



SUSTAINABILITY
REPORT
2022

Lakics Gépgyártó Kft.

TARTALOM

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The Sustainability Report was produced as part of the BSE Pilot ESG Advisory Programme ("Programme") (GINOP-1.1.7-17-BÉT-6-026)



Európai Unió
Európai Regionális
Fejlesztési Alap



BEFEKTETÉS A JÖVŐBE



EXECUTIVE WELCOME

[1]

From the very beginning of its existence, from the founding of the predecessor company in 1985, Lakics Gépgyártó Kft. has always been thinking long-term. Its goal and mission has always been to use its resources in a way that not only and exclusively the achievement of short-term results, but also long-term development and sustainability are of paramount importance.

We aim for guidance and long-term development

Environmental sustainability has been important from the beginning. Later on, as the workforce grew, employees and managers had to adopt the perspective that our decisions also affect the environment of our company, which we have a significant impact on.

From the very beginning, Lakics Gépgyártó Kft. has supported and helped the environment in which it operates. It started at the Sántos site, then continued in Komló, Dombóvár and later in Kaposvár. The site in question is always a major employer in the municipality, which contributes to its development.



Our further goal is to continue to be a leader, a trailblazer, an innovator in the medium sized machinery sector, also in what we can abbreviate as ESG, as these values are part of our company. We are working to reduce our environmental impact as much as possible by using technologies that are new to us.

Our aim is to continue to be a responsible, fair employer and employee, in a spirit of trust and win-win relationships.

[1] GRI 2-22



METHODOLOGY OF SUSTAINABILITY REPORT

The Budapest Stock Exchange (hereinafter: BSE), in its project "Increasing the efficiency of the SME sector primarily by providing measures for stock exchange listing" (GINOP-1.1.7-17), supports the increased contribution of SME's to the Sustainable Development Goals and ESG maturity through a pilot ESG advisory program. In this context, BSE has developed an ESG methodology adapted to the specificities of the country[2].

BSE's ESG methodology is designed to set three different levels of ambition for companies, depending on the ambition level of the company in terms of sustainability: entry, intermediate and advanced. The higher the level of ambition a company has in each of the three ESG areas, the more it commits to reporting on performance indicators and projected progress in the coming years.

[2]

[HTTPS://BET.HU/KIBOCSATOK/KOZEPVALLALATI-SZOLGALTATASOK/MENTOR-PROGRAM/ESG-PILOT-TANACSADASI-PROGRAM/CIMZETTI-FELHIVAS-GINOP](https://bet.hu/kibocsatok/kozepvallalati-szolgaltatasok/mentor-program/esg-pilot-tanacsadasi-program/cimzetti-felhivas-ginop)



E- environmental: környezeti
S- social: társadalmi
G- governance: vállalatirányítási



THE REPORT HAS BEEN PREPARED CONSIDERING THE FOLLOWING PRINCIPLES:

Involvement of stakeholders: The stakeholders of the sustainability reporting company were surveyed and involved in the preparation of the materiality assessment.

Materiality: The selected sustainability indicators of the Sustainability Report have been identified through a materiality assessment, taking into account the BSE methodology.

Completeness: All topics identified as relevant are included in the report.

Accuracy, reliability: The sources of the data presented are always traceable. Data presented in sustainability indicators are based on official company data releases or internal surveys in a verifiable manner.

Balancing: We also describe the meaning of the sustainability indicators used.

Clarity: We aim to present information in a way that is easy to understand.

Comparability: In the Sustainability Report, we have tried to present information relevant to the industry, so that the company's performance can be compared with its peers in the industry.

Timeliness: The current report is for the calendar year 2022, which is the base year for the methodology. Thereafter, the company will aim to publish its ESG report on a regular annual basis.

Sustainability context: The study and the report were also adapted to the EU Taxonomy Regulation.



INTRODUCTION OF LAKICS GÉPGYÁRTÓ KFT.

