a critical competitiveness factor for the construction industry. For the second year in a row, KÉSZ Group has been working on the strategic alignment of BIM methodologies across the entire construction value chain at Group level. Our aim is to fully integrate BIM into our operations, so we can optimise our processes and track the current status of a construction project in real time using model-based progression.

We are delighted that the Group and its operating companies won three prestigious professional sustainability awards during the year: GREENGAGE 2023, the K&H Family Business Excellence Award and the Schneider Electric Sustainability Impact Award – “Impact to my company”.

In 2023, we celebrated two important anniversaries: the 20th anniversary of the steel sculpture camp organised by our K-ARTS Art Foundation, and 10th anniversary of the Four Points by Sheraton Kecskemét Hotel and Conference Centre, an excellent example of circular architecture, which was built as a Group investment.





In 2023, we carried out a number of memorable tasks and worked on real prestige projects across the country. Examples include, but are not limited to, LEGO, BMW and Mercedes factory construction and expansion projects, the design and façade cladding of the Jedlik Ányos Secondary Grammar School and Hotel Flow in Inárcs, and our works on the sports hall of the Hungarian University of Physical Education and Sports Sciences, from its design to the installation of the fibre cement cladding. Our projects also included the cladding of the M3 metro stations with our metal covers. Similarly, one should not forget the exhilaration of watching world records set in the shadow of the floating steel roof of the Athletics Centre built by our company.

Our goal remains to sustainably increase our capacity and further strengthen our international presence. We are confident that our Sustainability Report, prepared in accordance with the GRI Standards, provides a comprehensive picture of our Group's diverse ESG-oriented activities and achievements to date.

Budapest, September 2024



**MIHÁLY VARGA**  
Founder,  
Chairman of the Supervisory  
Board

**TAMÁS VIDA**  
CEO



# ABOUT THE REPORT

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



## KÉSZ Group Sustainability Report for 2023

### KÉSZ Holding Plc.

**Registered office:** 6000 Kecskemét, Izsáki út 6.



#### Companies covered by the report:

BOOOK Publishing Ltd.

Edupark Nonprofit Ltd.

Greenery Holding Plc.

Gutenberg 25 Ltd.

Hexa Sense Robotics Ltd.

ION Systems Ltd.

K-ARTS Art Foundation

KÉSZ Consulting Ltd.

KÉSZ Building and

Construction Plc.

KÉSZ Holding Plc.

KÉSZ Hotel and Conference

Management Ltd.

KÉSZ Ingatlan Ltd.

KÉSZ Ipari Gyártó Ltd.

KÉSZ Ipari Park

Ingatlanhasznosító Ltd.

KÉSZ Metaltech Ltd.

KÉSZ Foundation for

Vocational Education and

Training

KÉSZ&GO Ltd.

MA-HARD Ltd.

MATECH Ltd.

MI-BE Alfa Ltd.

PROVIM Ltd.

SegítőKÉSZ Foundation

TettreKÉSZ Association

Ventor Ltd.

#### Territory of operation: Hungary

The companies covered by this report are referred to as the KÉSZ Group or Group in this document.

**Reporting period:** The reporting period covers the period from 1 January 2023 to 31 December 2023, corresponding to the financial year. The data provided apply as at 31 December 2023.

#### Reporting frequency: annual

**Standard:** The report has been prepared "In Accordance" with the GRI Standards 2021 in force, without third-party certification.

As an industry-specific standard linked to the GRI Standard was not available at the time of our report, we were not able to take it into account.

There are two important issues (product quality, green certification of buildings) for which no GRI Standard is available.

#### Date of publication of this report: September 2024

This is the second report of our Group prepared in accordance with the GRI Standard. Our first report was published in June 2023.

**Method of publication:** The report is published exclusively online, in line with sustainability principles.

**Place of publication:** Our report is published on [our website](#), under "[Sustainability](#)" and the "[Reports and documents](#)" menu items.

**For further information, contact:** [fenntarthatosag@keszgroup.com](mailto:fenntarthatosag@keszgroup.com)

The feedback of our readers and stakeholders is very important to us, so please share your questions and suggestions with us so that we can take them into account in our next report.





**CONCISE INFORMATION  
ABOUT KÉSZ GROUP**



CONCISE INFORMATION  
ABOUT THE KÉSZ  
GROUP



# KÉSZ GROUP

(GRI 2-6)

KÉSZ Group, whose controlling company is KÉSZ Holding Plc., was founded more than four decades ago. Since that time, it has grown into a versatile, unique group of companies both at home and internationally. We are proud to say that we are a technology-driven group of companies with one of the broadest portfolios in the construction industry in Hungary. We are constantly seeking new opportunities for growth, new markets and challenging, unique solutions. The strategy, structure and organisation of KÉSZ Group have been developed from the very beginning in line with our mission statement and core values. This has enabled the company to improve its competitiveness even in the face of rapid growth. Thanks to our unique structure in the market, we are able to serve the entire construction value chain, from design to manufacturing and construction to operation. We are also active in the fields of electrical engineering, industrial technologies, tourism and hospitality, energy, logistics, fleet management, environmental and occupational safety. We firmly believe that we can rise to any challenge by relying on our core values and the expertise of our staff. We are proud that, as an independent Hungarian family-owned group, we have been among the leaders in the industry for a long time. We are convinced that this has primarily been due to the expertise of our colleagues, our excellent team and our values, which are still based on family business principles.







CONCISE INFORMATION  
ABOUT THE KÉSZ  
GROUP



As an operating holding company, KÉSZ Holding Plc. has managed the operation of its domestic operating companies and foreign subsidiaries in accordance with the strategic plan of KÉSZ Group. The current sectoral structure of the KÉSZ Group is the result of strategic decisions, starting with the creation of KÉSZ Holding Plc. The primary objective of ownership and management has been to maintain and increase profitability, a goal that is achieved by streamlining the profile and portfolio, and expanding capacity and competencies. Our two core activities, i.e. construction and manufacturing, have been outsourced to independent companies. We set up KÉSZ Building and Construction Plc., responsible for design and construction, and KÉSZ Ipari Gyártó Ltd., which is responsible for manufacturing activities. These companies are treated by KÉSZ Holding Plc. as strategic investments. In 2011, in order to increase the efficiency of the core business, we set up another strategic operating company of KÉSZ Group, MATECH Hungarian Technology Ltd., which primarily specialises in installation, and MA-HARD Shipping and Hydraulic Engineering Ltd., which has been operating and maintaining the most complex hydraulic construction fleet within the region. KÉSZ Holding Plc. has built the four-star Four Points by Sheraton Kecskemét Hotel and Conference Centre in Kecskemét, co-financed by the European Union, which opened in 2013. The hotel has grown into a major player in regional tourism in Hungary. Since 2016, KÉSZ Holding Plc. has added further activities to its portfolio both through re-organisation and acquisitions. These companies include, among others:

PROVIM Ltd., KÉSZ Metaltech Ltd., KÉSZ Consulting Ltd. As part of our strategy, we have set ourselves the goal to report our sustainability performance on an annual basis, in order to achieve increased transparency for the Group. The scope of companies included in the Sustainability Report differs from the entities included in our consolidated financial statements. The companies included in the Report, and therefore the data and information presented in the material topics, are based on factors such as ownership, the number of employees, the types of activity and their positive and negative impacts on the environment, society and the economy.

In the 2023 report, Ventor Ltd. and KÉSZ Hotel and Conference Management Ltd. were added as new operating companies. Each year, we have gradually expanded the number of companies included in the report, approaching the scope of consolidation, in order to be fully prepared for reporting in line with the CSRD, EU Taxonomy and the Hungarian ESG law by 2025.

More information  
on our activities





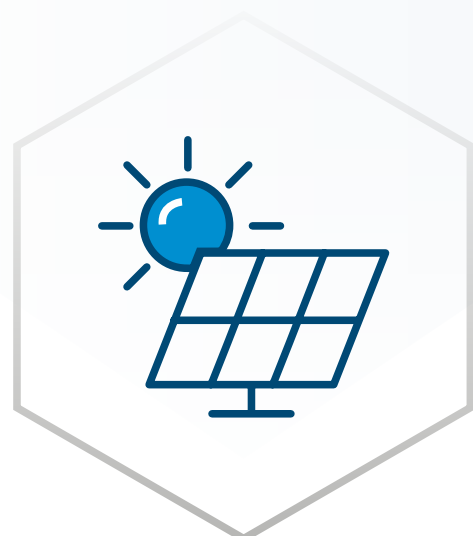
# MAJOR ACHIEVEMENTS IN 2023

CONCISE INFORMATION ABOUT THE KÉSZ GROUP



**4MW**

inauguration of a solar park in Kiskunfélegyháza



**90%**

recovery rate of non-hazardous wastes



**61%**

share of hybrid vehicles



**94%**

share of domestic suppliers



**9**

life cycle analyses (LCA) for manufactured products



**58**

number of training hours per person



**0**

serious and fatal accidents, both Group and subcontractors



**First**

successful on-site sustainability audits at suppliers



**120**

million HUF amount donated



**First**

In Szeged, in addition to the BREEAM Excellent certification, the TILIA office building is aiming for the WELL Platinum and Access4you Gold certifications





CONCISE INFORMATION ABOUT THE K&H GROUP



# OUR AWARDS

## K&H BANK FAMILY BUSINESS EXCELLENCE AWARD, ENVIRONMENTAL SUSTAINABILITY CATEGORY

K&H Holding Plc. won the Environmental Sustainability Award in the Family Business competition organized by K&H Bank, which was received by CEO Tamás Vida at the Forbes Family Businesses Gala.

Further information



Further information



## GREENGAGE 2023

We won the "GREENGAGE 2023" award in the "Supporting Tools" category for the K&H Next sustainability programme.

## SCHNEIDER SUSTAINABILITY IMPACT AWARD, MAIN PRIZE

Our operating company PROVIM Ltd. won the first Schneider Sustainability Impact Award in the category "Impact to my company" in 2023, becoming one of the five Hungarian companies recognized by Schneider Electric for their sustainability efforts.

Further information



The background features a grid of square frames, each containing a blurred image of a person. The frames are arranged in a regular pattern. Overlaid on this grid are several white geometric lines, including a large 'L' shape on the left and various diagonal and horizontal lines on the right, creating a technical or architectural aesthetic.

# OUR ESG APPROACH



# OUR SUSTAINABILITY STRATEGY



OUR ESG APPROACH



(GRI 2-22)

KÉSZ Group aims to become an internationally recognised market leader in the construction industry in several ESG dimensions by exploiting synergies and closely cooperating with its partners. Our sustainability strategy for the period until 2030, which goes well beyond the mandatory requirements, was adopted in 2022. Drawn up in cooperation with internal and external stakeholders, it aims to create long-term value, while we are among the first in the industry to set smart targets and actions to achieve them across all three ESG pillars.



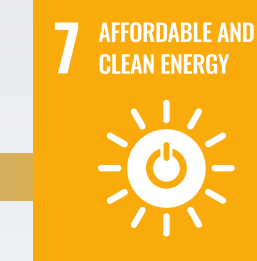
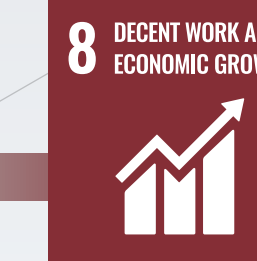

The development of the strategy was preceded by an extensive ESG due diligence effort, industry benchmark analysis, materiality assessment and carbon footprint calculation. In setting strategic directions, we have committed to environmental, market-leading social and governance goals in line with international trends and the UN Sustainable Development Goals (SDGs).





OUR ESG APPROACH



SDG GOALS	 <b>SDG 3: GOOD HEALTH AND WELL-BEING</b>	 <b>SDG 4: QUALITY EDUCATION</b>	 <b>SDG 7: AFFORDABLE AND CLEAN ENERGY</b>	 <b>SDG 8: DECENT WORK AND ECONOMIC GROWTH</b>	 <b>SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>
ACTIONS COMPLETED IN 2023	<ul style="list-style-type: none"> <li>» 100% completion of the EHSQ e-learning training</li> <li>» 32 teams joined the OHS competition.</li> <li>» EHS Day and health screening day</li> <li>» 9,401 actions taken during 2,623 OSH on-site visits, 10,119 people trained on-site.</li> <li>» Employee benefits and incentives.</li> <li>» Well-being lectures and workshops.</li> </ul>	<ul style="list-style-type: none"> <li>» Nearly 80 types of training are available for staff members, most of them on e-learning platforms.</li> <li>» Cooperation with Hungarian universities (PTE, SZTE, BME, GFE).</li> <li>» Over 85% satisfaction rate in vocational dual training.</li> <li>» Tudásépítő Team Zrt.: cooperation with competitors to train young people for the construction industry.</li> </ul>	<ul style="list-style-type: none"> <li>» Inauguration of a 4 MW solar power park in Kiskunfélegyháza with 5 MW of energy storage capacity.</li> <li>» Assessing and preparing the feasibility of installing solar panels on our buildings.</li> <li>» Purchase of 0.5 MW of wind power.</li> <li>» GREENTECH solar car park handover in Kecskemét.</li> </ul>	<ul style="list-style-type: none"> <li>» Renewing the Clean Hands programme.</li> <li>» Code of Conduct and business ethics training.</li> <li>» Setting up an Ethics Committee.</li> <li>» Developing partner rating and introducing subcontractor rating.</li> <li>» Abuse and fraud prevention strategy.</li> <li>» Volunteer programmes: collecting school supplies, supporting animal shelters, shoebox campaign, blood donation.</li> </ul>	<ul style="list-style-type: none"> <li>» BIM Strategy and training, BIM Education Grant.</li> <li>» Operation of an Innovation Hub, organisation of Innovation Days.</li> <li>» Running the Eureka ideas competition.</li> <li>» Development of innovative and sustainable products, GREENTECH portfolio.</li> </ul>
	SUSTAINABILITY TARGETS 2030	<ul style="list-style-type: none"> <li>» The goal is to make the KÉSZ Group the most attractive workplace in the overground construction sector.</li> <li>» Achieving zero major accidents, including subcontractors.</li> <li>» More than 80-90% of workers to be covered by an occupational health and safety management system.</li> </ul>	<ul style="list-style-type: none"> <li>» Development of the professional and soft skills of our teams based on personalised learning plans.</li> <li>» Expanding our learning and development activities.</li> <li>» Becoming a centre of excellence in sectoral vocational training.</li> <li>» Comprehensive methodological development: the aim is to apply established methods and teaching materials in all professional learning pathways and in all educational units.</li> <li>» Continuing knowledge sharing efforts, involvement in international projects.</li> </ul>	<ul style="list-style-type: none"> <li>» Procurement 100% of our electricity from renewable sources.</li> </ul>	<ul style="list-style-type: none"> <li>» Transparent communication and integration of corporate values into daily operations.</li> <li>» CSR advocacy and operations with the active involvement of staff.</li> <li>» Setting up an ESG Committee.</li> </ul>



OUR ESG APPROACH



SDG GOALS

ACTIONS COMPLETED IN 2023

SUSTAINABILITY TARGETS 2030



**SDG 11: SUSTAINABLE CITIES AND COMMUNITIES**

» Through the development of our Szeged office building, we have aimed for BREEAM Excellent, Well Platinum, Access4you Gold certifications.

» Design and build our own developments to at least BREEAM Excellent/LEED Gold/Well Platinum.



**SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION**

» Green Eureka campaign.  
» Improving selective waste collection and recovery in plants and on construction sites.  
» Reducing the reject rate, encouraging the use of residues, reducing paper consumption.  
» Production optimisation.  
» Life cycle assessment of our manufactured products.

» Increasing the recovery of non-hazardous waste to 75% at group level.  
» Reducing the amount of waste generated at construction sites.  
» Optimising material use.



**SDG 13: CLIMATE ACTION**

» Investments in building energy efficiency in manufacturing and operations.  
» Purchasing energy efficient machinery and equipment.  
» The share of hybrid cars has risen to 60%.  
» Installation of 8 electric car chargers.

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



**SDG 17: PARTNERSHIPS FOR THE GOALS**

» Creating social value: CSR programmes, cooperation with local communities, active partnerships (universities, NGOs and professional organisations).

» Long-term cooperation with key strategic partners for long-term development and awareness-raising

Entitled KÉSZ NEXT and awarded with the Greengage 2023 Award, our programme aims to embed sustainability in our business strategy and culture, to contribute to a change of mindset at individual level and to improve the overall image of our industry. Through the active involvement of staff and using a humorous approach to somewhat more elusive sustainability issues, we have tried to make the topic more accessible.



# STRATEGIC SUSTAINABILITY GOALS 2030



OUR ESG APPROACH



## ENVIRONMENTAL PROTECTION

- » 50% reduction in carbon emissions in Scope 1 and 2 compared to 2019.
- » Increase energy efficiency by 25% compared to 2019.
- » Purchase 100% of our electricity from renewable energy sources.
- » The company will replace two-thirds of its vehicles with hybrid vehicles, increasing the share of electric cars.
- » Reduce carbon dioxide emissions from fuel by 50%.
- » In the case of domestic office buildings developed in-house, the aim is to achieve at least BREEAM Excellent/LEED Gold/WELL Platinum certification and compliance with EU Taxonomy.
- » Increase the recovery rate of non-hazardous waste to 75% in the context of the transition to the circular economy.

## SOCIETY

- » Achieve zero major accidents, including subcontractors.
- » Transparent communication and embed corporate values in day-to-day operations.
- » Strengthen CSR activities.
- » To become one of the most attractive workplaces in the overground construction sector.
- » Ensure a supply of future workers for the construction industry by further strengthening support for education and vocational training.

## CORPORATE GOVERNANCE

- » Publish a GRI Standard Sustainability Report.
- » Develop an ESG strategy and incorporate it into corporate policies.
- » Setting up an ESG Committee.
- » Strengthen the risk approach, risk-based planning and improve control processes.
- » Develop partner rating, select partners that meet ESG criteria.







# MATERIALITY ASSESSMENT



OUR ESG APPROACH



(GRI 3, 2-14, 2-29)

We report on our sustainability activities according to the guidelines set out in the GRI 3 Standard, based on information taken into account through due diligence of KÉSZ Group's operations and processes, assessment and weighting of actual and potential impacts, and feedback from external and internal stakeholders. As KÉSZ Group's operations impact the lives of numerous stakeholder groups, knowing and taking into account their perspectives contributes to the future success and reputation of our Group.

In the 2022 materiality survey, we used an online questionnaire completed by our employees to identify and prioritise the sustainability issues most relevant to the Group, and took these into account when developing our sustainability strategy. The materiality survey was an important tool to understand staff expectations. A wide range of key external stakeholder groups: subcontractors, suppliers, contractors, NGOs, educational institutions, professional organisations, media and banks, were also involved in the survey. The results of the materiality survey were presented to senior management at the sustainability strategy workshop, and the list of material issues was approved by the CEO of KÉSZ Holding Plc. and compared with the business objectives. Since there were no changes to material issues in 2023, the report includes the same headings concerning our performance during the year. Moreover, the presentation of each topic has been complemented with information that provide a more complete picture of our operations and performance, such as product safety and quality, green buildings, our BIM strategy and the role of female leaders.

A new double materiality analysis in preparation for compliance with the CSRD will be drawn up in autumn 2024.

## Material issues

### Environmental protection

- Waste management
- Water and effluents
- Energy consumption
  - Emissions
- Product safety and quality
- Green certification of buildings



### Society

- Employment
- Worker health and safety
- Training and education
- Local communities



### Corporate governance

- Customer privacy
- Business ethics
- Responsible and sustainable procurement
- Supplier rating



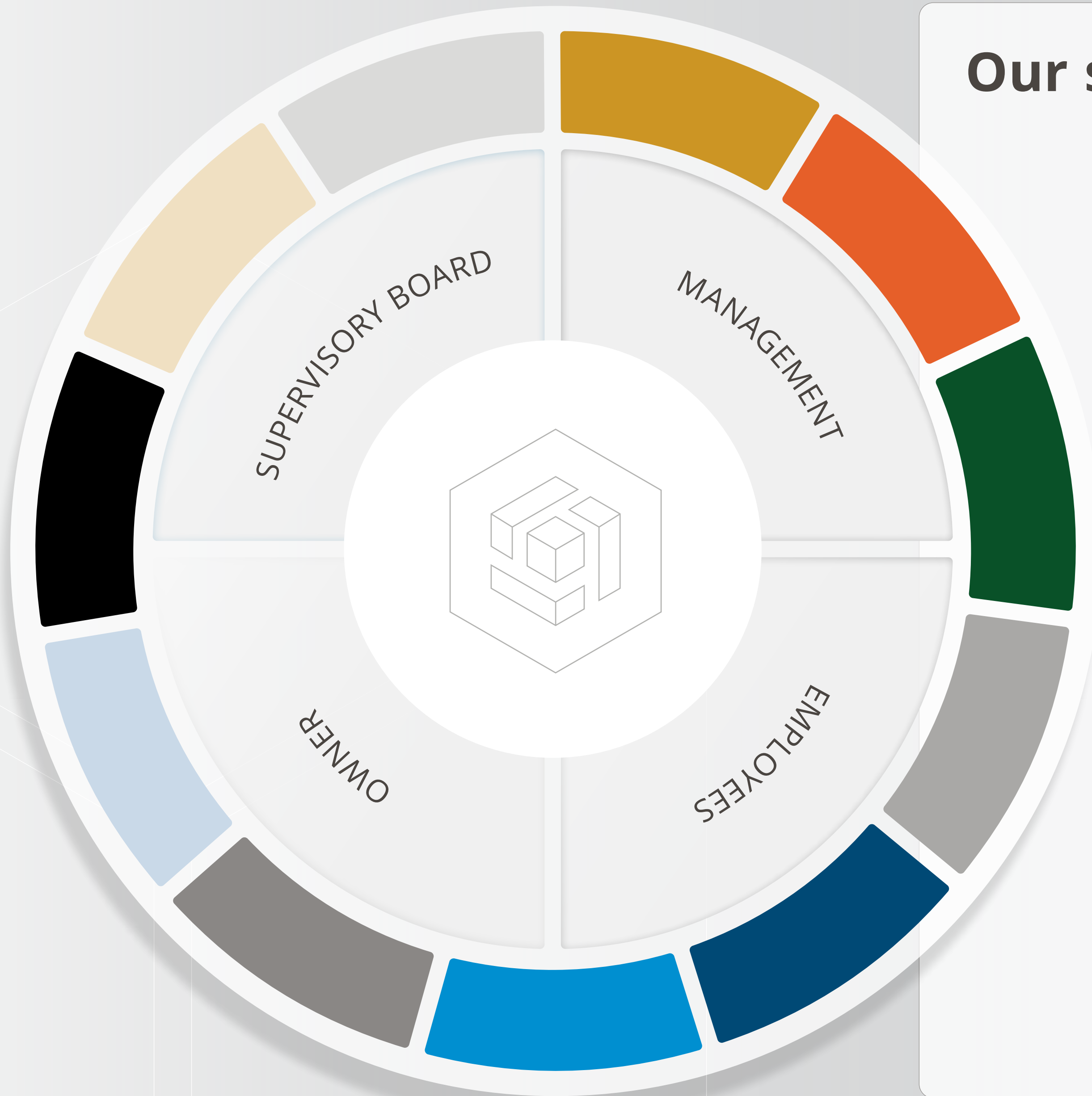
### Economy

- Market presence
- Economic performance
- Indirect economic impact





OUR ESG APPROACH



# Our stakeholders

## INTERNAL STAKEHOLDERS:

Owner

Supervisory Board

Management

Employees

## EXTERNAL STAKEHOLDERS:

● Regulatory bodies

● Ministries

● Local governments

● Citizens, local communities

● Competitors

● Customers

● Subcontractors

● Suppliers

● NGOs and trade organisations

● Financial service providers

● Vocational schools, universities



# MEMBERSHIP IN KEY ASSOCIATIONS

(GRI 2-28)



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

OUR ESG APPROACH



Public Benefit Association for Responsible Family Business in Hungary  
<https://www.fbn-h.hu>

Aluta Association  
(Aluminium Window and Facade Association)  
<http://www.aluta.hu>



BalatonZone Water Transport Industry Cluster  
<https://www.balatontersegi.hu>

Hungarian Association of Building Insulators, Roofers, Tinsmiths, and Carpenters (EMSZ)  
<https://emsz.hu/a-szovetsegrol>



National Federation of Hungarian Building Contractors (ÉVOSZ)  
<https://evosz.hu>



Association of Building Sciences  
<https://eptud.org>

Real Estate Developers Round Table Association  
<http://www.ifk-egyesulet.hu>

ISO 9000 Forum  
<https://www.isoforum.hu>

K&H Family Businesses Club  
<https://csaladivallalatok.kh.hu>

National Association of Facility Management and Building Management Service Providers (LEO)  
<https://leofm.hu>

Hungarian Nuclear Forum Association  
<http://www.atomforum.hu>

Association of Hungarian Inland Waterway Carriers  
<https://www.mbfisz.hu/fooldal>

Hungarian Cogenerated Energy Association (MKET)  
<https://mket.hu>

Hungarian Swedish Chamber of Commerce  
<https://swedishchamber.hu>

Association of Hungarian Publishers and Book Distributors  
MKKE  
<https://mkke.hu>

Hungarian Green Building Council (HuGBC)  
<https://www.hugbc.hu>

National Association of Hungarian Shipping, MAHOSZ  
<https://www.mahosz.hu>

Hungarian Marketing Association  
<https://marketing.hu>

Association of Hungarian Hotels and Restaurants, MSZÉSZ  
<https://www.hah.hu>

Hungarian Fire Protection Association, TSZVSZ  
<https://www.tszvsz.hu/hu>



# ENVIRONMENTAL PROTECTION



# WASTE MANAGEMENT

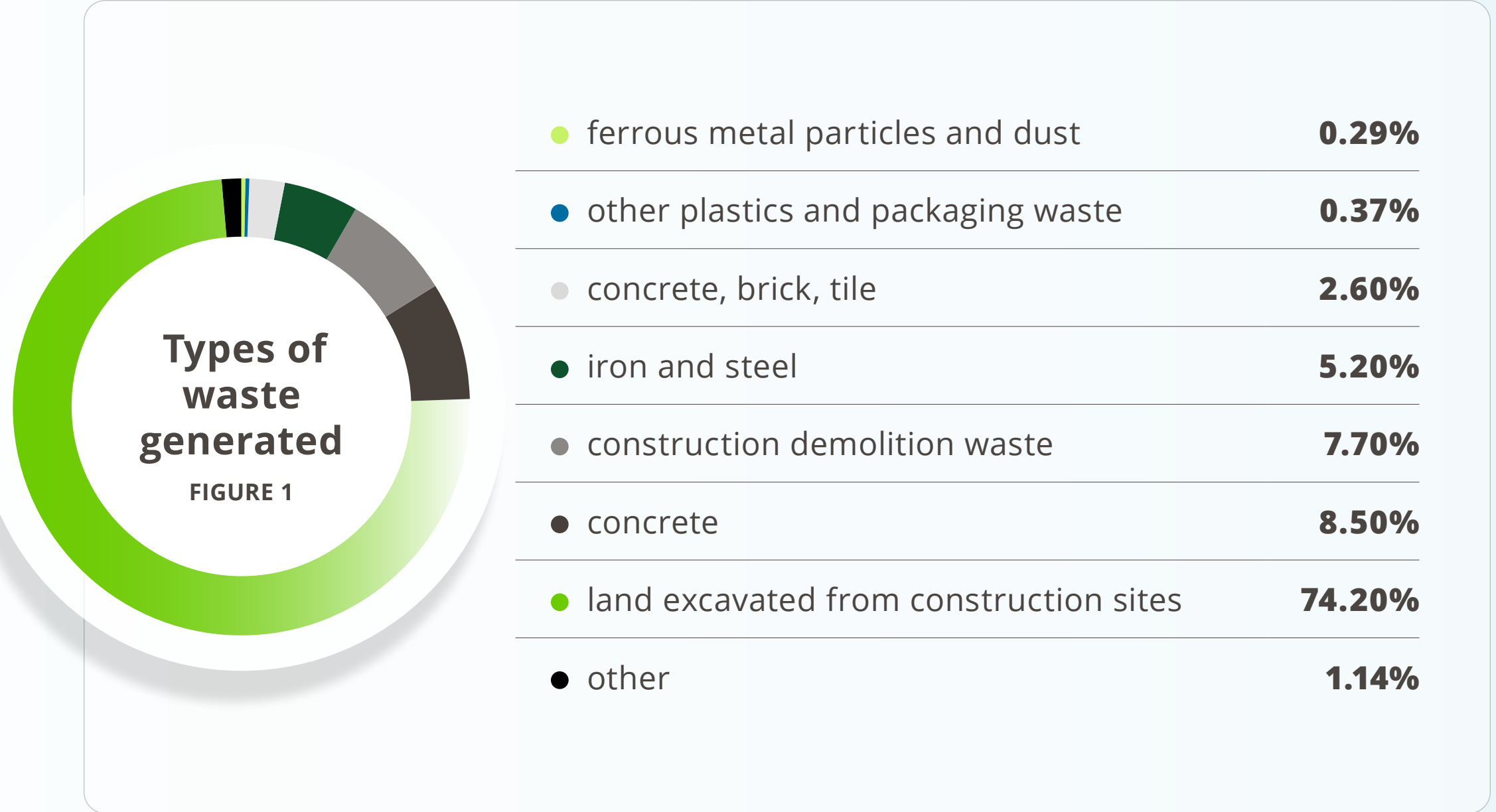
(GRI 306, 306-1, 306-2, 306-3, 306-4, 306-5)



As a construction company, we play an important role in how we manage the construction waste we generate and how and to what extent we recycle it for sustainability. We believe that responsible waste management, regulatory compliance, professional training, waste optimisation and recycling are of key importance. Keeping accurate records of waste volumes is important to us not only as a legal requirement, but also as the basis for transparent, predictable waste management.



ENVIRONMENTAL PROTECTION



### Waste generated by composition (tonnes)

FIGURE 2





Only 0.2% of all waste generated is hazardous waste (e.g. paints, solvents, oily waste). At KÉSZ Group, in the interests of legal compliance and our commitment to the environment, we check the permits of our waste management partners before signing any contract, and we continuously monitor their validity and compliance. That inspection covers all sites and also includes a check of whether waste is collected properly.



Of all non-hazardous waste generated, 90% was recovered in some way and only 9.9% was disposed of. In 2023, more waste was generated than in 2022, due mainly to the BMW factory in Debrecen and the foundation and demolition works of the TILIA and Délép Office Buildings. It is the excavated soil from construction sites and the dredging activities at MA-HARD that have significantly added to the amount of non-hazardous waste generated compared to 2022. The recycling rate improved slightly compared to the previous year, despite the fact that certain types of waste generated by projects could not be separately collected due to the introduction of the new national waste management system, and several of our former waste management partners were unable to continue their activities.



ENVIRONMENTAL PROTECTION



## Information provision to stakeholders

In accordance with legal requirements, we keep records of waste generated and disposed of and submit annual declarations via the official data reporting interface. We present our systems and evidence of compliance at both client and third-party audits. During the onboarding process and at the annual EHSQ refresher training, waste management information is provided for our colleagues, while we also make all regulatory documents and targets and programmes for the operating companies available on a common platform.



Amount of waste by type of treatment

FIGURE 3

BY TYPE OF TREATMENT	ANNUAL QUANTITY IN 2022 (TONNES)	ANNUAL QUANTITY IN 2023 (TONNES)
<b>Disposed of</b>	<b>2,518.00</b>	<b>5,814.90</b>
Non-hazardous	2,516.00	5,814.01
Hazardous	2.00	0.89
<b>Pre-treated</b>	<b>9,009.00</b>	<b>49,702.97</b>
Non-hazardous	8,928.00	49,586.16
Hazardous	81.00	116.81
<b>Recovered</b>	<b>10,550.00</b>	<b>3,172.72</b>
Non-hazardous	10,550.00	3,172.62
Hazardous	0.00	0.10
<b>TOTAL</b>	<b>22,077.00</b>	<b>58,690.60</b>



# Objectives and measures

The KÉSZ Group's environmental objectives include the continuous reduction of the scrap rate in production and the exploration of technologies to increase the recovery rate. We continuously educate our employees through awareness-raising programmes and information sessions. We encourage the use of residual materials and, through our Heuréka programme, reward employees for their innovative ideas to help reduce waste and increase recycling rates.



ENVIRONMENTAL PROTECTION



GRI



## Our best practices, which were applied in previous years, have continued in 2023:

In order to reduce the scrap rate, KÉSZ Metaltech Ltd. applies a bonus system, whereby a significant part of the bonus is linked to the performance in minimising the scrap rate (e.g. in our facade manufacturing plant the expected scrap rate is below 2%, while it was below 1% in 2023).

The main advantage of the IZA 500 machine, operating at KÉSZ Metaltech Ltd. plant, is that it efficiently separates the aluminium layer from the composite material, which allows the recycling of aluminium scrap and minimises the negative impact on the environment. In 2023, the total weight of aluminium recovered by the separation process was 5,719 kg.

The steel structural designers of our strategic partner, the bim. GROUP, planned to have 48 tonnes of scrap material in 2023 from the steel scrap warehouse of KÉSZ Ipari Gyártó Ltd. To optimise the use of materials, a benefits package has been developed as an incentive, and a new software application is being developed to track inventory.

At KÉSZ Ipari Gyártó Ltd., a solvent is recovered from the resulting paint residues using distillation equipment. The recovered solvent is reused in the cleaning and maintenance of tools and equipment. Empty paint buckets are compacted, reducing the volume of waste and the cost of storage and transport.

The external aluminium cladding of the dismantled district heating pipeline in Kecskemét was recycled to insulate the piping of the solar collector park.



## Measures to reduce paper consumption are implemented in a centrally coordinated way across all Group companies:

- » use of digital tools and introduction of electronic document management
- » digitalisation of processes
- » a steady increase in the proportion of electronic invoices compared to paper invoices
- » introduction of the use of authentic electronic signatures
- » use of central printers and card printing.



### Recycling for artistic purposes

Within the K-ARTS Art Foundation, KÉSZ Group seeks to recycle scrap metal, scrap materials, scrap tools, parts and fixtures from industrial activities for artistic purposes. The recycled materials are used primarily to produce steel sculptures, contributing to environmental protection and the creation of artistic value.



### Evaluation process

The effectiveness of waste reduction measures is evaluated at regular intervals. The evaluation requirements are set out in the "Setting targets and programmes" and "Monitoring and measurement" procedures of each subsidiary. The aggregated results are assessed at the management review and are used to determine the further actions needed and the resources and timeframes allocated to them.

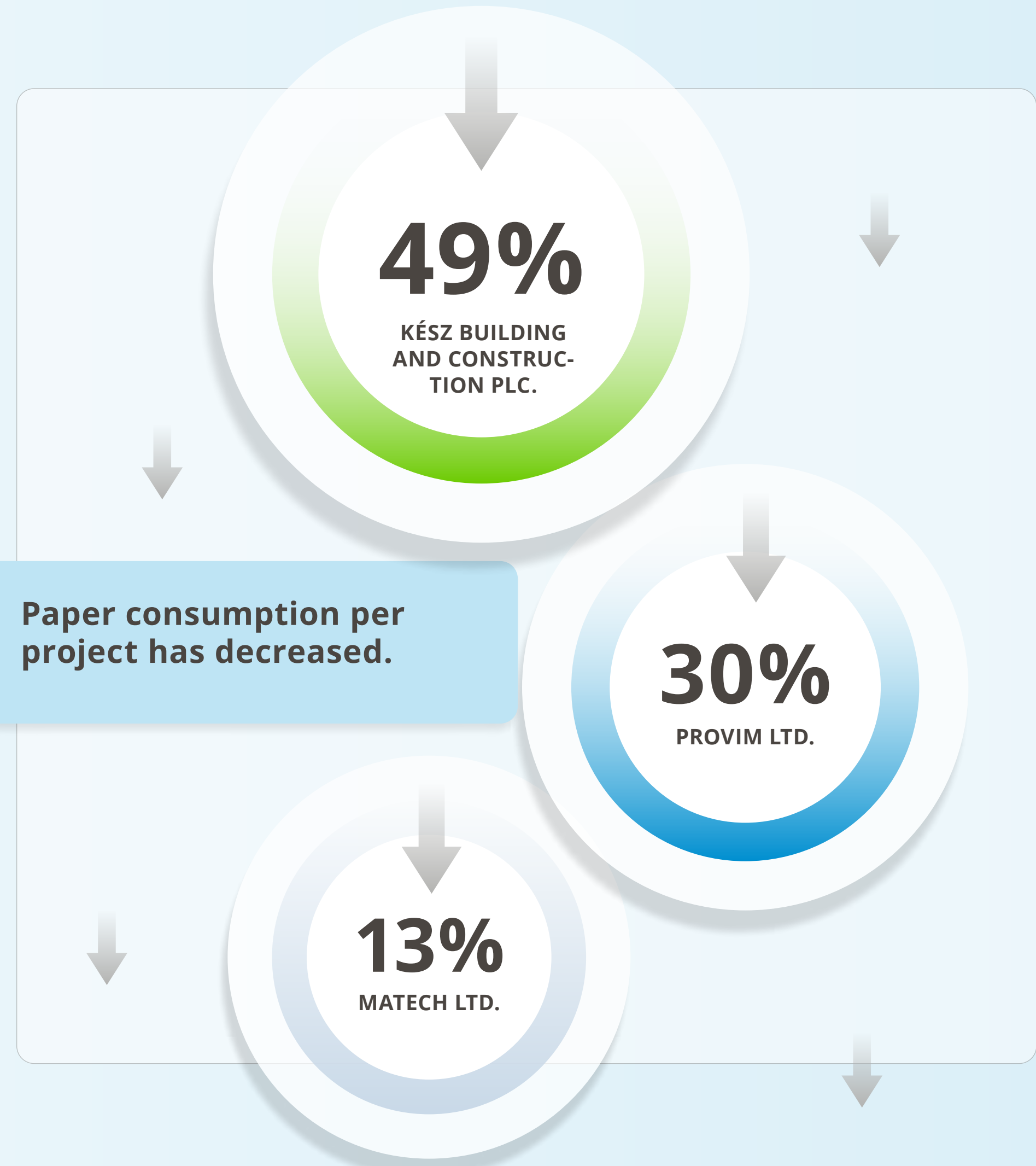


ENVIRONMENTAL PROTECTION



### Profitable environmental protection: Green Eureka Programme

Our EUREKA programme provides a regulated framework for financially rewarding ideas that improve efficiency, rationalise and improve processes and result in economic benefits in the short or long term. Our Green Eureka programme aims to identify and recognise grassroots ideas that can protect our environment and save money in the areas of water and waste management, energy management, nature conservation, climate change or even green product innovation. Between September and November 2023, 10 team members won valuable eco-friendly prizes for their ideas, supported by the KÉSZ Next sustainability programme.



In 2023, we donated a total of 45 notebooks, desktops and monitors to students at the Szeged Vocational School of the Gál Ferenc University. It is standard practice for IT equipment to be scrapped. After three years of use, laptops can be bought by our staff members at a garage sale. When purchasing IT equipment, we endeavour to purchase from a manufacturer that will take back and refurbish equipment at the end of its life.





# WATER AND EFFLUENTS



The Group is committed to sustainable water use, and we aim to contribute to the efficient use of water resources by consciously measuring and continuously optimising our water consumption and by applying innovative, water-saving solutions. We monitor and comply with all applicable water management legislation, and have an ISO 14001 environmental management system<sup>1</sup> in place at several of our subsidiaries. Our manufacturing technology does not require large amounts of water use, which means that the Group's water use is generally limited to the amount of water used by employees for municipal purposes and irrigation.



ENVIRONMENT  
PROTECTION

The total water withdrawal of KÉSZ Group in 2023 was 21,556.83 m<sup>3</sup>, which is not a significant change compared to the previous reporting period. The largest water user in 2023 was the KÉSZ Hotel and Conference Management Ltd.<sup>2</sup>, where the hotel's swimming pools and irrigation of the hotel grounds accounted for the largest part of water consumption. As in the previous year, KÉSZ Ipari Gyártó Ltd. continues to have a significant water consumption, with our staff working in three shifts. At all our sites, water is purchased from the mains water supply. We prefer tap water consumption instead of bottled water and have installed water filters and mains water machines in the communal areas of our offices and kitchens, thus significantly reducing or, where appropriate, completely eliminating plastic balloon water.



<sup>1</sup> PROVIM Ltd., ION Systems Ltd., KÉSZ Building and Construction Plc., KÉSZ Holding Plc., KÉSZ Ipari Gyártó Ltd., KÉSZ Metaltech Ltd., MAT-ECH Ltd.

<sup>2</sup> KÉSZ Hotel and Conference Management Ltd. has been included in the scope of the KÉSZ Group Sustainability Report since 2023.



## Water withdrawal and wastewater discharge

FIGURE 4

Company name	Water withdrawal (m <sup>3</sup> ) 2022	Water withdrawal (m <sup>3</sup> ) 2023	Waste water discharge (m <sup>3</sup> ) 2022	Waste water discharge (m <sup>3</sup> ) 2023
BOOOK Publishing Ltd.	81.00	50.00	81.00	50.00
Edupark Nonprofit Ltd.	0.00	47.00	0.00	47.00
Greenergy Holding Plc.	227.00	347.00	227.00	347.00
Gutenberg 25 Ltd. <sup>3</sup>	19.00	0.00	19.00	0.00
Hexa Sense Robotics Ltd.	0.00	0.00	0.00	0.00
ION Systems Ltd.	60.66	68.26	60.66	68.26
K-ARTS Art Foundation	0.00	14.36	0.00	14.36
KÉSZ Consulting Ltd.	864.90	917.83	864.90	917.83
KÉSZ Building and Construction Plc.	406.53	367.38	406.53	367.38
KÉSZ Holding Plc.	661.58	609.88	661.58	609.88
KÉSZ Hotel and Conference Management Ltd.	10,476.00	9,232.00	7,772.00	6,528.00
KÉSZ Ingatlan Ltd.	121.00	118.70	121.00	118.70
KÉSZ Ipari Gyártó Ltd.	7,091.80	8,006.83	7,091.80	8,006.83
KÉSZ Ipari Park Ingatlanhasználó Ltd.	74.11	0.00	74.11	0.00
KÉSZ Metaltech Ltd.	457.18	573.97	457.18	573.97
KÉSZ Foundation for Vocational Education and Training	0.00	0.00	0.00	0.00
KÉSZ&GO Ltd.	112.00	90.47	112.00	90.47
MA-HARD Ltd.	0.00	0.00	0.00	0.00
MATECH Ltd.	65.98	150.68	65.98	150.68
MI-BE Alfa Ltd.	123.00	147.00	123.00	147.00
PROVIM Ltd.	553.03	562.47	553.03	562.47
SegítőKÉSZ Foundation and TettreKÉSZ Association	0.00	0.00	0.00	0.00
Ventor Ltd.	N/A	253.00	N/A	87.00
<b>Total</b>	<b>21,394.77</b>	<b>21,556.83</b>	<b>18,690.77</b>	<b>18,686.83</b>

<sup>3</sup> In 2023, construction was underway on the site of Gutenberg 25 Ltd.



## Innovative fire protection technology

As an expert in innovative technologies, our fire protection design and construction partner Ventor Ltd. reduces the water demand for fire fighting by applying such technologies. HI-FOG systems require up to 90% less water than conventional sprinkler systems to achieve an equivalent or higher fire suppression efficiency. The water mist system can also be used to effectively protect the surroundings of the fire from radiant heat.

### Sustainable tips: Economical water consumption

A short film on water conservation was produced with the involvement of colleagues and made publicly available through social media, supporting the social awareness-raising campaign to protect our water resources.



ENVIRONMENTAL PROTECTION





# ENERGY

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



As an energy-intensive sector, we attach great importance to optimising our energy consumption, mainly by improving our buildings and equipment and by educating our staff. Improving the energy efficiency of our construction manufacturing processes and products, as well as operating our fleet of vehicles in an environmentally responsible way, are key priorities.



ENVIRONMENTAL  
PROTECTION

KÉSZ Group aims to provide professional energy solutions using the most modern and highest quality technical products available on the market, in full compliance with the applicable legal regulations. We are committed to protecting the environment, preventing pollution and being environmentally responsible, so in the future we will increasingly favour the use of green energy in our energy management. Through the Greenergy Group, we have our own renewable energy generation capacity, which allows us to partially decouple ourselves from energy market fluctuations and increase our use of renewable energy. Our long-term sustainability goals include increasing our use of renewable energy sources and sourcing 100% of our electricity from renewable sources by 2030.



The aggregate energy consumption of our Group's operations is mainly made up of construction activities, construction manufacturing activities and the operation of our owned real estate and fleet of vehicles. The total energy use of our Group is described in detail below.





ENVIRONMENTAL  
PROTECTION



GRI

In terms of both electricity consumption and gas consumption, a significant share of our total energy consumption is accounted for by KÉSZ Ipari Gyártó Ltd.<sup>4</sup> (more than two thirds of total electricity consumption and more than half of total gas consumption), which is the largest energy-intensive manufacturing capacity (steel structures) in our group.

Our sustainability strategy includes, among other things, efforts to reduce CO<sub>2</sub>-emissions, the development of an energy management system to increase energy efficiency, improving energy efficiency and increasing the use of renewable energy. To ensure sustainable operations, we are constantly trying to identify and replace old energy-wasting equipment. In line with those efforts, we have launched a number of initiatives to improve energy efficiency.

<sup>4</sup> KÉSZ Ipari Gyártó Ltd. worked on a number of prestige projects (e.g.: production of steel structural elements for the Athletics Hall), and carried out more energy-intensive activities compared to the previous reporting period.

<sup>5</sup> Data of Edupark Nonprofit Ltd.'s Kecskemét site are accounted for in KÉSZ Ipari Gyártó Ltd.

<sup>6</sup> In 2023, there were constructions on the site of Gutenberg 25 Ltd.

<sup>7</sup> Estimated data

## Electricity and gas consumption

FIGURE 5

Company name	Electricity consumption 2022 (MWh)	Electricity consumption 2023 (MWh)	Gas consumption 2022 (m <sup>3</sup> )	Gas consumption 2023 (m <sup>3</sup> )
BOOOK Publishing Ltd.	23.52	16.06	1,814.00	2,304.00
Edupark Nonprofit Ltd. <sup>5</sup>	0.00	250.00	0.00	0.00
Greenergy Holding Plc.	28.22	35.37	153,663.00	179,964.00
Gutenberg 25 Ltd. <sup>6</sup>	10.34	0.00	3,693.43	0.00
Hexa Sense Robotics Ltd.	0.00	0.00	0.00	0.00
ION Systems Ltd.	6.42	7.30	880.30	759.86
K-ARTS Art Foundation	6.79	3.70	0.00	3,613.00
KÉSZ Consulting Ltd.	249.71	202.81	22,324.58	25,760.71
KÉSZ Building and Construction Plc.	88.73	114.64	8,823.13	13,538.48
KÉSZ Holding Plc.	121.33	162.86	13,087.21	21,531.03
KÉSZ Hotel and Conference Management Ltd.	1,119.70	982.07	99,658.69	84,895.45
KÉSZ Ingatlan Ltd.	15.98	35.92	2,491.00	4,424.00
KÉSZ Ipari Gyártó Ltd.	3,582.35	4,808.44	564,910.36	449,352.19
KÉSZ Ipari Park Ingatlanhasználó Ltd.	86.90	0.00	3,706.89	0.00
KÉSZ Metaltech Ltd.	184.92	217.56	53,543.23	43,807.60
KÉSZ Foundation for Vocational Education and Training	0.00	0.00	0.00	0.00
KÉSZ&GO Ltd.	15.95	12.14	8,060.90	5,224.04
MA-HARD Ltd.	106.39	74.49 <sup>7</sup>	0.00	0.00
MATECH Ltd.	8.12	22.16	1,548.57	2,090.00
MI-BE Alfa Ltd.	1.05	40.42	1,303.00	5,510.00
PROVIM Ltd.	151.88	87.60	20,909.09	20,785.71
SegítőKÉSZ Foundation and TettreKÉSZ Association	0.00	0.00	0.00	0.00
Ventor Ltd.	N/A	23.03	N/A	1,085.00
<b>Total</b>	<b>5,808.30</b>	<b>7,096.57</b>	<b>960,663.38</b>	<b>864,645.19</b>



ENVIRONMENTAL PROTECTION



**2023 results:**

- » Energy efficiency has never been more important than today. This does not mean that we should give up electronic equipment altogether. There are simple ways to save, we just need to be more thoughtful and conscious about how we use the energy we produce. In the context of our KÉSZ Next awareness-raising campaign, featuring our staff members, we drew attention to those considerations.
- » In the KÉSZ Master Courtyard House, a Heat Tank (intelligent heat accumulator) was installed in autumn 2023, which allows us to store thermal energy and return it to the system when needed, achieving energy savings of up to 20-25%.
- » We have launched a 3x50 KW solar farm installation programme at our Mester street headquarters in Budapest, with the design completed in 2023 and construction in 2024.
- » Also at the Budapest site, 8 electric car charging stations have been built and will be operational in 2024.
- » At our Kecskemét site, we have completed the modernisation of lighting in several buildings, replacing old fluorescent luminaires with LED luminaires, thus reducing electricity consumption. In the Mester street office building in Budapest, we installed presence and motion detection lighting in toilets and corridors.
- » In Kecskemét, we optimised the air conditioning, comfort cooling, heating and lighting systems of the IQ office building by replacing the building surveillance system, a project that won the CORVING award, a special prize from the Corvinus University of Budapest's Real Estate Management Department.

# Factory Rescue Programme

The Factory Rescue Programme was launched by the Government of Hungary following the outbreak of the war in Ukraine to enable domestic companies to strengthen their independence from international energy market fluctuations. The investments resulting from the grant will reduce the energy consumption of the beneficiary large companies or enable them to cover a significant part of their energy consumption on their own, thus reducing their energy costs and increasing their competitiveness significantly in the short term. Of our operating companies, KÉSZ Metaltech Ltd., PROVIM Ltd. and TRI-OTECHNIK Kft, a member of Greenergy, joined the Factory Rescue Programme as successful applicants in the year under review.

On the one hand, the programme involves energy efficiency investments in the six production buildings of the companies located in the KÉSZ Ipari Park (Industrial Park) in Kecskemét, Hungary, including roof and facade insulation, renewal of indoor lighting, replacement of windows and doors, and modernisation of the heating and cooling system. There are also plans to replace existing production equipment with lower-consumption machines. The renewable energy investment will include the installation of a large-scale solar photovoltaic system with electricity storage, which will partly provide the energy needed for production. Implementation of the projects started in 2023 and is expected to be completed in 2025.

**Further energy efficiency improvement project plans:**

- » Installing solar systems on buildings not included in the factory-saving programme to achieve maximum self-sufficiency. For example, in 2024, 360 Austa 460W solar panels will be installed at our Mester street site in Budapest.
- » Construction of a hydrogen decomposition system for energy storage in a joint project with Wilo H2Power.



# Fleet management

An integral part of our business is the management and operation of our fleet of vehicles, including cars, trucks and vans. Fleet management is handled by KÉSZ&GO Ltd., which provides fleet management services not only within the group, but also to external customers. To achieve the sustainability targets, two thirds of the passenger car fleet will be replaced by hybrid vehicles by 2030.