GENERAL INFORMATION

Tax number: 11232753-4-14
Company name: Lakics Gépgyártó Korlátolt Felelősségű Társaság
Name of the main activity: Manufacture of steel structures 2511'08
Location: 7400 Kaposvár, Izzó street 1.
Foundation: 1995.04.01.
Revenue: 12 551 617 EUR (net)
Headcount 218,44 persons
Female employee number: 9,79 persons

OWNERSHIP

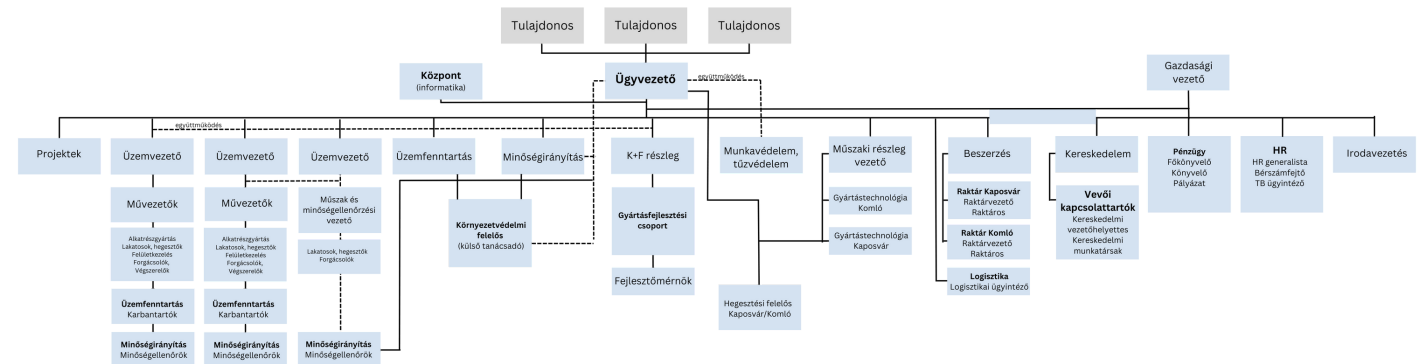
Lakics Gépgyártó Kft. is a family business in its fourth decade of operation. It is partly owned by private persons - László Róbert Lakics, László Róbertné Lakics - as well as by Fünfte Invest kft., also family-owned, and LP Portfolio Asset Management and Consulting Kft.

The owners of the company:
Lakics László Róbert 17%
Lakics Lászlóné 17%
LP Portfolió Kft 33%
Fünfte Invest Kft 33%

The managing director of the Company is László Lakics, who is the sole authorised signatory of the company registration and the annual accounts.



Structure of the organisation





COMPANY PHILOSOPHY

To achieve great results, we need to dare to set ourselves big goals. Our mission is to become one of the best suppliers in Central Europe in the field of complex steel structures. We want to achieve this while maintaining our family structure and corporate values. We are constantly working to increase the efficiency of our production, to make it more effective through technological improvements and to increase customer satisfaction by constantly improving quality and delivery times.



EFFICIENCY

We constantly strive for efficiency and excellence. We will not settle for average, and the long-term goals of our company can only be achieved by working for the best every day.



PROFESSIONAL EXCELLENCE PURSUIT

We can only produce the best if we are the best ourselves. We do this through continuous self-education and development in our daily lives.



SOLUTION ORIENTATION

Continuous development is guaranteed by the search for new things, the need and ambition to innovate.



COMMITMENT AND LOYALTY

We believe in mutual respect towards both our employees and our partners.



RESPONSIBILITY

We take responsibility for our employees and our customers - we believe in the importance and power of this.



CORRECTION

For us, fair behaviour is fundamental. We see fairness as a value that is shared by all of us: our employees, our business partners and our customers.