ENVIRONMENTAL  
PROTECTION





ENVIRONMENTAL PROTECTION



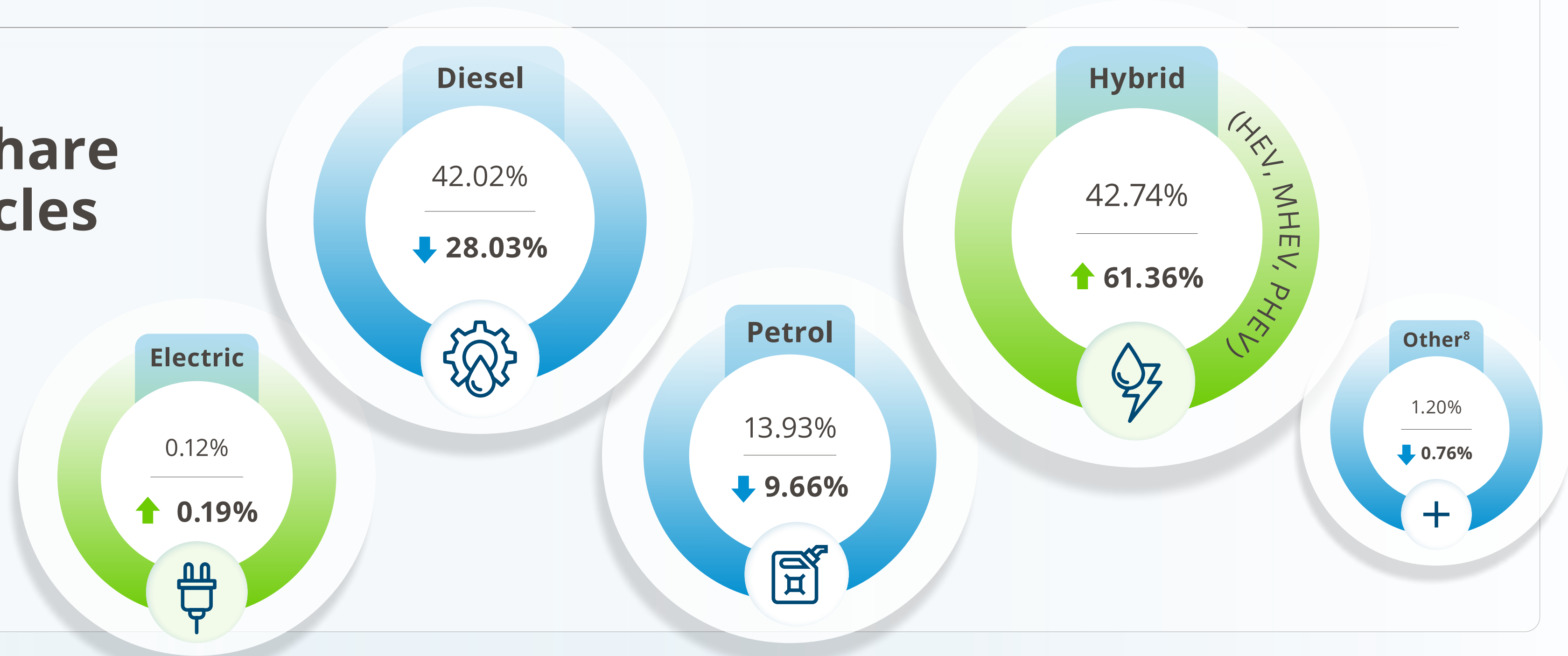
### Composition of our vehicle fleet by drive type

FIGURE 6

# By 2023, the share of hybrid vehicles reached 61 per cent.

○ Percentage 2022

● Percentage 2023



### Fuel consumption<sup>9</sup>

FIGURE 7

	Petrol (litres)	Diesel (litres)	Electric cars (kWh)
<b>2022</b>	620,732.39	806,186.14	1,875.80
<b>2023</b>	746,863.02	719,658.52	600.72

There has been a significant increase in the share of hybrid vehicles compared to 2022, where the powertrain is dual-fuel (combustion and electric) and the fuel is petrol. This is the reason for the higher petrol consumption in 2023.

New vehicles are purchased on a TCO-economy basis, taking into account fuel efficiency and emissions. In 2023, fleet optimisation has begun, our own vehicles being replaced every 3 to 5 years on average to allow technology to evolve and take advantage of the efficiency of new engines.

<sup>8</sup> Other: other diesel-powered machinery and test vehicles

<sup>9</sup> The composition of the vehicle fleet by drive type reflects the current composition as at 31 December 2023, while the fuel consumption data includes the total amount of fuel used by all our vehicles during the year.



ENVIRONMENTAL PROTECTION



### 2023 achievements in fleet management

- » Our renewed Group-wide policy on the use of company cars sets out the rules, rights, obligations and procedures for the use of company vehicles.
- » As part of vehicle use optimisation, data analysis and incentive schemes to reduce fuel consumption have been developed.
- » We have installed eight electric car chargers at our Mester street headquarters, and have handed over the solar car park at our Kecskemét site, so that mixed fuel and electric vehicles can be charged at our sites during vehicle downtime.
- » We tested the charging of electric cars with Shell Hungary Ltd.'s Recharge programme, which supports on-the-go charging assistance, as well as the functional scope and use of four-season tyres.
- » To reduce the amount of water used for car washing and cleaning, we have investigated and implemented water-saving solutions.
- » Plans include the deployment of a telematics system, complemented by telematics solutions to serve user needs and optimise vehicle utilisation, and the organisation of driver training, preparations for which have started in 2023.

### Total non-renewable energy consumption

FIGURE 8

Total non-renewable energy consumption	Consumption 2022	Consumption 2023	Consumption (GJ) 2022	Consumption (GJ) 2023
Natural gas (m <sup>3</sup> )	960,663.38	864,645.19	32,662.55	29,397.94
Petrol (litres)	620,732.39	746,863.02	19,863.44	23,899.62
Diesel (litres)	806,186.14	719,658.52	29,022.70	25,907.71
Electricity (MWh)	5,808.30	7,096.57	20,909.88	25,547.65
Total direct energy purchased			81,548.69	79,205.27
Total indirect energy purchased			20,909.88	25,547.65
Total non-renewable energy consumption			102,458.57	104,752.92
Energy use per capita			53.95	55.16





# RENEWABLE ENERGY

As the majority owner of Greenergy, we have entered the energy sector, diversifying into renewable energy production and the regulation of power plants in the virtual power plant system. The core activity is based on combined heat and power generation with gas engines, while the technology allows the recovery of up to 90% of the heat generated during electricity generation, thus maximising efficiency. The heat produced by the gas-fired power plants is sold directly to local partners, i.e. district heating companies, public utilities and industrial plants. It also has its own trading company and a virtual power plant system, enabling it to successfully participate in system regulation with cogeneration plants, unique in Europe, by bringing together several small decentralised power plants.



ENVIRONMENTAL PROTECTION



*“Greenergy mainly serves district heating consumers, system operators and renewable energy consumers. One of our future goals is to expand outside Hungary and build more solar parks and storage facilities. Adapting to dynamic market changes is key to maintaining our competitiveness.”*

László Levente Dajbukát,  
Greenergy Holding Plc.  
CEO



## Greenergy Group

<b>100%</b> Hungarian-owned	<b>BSE50</b> TOP 50 innovative companies of the Budapest Stock Exchange	<b>24</b> gas-fired small power plants of a total capacity of 47 MW
<b>20+</b> years of experience	<b>Scope BB rating</b> (replacing the former B+)	<b>2</b> biomass heating plants of a total capacity of 8 MW
<b>51%</b> majority owner: KÉSZ Group (KÉSZ Holding Plc.)		<b>3</b> wind power plants of a total capacity of 4.1 MW
		<b>3</b> 14.5 MW solar power plants

## GREENERGY POWER PLANTS ACROSS THE COUNTRY



### Key achievements in 2023

- » A 4 megawatt solar power plant park was inaugurated in Kiskunfélegyháza, relying on a unique technological solution in Hungary, with a weather-dependent energy storage capacity of 5 megawatts.
- » The gas-fired small power plant in Sárospatak has been completed, with a heat and power output of about 1.2 megawatts each.
- » We supply green electricity to Magyar Telekom under a 3-year contract.



Interactive content



# KÉSZ Greentech business unit

KÉSZ Greentech is more than a fancy name for a portfolio of products. We are talking about a new business that involves and covers all elements and all areas of our renewable energy and sustainability product portfolio. Through each innovation we develop, whether it is a solar building structure investment or a green façade cladding solution, from initial designs to active prototypes and finished products, we are shaping an environmentally conscious, sustainable future.



ENVIRONMENTAL PROTECTION



## Solar Parking

Together with our German partner sbp sonne gmbh and several KÉSZ Group operating companies, we started the development of Solar Parking, a new, environmentally friendly parking lot. Our first active solar car park was installed at our headquarters in Kecskemét, designed and built with sustainability in mind.





# EMISSIONS



ENVIRONMENTAL  
PROTECTION



Since the building stock and construction industry are responsible for 37 % of global CO<sub>2</sub> emissions<sup>8</sup>, it is of crucial importance to give priority to efforts to reduce CO<sub>2</sub> emissions. Our commitment to be achieved by 2030 is in line with the EU Fit for 55: Member States must reduce their net greenhouse gas emissions by at least 55% by 2030 compared to the 1990 baseline, while we also ensure that Scope 3 data is available.

Our greenhouse gas (GHG) emissions have been calculated according to the internationally accepted and applied GHG Protocol<sup>9</sup>, which differentiates each tier according to the extent to which an organisation controls its GHG emission sources.

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

<sup>9</sup> <https://ghgprotocol.org/>



# Emission data

Scope 1 and 2 emissions of the KÉSZ Group in 2023, the distribution of emissions by source and the per capita emission intensity are shown in the table below.



## CO<sub>2</sub> emissions of the KÉSZ Group from energy consumption

FIGURE 9

From energy consumption output (on a territorial basis)		Emissions (t CO <sub>2</sub> e) 2022	Emissions (t CO <sub>2</sub> e) 2023
Direct Scope 1	Natural gas	1,825.26	1,642.83
	Fuel petrol	1,427.68	1,717.78
	Fuel Diesel	2,176.70	1,943.08
Indirect Scope 2	Electricity	1,603.09	2,289.56
Scope 1 total		5,429.64	5,303.69
Scope 2 total		1,603.09	2,289.56
Scope 1+2 total		7,032.73	7,593.25
Emissions per capita		4.20	3.99



KÉSZ Group's per capita emissions in 2023

**amounted to 3.9 tonnes of CO<sub>2</sub>**

a small decrease compared to 2022.



ENVIRONMENTAL PROTECTION



A number of commitments have been made in our sustainability strategy to reduce Scope 1 and 2 emissions. The three most important of these measures include:

- 1 source all electricity used from renewable sources,
- 2 increase the share of hybrid and electric cars and optimise the vehicle fleet to achieve a 50% reduction in emissions on a CO<sub>2</sub>/km/person basis,
- 3 implement energy-saving measures and investments in our building management and manufacturing activities.

Our measures implemented in 2023 are described in more detail in the chapter on **Energy management**.



ENVIRONMENTAL PROTECTION



## Air emissions

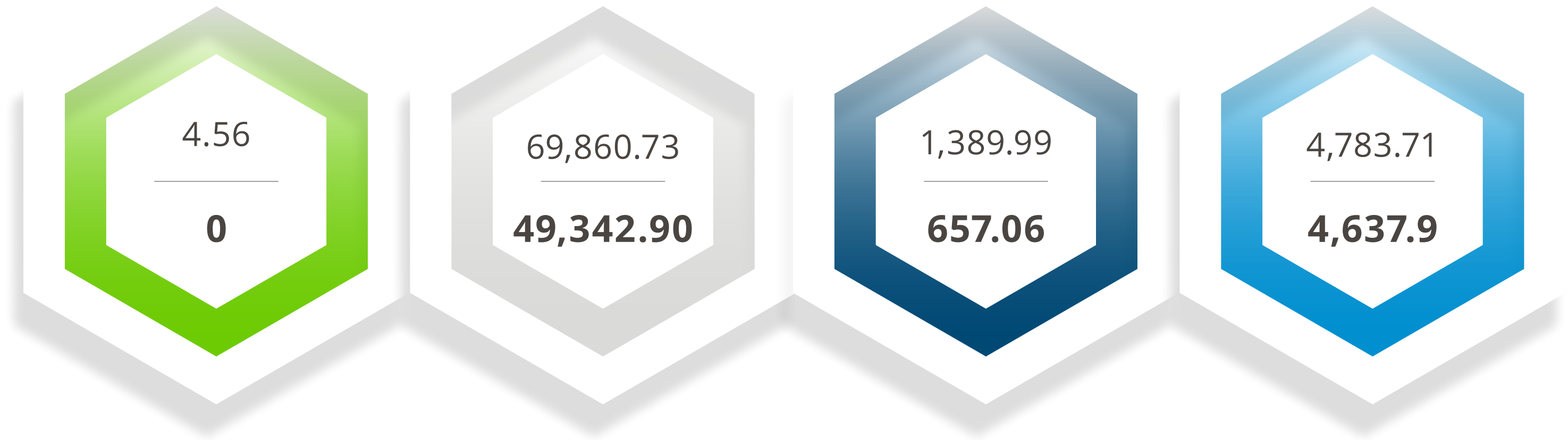
FIGURE 10

### Air pollutants (kg)

- Sulphur dioxide
- Nitrous oxide
- Solid substances (non-toxic)
- VOC

2022

2023



## NO<sub>x</sub>, SO<sub>x</sub> and other emissions

Point sources are measured on our sites by an accredited body with the regularity required by law<sup>10</sup>. The authorisation documentation for point sources is prepared by the Quality Business Unit, which has the necessary legal powers. Emissions are calculated on the basis of measurement results and operational data.



### 2023 achievements

- » We have prepared the launch of our Carbon Working Group, which aims to discuss the latest climate change legislation and EU directives, and to share good practices within and outside KÉSZ Group. At the time of the publication of the report, the Carbon Working Group was set up with the active participation of its members and is working as a professional workshop to produce content and educational materials on carbon reduction and carbon footprinting.

<sup>10</sup> Based on air emission returns submitted by MI-BE Alfa Ltd. and KÉSZ Ipari Gyártó Ltd.



# PRODUCT QUALITY AND SAFETY



ENVIRONMENTAL  
PROTECTION



## Operation of our management systems

The fundamental aim of our management systems is to help meet customer expectations and improve performance and efficiency, providing a sound basis for sustainable development. With proper quality assurance and a clear definition of processes, manufacturing, construction and service non-conformities can be prevented, avoided and, if necessary, effectively managed. The operation of our operating companies under the management systems is summarised in the Integrated Management Manual for quality and integrated systems.

Each year, the managers of the operating companies with a certified system conduct a risk analysis to identify risks and opportunities that affect our operations. The identification of each risk is analysed and weighted in several categories, taking into account the activity of the companies concerned. Managers then formulate measures to reduce the risks.





ENVIRONMENTAL PROTECTION



Compliance with standards and legal regulations required for the operation of our operating companies and for the production of our products is supported by a number of certificates. Between them, our operating companies included in the report hold 40 certifications in the following areas:



# Management considers the following to be of key importance:



ENVIRONMENTAL PROTECTION



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



In order to continuously improve the integrated management system, we continuously review and evaluate our activities and declared programmes to measure progress and achieve our objectives.



We give our employees and their representatives the opportunity to participate in the operation and development of our integrated system and in decisions affecting health and safety at work.



We place a high priority on understanding and meeting the expected and anticipated needs of our internal and external customers, through the quality of our services, and compliance with occupational safety and environmental protection requirements. We make it a priority to minimise risks and impacts and prevent injuries and health impairment by identifying and implementing state-of-the-art technical tools, equipment and technologies.



We continuously monitor and fully comply with the legal requirements.



We strive to build long-term relationships with our suppliers and service providers. We expect the services provided to meet our high quality standards, thus contributing to the impeccable quality of the buildings we implement.



KÉSZ Group develops the quality, environmental protection and occupational safety approach and commitment of its employees through regular training, and raises awareness of the environmental impact and occupational safety risks of its activities. We pay special attention to the professional training of our staff.



Our objective is to protect the working capacity of employees and to humanise working conditions, thus preventing accidents at work and occupational diseases, improving employee satisfaction and safety at work.

**In 2023, there were 82 internal audit days and 41 external audit days.**

The purpose of the audits is to determine whether the management systems are operated in accordance with internal requirements and relevant standards, legislation and other regulations.





# Results of our customer satisfaction survey

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

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

## Our customers currently rate our activities according to five criteria:

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

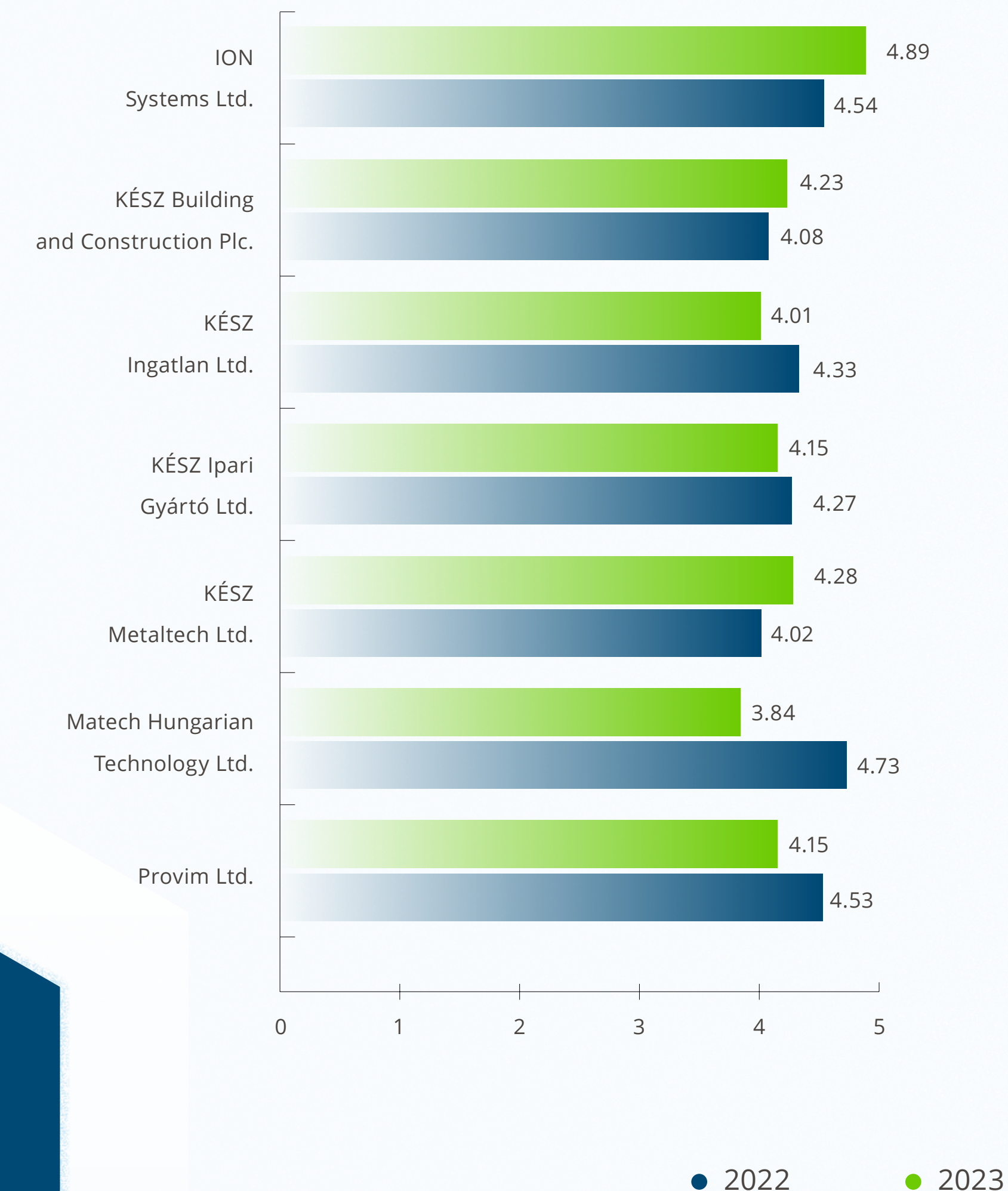


ENVIRONMENTAL PROTECTION



### Customer satisfaction index

FIGURE 11



In our 2023 customer satisfaction survey, our operating companies scored an average of **4.36 (87.2 PER CENT)** on a scale of 5.



ENVIRONMENT  
PROTECTION



# Introduction of a new risk-based quality control system

In 2023, as an extension of the EHS module, we tested the introduction of a new risk-based quality control system for new generation construction projects. The aim is to compile a report, statistics and action plan with risk values based on the discrepancies recorded during quality assurance audits.

## TI and SCCP ticketing system development in the EHSQ business module

A new business tile has been added to the ÜSZIR reporting interface, which allows projects to request the Quality Assurance Document pair, the Technology Instruction (TI) and the Sampling and Compliance Certification Plan (SCCP). The improvement was implemented in the EHS module, which supports document traceability, status, reporting and accounting.



## Environmental Product Declarations (EPD)

The built environment accounts for 40% of global GHG emissions, of which 27% is generated from the operation of buildings and 13% from building materials and the construction activity. KÉSZ Ipari Gyártó Ltd. and KÉSZ Metaltech Ltd. worked with an external consultant on the life cycle analysis of manufactured products, carried out according to the EN 15804 standard. The project will result in an EPD document for the steel structure, various facade claddings and windows and doors, which will contain transparent and comparable data and information on the environmental impact of the products, verified by an independent third party. The several months of data collection, process exploration and dominance analysis required to produce the EPD document will also help identify areas for improvement, so that additional environmental targets can be set, reducing losses, waste and energy used. The EPDs will be published in 2024 and we aim to provide objective and reliable life-cycle calculations for additional products.



ENVIRONMENT  
PROTECTION



## Cooperation with the ISO 9000 Forum

Our operating company, KÉSZ Building and Construction Plc., is a member of the ISO 9000 Forum, an association committed to the dissemination of quality-driven approach and the implementation of quality-development tools. At the 30th National Quality Conference in September 2023, focusing on quality awareness, change management and efficiency, the Head of Innovation of KÉSZ Group gave a presentation on BIM transformation. [Read more about our membership](#) of professional organisations on page 19.





# GREEN CERTIFICATION OF BUILDINGS



ENVIRONMENTAL PROTECTION



In our 2022 Sustainability Strategy, we made a specific commitment to ensure that our own-developed office buildings in Hungary are at least BREEAM Excellent, LEED Gold, WELL Platinum certified and comply with the EU Taxonomy. Below you will find a list of green projects completed or in the process of completion in 2023 with the involvement of our Group of companies.

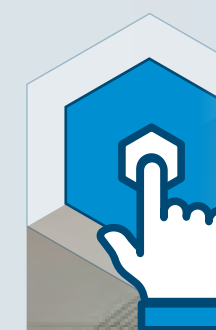
## TILIA office building

The Group's Real Estate Management Division has been working on the development of the property at 25 Gutenberg street in Szeged, which used to serve for a long time as the headquarters of the KÉSZ Group in Szeged and was built in 1873 in Art Nouveau style as a public school for girls. While the locally protected façade on Gutenberg street will be preserved, a completely new, modern building frontage will welcome visitors from Hajnóczy street. Combining modern and Art Nouveau elements, the TILIA office building is fully accessible, equipped with state-of-the-art infrastructure and environmentally friendly solutions, meeting all ESG criteria.

The project is an investment of the Real Estate Management Division of the KÉSZ Group, with the participation of KÉSZ Group operating companies and strategic partners, and is scheduled to be delivered in the second quarter of 2025. The office building will have 5,300 m<sup>2</sup> of leasable office space, nearly 900 m<sup>2</sup> of retail space and a 90-space underground garage.



Further information





ENVIRONMENTAL  
PROTECTION



As a first in Szeged, we aim to achieve BREEAM Excellent certification as well as WELL Platinum and Access4you Gold certification with our latest office building. The modern office complex is called TILIA for a reason. It is the Latin equivalent of Linden, which perfectly reflects the harmony between the building and its surroundings, as linden trees in the area are a defining symbol of the neighbourhood. To reinforce that image, the renewed office district will also include a significant green area to enhance the comfort of visitors: for example, an impressive garden area in the courtyard will be created for all to enjoy. The TILIA office building is built using a number of environmentally friendly solutions. To be energy efficient, class A mechanical and electrical systems are installed, with local renewable energy generation, geothermal ground-source probes and heat pumps, and solar panels on the corrugated roof of the new part of the building.

The new office building will provide state-of-the-art solutions to help efficient work. A smart building management system, contactless solutions, modern ventilation, ergonomically designed work areas, a worker-friendly interior environment with smart chargers, CCTV and LED lighting, bicycle storage and showers, separate waste collection, energy-efficient sanitary ware and flushing systems, and 30 electric car chargers will be available for building users. To further reduce the building's carbon footprint, we will compensate for every twenty occupied workstations by planting a tree.



## Duna Pearl Residence and Hotel (Budapest)

The 193-apartment residential complex and the 109-room, four-star Sheraton hotel, both developed by Polat Real Estate Hungary Kft., received LEED Gold certification, which is an extremely rare achievement in a system that recognizes architectural and technical solutions for office buildings. The building complex is highly compliant with healthy environment and energy efficiency requirements: it uses 20 per cent renewable energy, including a state-of-the-art heat pump system that produces hot water from air. In addition to the architectural and engineering solutions, the greening and improvement of the neighbourhood's environment and livability were also important factors in the evaluation, during which Duna Pearl was awarded a gold rating in the LEED certification system. KÉSZ Building and Construction Plc., as the general contractor, provided full construction services for the property complex, which was handed over in 2023.