Location at Komló

From the autumn of 2010, the Sántos and Dombóvár sites were closed down and the production and machining of steel structures continued in the new factory built in Kaposvár. The largest investment in the history of Lakics Ltd. was the construction of the factory in Kaposvár, which started in early 2009 and was completed in autumn 2010. The relocation and expansion of the locksmithing and machining facilities in Dombóvár and Sántos has greatly increased the company's production capacity and capabilities, and the opening of the new factory has been accompanied by the installation of a number of new technologies and larger-scale machines. The Kaposvár site has a production area of ~12,000 m², the Komló site ~4000 m². Approximately 220-240 people ensure smooth production at our sites.

CORE BUSINESS

Our company is located in areas of Southwest Hungary with significant industrial traditions. Previously operating from three sites (Sántos, Komló, Dombóvár), we now have two sites: one in Kaposvár (7400 Kaposvár Izzó utca 1), the county seat of Somogy County, and the other in Komló (7300 Komló, Altáró utca 8 see picture) in Baranya County.

The founding owner of LAKICS Ltd., László Róbert Lakics, with decades of experience as a technical developer, established the first site in 1985 under the name of Lakics Commercial Service and Industrial Ltd. in Sántos (5 km from Kaposvár).

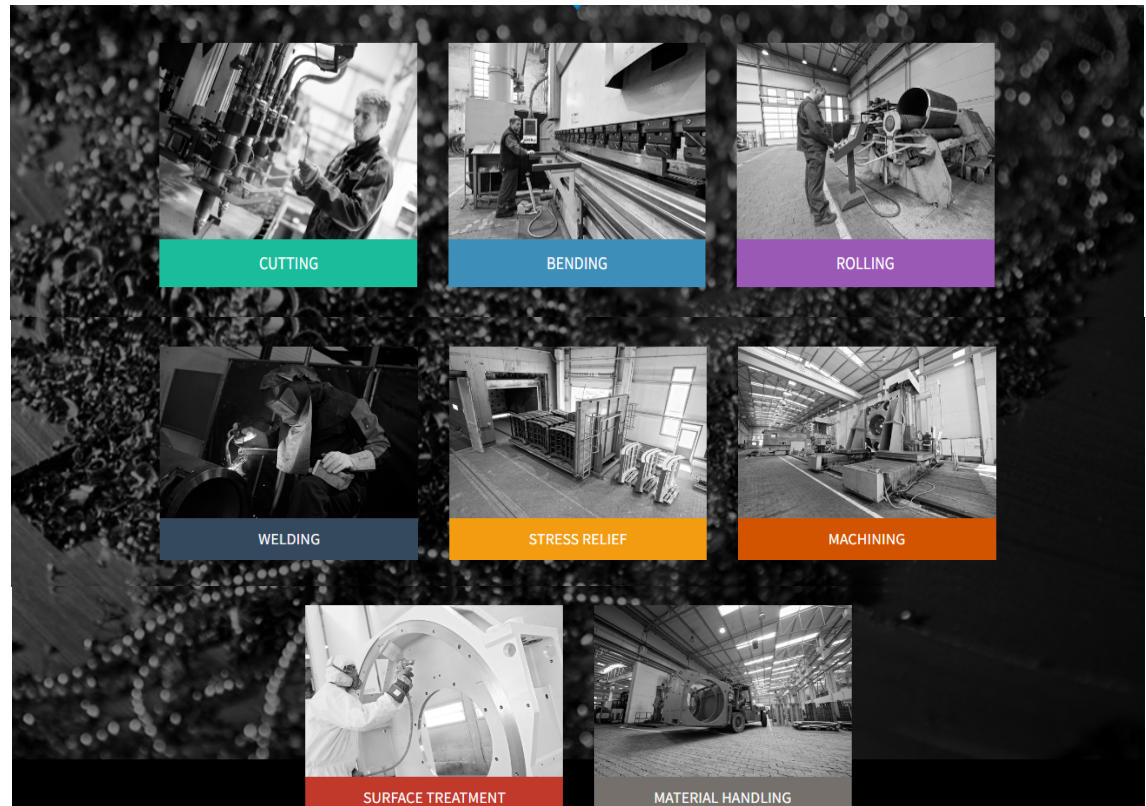


Location at Kaposvár



OUR SERVICES

Our technical expertise, the professional knowledge of our staff and our modern machinery allow us to produce special and unique products. A gradually growing professional reputation and capital strength ensure the dynamic development of the company. Our company is fully equipped for the production of modern welded steel structures. Both sites are equipped with the technology and machinery necessary for the lock-welding activity, complete mechanical machining and surface finishing. We produce large welded steel structures with precision machined equipment. We are primarily involved in the manufacture of engine and generator housings for wind turbines and other energy installations, as well as more complex structures. Our services include: cutting, edge bending, rolling, welding, stress relief, machining, surface treatment and material handling.



MILESTONES OF THE COMPANY

- 1985: Lakics László founds the company
- 1995: The purchase of the mining factory at Komló
- 1998: Achieving the ISO 9001;2000 certificates
- 2002: Purchase of welder factory in Dombóvár
- 2007: Merging the companies into one integrated system
- 2010: New factory opens in Kaposvár
- 2012: Implementation of a new integrated enterprise system
- 2015: Anniversary of the first 30 years