ENVIRONMENTAL PROTECTION



## LEGO East Block (Nyíregyháza)

The world's most famous toy manufacturer LEGO is a returning customer of KÉSZ Group in Hungary. During the first factory construction in 2013, LEGO Manufacturing Kft. commissioned our Group to build the injection moulding halls and the waste storage building, during which we carried out the complete architectural, mechanical, technological, electrical and control engineering works and also manufactured and constructed the steel structure of the factory. For the 2018 factory expansion, we were awarded a new contract to build the ENB energy centre. In the latest development project, the Group is playing a key role by expanding the injection moulding halls and the energy centre. A particular challenge is that we are also responsible for the technological development of the energy supply for production as part of the generator construction. LEGO East Block is aiming for LEED Gold certification, which is a particularly high standard for industrial and manufacturing facilities, as in our practice only Silver certification was previously typical in this building category in Hungary.





## Liberty Office Building (Budapest)



The A+ rated office building in District IX, implemented by the real estate development company WING, is a BREEAM Excellent rated building with a special feature of a two-storey high greenhouse (SkyGarden) and a café. The building features state-of-the-art smart solutions (e.g. BMS, optimised electric vehicle charging), environmentally-conscious engineering technologies (e.g. natural ventilation and fresh air supply, district heating, noiseless chilled beams) and an environmentally-conscious use of materials. The inner park on the ground floor is open to the public with a walkway and a splash pad. The first phase, the south wing, was completed in summer 2023. PROVIM Ltd. was involved in the construction.



ENVIRONMENTAL  
PROTECTION

## Access4you certification



Access4you is a social impact company dedicated to the assessment, certification and certification of accessibility in the built environment. Our Group's Budapest headquarters, the KÉSZ Mester Office Building and Courtyard House, which are accessible for people with wheelchairs, elderly people and people with reduced mobility, aimed to obtain "Certified Site" status in 2023. That goal was achieved by the time of the publication of the Sustainability Report. The audit report and site profile [preview are available here](#). Suggestions for improvements to achieve further Access4you grades will be taken into account by the property management and further measures will be taken to achieve the highest possible level of certification.



GRI

## HuGBC membership

KÉSZ Group is an active member of the Hungary Green Building Council (HuGBC), a professional community that has brought together all areas of the construction industry since 2009. The HuGBC aims to contribute to the spread of environmentally-responsible and cost-effective building practices in Hungary by promoting the necessary market, educational and legislative conditions. HuGBC membership allows us to learn from others and share our own best practices, thus contributing to the transformation of the sector and KÉSZ Group. KÉSZ Group staff members are involved in various working groups. The TILIA project was already presented at the International Green Building Week in September 2023. An unmissable event organised by HuGBC was the Green Walk, which offered free guided walks to see numerous good examples of environmentally friendly construction, including the construction site of the TILIA office building. At the Green Future conference, our Quality Business Unit Manager gave a presentation on the good practices of KÉSZ Group. The event showcased excellent German best practices, the national landscape of zero-carbon buildings and good examples from the construction sector to professionals committed to green building.

For further details of [Our memberships](#), see page 19.

# SOCIETY

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# OCCUPATIONAL HEALTH AND SAFETY, HEALTH PROTECTION



(GRI 403, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10)



The management of KÉSZ Group is committed to ensuring the personal, material and organisational conditions of occupational health and safety, as well as modern technical standards, and actively works to continuously improve and consolidate the culture of occupational health and safety for all stakeholders. We comply to the maximum extent possible with the requirements of occupational safety and health legislation and the MSZ ISO 45001 Occupational Health and Safety Management System (hereinafter: MEBIR) standard. The share of employees covered by MEBIR, both externally and internally audited, is 57% among the companies included in the report. Certifications are renewed regularly and compliance of member companies is audited annually by a third party.



SOCIETY

- » **Companies with MEBIR certification:**  
KÉSZ Building and Construction Plc., PROVIM Ltd., ION Systems Ltd., MATECH Hungarian Technology Ltd., KÉSZ Metaltech Ltd., KÉSZ Ipari Gyártó Ltd.
- » **SCCp (Sicherheits Certifikat Kontraktoren/SCC Safety Certificate for Contractors)**  
**companies with the highest-grade petrochemical certificate:**  
KÉSZ Building and Construction Plc., MATECH Hungarian Technology Ltd., KÉSZ Metaltech Ltd.



GRI

The scope of our health and safety and fire protection regulatory system covers all workplaces, own and off-site work areas, leased premises, social and other facilities, and all employees, contract workers, students completing dual studies and subcontractors.

The management ensures that the necessary personnel and material conditions needed for the implementation of the statutory OHS requirements are in place, the Head of the Quality Assurance Unit ensures compliance with and enforcement of the legal regulations and instructions on the basis of monthly reports and documentation, and can monitor OHS performance on a daily basis via the dashboard interface created for this purpose. White-collar and blue-collar workers have a duty to know and comply with the rules on health and safety at work and fire safety, attend health and safety training, eliminate any conditions that could cause accidents, report any anomalies or deficiencies and attend periodic medical fitness examinations.

Our Code of Ethics also states that all employees have a common duty and obligation to promote and maintain safe and healthy working conditions and to report accidents, injuries, unsafe work equipment and working conditions immediately to their supervisor or the person responsible for occupational safety and health.

As a means of accident prevention, our activities are highly controlled. During 2023, we carried out 2,623 on-site inspections, which resulted in 9,401 actions on our sites and projects. That number is around 30% lower than in 2022, due to a reduction in the number of larger projects.

Managers are informed about actions taken and results, OHS incidents in monthly reports for systems certified in the annual management review, in regular production meetings and through up-to-date statistics in the BI (Business Intelligence) interface.



SOCIETY



# Managing occupational health and safety risks

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





SOCIETY



All of our sites have been assessed for the need for personal protective equipment and developed a policy on the use of personal protective equipment. Such purchases are only made with the involvement of OHS experts, and in the event of a change of product scope, decisions are made with the help of OHS representatives and after testing. In the event of an emergency, the environmental protection officer, the safety officer and the head of health and safety and fire protection will jointly ensure that the experience and technology available in each department is made available to all the member companies of KÉSZ Group. If, despite all precautions taken, an accident occurs, its causes are identified, and the consequences and the interventions applied are analysed.

To ensure that we are appropriately prepared for emergencies, we provide ongoing training, such as self-rescue for work at height, first aid training and evacuation drills. No emergency event occurred in 2023. In compliance with the Labour Safety Act, we ensure the reconciliation of interests in the field of occupational health and safety and the protection of workers' interests in the field of OHS. The Group's OHS officers are entitled to call on the services of an expert on matters relating to safe and healthy working conditions, subject to prior agreement with the employer, and to discuss such matters with the OHS authority.





SOCIETY



## OHS training and awareness-raising

All employees are required to complete a proprietary onboarding and annual refresher EHSQ e-learning training and exam, tailored to target groups based on job classification, jointly organised by HR and the Quality Assurance Business Unit.

In addition to the relevant minimum legal requirements, to strengthen safety awareness to as many workers as possible, our subcontractors working on construction sites will also receive full EHSQ training on site. A total of 10,119 people received training in 2023.

Based on a competency table, the company provides and HR schedules specific training sessions related to the job, such as first aid qualification training, fire safety exams and training for OHS representatives. Where a high level of non-compliance is found, the OHS manager may add extra training sessions. To monitor compliance with OHS rules, we organise daily, weekly, monthly and quarterly walk-throughs at our sites and conduct internal audits in accordance with our internal audit plan, using the above-mentioned software.





SOCIETY



### Occupational health and safety competition

To further strengthen our OHS culture, we organised monthly and annual OHS competitions for our project teams. More than 250 participants working on 32 projects participated in 2023. We use our EHS software to measure and reward cooperation in correcting detected discrepancies, accident indicators and keeping accident risk low. The main prize of the OHS competition is a team-building event of their choice worth HUF 1 million. The successful projects are able to participate in the programme within one year of the announcement of the results.

In 2023, the absolute winner of the large projects category was the ZalaZone project team. This project achieved the highest average percentage in its category, at 89%. It should be mentioned that the ZalaZone project won five monthly OHS competitions in 12 months. The most successful project team in the small projects category was team B of the SK Battery Hungary 2nd Factory Electrical Work Package, which unprecedentedly won the monthly OHS competition six times during the period.

MATECH Hungarian Technology Ltd.'s coordinator for occupational health and safety and fire safety tasks won the award for outstanding EHS performance and proactive work on the MOL Investment OCU OSBL and MPK OCU projects.

### Health awareness campaigns

As part of the KÉSZ Next campaign, the boldest participants had the chance to extinguish a fire, try out fire extinguishers and various protective equipment at the EHS Day at our Kecskemét site. Driver skills training and a number of environmental games were also offered during the event.

Also at our Kecskemét site, we provided health screening (comprehensive laboratory tests, lung screening, cardiovascular tests) to protect the health of nearly 100 blue-collar workers. The event was organised jointly with the Hungarian Charity Service of the Order of Malta.

In connection with the Athletics World Championships, we announced a cycling challenge at our sites in Kecskemét, Budapest and Szeged. In total, 215 employees cycled almost 200 km for 13 pairs of season tickets and sports gift vouchers for the final weekend of the world championships. Participants in the challenge had to drive a specially designed bicycle-powered generator for two minutes.

In the framework of the KÉSZ Next campaign, we organised a series of lectures and workshops on healthy lifestyle, stress management and on well-being, apple days and a craft market for our employees. See the [Employment chapter](#) for further information on those events.





# Occupational health

Our staff members are required to undergo occupational health checks at least annually, in accordance with our policies on risk assessments and medical fitness tests. However, depending on the job, the relevant activities and, among other things, the components of hazardous mixtures used, a health check may be required every six months. Where appropriate, the examination is supplemented by biological monitoring or an out-of-turn check. The medical service is provided by contractual partners. The qualifications and training of physicians of our occupational health partners are checked by the Quality Assurance Unit. For white-collar workers, Medcover offers complex preventive screenings, comprehensive insurance policies and a hospital package, which can be extended to family members at own costs, co-financed by the Group. All our employees have the opportunity to contact our contractual partners in the event of a health complaint.

At KÉSZ Group, we are committed to supporting our employees' health-conscious lifestyles, maintaining health insurance benefits and providing a stable and high-quality private healthcare service. In 2023, we started organising a series of lectures on the benefits of health insurance combined with outpatient and inpatient care, on how to use the combined insurance effectively, and on the importance of prevention and health promotion. Entitled An A to Z of Health Insurance, the lectures were actually held in spring 2024.

## Reporting and investigation of accidents

All quasi-incidents, accidents on the road, accidents at work, increased exposure cases and occupational diseases are investigated in accordance with internal rules on occupational health and safety and the national legislation in force. In 2023, a total of 30 accidents at work occurred, of which 26 were subject to notification to the OHS authority. All of these accidents were rated as non-serious and most of them occurred in production. Accidents involving Group employees were typically hand injuries due to inattention or slip-and-fall accidents. There was a work-related accident resulting from a hit-and-run traffic accident, in which an employee suffered a neck sprain. No fatal or serious accidents occurred among subcontractors directly contracted by KÉSZ Group.



SOCIETY



GRI



	25 total number of accidents in 2022	30 total number of accidents in 2023
of which fatal accidents	0	0
of which number of occupational illnesses	0	0
of which number of serious accidents	0	0
of which number of traffic accidents involving personal injury	0	0
of which number of accidents subject to a notification obligation	21	26
	1 total number of accidents in 2022	0 total number of accidents in 2023
of which fatal fatal accidents	0	0
of which number of occupational illnesses	0	0
of which number of serious accidents	0	0
of which number of traffic accidents involving personal injury	0	0
of which number of accidents subject to a notification obligation	1	0

Number of work-related injuries (male, female)

FIGURE 12



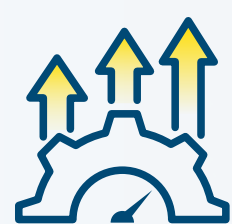
# EMPLOYMENT

(GRI-401)

We attach great importance to the continuous improvement of human resource management, to operating in a sustainable manner and to adapting to change. The translation of our Group-wide sustainability strategy into everyday practice is strongly supported by our Group HR strategy.



## Objectives in the focus of HR activities of KÉSZ Group



### Efficiency

Ensuring effectiveness through organisational and operational efficiency.



### Innovation

Continuous improvement, i.e. daily improvement using an agile approach.



### Community building and social responsibility

Cooperation between the Group's employees and partners, strengthening working relationships based on trust, developing micro- and macro-level communities, strengthening social engagement.



SOCIETY





SOCIETY



GRI

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

### Priorities of our HR strategy

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

In our HR activities, we assess and manage the positive and negative impacts of employment activities.

### Impact assessment

#### POSITIVE IMPACTS

- + workforce development
- + youth development, vocational training activities
- + developing leadership skills
- + corporate social responsibility
- + values, culture, leading by example
- + ethical standards
- + equal treatment, development-oriented management approach
- + strengthening feedback culture
- + improving cooperation

#### NEGATIVE IMPACTS

- impact on workers who do not meet performance expectations
- impact on employees who reject continuous change
- impact on employees with an inappropriate attitude to work



## Overview of KÉSZ Group employees

FIGURE 13

	2022	2023		2022	2023		2022	2023
<b>Total number of employees</b>	<b>1,675</b>	<b>1,899</b>	<b>Total number of new hires</b>	<b>679</b>	<b>844</b>	<b>Total number of employees taking parental leave</b>	<b>2022</b>	<b>2023</b>
Number of full-time employees	1,615	1,447	Men	555	715	<b>Total</b>	<b>37</b>	<b>48</b>
Number of part-time employees	60	452	Women	124	129	Men	1	0
Ratio of women/men (%)	22/78	20/80	<b>Total number of employees who left the company</b>	<b>509</b>	<b>680</b>	Women	36	48
<b>Breakdown by position</b>			Men	387	559	<b>Number of staff returning after maternity leave</b>		
<b>Number of managers</b>	<b>34</b>	<b>35</b>	Women	122	121	<b>Total</b>	<b>13</b>	<b>9</b>
Female managers	4	4	<b>Ratio of staff leaving the Group to the closing headcount</b>			Men	1	0
Male managers	30	31	Number of staff leaving <sup>11</sup>	509	680	Women	12	9
<b>Number of mid-level managers</b>	<b>214</b>	<b>95</b>	Total workforce	1,675	1,899	<b>Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</b>		
Female mid-level managers	45	20	Exit traffic	30%	36%	<b>Total</b>	<b>3</b>	<b>1</b>
Male mid-level managers	169	75	<b>Ratio of new hires to the closing headcount</b>			Men	1	1
<b>Number of junior staff members</b>	<b>1,427</b>	<b>1,769</b>	Number of new hires	679	844	Women	2	0
Female junior staff members	321	360	Total workforce	1,675	1,899	<b>Return to work and retention rates</b>		
Male junior staff members	1,106	1,409	Rate of new hires	40%	44%	Total number of employees returning to work after the end of parental leave in the reporting period	13	9
			Staff turnover in 2023		25%	Total number of employees taking parental leave	37	48
						Return to work rate (%)	35	19

<sup>11</sup> Staff members leaving the company include students who have completed dual training (200).





# Internal communication

In our HR activities, effective internal communication is essential to effective operation and in our discussions with key stakeholders and staff members.

In addition to management meetings, we also use various channels of internal communication (email, newsletter, HexagOn app). By continuously improving internal communication, we can effectively reach both white-collar and blue-collar workers. We communicate internally to share information, announce changes, share achievements and experiences. As feedback is considered important, we measure the number of visits to newsletters and publications, and motivate our staff to read the news and express their opinions.



# Remuneration

Our remuneration policy applies both positive and negative incentives. Our Bonus Policy applies to all staff members, including senior staff.

In order to measure **performance reviews, annual objectives** are weighted by Group, sector and individual targets.



SOCIETY

# Benefits and incentives

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



## Benefits and other incentives provided to KÉSZ Group employees

- » Life and accident insurance for all staff
- » Healthcare services
- » Medicovert package for white-collar workers
- » Company physician care for blue-collar employees
- » Cafeteria scheme for white-collar employees
- » Free hot meals for blue-collar employees
- » Annual bonus
- » Project bonus (for staff working on a project)
- » Retention bonus
- » Absence allowance (in case of absence from family)
- » Construction allowance, allowance for week-long work, work organisation allowance, technical supervisor allowance
- » Hexagon Prize
- » Private use of company car
- » Private mobile phone use by contract
- » Use of IT tools
- » Office convenience services
- » Team building events
- » Apple days
- » Extra time off after donating blood
- » Core staff programme
- » Support for anglers, cyclists and football cup participants through TettreKÉSZ
- » Employee support for people in difficulty (social assistance, etc.) through SegítőKÉSZ
- » Reimbursement of commuting expenses under the law
- » Special types of employee discounts: banking services, accommodation, meals, telephone services, discounts on publications of BOOOK Publishing, discounts on optical products and services in Kecskemét
- » Support for summer camps for staff members for staff members with children. In 2023, KÉSZ Group subsidised children's summer camps with a gross amount of HUF 30,000 per child in each round. The camps were available to staff members' children up to two times a year. Camps are available in Budapest, Kecskemét and Szeged, in the area of our three sites. The thematic camps cover a wide range of topics from education to skills development and entertainment.



### Medicover complex health insurance package with combined outpatient and inpatient care

At KÉSZ Group, we are committed to supporting our employees' health-conscious lifestyles, maintaining health insurance benefits and providing a stable and high-quality private healthcare service. We also hold a workshop to provide specific information on the details of the health insurance package and how to make the most of it.

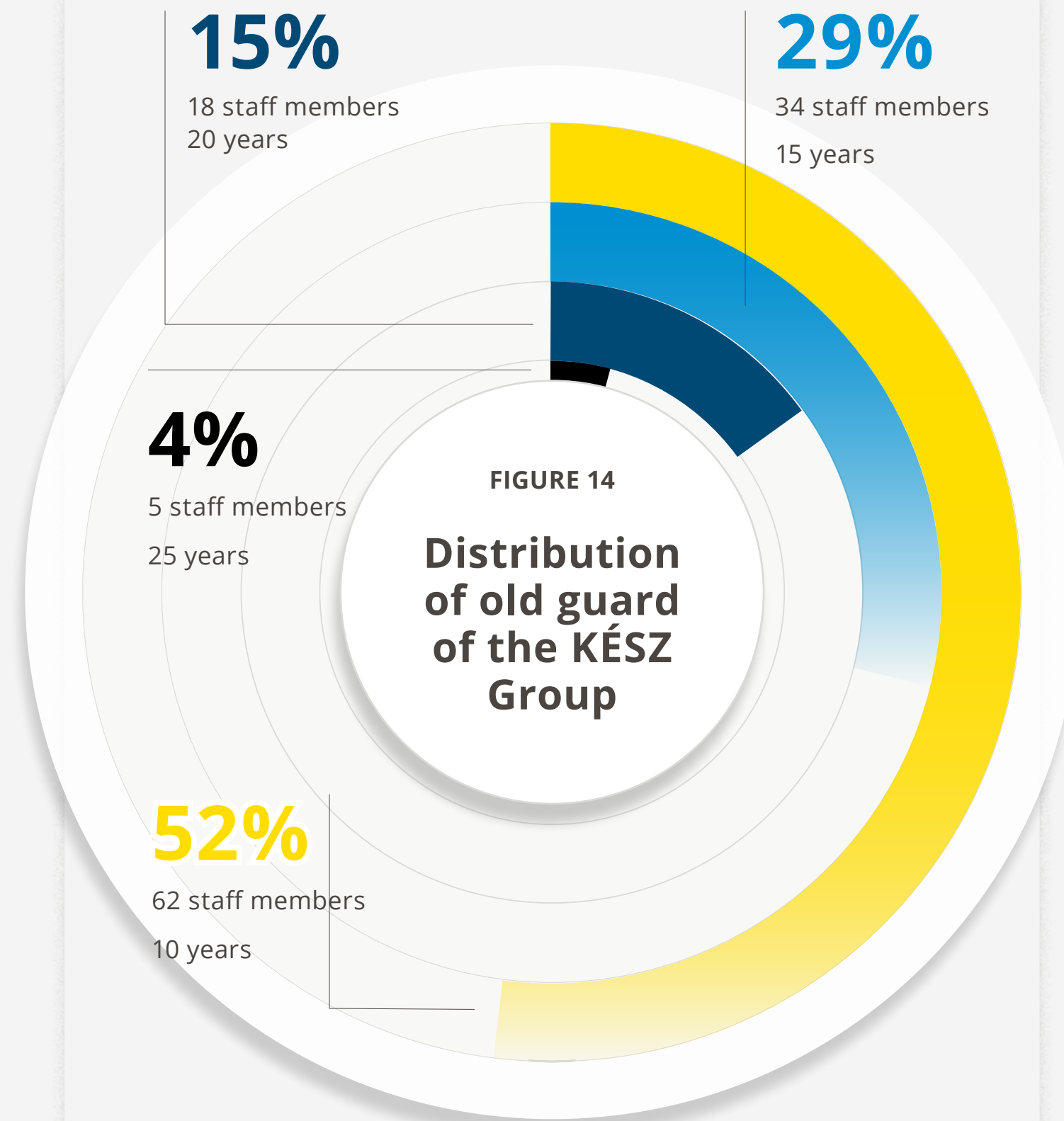


### Recruitment and onboarding

In spring 2023, we published a group-wide policy defining our processes. We also felt it was important to include satisfaction factors to measure effectiveness. The new policy also includes an equal opportunities clause. There is also a referral programme in place at the Group, with a referral rate of around 20% among our employees. In 2023, the focus was on onboarding training for senior and mid-level managers. We held training and exams for our recruitment managers (around 100 people), including interview techniques. The programme will continue in the period following the reporting period.

### Jubilee programme

In 2023, a total of 119 people received the recognition: 62 colleagues have been with us for 10 years, 34 colleagues for 15 years and 18 for 20 years, while 5 KÉSZ team members are true veterans who have been the driving force of our team for 25 years.



### Onboarding Breakfast

In 2023, several Back Office Breakfasts were held, where new staff members had the opportunity to expand their knowledge of the company at a buffet breakfast event. The programme provided an informal opportunity for new colleagues to learn more about the Group's complex portfolio, while it also offered a chance to get to know each other.



### Maternity programme

We consider it important to ensure a smooth return to work during and after parental leave. During their time away, staff members are kept informed about the latest news and developments at our Group. We provide a consultation service for colleagues planning to return from maternity leave.



### Home office: regulating work from home

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



SOCIETY



## Staff well-being

As a responsible employer, we pay particular attention to the preservation of health of our staff and have launched a number of initiatives to promote that. In 2023, a number of well-being, health promotion and stress management programmes were implemented under the KÉSZ Next programme, the details of which are reported separately below.

### KÉSZ Next sustainability programme

*“The aim of our KÉSZ Next programme, launched in 2022, is to integrate sustainability into our business strategy and gradually build it into our corporate culture, setting an example for domestic market players. We consider sustainability education and promoting a change in attitudes to be of key importance.”*



Edit Csizmadia,  
KÉSZ Group,  
Sustainability Manager

## Highlights of the KÉSZ Next Sustainability Programme 2023:



### HEALTH PROTECTION THROUGH SCREENING TESTS

We have carried out screening tests to maintain and protect the health of our blue-collar staff. The Hungarian Charity Service of the Order of Malta also carried out cardiovascular risk screening and comprehensive laboratory tests at our Kecskemét site.



### EAT WELL TO BE WELL! Superfood presentation

Is sustainable food healthy? Is it feasible to have a healthy diet based exclusively on domestic raw materials? How to determine the ecological footprint of a crop? Is it ecologically sound to adopt a vegetarian or vegan lifestyle? This is one of the questions staff members were looking to answer with clinical dietitian Adrienn Szabó.



### MINDFULNESS AND STRESS MANAGEMENT – lifestyle change support lecture and workshops

The mental health and wellbeing activities of the KÉSZ Next sustainability programme were designed to promote the physical and mental health of our colleagues, increase motivation, satisfaction, performance, and learn to live a conscious, preventive and sustainable lifestyle. The lectures and workshops gave staff members practical advice that they can use in their work and personal lives. For example, the functional benefits of essential oils were also presented to the participants, who learned about the healing effects of different essences and how to use them, and made eco-friendly cleaning and cleansing products with presenter Adrienn Magyar. Eszter Kovács, a stress management specialist, gave a presentation on emotional, physical and cognitive stress symptoms and their possible consequences if they persist over a long period of time or occur with excessive regularity.



SOCIETY

### LIFESTYLE COACHING

Péter Lakatos, a quality of life coach, gave an inspirational lecture entitled “Ageless” on the healing effects of sleep, exercise, conscious breathing and healthy eating and the basics of lifestyle change.

### APPLE DAYS, OR 1400 KG OF APPLES FOR OUR HEALTH

In autumn 2023, we distributed a total of 1,400 kg of apples on 4 occasions and in 24 locations at our offices and premises and among various project teams. We should thank the apple-growing company Nagyálló-Tész Kft. for the delicious apples delivered for each occasion.



### KECSKEMÉT LOCAL MARKET

Kecskemét staff members were expected with handicraft products, delicious biscuits, creams and jams at the Local Market. The event was organised with the help of the Maltese Manufactory to support disadvantaged families with links to the organisation by purchasing special and quality local products. At the BOOOK Publishing’s stand, staff could choose from a selection of books and novelties on sustainability, children’s books, gastronomy and lifestyle.



GRI

### COLLECTION OF SCHOOL SUPPLIES AT THE BEGINNING OF SEMESTER

During our school supplies campaign, organised in cooperation with the Hungarian Charity Service of the Order of Malta, we received a number of donations from our colleagues. Our tight-knit community once again showed its strength, and with the help of our donations we made the start of the year easier for many young children in difficult circumstances. The donations were delivered by the Hungarian Charity Service of the Order of Malta to the poorest villages and to schoolchildren, orphans or children in foster care living in temporary family homes.

### BUDAPEST CHRISTMAS MARKET

We welcomed our colleagues to the Christmas Fair with sustainable goods from the Stelazsi Shop and exciting publications from BOOOK Publishing.



### Employee opinion survey

An employee opinion survey was completed in 2023 with a high turnout. It is particularly good news that we received more than 700 reviews, of which 200 were from our blue-collar workers at the Kecskemét and Szeged sites. Based on the responses received, we assessed the situation and identified our objectives. We intend to create a strategy everyone can identify with and which belongs to everyone.



### Challenges

The year 2023 continued to be dominated by labour shortages, finding and retaining appropriate workforce, struggling with staff turnover, the quality and quantity of work, the increasing trend of foreigners employed in the construction industry, and the war situation resulting from the Russian-Ukrainian conflict.



SOCIETY

### Employer Branding

At the time of this publication, our Group is preparing an Employer Branding strategy, which will be included in the next report.



### HRBEST 2022 - Employer Branding Special Award, KÉSZ Group Minecraft campaign

Targeting young talents has long been one of KÉSZ Group's priorities, so we are especially pleased that the prestigious HRBEST 2022 jury awarded us with the Employer Branding Special Prize. The recognition in the Talent Attraction category was earned thanks to our Instagram campaign created together with the team of Positive Adamsky, where we asked young gamers to build the sustainable building of their dreams and the future in one of the world's most popular building video games.



### PéldaKÉSZ Programme

The aim of our programme, launched in 2023, is to draw strength from as many exemplary cooperation and collaboration efforts and from as many exemplary employees as possible, in accordance with our corporate values, as together, they will determine the future of KÉSZ Group. Our aim in launching the PéldaKÉSZ Programme is to put our exemplary colleagues in the limelight and give everyone the opportunity to develop and change.

The launching event of the PéldaKÉSZ Programme was held in June 2023. A significant number of nominations were received, of which 110 were admitted by the Supervisory Board. Staff members participating in the event started the programme together with top managers at the Four Points by Sheraton Hotel in Kecskemét. The teams formed worked on the following 5 themes and presented their results:

- » Improving effective cooperation.
- » Transparent and disciplined behaviour and improved responsibility and proactivity.
- » Improving internal communication and community building, and enhancing the employer brand.
- » Developing project-based operation, improving project management capability, implementing the design-procurement-contracting-manufacturing-execution process chain.
- » Developing resource-based operations, implementing materials and asset management.



# Hexagon Awards Ceremony



Every year, the top management of KÉSZ Group rewards employees with outstanding performance. In 2023, once again the winners received a certificate, a special Hexagon-shaped prize and a voucher to be spent with KÉSZ Group's businesses. The vouchers can be used for a wide range of services, such as booking accommodation, dining out or even buying books in outlets run by the group's service providers.



## Award winners:



SOCIETY

- » In the General Construction sector, the Guarantee team of KÉSZ Building and Construction Plc.
- » In the Property Management sector, the Szeged, Szolnok management team of KÉSZ Ingatlan Ltd.
- » The 2023 HEXAGON TEAM award went to the staff of Edupark Nonprofit Ltd.





# EDUCATION AND TRAINING

(GRI-404)



SOCIETY



GRI

The year 2023 marks a major step forward in the life of our Group. Our learning&development and vocational training units became under common leadership in order to support learning activities of our business and back office entities. Training, as a forward-looking and knowledge-developing topic of key importance, operates as a separate organisational unit, actively supporting and complementing the independent training activities of each legal entity. Following the success of Edupark, Zsuzsanna Naderi has been in charge of training for the entire KÉSZ Group since October 2023. Following her appointment, the learning and development concept has been developed together with a larger training team.

In the design of a long-term learning and development plan, particular attention is paid to responding to the effects of the external environment and supporting the learning environment with software platforms, while not ignoring the change in learning attitudes and the search for a response to them. Creating the motivating conditions for learning, the infrastructure and the learning environment are also essential. The new concept also focuses on broadening the scope of training: while maintaining the current training portfolio, each business units would develop and launch training courses, and new courses forced by technological change and challenges would be added, with sustainability and culture change as two key focus areas. In addition, training to support business operations, efficiency and competitiveness will also gain ground in the future. To remain competitive and adapt to continuous change, it is essential to continuously develop human capital and to maintain and improve the professional skills of our staff. Our aim is to ensure that our employees, regardless of age, gender and grade, have access to wide range of training programmes, whether it is professional or skills training (e.g. language training, stress management, collaboration, feedback) or general knowledge that can be used in everyday life.

Our range of training is very broad, covering general mandatory training (e.g. occupational safety, fire safety), as well as professional and soft skills development, language training, leadership skills development training, and IT training at various levels, among others. In 2023, our staff took part in nearly 80 different training courses, including adult vocational training courses organised by Edupark for Group employees (welders, locksmiths, electricians, cutters). The total number of hours of training delivered reached 110,165 hours, with 58 hours of training per person.







SOCIETY

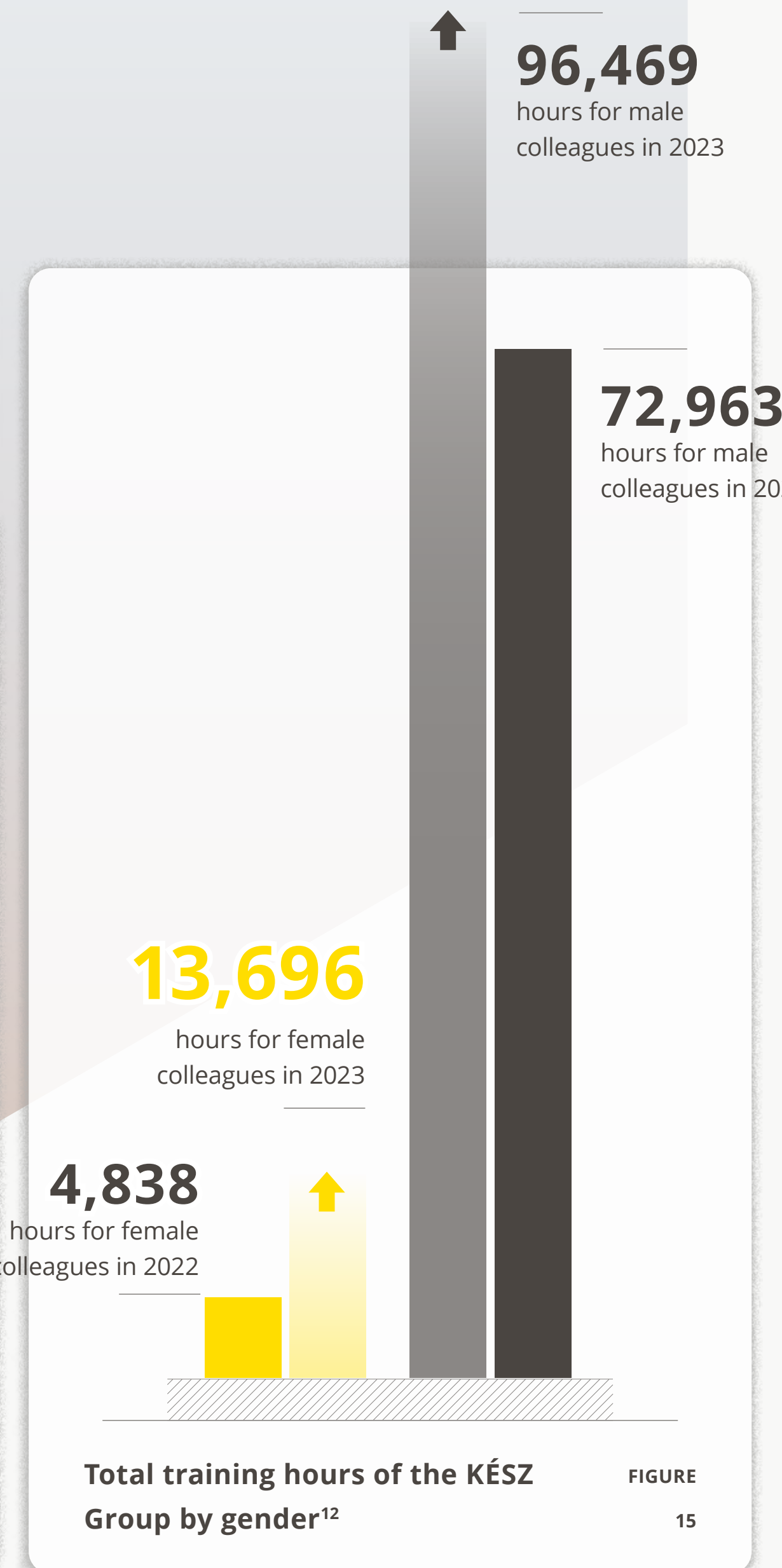
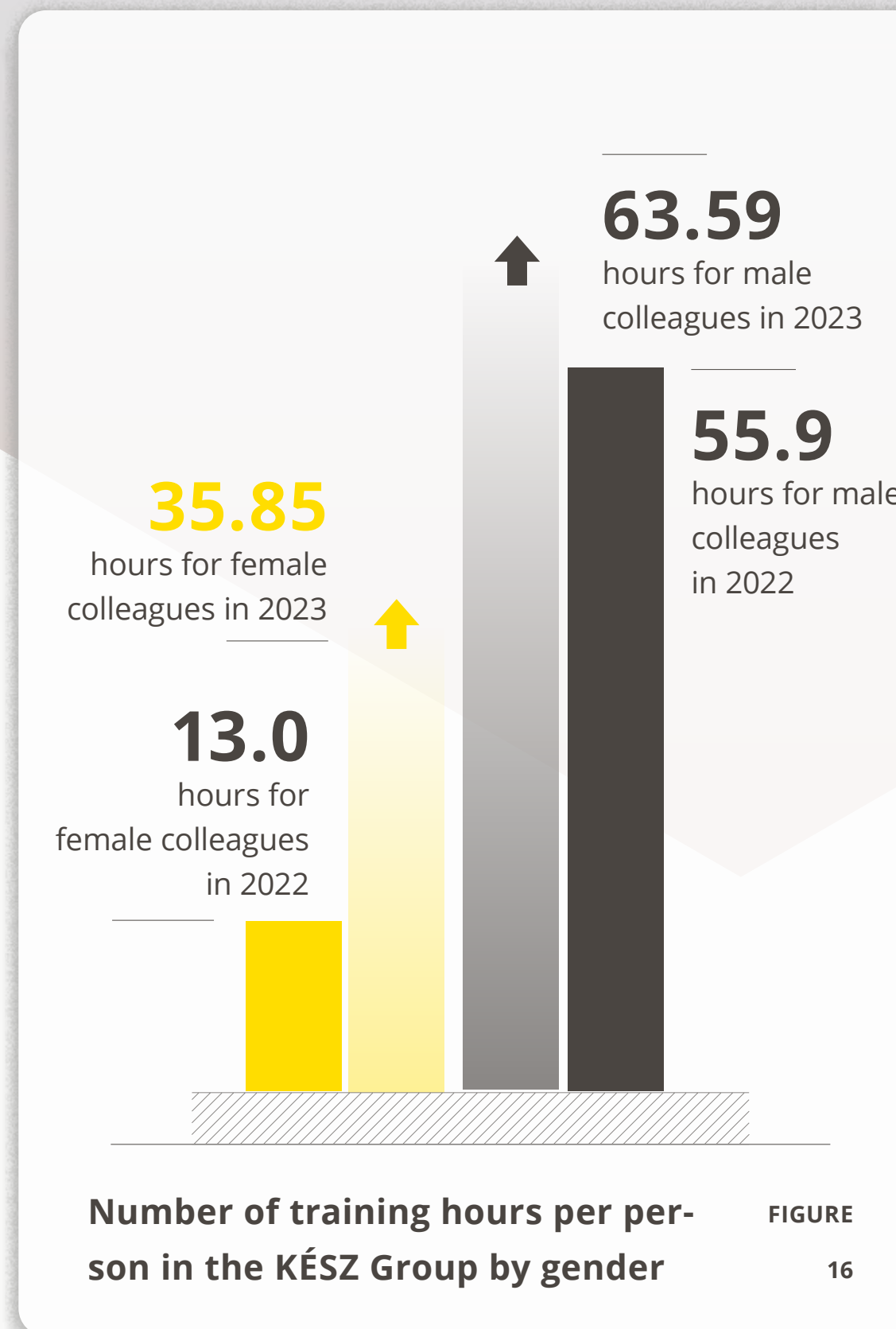


In 2023, a total of **HUF 223 million** was spent on training.

## E-Learning

At Group level, more than fifty e-learning courses are offered for our staff. We are keen to use the opportunities offered by digitalisation in our training to promote sustainability, reduce our paper consumption and cut down on travel-related emissions. We produced a number of e-learning materials on our strategic topics, including BIM, over the past year.

<sup>12</sup> Team building training directly organised by subsidiaries is not included in the aggregate figure.





SOCIETY



*“Edupark has been a pioneer in vocational training within the sector.”*

## Edupark Vocational Training Centre

We pay special attention to future generations and to the development of qualified young people, so in 2016 we created a comprehensive vocational training strategy, thus contributing to the Group’s sustainability activities. As part of that effort, we entered into a strategic cooperation with the Gál Ferenc University, maintained by the Szeged-Csanád Diocese. Together, we established a vocational training institution in Szeged, where education started in the 2018/2019 academic year. Since the beginning, we have been constantly evolving and looking for new opportunities. Currently, we provide dual training and vocational qualifications in the field of niche trades in the construction industry for a total of 370 full-time students and 200 adult students at two locations, in Szeged and Kecskemét. Edupark offers training in five groups of profession: mechanical engineering, building services engineering, electronics and electrical engineering, construction and specialised mechanical and automotive engineering.



### Taking responsibility for learners

Edupark has a holistic development goal, i.e. students’ physical, mental and spiritual development are equally addressed. This can be seen in the methodology itself, as we focus on project-based learning, so that students learn the project approach needed in the ambit of work during their training. In doing so, we will focus on empowerment, planning, measurement, monitoring and feedback – developing an approach that is often missing in the Hungarian labour market. Another important goal is community building, which includes sport activities as well. In our workshops and other training venues, students can play table tennis, darts or even football. We find that sport can relieve the stress of learning, and the energy released during a short break can stimulate the learning process itself and contribute to community building. In this way, students experience that work is not only a duty, but also a source of joy.



### Relationship with learning

It is a very important achievement and a great pride for us that the students are essentially satisfied with their education and that their attitude towards learning and their sense of achievement has clearly changed during their time here. We have achieved good results in key competence development, with an average student satisfaction rate of over 80%, which is outstanding in this field. These young people often come to us frustrated, having experienced failure at other schools, and we are very successful in transforming their negative emotions. This is reflected, among other things, in the fact that half of those who complete the course become so enthusiastic over the years that they continue their studies after completing their training. Many of them continue studies and pass mature exam and some will even go on to higher education before starting to work. For those who decide to immediately enter the industry, 90% of them have managed to find a successful job in the sector as a skilled worker. Around half of these students will find a job in KÉSZ Group, while the other half will work in SMEs linked to the Group.



SOCIETY



## Achievements



### 350 students and 180 adults

in vocational training in the academic year of 2022/2023



### Dual training in 5 sectors:

mechanical engineering, building services engineering, construction, electronics and electrical engineering, specialised mechanical and vehicle engineering



### 51%

continued education rate. 51% of our graduates go on to further studies, 39% get a job (22% at KÉSZ Group.)



### Over 85%

student satisfaction rate



### 35 strategic

corporate partners in dual training

## Vocational dual training

The dual training at our Training Centre is an excellent opportunity to acquire the knowledge and work experience needed for the profession in modern workshops and in a real productive, value-creating environment. We support conscious job choices and prepare interested students for independent learning. We also place a high priority on ensuring that our graduates are ready for the digital transformation of the industry and its challenges.

### Workshops and practical training

#### Kecskemét

- » Electrician
- » Building and structural locksmith
- » Machine and CNC cutter
- » Welder
- » Building services engineer
- » Mechanical engineering technician
- » Building technician with a vocational training

#### Szeged

- » Building services engineer
- » Refrigeration and ventilation system installer
- » Central heating and gas system installer
- » Water and sewerage installer
- » Welder
- » Building and structural locksmith
- » Electrician
- » Structural engineer and fitter

### The benefits of EDUPARK for students

- » Modern teaching and learning environment in our workshops
- » Hands-on work experience
- » Wages during vocational training, safety clothes and equipments are fully provided
- » Safe workplace
- » Professionally trained, learner-centred teachers
- » Leading by example, credibility
- » Project-based education
- » Active community life
- » Support for further education or employment
- » A stable corporate background



Video content

## KÉSZ Vocational Training Academy

### Student satisfaction and success stories

We ask for feedback from our students in order to measure the quality of our educational services. We ask for feedback on staff and facilities in our annual satisfaction survey and we are very proud of the positive feedback we receive. Student satisfaction is above 85%. We prepare an annual development plan for the areas to be developed, and we are also constantly working on the implementation of the tasks set.



### Metres of workshop and training space

In 2023, a total of 1,200 square metres of classroom space was renovated in the Szeged Education Centre as part of the brownfield investment. The project involved the entire infrastructure. We use modern and sustainable solutions for energy, building services and electricity.

Learning spaces have been redefined to fully meet the professional requirements of the 21st century, where theory and practice are not separated. We have delivered multifunctional spaces that can function as both community and theoretical and practical training spaces.



SOCIETY





SOCIETY

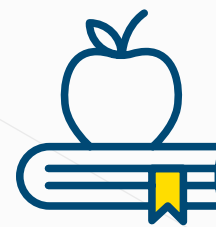


## Cooperation with educational institutions

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



Hungary's first specialised training course in façade design has been launched at the **University of Pécs** with professional cooperation and support by KÉSZ Metaltech Ltd.



The BIM Scholarship Programme has been launched in cooperation with the **Budapest University of Technology**. As a result of the programme, 7 selected students out of more than 40 Hungarian and foreign applicants joined KÉSZ Group as grant holders.

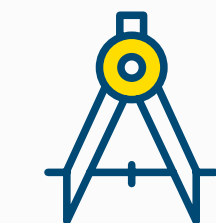


The Szeged unit of **Gál Ferenc Vocational and Secondary School** founded and maintained by **Gál Ferenc University** with the support of KÉSZ Group, has been established to relieve the labour shortage in the construction industry. In 2023, we supported students by providing IT tools to boost the development of digital education.

The joint research, development and education cooperation between the University of Szeged and KÉSZ Holding Plc. aims to provide young people with further education and employment opportunities in the region, including internships.



The **Tudásépítő-Team Vocational Training Centre** was founded by the KÉSZ Group, Bayer Construct ZRt. and Market Építő ZRt. The strategic goal of these companies is to strengthen the image of construction and make the industry attractive to youngsters. Students can choose from 12 different vocational or technical training courses in the construction industry, depending on their previous or current level of education. Vocational training lasts 3 years, while those enrolling in technical courses follow a 5-year course in addition to preparing for mature exam. Thanks to this joint effort the cooperation, KÉSZ Group and its partners and suppliers have provided work placements for more than 100 secondary school students.



Together with the Kecskemét Vocational Training Centre and Univer Coop ZRt., the Kecskemét Vocational Training Centre established the **Kecskemét Sectoral Training Centre** in 2023 to provide students with the opportunity to participate in dual education within the region.



# LOCAL COMMUNITIES

(GRI-413)



Supporting local communities, culture, education, sport and volunteering are key to achieving our sustainability goals.



The Sponsorship Committee decides on our Group's sponsorships under the sponsorship agreements, as set out in the Sponsorship Rules, with the final decision on any further sponsorship being made with the approval of the CEO.



SOCIETY



In 2023, KÉSZ Group provided grants worth **HUF 120 million** (net of TAO grants).



GRI

## KÉSZ Group's priority areas for social value creation

### SPORT

Pick Szeged Junior Handball team  
Support for Szeged St. Mihály FC women's football team



### OTHER GRANTS

SegítőKÉSZ Foundation  
TettreKÉSZ Association  
Christmas donations and charity events



### EDUCATION

KÉSZ Foundation for Vocational Education and Training  
Cooperation with educational institutions



### CULTURE

K-ARTS Art Foundation  
BOOOK Publishing  
Support to the JAZZCAPITAL Festival in Kecskemét



# KÉSZ GROUP FOUNDATIONS



## K-ARTS Art Foundation

The Group has been a committed supporter of the arts for decades. Founded in 2017, the mission of the K-ARTS Art Foundation is to promote contemporary visual arts using steel and other industrial materials in Hungary and abroad. The Foundation currently has more than 500 works of art under its care, which it presents to the public at exhibitions and events. The ever-evolving contemporary collection consists primarily of metal sculptures and installations, as well as prints, photographs and paintings. Supported artists include renowned Hungarian artists, young talents and emerging foreign sculptors.



SOCIETY



Further information





SOCIETY



## FOUR POINTS BY SHERATON

In recent years, the peach-tree garden of the Four Points by Sheraton Kecskemét Hotel has been transformed into a spectacular sculpture park, the Steel Promenade, open to all visitors.



Further information

## K-ARTS ART FOUNDATION'S

portfolio includes **the manufacture and production of special awards**, including anniversary and Hexagon awards for KÉSZ Group. ConSteel Solutions Kft. requested the K-ARTS Art Foundation to design and manufacture the Steel Lion Award based on 3D drawings by Mihály Ágoston Gyurcsovics.





## SegítőKÉSZ Foundation

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

We provide additional support to our colleagues in need under the Piety Policy established in December 2023. Sadly, there has been a significant increase in the number of people suffering from cancer, and we have also supported the families of our colleagues who died on the front line during the Russian-Ukrainian war.

The SegítőKÉSZ Foundation also organised a blood donation campaign in Kecskemét. Supporting the work of the local Blood Supply Service, 22 of our colleagues supported the initiative, including first-time donors and a regular donor for whom this was the 21th time.



SOCIETY



## TettreKÉSZ Association

The main objective of the TettreKÉSZ Association, established by KÉSZ Group employees in 2019, is to support the community, health promotion and disease prevention activities of its members. The Association uses its resources to support the amateur sport, cultural or other leisure activities of its members, and organises sport, cultural or other leisure programmes for its members, supports micro-communities and self-organising groups formed by members of the Association with similar interests, while also providing funds for their operation.





In 2023, the creation of self-organising small communities and clubs (e.g. bikram yoga, running, football, aerobics, fishing and cycling clubs) continued to play an important role. The number of individual members of the Association increased by about 10% compared to the previous year. A key strategic objective is community building, in which the association will play a major role, both in supporting self-organising micro-communities and in supporting and mobilising macro-communities. Future plans include the setting up of a women's club and the introduction of a lifestyle club to promote health awareness and stress management. In 2023, the TettreKÉSZ running team also encouraged people to take part in two major races, i.e. the Continental Cross-Country Run and the 20th JYSK Balaton Marathon and Half Marathon.



#### Other charity programmes in 2023:

- » Rather than giving the usual Christmas gift packages to business partners, we used the budget for charity. In 2023, we chose to support Habitat for Humanity Hungary's TÁMASZ programme, which helps families experiencing housing poverty to create quality homes. The KÉSZ Group donated HUF 3 million to support the continued operation of the organisation.
- » Santa Claus of KÉSZ Group visited the Semmelweis University of Budapest, the Faculty of General Medicine, the Bókay Street and Tűzoltó Street Departments of the Pediatric Clinic and the Bethesda Children's Hospital on 6 December and presented nearly two hundred Santa Claus packages to sick children.
- » We donated one million forints to Bethesda Hospital as part of a fundraising campaign for our storybook, The Hexagonal Tales.



SOCIETY



The 4th floor secretary office of KÉSZ Mester Office Building served as **the fundraising site for the Hungarian Ornithological and Nature Conservation Society**, where interested staff members can choose from the Society's beautiful enamel pins in exchange for donations.



SOCIETY



# KÉSZ Foundation for Vocational Education and Training

The aim of the KÉSZ Foundation for Vocational Education and Training is to alleviate the labour shortage in the construction industry by strengthening the quantity and quality of vocational education and training, so that qualified students are trained in the vocational education and training sub-systems to meet the economy's needs for a supply of skilled workers. Increasing the importance of hands-on vocational training adapted to the real needs of the labour market by expanding dual vocational training, by providing financial and non-financial support to institutions providing such training, and by increasing the number of apprenticeship contracts and co-operation agreements.

VET students gain work experience in a labour market environment or in a workshop integrated into the workplace, developing key competences for employment. Moreover, long-term goals include restoring the recognition and social esteem of vocational education, training and skills development, especially among the younger generation.



Further information





# SPONSORSHIP ACTIVITIES



Among a wide range of sports sponsorships, KÉSZ Group has been supporting would-be champions of youth teams and the lesser-known sports disciplines as an enthusiastic supporter and real Szeged localist. In addition to sports, we also support arts and creative events in Szeged and Kecskemét, thus promoting the cultural development of the region.



SOCIETY





# Sports sponsorship

## Pick Szeged youth handball team

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



In 2023, eleven young people were again eligible to receive an award. The gift tablets were handed over during the break of the OTP Bank PICK – Szeged-Telekom Veszprém match, in the PICK Arena in Szeged.