For a structure designed according to incoming requests, we are only responsible for the technological design, while in other cases our engineering team also designs the product. Accordingly, our specialists have many years of experience in both production technologies and machine design.

Product and production design is carried out in a modern computer environment, and once the technology has been developed, the production drawings are sent to the plants. Here, the appropriately selected raw materials and prefabricated products are given their final shape according to these instructions and specifications. These manufacturing processes, followed by surface treatment, finish the piece, so that we can say that we have a closed system from idea to delivery.

Our production meets industry standard:



Our company has a business management system (financial accounting modules, stock records, order records, purchasing, material requirements planning module), preventive maintenance practices and supporting systems (preventive maintenance).

We apply LEAN, TPS, kanban modern production management principles in production.

We have a secure internal network with online access to data, information and systems for management, sales, support (finance, HR) and logistics (purchasing, warehouse, distribution, planning).

The customers for our metal structures are mainly foreign organisations. We deliver our products to seven countries in Europe.

Since 2022, we have manufactured around 500 wind turbine segments for FLENDER GmbH, an order that was based on our improved delivery accuracy and our quality precision to meet expectations.

By manufacturing metal structures for wind turbines, we contribute to the growth of renewable energy production, thus serving the principle of sustainability, of which we are particularly proud.

In the early 2000s, SMAG Salzgitter was a major customer of our company. We produced large quantities of various loading machine adapters and buckets, which proved to be very significant in terms of turnover at that time. We renewed this relationship with the company, which was then called SMAM Salzgitter, with a collaboration in which we produced a radar screen support structure for them.





OUR COMPANY IS A MEMBER OF THE SOUTH-TRANSDANUBIAN MECHANICAL ENGINEERING CLUSTER (DDGK) WITH THE TITLE OF ACCREDITED INNOVATION CLUSTER

Lakics Gépgyártó Ltd. cooperates with several educational institutions in the framework of dual training.

This is a training system in which students gain theoretical and practical experience at the same time. The theoretical knowledge is acquired by the student in the educational institutions, while the practical experience is provided by the partner company working with the institution. The advantage is that the student will acquire the professional skills more effectively and have a better chance of finding a job in the company where the training is provided.

Our company has successfully applied and is applying for EU funding.