## St. Mihály FC women’s football team – Winner of the Women’s League I Winter Indoor Tournament

We support the Szeged-based KÉSZ St. Mihály FC women’s football team as the name sponsor. The year 2023 was a particularly successful one, as KÉSZ-St. Mihály-Szeged won the Women’s League I Winter Hall Tournament. 6 of the 14 goals by the Szeged team, now at the 10th place in the Women’s Simple League table, were scored by the tournament’s top scorer, Ivana Trbojevic. The team, flawlessly performing in all eight of its matches, beat MTK Budapest and ETO FC Győr, surprising the fans with their outstanding performance.

## Other sports support

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

## KÉSZ Arena

Thanks to KÉSZ Group, the KÉSZ Arena in Tápé has been renovated with an investment of HUF 60 million. The changing rooms have been renovated and a new car park has been opened. The private inauguration event was followed by a public press conference, during which the team introduced their new players and announced their goals for the season. The ceremony was attended by Mihály Varga, founder of KÉSZ Group, János Molnár, a national football player, Ibolya Bereczki, Managing Director of Szent Mihály Kft, Attila Fazakas, parish priest of Szeged-Szentmihály, and Rózsa Széchenyi, a local government representative from Tápé. During the inauguration, Attila Fazakas consecrated and blessed the facility, helping the girls to achieve their goals for the season. A press event followed to introduce the new players and to present the team’s goals to the public.



*“Since 2018, we have been supporting the women’s football team of KÉSZ-St. Mihály FC as the name sponsor. Women’s football is getting more and more publicity and is beginning to take its rightful place in sporting competitions and broadcasts. It is a great pleasure for me that such a special team bears the name of the Archangel with the fiery sword and KÉSZ at the same time.”*

Mihály Varga,  
KÉSZ Group,  
founder, owner





SOCIETY



## Cultural sponsorship

### JAZZ CAPITAL Festival, Kecskemét

The JAZZFŐVÁROS (JAZZ CAPITAL) Festival in Kecskemét, supported by KÉSZ Group for many years, takes place in the summer months, typically in August. Visitors to the event can sample a wide range of classical jazz genres. Over the four days, nearly 150 performers from 10 countries took part in the event, which was not just for jazz fans, as a wide range of other activities were offered for children and adults.

### Volunteering

We held a successful fundraiser and volunteer day for shelter animals. KÉSZ Metaltech and Baumetall colleagues visited the Gödöllő-based Orphan Souls Animal Welfare Association and the Mini Paws Animal Welfare Association to provide the shelter's residents with donations and lots of caressing.

We handed over to the Matrix Charitable Foundation the shoeboxes and love chocolate donations collected by our Group's employees to embellish Christmas for needy, poor children in difficult circumstances.

For information on our cooperation with educational institutions and universities, please visit the [Education and training](#) chapter.





# PUBLISHING ACTIVITIES



## BOOOK Publishing

The value creation and value saving of KÉSZ Group by BOOOK Publishing is extraordinary, as it is making a special effort to achieve its noble mission of saving the printed book for future generations, even in difficult market conditions.



SOCIETY



Further information





# BOOOK PUBLISHING



## Facts and figures about BOOOK Publishing

number of copies sold: 56,997

fiction: 4,014

cookbooks: 37,425

lifestyle: 11,582

printed copies: 47,836



The eBook Hungary Kft. and the Social Research Institute ZRt. (TÁRKI) conducted a survey on behalf of the NMHH on the book reading and book buying habits of the entire adult Hungarian population in spring 2023. The results show that 42% of Hungarians tend to read printed books, compared to 11% for e-books and 7% for audiobooks.



SOCIETY

In 2023, there was a sharp price rise also in the paper market, which significantly affected publishers. However, as prices rose and the number of copies declined, paper-based reading became fashionable again and an increasing number of titles were targeting readers under 20.



GRI

## BOOOK Publishing highlights:

- » In 2023, we participated in 16 events, including the Kitchen Exhibition, Book Week, Book Festival, Art Picnic Pannonhalma, the Káli Picnic, the Győr Book Salon and various book exhibitions in Transylvania.
- » 11 new books were published, of which 8,978 copies were sold.
- » We launched the BOOOK MINI pocketbook series, with a total of 6 publications. Each volume in the series offers simple or exciting, easy-to-prepare delicacies on a gastronomic theme for everyday and special occasions. The 160 gram carbohydrate diet, the first volume in our new series, gives you quick and creative recipe ideas during travelling or shopping.



## Books for sustainability

- » Bence Csalár's third book, Style Map, has been published. In his new volume, the author continues his mission to educate readers to dress consciously, environmentally and with a sense of self.
- » In her book Eco-friendly detergents for an eco-friendly home, Brigitta Munkácsi encourages her readers to get closer to the idea of cleanliness emotionally by using various home-made cleaning and detergent products. By using natural ingredients and essential oils, people can easily create the energy and atmosphere of their homes, where one can recharge and be themselves.







SOCIETY



### The UN Global Sustainability Grand Prize was awarded to the “You can bee more!” campaign

The “You can bee more!” initiative is Hungary’s largest pollinator protection programme. Its aim is to draw attention to the mass mortality of bees and other pollinators, to improve the situation of the beekeeping sector, which provides the livelihood of 20,000 Hungarian families, and to encourage domestic honey consumption. The “You can bee more!” campaign also contributes to two global SDG targets: ending hunger and protecting terrestrial ecosystems.



### “Honey books” prizes

The “You can bee more!” campaign, dreamed up by Pannon Értéktár ZRt., won the Global Sustainability Grand Prize at the Golden World Awards. The programme has thus become the education campaign best supporting the UN Sustainable Development Goals.

At the global event, “A hum in the kitchen... and take a spoonful of honey!”, a cookbook by Magdi Rúzsa and József Vida published by BOOOK Publishing, won a silver medal in the category “Beekeeping – Books for Beekeepers”.



# **CORPORATE GOVERNANCE**



CORPORATE GOVERNANCE



# Our corporate values



Do rather than talk



Keep striving for better



Keep it simple



We are open to anything new



We rely on each other

*“KÉSZ Group has entered a new era ... Together and for each other, we will build the next 40 years!”*



# RESPONSIBLE CORPORATE GOVERNANCE



(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17)



KÉSZ Holding Plc. is the leading company of KÉSZ Group, basically exercising ownership rights and performing legal, business development, investment, financial, organisational development, audit, security and controlling functions. Moreover, it brings together, manages and develops the Group with the mission of ensuring that KÉSZ Group continues to be a dominant market player, maintaining and increasing its share in all the business areas in which it has an interest.



The organisational and operational structure of the member companies of KÉSZ Group is determined by the Articles of Association of the company concerned on the one hand, and by the Rules of Organisation and Operation (ROO) as amended from time to time.



CORPORATE  
GOVERNANCE



# Organisational structure of KÉSZ Holding Plc.



CORPORATE  
GOVERNANCE



## 1 GENERAL MEETING

The supreme governing body of KÉSZ Holding Plc. is the General Meeting which consists of all shareholders. Its operation, powers, the procedure for convening meetings, the exercise of voting rights and the documentation of its decisions are governed by the Civil Code and the 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 decisions are taken by simple majority. However, a three-quarters majority is required to decide certain issues, such as amendments to the Statutes.

## 2 CEO

The chief office holder of KÉSZ Holding Plc. is the Chief Executive Officer, pursuant to the Statutes in force during 2023. This position was filled by Tamás Vida in 2023. He has been appointed for an indefinite term and has the right of independent representation.

### Key responsibilities of the CEO:

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

### Management of conflicts of interest

With the exception of the shares of public limited companies or of companies in which the Company has a participating interest, the CEO may not acquire equity participation or function as an executive officer in other business associations pursuing as a core activity the same economic activity as the Company. The CEO and his/her relatives may not, except in the ordinary course of their daily business, conclude in their own name or for their own benefit contracts which fall within the scope of the company's core business.

An important aspect of ethical operation is that we perform our duties in the best interests of KÉSZ Group, impartially and based on the best of our knowledge. Thus, under the Code of Ethics, all employees have a duty to disclose any conflict of interest risks, in particular with regard to competitors or business partners of the KÉSZ Group. An employee may also declare a conflict of interest to the employer; however, the employer may also decide whether a conflict of interest exists in a particular situation. In the case of a conflict of interest, the employee may not participate or perform his/her job duties in a transaction in which his/her employer or a partner of KÉSZ Group is a third party with whom the employee has a relationship that constitutes a conflict of interest. All employees are required to complete a Conflict of Interest Declaration every year.



CORPORATE GOVERNANCE



### 3 SUPERVISORY BOARD

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

In 2023, the Supervisory Board consisted of four members, Dr. Péter Balázs, Miklós Bánhidi, Zoltán Nagy and Mihály Varga, the latter acting as chairman of the Board. Their mandate is open-ended and none of them is employed by the group.

#### Key functions of the Supervisory Board:

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

### Senior Management Forum

Since February 2023, the Senior Management Forum, which acts as an advisory body to the CEO of KÉSZ Holding Plc., has been composed of the CEO of KÉSZ Holding Plc., the Deputy CEOs of KÉSZ Holding Plc., the heads of sectors, the heads of the main central areas (HR, Legal, Central Procurement, Marketing) and other participants invited by the CEO. The Senior Management Forum is currently composed of 12 men and 1 woman. They have also overseen the management of the economic, social and environmental impacts of KÉSZ Group. The forum was convened on a monthly basis.

**Similarly to the monthly senior management meetings of other large companies, the role of the Senior Management Forum is primarily to inform senior management, prepare decisions on issues affecting the Group as a whole and provide a communication platform for discussions around the following objectives and key themes:**

- » discussing and agreeing on matters affecting the business and strategic operation of KÉSZ Group, and developing a senior management position on these matters;
- » coordinating strategic issues concerning the operation and market presence of sectors and other departments, and preparing decisions on matters where the CEO exercises or has exercised decision-making powers;
- » reporting to line managers, heads of other departments (on-time delivery of the business plan, explanation of deviations from plan and reality, review of the progress of priority projects, development of project coverage and reasons for change, presentation of work in progress, proposals and action plans for risk management and measurement of their performance);
- » defining tasks for the implementation of decisions, consistently reporting back to the CEO on the implementation of previous tasks and holding him/her to account;
- » supporting the activities of senior managers.



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## Operation of our member companies and foundations

The companies included in the report belong to a Sector or Central Area according to the professional nature of their activities. Any other operation may only be permitted on the basis of the decision of the CEO of KÉSZ Holding Plc. The companies concerned will then continue their operation under the direct supervision of the Holding.

In the case of our foundations, the founders exercise their rights in the form of a board of trustees, convened by the trustee or chairman of the board of trustees entrusted with the management of the foundation's assets. Their statutes also cover conflicts of interest between the trustee and the chairman of the board of trustees. As far as the TetteKÉSZ Association is concerned, the decision-making body of the Association is the General Meeting, while the Board acts as the managing body.

In the year of the publication of the Sustainability Report, we launched "New Era", a major movement to change the entire structure, operations and culture of the Group. Previously, in 2023, the new concept had been drawn up senior managers **for the structural and cultural transformation of the Group**. The concept covers a range of topics, from developing a hierarchy of objectives, to defining our operating principles and improving our processes, to designing our new organisational structure. In the meantime, particular focus will be placed on the **PéldaKÉSZ programme**, established in 2023 in order to promote sustainable growth and the achievement of our goals.

The various sustainability topics are assigned to the following management levels

**1 CEO level**  
Sustainability Strategy  
Corporate social responsibility  
Corporate security

**2 Deputy CEO level**  
Environment and climate protection  
Occupational safety  
Innovation  
Supplier chain management

**3 Legal Director**  
Compliance

**4 HR Director**  
Diversity  
Talent management

Further information on the Board





# WOMEN LEADERS IN KÉSZ GROUP



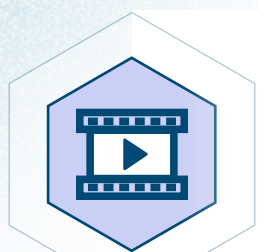
While female workers are now more common both on construction sites and in construction companies' offices, a huge gender gap still remains. Statistics show that only 10% of women in the European construction industry<sup>13</sup> are in administrative positions, with only a few working on construction sites. The old habits seem to be loosening, for a number of reasons. From an economic point of view, the sector is more inclusive due to labour shortages, which trend has beneficial psychological impacts. Just think of the synergies that come from the diversity that is essential for effective teamwork, and which can inspire project participants.



Due to the diversity of its activities, KÉSZ Group offers a wide range of opportunities for female colleagues. Our women colleagues who are featured in our KÉSZ Next video series are telling their fellow women to hang in there and join in. It is a decision worth taking with confidence, as they may also find the profession attractive. They encourage open communication and the courage to ask questions, just like in any other workplace or industry, because this is how you grow and become an expert in your chosen field every day.



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Video content

**KÉSZ Next video series – Staff members and their stories –  
Women colleagues, atypical jobs**

<sup>13</sup> <https://www.ebc-construction.eu/2024/03/08/women-in-construction-state-of-play-on-international-womens-rights-day-2024>



*“I have worked for KÉSZ Group for more than 15 years. I would like to encourage my female colleagues with a strong work ethic, who can multi-task, who can solve problems under pressure. Those who truly believe in themselves and work hard as a team to develop the skills of their colleagues will be successful as leaders in their field. Building on each other, we can do it.”*

Györgyi Perzse,  
KÉSZ Holding Plc.  
Deputy Chief Operating Officer





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### A strategic goal to attract more women to the construction industry

Zsuzsanna Naderi, Managing Director of Edupark Sector Training Centre Nonprofit Ltd., is proud that the proportion of girls among the students is increasing. They also study to become welders, electricians and are interested in training in building services engineering. In the future, they want to increase the participation of girls in training, as they are currently under-represented in the sector.



*“Since its foundation, our company has been a quality service provider, managed in a transparent way, able to adopt and apply world-leading methods and technologies alongside traditional solutions. The popularity of water mist extinguishing systems and the widespread use of fire simulation design methods in Hungary is also thanks to the company’s employees, who have done and are doing a lot to modernise the fire prevention environment in Hungary. I’ve got a great team, most of us have been here for over 10 years and together we solve all the complex problems.”*

Andrea Fonyódi,  
Vantor Fire Protection Ltd.,  
Managing Director

*“Our value creation work and efforts have been recognised in international gastronomy. While the numerous publications of our publishing company have earned many awards, we are most proud of our Best Publisher award at the International Gourmand Awards. Since its creation, BOOOK’s mission has been to publish unique and innovative publications, both in terms of content and form, which represent sophistication, freshness and quality, especially in the fields of gastronomy and design.”*

Ildikó Illés-Zsupos,  
BOOOK Publishing Ltd.  
Managing Director



*“We celebrated the 10th anniversary of the hotel in 2023. We have faced many challenges in recent years, which have attracted the attention of the industry and earned us the title of the region’s premier conference hotel. If you do not listen to your customers, you will not only be left behind, you will be driven out of the market. Our priority is to keep improving and maintain a high level of satisfaction.”*

Anita Juszkó,  
Four Points by Sheraton Kecskemét  
Hotel and Conference Centre,  
Director





# KÉSZ GROUP'S BIM STRATEGY



## What is BIM?



*... long-term, continuous development and an opportunity for the construction industry.*



BIM, or Building Information Management, is an approach and mindset that represent a new level of innovation-driven technology for the construction industry. BIM enables us to manage and use information in a consistent and efficient way, from the initial phase of work, i.e. the proposal stage, to the end of the building life cycle.



### **BIM cycle: areas of application of BIM in the activities carried out by KÉSZ Group**

Throughout the lifecycle of a building, a huge amount of information is gathered by different disciplines, and integrating it into a single system is beneficial for all involved, which is why it is important for us to extend BIM to our group members and strategic partners. BIM not only improves the efficiency of work, but can also address sustainability challenges by introducing sustainable and innovative building solutions.

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### **KÉSZ Group's BIM strategy**

The dynamic transformation of the construction industry and advances in technology have brought significant changes in design, prefabrication and construction. For several years, the group has been working on the strategic alignment of BIM methodologies across the entire construction value chain at group level, resulting in a consolidated BIM Strategy with short and long-term goals and practical steps. This will guide our Group to successfully overcome the obstacles in the dynamic and changing construction industry and achieve our goals.

Our priority is to fully integrate the use of BIM into the Group's operations, and to use model-based progression, for example, to track the current status of a construction project in real time. Continuous development of our staff's knowledge and skills is essential for successful transformation, as well as the incorporation of BIM methodologies, integration of new processes into daily workflows, targeted training and support for the development of a team of experts.

Following the adoption of the strategy, we held a BIM foundation training for all our colleagues involved. Almost 700 colleagues participated in the training sessions, which were delivered with the help of BME lecturers. This provided the team with a strong theoretical basis, providing them with an opportunity to build on. The next step in the development process included practical training and demonstrations, where our experts were introduced to applied solutions alongside the latest innovations and updates.



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## BIM Scholarship Programme

The primary objective of the programme is to support the BIM transformation of the Group in as many areas as possible and to incorporate the mindset that is essential for the digitalisation of the construction industry. For KÉSZ Group, it represents a very important step forward, especially for our BIM priority member companies and strategic partners.

As an important step in the implementation of the BIM Strategy, we invited applications from undergraduate (3rd or 4th year) and master's students of the Budapest University of Technology, who are open to BIM and innovative thinking, as well as civil, mechanical and electrical engineering students.

The scholarship is, at the same time, a flexible internship programme lasting 8-12 months, giving students the opportunity to get hands-on experience of real construction projects, not least the BIM approach on which we are building the future of the Group. Students who are admitted will also receive career advice, personalised coaching and support with writing their thesis.



*"... technological advances are enabling process optimisation that we previously thought unthinkable. The strategic objectives of KÉSZ Group remain stable: to become an outstanding expert in BIM 4D and 5D by implementing new technologies. To that end, we are continuously working to standardise our processes and to create the necessary requirements and environment."*

László Szalados,  
Deputy Chief Technical Officer of KÉSZ  
Holding Plc.,  
Group BIM Integration Manager



### **IQ Innovation Centre**

A strategic partner, IQ Kecskemét Kft. is responsible for the integration of innovations and the effective implementation of the BIM strategy within our group.

*“Innovation has become a continuously present, decisive factor in the life of the Group.”*

Our Innovation Centre in Kecskemét plays a prominent role in the development of our Group, as it is actively involved in the monitoring, integration and implementation of new technologies and developments. The development and implementation of the BIM strategy is also the result of the work of this team, and its implementation started last year. In 2023, new BIM managers and coordinators joined the KÉSZ Group member companies and strategic partners, helping to support implementation and exploit synergies.

### **BIM staff members**

An important difference from market practices is that, rather than working in isolation, the trainees and BIM staff members operate as a matrix organisation, sharing professional experience, finding solutions to problems and helping each other. Through their cooperation, they aim to form a bridge between the operating companies and specialised areas, ensuring continuous development, information sharing, communication and thus effective operation. This is also facilitated by an active community of innovators within KÉSZ Group.



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### **#BIM Talk – Self-hosted BIM conference and forum for knowledge sharing**

In 2023, we organised our first BIM Talk conference at the Lurdy Cinema Hall, where more than 70 colleagues gained a deeper insight into various topical issues relevant to BIM. During the conference, speakers gave detailed and practical presentations on the construction process, from building surveys to general design, manufacturing and construction.

This type of hybrid educational platform, the first stage of which was implemented at the BIM Talk conference, is planned to continue, providing a platform for practical innovations and a forum for discussion, consultation and even debate. The main objective is to keep the focus on the importance of thinking across the value chain, open and clear communication and transparent operations, in addition to practical and daily usable knowledge transfer.

### **Innovative thinking, BIM approach and creativity**

We have worked closely with various technical universities to develop. Together with the Budapest University of Technology and Economics (BME), we organise projects, lectures, training and internships. We are also a keen supporter of the Scientific Student Conferences (STC), monitoring the development of young talent and their involvement in the construction industry.

In 2023, three special Undergraduate Science Club prizes related to the KÉSZ Group were also awarded to BME students. We rewarded students whose submissions demonstrate sustainable innovation in the areas of digital engineering innovation, BIM Methodology and BIM Model-based solutions. The special prize was awarded to papers that combine the latest trends in these fields in an outstanding way and contribute to the digital transformation of the construction industry.



### **Tutorial video**

The spread of the BIM strategy among the relevant market players will help to raise the quality and standards of the construction industry. The company aims to achieve this effective knowledge transfer by sharing professional training videos.



*“You won’t be there if you miss out!”*

– KÉSZ Group asked a comedian to educate

# Specific BIM developments in 2023

In addition to our ongoing project work, in 2023 we also put a strong focus on improving our internal back-office processes. Technical data capture, CRM system and human database building projects are designed to ensure unified operations, while the development of enterprise ERP and DMS systems will make collaboration between areas with widely differing information needs more efficient. BIM Methodology applications have also reached a new milestone in the Group's manufacturing and construction activities: in manufacturing, we are increasingly using automated production and tracking processes, while in construction we have introduced several CDE platforms to facilitate on-site data storage, information sharing and data collection as part of our daily operations.

KÉSZ Metaltech uses the Autodesk Construction Cloud service, complemented by Assemble solutions for the design, prefabrication and manufacturing process. In addition, KÉSZ Romania has implemented Autodesk Construction Cloud to speed up communication between design and site, while KÉSZ Construction Ltd. is implementing DALUX to manage site data and ensure clear communication. In fact, our position is that the goal is not to adapt a software environment, but to develop and constantly improve the capability that allows the smooth use of any such system.

In 2023, we drew up an annual report on our BIM strategy, which drew important conclusions from our assessment of the state of transformation. We introduced ASA-NA as a project management tool and identified human resources, communication and other tasks. In the spirit of sustainability, we will continue to maintain focus and update our direction, goals and tasks through ongoing status reviews and reviews at least every two years.



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# ECONOMIC PERFORMANCE

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



## Directly produced and distributed economic value

Our concerted action, focused on our sustainability objectives, creates a future-proof foundation for us to operate as a reliable, high-quality and value-creating company, taking into account the need to deliver results in the economic field.



CORPORATE GOVERNANCE



# Economic data 2023

FIGURE 17 / 1

	BOOOK Publishing Ltd.	Edupark Nonprofit Ltd.	Greenergy Holding Plc.	Gutenberg 25 Ltd.	Hexa Sense Robotics Ltd.	ION Systems Ltd.	KÉSZ Consulting Ltd.	KÉSZ Building and Construction Plc.	KÉSZ Holding Plc.	KÉSZ Hotel and Conference Management Ltd.
<b>Economic value generated in 2023 (thousand HUF):</b>										
Net turnover+	<b>174,417</b>	<b>702,851</b>	<b>25,988,702</b>	<b>569,468</b>	<b>401,656</b>	<b>5,262,476</b>	<b>4,010,211</b>	<b>155,177,685</b>	<b>17,260,130</b>	<b>1,480,154</b>
Income from financial transactions+										
Other revenues										
net turnover	174,189	170,303	24,824,693	11,361	396,472	4,832,961	3,813,213	147,954,177	2,978,620	1,427,350
other revenues	177	527,696	222,563	160,625	1	107,088	173,427	2,972,773	551,972	36,944
income from financial transactions	51	4,852	941,446	397,482	5,183	322,427	23,571	4,250,735	13,729,538	15,860
<b>Material expenses in 2023 (thousand HUF):</b>	<b>154,085</b>	<b>181,278</b>	<b>17,805,312</b>	<b>64,777</b>	<b>389,208</b>	<b>3,723,660</b>	<b>1,629,531</b>	<b>146,041,063</b>	<b>2,134,346</b>	<b>766,961</b>
<b>Personnel expenses in 2023 (thousand HUF):</b>	<b>60,011</b>	<b>355,598</b>	<b>1,140,863</b>	<b>0</b>	<b>1,080</b>	<b>641,005</b>	<b>1,955,721</b>	<b>3,832,271</b>	<b>1,197,756</b>	<b>310,679</b>
(including rehab contribution)										
<b>Payments to equity investors in 2023 (thousand HUF)</b>										
In accounting terms, taking into account the dividend granted, i.e. the dividend approved in April 2023, which has been charged to the profit and loss account and the profit and loss reserve for the year 2022 and the previous year	<b>0</b>	<b>0</b>	<b>-501,360</b>	<b>0</b>	<b>0</b>	<b>-500,000</b>	<b>0</b>	<b>-1,400,000</b>	<b>-2,842,595</b>	<b>0</b>
<b>Payments to equity investors in 2023 (thousand HUF)</b>	<b>0</b>	<b>0</b>	<b>-245,666</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,842,595</b>	<b>0</b>
Dividends paid outside the Group										
<b>Payments to the Treasury in 2023 (thousand HUF):</b>	<b>-4,218</b>	<b>-2,904</b>	<b>367,562</b>	<b>-25,754</b>	<b>-7,309</b>	<b>-74,080</b>	<b>-81,957</b>	<b>-506,752</b>	<b>-160,217</b>	<b>-25,909</b>
Income tax+local business tax+innovation tax+taxes and contributions charged to other expenditure										
income tax	-314	0	-1,903,987	-21,120	-723	-33,908	0	-192,779	-95,735	-130
local business tax	-3,395	-2,525	-471,560	-7	-5,727	-34,932	-68,281	-272,655	-56,071	-11,709
innovation contribution	-509	-379	-70,968	-1	-859	-5,240	-10,242	-41,307	-8,411	-1,756
other taxes (company car tax, building tax, vehicle tax, land tax)	0	0	2,814,077	-4,625	0	0	-3,435	-11	0	0
<b>Community investments in 2023 (thousand HUF):</b>	<b>0</b>	<b>-51,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,000</b>	<b>-59,376</b>	<b>0</b>
Donations+sponsorship (net of TAO grants)										
<b>Retained earnings in 2023 (thousand HUF):</b>	<b>-82,542</b>	<b>94,518</b>	<b>5,942,086</b>	<b>557,994</b>	<b>4,385</b>	<b>-13,625</b>	<b>413,091</b>	<b>-1,150,381</b>	<b>5,355,051</b>	<b>-107,795</b>
profit after tax + depreciation - dividends paid										
profit after tax	-84,648	86,812	5,498,700	508,974	2,350	478,206	-113,514	221,662	8,159,042	-108,598
depreciation	-2,106	-7,706	-944,746	-49,020	-2,035	-8,169	-526,605	-27,957	-38,604	-803
dividends paid	0	0	-501,360	0	0	-500,000	0	-1,400,000	-2,842,595	0
<b>Export revenues (thousand HUF):</b>	<b>915</b>	<b>0</b>	<b>3,155,711</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,547</b>	<b>57,721</b>	<b>289,787</b>	<b>250</b>



CORPORATE GOVERNANCE



## Economic data 2023

FIGURE 17 / 2

	KÉSZ Ingatlan Ltd.	KÉSZ Ipari Gyártó Ltd.	KÉSZ Ipari Park Ingatlan-hasznosító Ltd.	KÉSZ Metaltech Ltd.	KÉSZ&Go Ltd.	Ma-Hard Ltd.	MATECH Ltd.	MI-BE Alfa Ltd.	Provim Ltd.	Ventor Ltd.
<b>Economic value generated in 2023 (thousand HUF):</b>										
Net turnover+ Income from financial transactions+ Other revenues	<b>663,940</b>	<b>27,810,281</b>	<b>1,410,749</b>	<b>28,650,470</b>	<b>3,363,123</b>	<b>1,229,924</b>	<b>8,346,403</b>	<b>1,418,082</b>	<b>17,987,381</b>	<b>5,654,967</b>
net turnover	609,021	26,420,614	1,409,677	27,672,660	3,015,261	1,198,287	7,607,505	1,229,954	16,992,934	5,473,964
other revenues	41,668	486,266	770	487,691	346,178	9,639	200,795	102,221	477,928	106,229
income from financial transactions	13,251	903,401	302	490,119	1,684	21,998	538,103	85,907	516,519	74,774
<b>Material expenses in 2023 (thousand HUF):</b>	<b>242,635</b>	<b>21,822,891</b>	<b>1,222,927</b>	<b>25,279,120</b>	<b>1,852,734</b>	<b>816,029</b>	<b>6,644,268</b>	<b>694,306</b>	<b>14,872,636</b>	<b>4,261,418</b>
<b>Personnel expenses in 2023 (thousand HUF):</b> (including rehab contribution)	<b>466,177</b>	<b>2,879,863</b>	<b>0</b>	<b>2,642,610</b>	<b>96,159</b>	<b>305,647</b>	<b>806,801</b>	<b>0</b>	<b>1,564,202</b>	<b>620,031</b>
<b>Payments to equity investors in 2023 (thousand HUF)</b> In accounting terms, taking into account the dividend granted, i.e. the dividend approved in April 2023, which has been charged to the profit and loss account and the profit and loss reserve for the year 2022 and the previous year	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-500,000</b>	<b>0</b>	<b>-800,000</b>	<b>-182,500</b>
<b>Payments to equity investors in 2023 (thousand HUF)</b> Dividends paid outside the Group		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-43,800</b>
<b>Payments to the Treasury in 2023 (thousand HUF):</b> Income tax+local business tax+innovation tax+taxes and contributions charged to other expenditure	<b>-13,595</b>	<b>-220,727</b>	<b>-48,475</b>	<b>-151,000</b>	<b>-215,416</b>	<b>-19,771</b>	<b>-79,185</b>	<b>-72,667</b>	<b>-122,765</b>	<b>-92,029</b>
income tax	-130	-32,298	0	0	0	-93	-32,765	-3,014	-42,288	-48,436
local business tax	-11,709		-2,525	-471,560	-7	-5,727	-34,932	-68,281	-272,655	-56,071
innovation contribution	-1,756	-163,180	-13,341	-131,286	-36,935	-17,111	-40,088	-19,786	-69,932	-33,860
other taxes (company car tax, building tax, vehicle tax, land tax)	0		0	2,814,077	-4,625	0	0	-3,435	-11	0
<b>Community investments in 2023 (thousand HUF):</b> Donations+sponsorship (net of TAO grants)	<b>0</b>	<b>-900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-150</b>	<b>0</b>
<b>Retained earnings in 2023 (thousand HUF):</b> profit after tax + depreciation - dividends paid	<b>-107,795</b>	<b>1,196,709</b>	<b>10,835</b>	<b>240,766</b>	<b>824,757</b>	<b>65,106</b>	<b>-30,572</b>	<b>410,156</b>	<b>114,643</b>	<b>282,522</b>
profit after tax	-108,598	903,089	-80,416	86,356	24,115	5,874	456,626	162,741	885,482	419,276
depreciation	-803	-293,620	-91,251	-154,410	-800,642	-59,232	-12,802	-247,415	-29,161	-45,746
dividends paid	0	0	0	0	0	0	-500,000	0	-800,000	-182,500
<b>Export revenues (thousand HUF):</b>	<b>0</b>	<b>0</b>	<b>496,475</b>	<b>0</b>	<b>225,059</b>	<b>79,799</b>	<b>28,577</b>	<b>0</b>	<b>0</b>	<b>1,351</b>



CORPORATE GOVERNANCE





## Economic data 2023

FIGURE 18

Company	Total monetary value of financial support received from the state in the reporting period (thousand HUF)	Taxreliefs and tax credits	Investment and R&D development grants (thousand HUF)	Fees	Financial support from export credit agencies	Financial incentives	Other financial benefits received from any government
BOOOK Publishing Ltd.	0	0	0	0	0	0	0
Edupark Nonprofit Ltd.	0	0	64,314	0	0	0	0
Greenergy Holding Plc.	0	0	5,796	0	0	0	0
Gutenberg 25 Ltd.	0	0	0	0	0	0	0
Hexa Sense Robotics Ltd.	0	0	0	0	0	0	0
ION Systems Ltd.	0	0	0	0	0	0	0
KÉSZ Consulting Ltd.	0	0	0	0	0	0	0
KÉSZ Building and Construction Plc.	0	0	0	0	0	0	0
KÉSZ Holding Plc.	0	0	0	0	0	0	0
KÉSZ Hotel and Conference Management Ltd.	0	0	0	0	0	0	0
KÉSZ Ingatlan Ltd.	0	0	0	0	0	0	0
KÉSZ Ipari Gyártó Ltd.	0	0	0	0	0	0	0
KÉSZ Ipari Park Ingatlanhasználó Ltd.	0	0	0	0	0	0	0
KÉSZ Metaltech Ltd.	0	0	1,950,536	0	0	0	0
KÉSZ&Go Ltd.	0	0	0	0	0	0	0
Ma-Hard Ltd.	0	0	0	0	0	0	0
MATECH Ltd.	0	0	0	0	0	0	0
MI-BE Alfa Ltd.	0	6,702	0	0	0	0	0
Provim Ltd.	0	0	137,448	0	0	0	0
Ventor Ltd.	0	0	0	0	0	0	0



CORPORATE GOVERNANCE





# Financial impact of climate change, managing risks and seizing opportunities



For our property management sector, we have identified the risks arising from climate change that could generate actual or potentially significant changes in our operations and consequently affect our financial performance in terms of revenues or expenses.



At Group level, a so-called emergency plan has been prepared for each of the facilities we operate, following the identification of risks and impacts. Overall, the impact of the risks can be estimated at more than 1% of the value of each building.

## Risk management methods applied:

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



CORPORATE GOVERNANCE



GRI

The Report includes a detailed description of energy investments and measures to reduce CO<sub>2</sub> emissions in the Chapters on **Energy management** and **Emissions**.

## Impact analysis of identified climate risks

### Significant impact



#### Infrastructure

Storm damage, extreme precipitation, high average daily temperatures in the summer period.

#### Energy

Climate change is expected to reduce the heating season and significantly increase the energy demand for cooling, further increasing electricity consumption during peak summer periods. Further temperature rises and droughts may limit the amount of cooling water available for summer heat generation (reducing energy supply), while demand for air conditioning will increase. Moreover, the magnitude and frequency of extreme weather events pose a threat to physical energy infrastructure, overhead transmission and distribution, but also to substations or transformers.



#### Insurance

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





# INDIRECT ECONOMIC IMPACT

(GRI 203)



## Significant indirect economic impacts



As an integral part of the construction value chain, we have a significant indirect economic impact on our employees, customers on the client side, industrial and residential end-users, as well as suppliers and, in some cases, logistics partners. Our continued expansion and investments will influence and amplify these economic impacts.

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



KÉSZ Group is an important employer in the communities around our sites, as employees create local added value. We also have a strong contribution to make as a company providing local apprenticeships or adult training in various construction fields. In the 2022/2023 academic year, our Group provided vocational training to 350 students and 180 adults and employed students in 5 sectors through dual training, supporting the training of the next generation. We have collaborated with other industry actors on vocational training.



CORPORATE GOVERNANCE



With the Knowledge Building Team Sectoral Training Centre, established in partnership with two major industry players, we are also having a significant indirect impact on vocational education and training and its stakeholders, the education of the next generation.

We are members of several Hungarian industry and professional associations (e.g. ÉVOSZ, HuGBC, ISO 9000 Forum), often delegating members to the Board of Directors of such associations, where we work together with the members on the introduction of professional innovations and know-how developments, thus promoting innovation in the industry. In line with the same approach, we work together with universities (e.g. PTE, Gál Ferenc University) to implement joint training courses in the construction industry.

Special emphasis is placed on the wider dissemination of digitalisation solutions (e.g. BIM scholarship and internship programme). Through these, KÉSZ Group supports industry innovation, sustainable growth and the increase of added value in the construction industry.

Our indirect economic impact on suppliers and supply companies is also significant. In 2023, KÉSZ Group did business with more than 2,500 direct suppliers.



# BUSINESS ETHICS

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



## Ethical operation

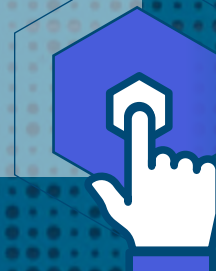
We strive to achieve our business goals, sustainable development and economic unity with the full trust of our partners. Trust is an essential element of our operations, and it is the responsibility of all actors involved to maintain trust. To maintain our results, high quality and earned trust, we are committed to operating to the highest ethical standards and professional procedures. We must act with integrity in all our actions and in all our decisions, and we must take responsibility for our actions as individuals, as employees and as an organisation. This is why we expect all our staff to make decisions that are in line with our corporate goals and culture, to create value, and to ensure high levels of customer satisfaction and quality. Our Group Code of Ethics applies to our employees and our entire supplier base. As part of the onboarding process, our employees undergo mandatory ethics training and exams, learn about the Code of Conduct and, as part of their employment contract, declare that they have read and accept the Code as binding on them. Our suppliers are made aware of the Code during the pre-qualification process and are required to accept it in order to proceed.

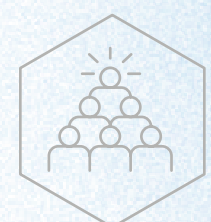
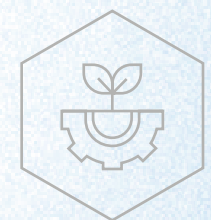


CORPORATE  
GOVERNANCE

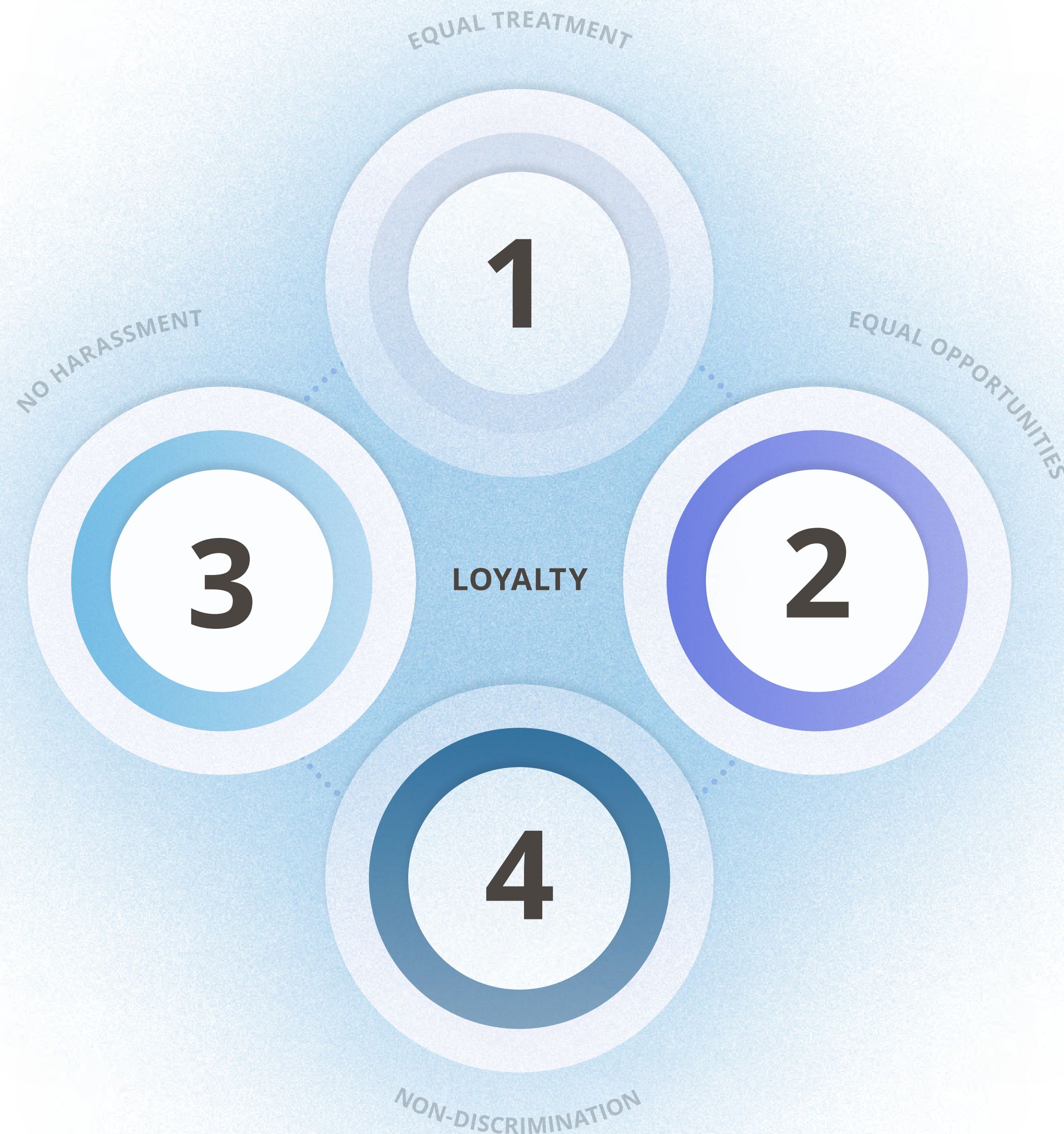


Code of Ethics of KÉSZ Group





CORPORATE GOVERNANCE



### INTERNAL STAKEHOLDERS

For our employees, the following topics are covered in detail in the Code of Ethics:

- » Unwelcome behaviour: prohibition of discrimination and harassment
- » Loyalty
- » Leadership by example and integrity

As a company, we pay particular attention to the following in our ethical conduct:

- » Safe workplace
- » Conflicts of interest
- » Confidentiality, protection of confidential information
- » Protection of physical and intellectual property
- » Cost awareness

### EXTERNAL STAKEHOLDERS

Our Code of Ethics also regulates the conditions of cooperation with external stakeholders, as the satisfaction of our customers and clients is very important to us. We strive for credibility and fair business cooperation with all our partners.

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

The effectiveness of our work also depends on the fairness and correctness of our relationship with our subcontractors and suppliers. In our relations with our partners, we expect each other to operate fairly and ethically, and to respect agreements. We also ensure that our Code of Ethics is adopted by our business partners. We reject all forms of illegal employment, such as child labour, forced labour and undeclared work. All of our suppliers meet these criteria, as they go through a multi-round **partner rating** process before being selected, and we stipulate as a core obligation in all our subcontractor and supplier contracts the requirement of legal and compliant employment.



# Anti-corruption

All forms of corruption are rejected and condemned. In addition, we encourage our colleagues and external partners to report any cases of breaches of ethical standards through the reporting channels provided. The management of the investigation is the direct responsibility of the CEO and/or the Supervisory Board, with the Head of Corporate Security reporting and accountability on a regular basis. The experience of each incident is continuously fed back to the area concerned, which ensures that the necessary policy and process adjustment actions are taken and incorporated into the normative instructions on company security.

We inform all our employees about our Code of Ethics and Clean Hands programme, our anti-corruption rules and we require all employees to be familiar with our policies. New entrants are required to complete Code of Ethics training on entry, and existing employees are required to complete Code of Ethics training annually, via our e-learning platform.



CORPORATE GOVERNANCE



Strategic and regulatory environment	Channel for reporting abuse
<ul style="list-style-type: none"> <li>» Code of Ethics</li> <li>» Code of Ethics and Conduct</li> <li>» Rules of procedure of the Ethics Committee</li> <li>» Disciplinary Policy</li> <li>» Privacy Policy</li> <li>» Security Policy</li> <li>» Abuse Reporting Policy</li> <li>» Abuse prevention strategy</li> <li>» Fraud prevention strategy</li> </ul>	<ul style="list-style-type: none"> <li>» Clean Hands programme:</li> <li>» Both staff members and external stakeholders (e.g. suppliers, partners) have the opportunity to anonymously report suspected abuse or bribery. This aims for such reports to be recorded in a forum that handles reports appropriately and investigates them without exception.</li> </ul>

## Handling abuse reports

A **Clean Hands Programme** page exists to report acts of wrongdoing or omission or other misconduct (e.g. ethical misconduct). The purpose of this is to remedy or stop the conduct that is the subject of the report, on the basis of information reported about unlawful or suspected unlawful acts or omissions or other abuses.

When making a notification, we pay particular attention to compliance with the relevant laws:

- act XXV of 2023 on Complaints, Notifications of Public Interest and the Rules for Reporting Abuses (Complaints Act).
- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Whistleblower protection is of the utmost importance and therefore whistleblowers, their co-workers or family members must not suffer any retaliation, discrimination or other unfair treatment. The notifier shall not be disadvantaged even if the notification made in good faith proves to be unfounded during the investigation.



Read more



# Ethics Committee

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

Registered reports are referred to the Ethics Committee of KÉSZ Group, which decides on the further course of the investigation and the sanction corresponding to the gravity of the case. The applicable sanctions are set out in the Disciplinary Policy of KÉSZ Group and in labour laws, and, where appropriate, the infringement may also be grounds for termination of employment by the employer.

In terms of ethics whistleblowing, there was one incident of discrimination in 2023, which was remedied through a management mediation process and information on the code of conduct. At the time of publication of this report, the procedure had been closed. There were no confirmed cases of corruption in our Group in 2023, neither in contracts with employees nor with business partners. No public corruption cases have been reported against our group.

## Fines

Fines above HUF 2 million related to professional activities are considered to be significant by the Group. In 2023, there was one fine of HUF 3.25 million that exceeded that limit.

## Corporate security

Corporate security plays a key role in the proper functioning of our Group, as it contributes to the creation of and compliance with the foundations for prudent operations at several points. Our Supporting Corporate Security Centre (CSC) currently operates around the clock, i.e. on a 7/24 basis, and is an incident management unit where, in addition to receiving security and building surveillance alerts, reports can be made in case of action and corporate security-related matters. Reports can be made, messages can be sent and help can be requested in any security-related matter through the CSC outside working hours, weekends and public holidays. Telephone conversations with operators during the notification process are recorded and archived for quality assurance purposes.

In 2023, the Group was joined by a fraud prevention expert, and in the reporting year we developed a five-year fraud prevention strategy to increase efficiency and transparency, strengthen ethical values and increase employee responsibility.

In 2023, the Clean Hands reporting system was updated and proposals for areas of significant risk (e.g. Procurement) were drawn up. Occupational controls have also been completed, so the implementation of pre-employment background checks will also provide an opportunity to further strengthen company security. In addition to education, we have also raised awareness through various awareness-raising articles and interviews, which will also feed into our safety awareness campaign for 2024.

## Compliance Board

Based on the decision of the Supervisory Board and the CEO of KÉSZ Holding Plc., the Compliance Board is established in the period of the publication of the financial statements, with the aim of establishing a comprehensive internal control environment and coordinating and strengthening the supervision of the individual control areas. It is responsible for coordinating and supporting the activities of the control bodies within the Group, ensuring cooperation, expertise and information sharing between them, and increasing and monitoring the commitment to legal and ethical conduct throughout the Group. Members of the Board are appointed by the Supervisory Board, the CEO of KÉSZ Holding Plc., the Head of Internal Audit, the Legal Director, the HR Director, the Head of Corporate Security, plus other members are invited on an occasional basis. The Board is accountable to the Supervisory Board on a monthly basis through the Supervisory Board member delegated to the Board or, where appropriate, by direct reporting. We will report on the functioning of the Compliance Board and the details of the activities it has started in our next report.



CORPORATE GOVERNANCE





# CUSTOMER PRIVACY

(GRI 418, 418-1)



## The place of data processing within the organisation

The Group Data Protection Officer is responsible for identifying, prioritising and mitigating the risks to data management that arise in the course of the organisation's operations, and for creating a framework for business activities and training that are compliant with data protection regulations. The Group supports its operations by ensuring data protection risks and compliance with relevant data protection legislation.



CORPORATE GOVERNANCE







# Privacy Policy

No changes to our Group-wide data management policy were required during the reporting period. The most recent version of the policy entered into force in 2022, which includes, among other things, the employee information notice and describes the employer's data processing processes based on legitimate interest. At KÉSZ Group, we take the utmost care to protect the personal data of our employees, subcontractors and all our partners who have a relationship with us.

At [link](#) on our website, external customers and stakeholders can find information on the processing of personal data, the legal basis for the processing and data subject rights. Data subjects may send any comments concerning their personal data to the [adatve-delem@kesz.hu](mailto:adatve-delem@kesz.hu) email address specified in the notice, and may also send any requests concerning the storage, modification or erasure of data.

## Protection of the personal data of our staff

Our employees are informed in detail about the way their personal data are processed, the scope of processing and their related rights during the onboarding process. Our employees can find detailed information in our Privacy Notice to help them understand the details of how their personal data is processed. We comply fully with relevant and applicable national and European Union laws and standards (primarily the GDPR) in relation to the collection, processing and erasure of the personal data of data subjects.

## Impact assessment

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

## Data protection training

Our Group provides regular training to raise employee awareness of data protection. The purpose and task of data protection training is to enable employees to acquire and apply, throughout their employment, the theoretical and practical knowledge, rules and instructions that will enable them to perform their work in accordance with data protection requirements.

We focus on the training of new hires, and we also provide periodic e-learning training, entitled "Introduction to Data Protection Basics", to keep their information up to date and compliant, which requires a declaration of completion. The Data Protection Officer is responsible for the preparation of the curriculum and delivery of the training sessions.

## Liaising with stakeholders

In the case of contractual relationships, we primarily examine whether data processing is taking place in relation to the given relationship. If it does, a data processing agreement or a data processing annex is annexed to the contract. At KÉSZ Group, we pay particular attention to the data of our contractual contacts, the processing of which is described on our website. In summary, the contract itself provides for the parties to provide for the processing of personal data and the conditions of processing.

## Substantiated complaints about data breaches and data loss

Since the publication of Regulation (EU) 2016/679 of the European Parliament and of the Council (hereinafter: GDPR), the Group has not experienced any complaints, data theft, data loss or data leakage.



CORPORATE GOVERNANCE





# IT security

It is vital for our Group to protect our information systems, their content and our communication channels against all forms of criminal activity or unwanted activities, such as electronic crime and cyber-attacks, including unauthorised access, information leakage and misuse of data or systems. We use coordinated electronic and physical security controls (e.g. access control, security monitoring) to strengthen our ability to manage sensitive data such as trade secrets.



No changes to the Group IT security policies were required during the reporting period. Our Group's Global IT Policy regulates IT at the highest level and includes group-wide IT security policies, BYOD (bring your own device), software/hardware procurement, IT administration policies, website policies, maintenance, data storage, cloud usage and IT support.



In order to ensure the orderly operation of our IT security, we prioritise and work on NIS2 self-identification to define the scope of the data subjects. In the event of exposure, mandatory protection measures will need to be put in place, including a review of internal regulations and the replacement of missing regulations. This will take place in the year of publication of this report.



As part of our IT security processes, we identify situations where an immediate password change is required for a user account and their login details need to be checked. Our M365 cloud-based systems are partly protected by Microsoft, so log-on scanning and anomaly detection are being continuously performed. In the case of any unusual activity, the system automatically alerts and intervenes if necessary, preventing access abuse. In 2023, no data loss, data theft or data leakage cases were identified in the course of our Group's activities.



CORPORATE GOVERNANCE

## Handling IT security-related feedback, incidents and complaints

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



## IT security training and awareness-raising initiatives

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

In 2023, we added a phishing simulation to our training. We consider it important to reach all our employees with M365 accounts, so we created special training material for them, where we reached 1,459 users with a two-round simulation exercise.

In between the two simulations, an internal corporate communication message was sent to alert employees to the dangers of phishing messages and what to do to report such messages to the relevant department. At the same time, the Report Message Outlook function was introduced in the Group, for more efficient message reporting. Compared to the simulation of the first campaign, the number of phishing messages opened after the communication was reduced by 50%, which was a positive confirmation of the communication's success in raising awareness. A further result is that, in parallel, the number of previous notifications to ITSEC has increased from 20 to nearly 800, making it clear that the IT security warning messages launched during the campaign have been effective.

Throughout our IT Security Roadmap and IT Security Strategy, we pay significant attention to increasing user awareness, raising awareness of the need to use devices more securely, and the introduction and importance of multi-factor authentication. In 2023, we tested a phishing simulation tool to achieve our goals. Later on, we acquired another tool to run simulations more efficiently across the Group. This was complemented by simulation-related communication and training materials, as well as occasional tests.

In 2023, our Group introduced an MDM (mobile device management) security solution and MFA (Multi Factor Authentication). In addition to this, we also made changes to the way we manage devices to give you more control over your devices.



# RESPONSIBLE PROCUREMENT

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

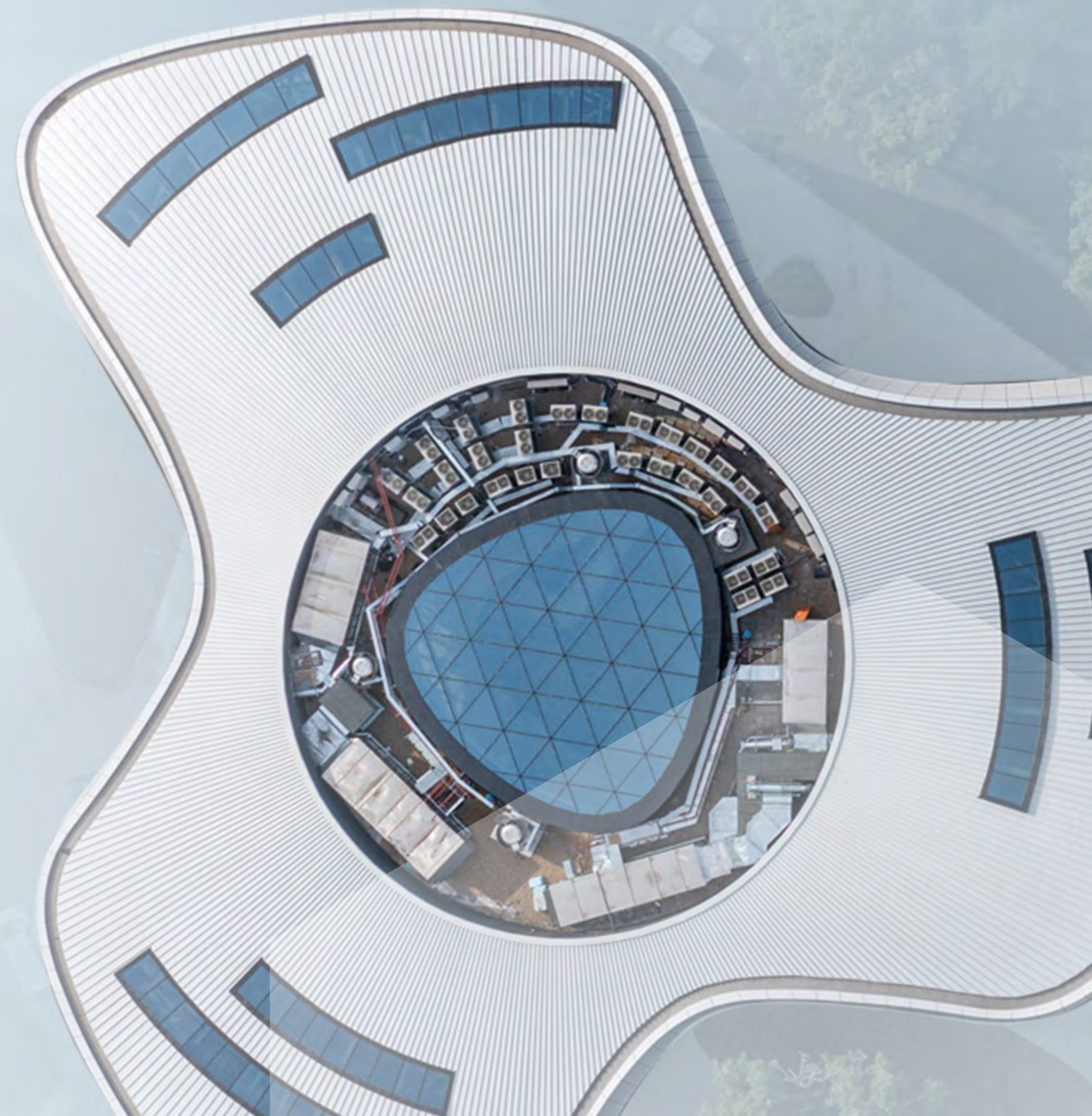
One of the cornerstones of our Group's success has been smooth, reliable and hassle-free cooperation with our suppliers and subcontractors. We take a whole value chain approach to our activities, raising customer satisfaction to a higher level, as well as ensuring long-term compliance with sustainability criteria, screening and educating our suppliers. Our Group-wide procurement strategy for KÉSZ Group sets out specific targets and expectations for the period 2022-2024.



CORPORATE GOVERNANCE



OBJECTIVES	ACTIONS
<ul style="list-style-type: none"> <li>» ACTIVE contribution to business results</li> <li>» Uniform, fast, regulated and transparent operation</li> <li>» Assessment and management of risks</li> <li>» Integrating ESG considerations into processes</li> </ul>	<ul style="list-style-type: none"> <li>» Centralised procurement and the supporting organisational structure</li> <li>» Cooperation with partner areas and between business lines</li> <li>» Digitalisation in processes, introduction of a single ERP procurement module</li> <li>» Strategic partnerships</li> <li>» Optimised inventory management</li> <li>» Partner rating</li> <li>» Development of partnerships and establishment of a contractual framework</li> <li>» Eliminating the use of paper through digitalisation</li> <li>» Development of corporate culture and feedback provision</li> <li>» continuous training (both onboarding and on the go)</li> </ul>





# Key steps in our procurement process

Our procurement process is managed through the ERP system, ensuring process transparency, consistency, speed, efficiency and measurability. Part of the process is the continuous qualification of our suppliers, thus creating an adequate and stable pool of partners for our Group, filtered by risk criteria that increasingly take into account ESG-focused aspects. In the interests of transparency, we strive to conduct the entire process electronically.

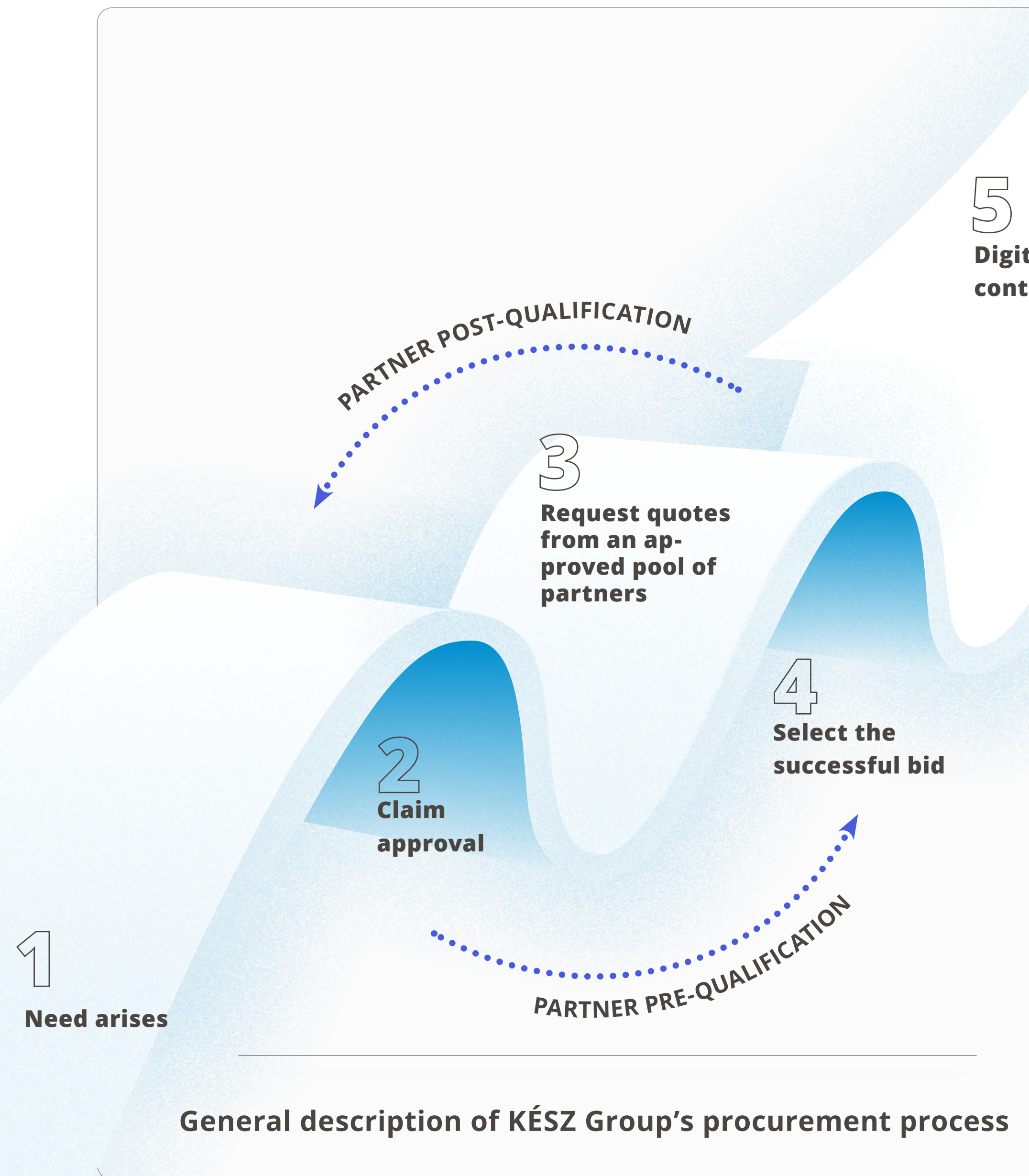
## Some good examples of our digital solutions:

- » the tender process is partly electronic;
- » the number of our electronic auctions keeps increasing;
- » electronic contracting is preferred in cases where it is possible to sign electronically with the partner;
- » our partners upload their data through an electronic interface when they self-register;

Moreover, we have suppliers accept our mandatory Code of Ethics, which includes EHSQ criteria. Our medium-term goal is to create a “partner window” where we can also communicate digitally with our partners.



CORPORATE GOVERNANCE





# Geographical location of partners

When selecting our partners, we take into account the proximity of the geographical location and its logistical advantages in terms of lower environmental impact, if the supply side allows.



Percentage of local suppliers

FIGURE 19

Supplier location	Number of units 2022	Number of units 2023	Percentage 2022	Percentage 2023
Domestic partners	2,645	2,705	95%	94%
Foreign partners	153	168	5%	6%
<b>Total</b>	2,798	2,873	100%	100%

In 2023, our reporting entities had a total of 2,873 suppliers, 94% of which were domestic. The highest share of foreign suppliers was in the steel structures manufacturing business. The majority of foreign partners are Austrian and German.



# Risk management in the area of procurement

For us, one of the key issues is to deliver quality services on time, and our suppliers play an essential role in this. In relation to our suppliers, we understand and manage market risks as risks arising from the availability of location, logistics, critical products or critical work items, resources (e.g. labour).



CORPORATE GOVERNANCE



## Risk factors and their management

### Quality risk

- » Continuous **partner rating**
- » Taking **ESG considerations** into account
- » **Education (internal and external)**



**PARTNER RATING**

### Market risk

- » **Developing** strategic partnerships
- » **Introduction of** strategic stockholding



**KÉSZ PARTNER PROGRAMME**

We respond to this type of risk is, for example, by **building strategic partnerships, introducing strategic stockholding by setting up logistics centres, or engaging a foreign trading partner**. A good example is the introduction of the **“KÉSZ PARTNER” programme**, which aims at choosing strategic partners who are ESG-compliant and with whom we can work together in a stable and mutually beneficial way in the long term, with continuous monitoring. The parties thus selected are screened using our **partner rating** system and this is done on an ongoing basis and repeatedly. We also aim to develop the (economic, commercial, technical, etc.) auditing of our strategic partners.

We also manage risks due to **supplier quality**, whether they are due to size, financial risk factors or ownership and regulatory risks. This is possible on a continuous basis through **partner rating**, where sustainability aspects are embedded as a separate element. We are also investing considerable effort in our training role on ESG to help establish and deepen the ESG mindset of domestic suppliers.



## The main purpose of partner rating is to gain a comprehensive overview of our suppliers,

their performance and to use the information available to reduce risks.

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

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

Our partner certification system has been in place for several years and is working effectively. In 2023, the environmental and social assessment of our suppliers did not identify any circumstances that would have led to the termination of the relationship.

By aggregating the above rating criteria, the partner's classification (on a scale of 1 to 5) is established and the partner's performance in the cooperation is decided. We carry out the full rating procedure for all our partners on an ongoing basis and, if necessary, we terminate relationships with the given partner. The aim is to be able to work with suppliers that are important to us in the long term, and to identify the deficiencies that can be remedied. Based on the **post-qualification results** to date, the average score of the supplier database built by our Group on a scale of 1 to 5, taking into account quarterly ratings, is 4.36 in 2023. The measurement objectively confirms that our quality work would not be possible without a similar quality group of partners, which we have successfully built up over many years.



CORPORATE GOVERNANCE



## Partner rating

### Pre-qualification

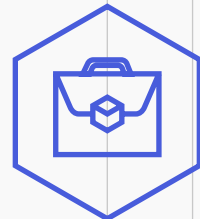
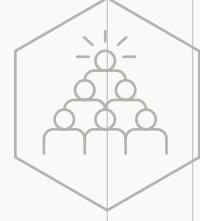
- » Partner self-registration process
- » Controls linked to the Procurement Policy

### Post-qualification

- » Quarterly evaluation
- » Evaluation linked to the issue of a certificate of final performance

### Main steps in the operation of our partner qualification programme

Sustainability aspects are embedded in the Group's Procurement Strategy, and compliance with this is supported by the Procurement Code of Conduct to be published at the time of reporting.



CORPORATE GOVERNANCE



### Achievements in the year 2023

- » A key priority for procurement is to focus on energy efficient machinery. This path is well represented, for example, by our purchase of new Lenovo ThinkColour monitors. In addition, we are replacing balloon water with water filters where possible, and we have increased paper savings by using e-invoices and online confirmation of completion during the reporting period. We replaced the old TVs at our operating company, the Four Points by Sheraton Hotel in Kecskemét, with energy-saving TVs, and handed over the old ones for refurbishment.
- » As the training of our staff is considered important, in 2023 we started to organise the Procurement Academy, preparing the training of our procurement staff. We also continued to strengthen our strategic partnerships, adding 139 new project and non-project partners in 2023.
- » Preparations have begun for the construction of a medical room in our building on Mester street, making it more convenient for our staff to access the company medical consultant service.
- » As far as procurement is concerned, we are interested and open to the benefits of the digital world, so together with BIM managers we have started to standardise design software, to test 3D designs in augmented reality, even on a welding shield, using HoloLens projection.

### PROVIM successfully participated in the supplier sustainability audit

Sustainability aspects were examined by an external auditing company during a supplier audit of the Kecskemét manufacturing plant of PROVIM Ltd., commissioned by a large German multinational company. The Supplier Sustainability Audit focused on specific social issues such as ethical compliance, human rights, equal treatment, employee well-being, labour and payroll, HR, occupational health and safety, training and day-to-day practices in these areas, while environmental measures were also reviewed.

PROVIM passed the audit, no legal non-compliance was found. Although this is the first time that an on-site sustainability audit took place at a subsidiary of KÉSZ Group, we expect similar or pre-qualification sustainability audits to become more frequent in the future as legislation becomes stricter, as our corporate partners may also request data requests, audits, process improvements and contractual clauses.



# GRI INDEX





GRI content index	Indicator name	Page number	Reason for omission/remark	Direct response
	2-1 Organisational details	6.		
	2-2 Entities included in the organisation's sustainability reporting	6.		
	2-3 Reporting period, frequency and contact point	6.		
	2-4 Restatements of information	6.		
	2-5 External assurance	6.		
	2-6 Activities, value chain and other business relationships	8.		
	2-7 Employees	57.		
	2-8 Workers who are not employees			Loan staff, trainees, contractors: 130 persons
	2-9 Governance structure and composition	84.		
	2-10 Nomination and selection of the highest governance body	85.		
	2-11 Chair of the highest governing body	85.		
	2-12 Role of the highest governance body in overseeing the management of impacts	87.		
	2-13 Delegation of responsibility for managing impacts	85.		
	2-14 Role of the highest governance body in sustainability reporting	17.		
<b>(GRI 2) General disclosures 2021</b>	2-15 Conflicts of interest	85.		
	2-16 Communication of critical concerns	85.		
	2-17 Collective knowledge of the highest governance body	17.		
	2-18 Evaluation of the performance of the highest governance body	85-86.		
	2-19 Remuneration policies	58.		
	2-20 Process to determine remuneration	58.		
	2-21 Annual total compensation ratio	58.		
	2-22 Statement on sustainable development strategy	13-16.		
	2-23 Policy commitments	14-15.		
	2-24 Embedding policy commitments	14-15.		
	2-25 Processes to remediate negative impacts	100-106.		
	2-26 Mechanisms for seeking advice and raising concerns	100-106.		
	2-27 Compliance with laws and regulations	103.		
	2-28 Membership associations	19.		
	2-29 Approach to stakeholder engagement	17-18.		
	2-30 Collective bargaining agreements			there is no collective agreement



GRI INDEX

GRI content index		Indicator name	Page number	Reason for omission/remark	Direct response
<b>GRI 3: Material Topics</b>		3-1 Process to determine material topics	17.		
		3-2 List of material topics	17.		
		3-3 Management of material topics	17.		
<b>Material Topics</b>					
<b>GRI 201 Economic performance</b>					
<b>GRI 201: Economic performance</b>		201-1 Direct economic value generated and distributed	93-97.		
		201-2 Financial implications and other risks and opportunities due to climate change	98.		
		201-3 Defined benefit plan obligations and other retirement plans	58.		
		201-4 Financial assistance received from government	97.		
<b>GRI 202 Market presence</b>					
<b>GRI 202: Market presence</b>		202-1 Ratios of standard entry level wage by gender compared to local minimum wage			The KÉSZ Group sets salaries regardless of gender and minimum wage, based solely on the value of the job advertised.
		202-2 Proportion of senior management hired from the local community			100%
<b>GRI 203 Indirect economic impacts</b>					
<b>GRI 203: Indirect economic impacts</b>		203-1 Infrastructure investments and services supported	22., 31., 33-34., 44-45., 68-69., 93., 111.		
		203-2 Significant indirect economic impacts	99.		
<b>GRI 205: Anti-corruption</b>					
<b>GRI 205: Anti-corruption</b>		205-1 Operations assessed for risks related to corruption	102-103.		
		205-2 Communication and training about anti-corruption policies and procedures	102-103.		
		205-3 Confirmed incidents of corruption and actions taken	102-103.		
<b>GRI 302 Energy</b>					
<b>GRI 302: Energy</b>		302-1 Energy consumption within the organisation	28., 31., 32.		
		302-2 Energy consumption outside the organisation	27-34.		
		302-3 Energy intensity	32.		
		302-4 Reduction of energy consumption	29., 31-34.		
		302-5 Reductions in energy requirements of products and services	29., 31-34., 43., 44-45.		



GRI content index	Indicator name	Page number	Reason for omission/remark	Direct response
<b>GRI 303 Water and Effluents</b>				
<b>GRI 303: Water and effluents</b>	303-1 Interactions with water as a shared resource	25-26.		
	303-2 Management of water discharge-related impacts	25-26.		
	303-3 Water withdrawal	26.		
	303-4 Water discharge	26.		
	303-5 Water consumption	26.		
<b>GRI 305 Emissions</b>				
<b>GRI 305: Emissions</b>	305-1 Direct (Scope 1) GHG emissions	36.		
	305-2 Energy indirect (Scope 2) GHG emissions	36.		
	305-3 Other indirect (Scope 3) GHG emissions	35.		
	305-4 GHG emissions intensity	36.		
	305-5 Reduction of GHG emissions	36-37.		
	305-6 Emissions of ozone-depleting substances			During the leakage check, the amount of F-gases in the equipment and the tightness of the equipment are recorded by our service partners in the National Climate Protection Authority's records. In the future, we would like to include this source in the calculation of GHG emissions.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	37.		
<b>GRI 306 Waste</b>				
<b>GRI 306: Waste</b>	306-1 Waste generation and significant waste-related impacts	21-24.		
	306-2 Management of significant waste-related impacts	21-24.		
	306-3 Waste generated	22.		
	306-4 Waste diverted from disposal	22.		
	306-5 Waste directed to disposal	22.		
<b>GRI 401 Employment</b>				
<b>GRI 401: Employment</b>	401-1 New employee hires and employee turnover	57.		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	58.		
	401-3 Parental leave	57.		



GRI content index	Indicator name	Page number	Reason for omission/remark	Direct response
<b>GRI 403: Occupational health and safety</b>				
<b>GRI 403: Occupational health and safety</b>	403-1 Occupational health and safety management system	47-54.		
	403-2 Hazard identification, risk assessment and incident investigation	47-54.		
	403-3 Occupational health services	52-54.		
	403-4 Worker participation, consultation and communication on occupational health and safety	52-54.		
	403-5 Worker training on occupational health and safety	52-53.		
	403-6 Promotion of worker health	52-53., 59., 60-61.		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49-50.		
	403-8 Workers covered by an occupational health and safety management system	49.		
	403-9 Work-related injuries	54.		
	403-10 Work-related ill health	54.		
<b>GRI 404 Training and education</b>				
<b>GRI 404: Training and education</b>	404-1 Average hours of training per year per employee	65.		
	404-2 Programmes for upgrading employee skills and transition assistance programmes	64-69.		
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<b>GRI 413 Local communities</b>				
<b>GRI 413: Local communities</b>	413-1 Operations with local community engagement, impact assessments and development programmes	69., 70-81., 91.		
	413-2 Operations with significant actual and potential negative impacts on local communities	35-37.		
<b>GRI 418 Customer Privacy</b>				
<b>GRI 418: Customer privacy</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	104-106.		
<b>GRI 308 Supplier Environmental Assessment</b>				
<b>GRI 308: Supplier environmental assessment</b>	308-1 New suppliers that were screened using environmental criteria	107-111.		
	308-2 Negative environmental impacts in the supply chain and actions taken	107-111.		
<b>GRI 414 Supplier Social Assessment</b>				
<b>GRI 414: Supplier social assessment</b>	414-1 New suppliers that were screened using social criteria	107-111.		
	414-2 Negative social impacts in the supply chain and actions taken	107-111.		
<b>GRI 204 Procurement practices</b>				
<b>GRI 204: Procurement exercises</b>	204-1 Proportion of spending on local suppliers	109.		



# GLOSSARY



## **BIM Building Information Modelling**

A new approach to design methodology; it involves the simulation and optimisation of building design and construction processes using comprehensive digital models.

## **BREEAM**

A building rating system developed by the Building Research Establishment (BRE) in the UK.

## **CSR**

Corporate Social Responsibility.

## **CSRD**

Corporate Sustainability Reporting Directive, the EU directive on corporate sustainability reporting.

## **EHS**

Environmental Health and Safety.

## **ESG**

ESG is a set of criteria that can be integrated into investment decisions to assess the environmental, social and governance impacts of a company or country from a sustainability perspective.

## **EPD**

Environmental Product Declaration, a document that provides transparent and comparable data and information on the environmental impacts of products throughout their life cycle.

## **EU Taxonomy**

The EU Taxonomy is a single classification system that includes a list of environmentally-sustainable economic activities, while providing guidance on how these activities should be reported.

## **GRI**

Global Reporting Initiative.

## **HEV**

Hybrid Electric Vehicle. Electric car with regenerative braking, powered by an internal combustion engine but not charged from an external source. In addition to a conventional petrol engine, it is equipped with a smaller battery and an electric motor.



### **LCA**

Life-cycle assessment.

### **LEED**

Leadership in Energy and Environmental Design is the second most successful system in Hungary and the Central European region after BREEAM in terms of the number of buildings certified under the US rating system, and since its introduction in 1998 it has been one of the most widely used systems globally.

### **MHEV**

Mild Hybrid Electric Vehicles have more limited advantages compared to full and plug-in hybrid models. The main function of the electric motor in such vehicles is to convert the kinetic energy released during deceleration into electricity.

### **SCCP**

Sampling and Compliance Certification Plan.

### **PHEV**

Plugin Hybrid Electric Vehicle, a hybrid car that can be charged from an external source, with a slightly larger battery capacity than a normal hybrid. They are similar in design to conventional hybrid vehicles, but can run on pure electricity as well as fossil fuels.

### **SCCp**

Sicherheits Certifikat Kontraktoren, Safety Certificate for Contractors.

### **Scope 1**

Direct emissions, emissions from activities owned or controlled by the organisation, such as emissions from fuel or natural gas consumption.

### **Scope 2**

The scope of indirect emissions, e.g. emissions from the purchase of electricity used by the organisation.

### **TCO**

Total Cost of Ownership is an abbreviation for the total cost of a vehicle to be borne by its owner or operator.

### **TI**

The technological instruction is the part of the technical documentation that summarises the technical and safety requirements of the construction work.

### **SDGs**

United Nations Sustainable Development Goals (SDGs).

### **ÜSZIR**

Back Office Business Unit Claims interface, a case management service request system.

### **VOC**

Volatile Organic Compound.

### **WELL**

The WELL certification, which originated in the United States, is one of the latest international building rating systems to promote healthy and inspiring interiors.



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**Email address:** [fenntarthatosag@keszgroup.com](mailto:fenntarthatosag@keszgroup.com)

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