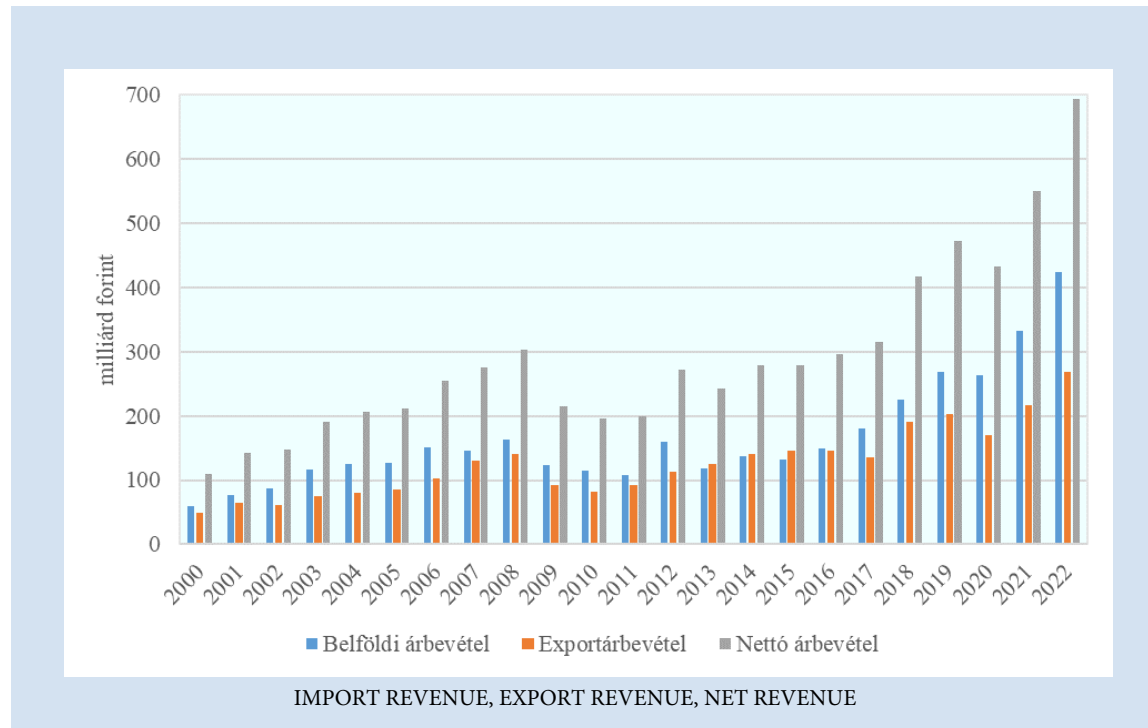


4 ECONOMIC OVERVIEW

INDUSTRIAL SNAPSHOT^[3]

After 2019, the sector experienced a decline due to unfavourable developments in both domestic and external sales, but in 2021, production increased, rising above the industry average. Output in the metal-working sector, which accounts for the largest share, rose sharply by 38 percent, while output in the iron, steel and ferro-alloys basic materials sector, which also accounts for a significant share, fell significantly. The largest markets for the subsector's products are construction and transport equipment. Small and medium-sized enterprises accounted for 64% of production, in contrast to the strong concentration of large enterprises in the machinery and chemicals sectors.

The graph below summarises the turnover time series of the sector (TEÁOR'08: 2511 Manufacture of structural metal products) over the last 23 years.



Most strikingly, following the global economic crisis that started in 2008, the sector only recovered from the downturn (in nominal terms) by 2018. After that, dynamic growth started, which was only temporarily halted by the COVID pandemic that unfolded in 2020.

Lakics Gépgyártó Kft. derives the majority of its revenues from Western European markets and also incurs a larger share of its costs in euros, and therefore also keeps its books in euros.

Furthermore, and not independently of the foregoing, the risk environment surrounding the company is also much more Western European. It follows that the expected profitability is also comparable to that of its Western European competitors. In the light of the above, the years 2018 to 2021 were characterised by profitability close to, but slightly below, the cost of capital, with an average ROIC in euro terms of 6% and an average cost of capital of 8%. Turnover times have basically increased over the period under examination, thus 'lengthening' the length of the production cycle. The company's indebtedness is low and its liquidity is satisfactory.

[3] SOURCE OF INDUSTRY INFORMATION: KSH "SNAPSHOT OF THE INDUSTRY" (THE LATEST AVAILABLE REPORT IS FOR THE YEAR 2021).

5 "DUAL MATERIALITY"

Our company has an impact on climate change through GHG emissions. Our GHG emissions come primarily from the consumption of natural gas for heating and from gasoline and diesel emissions used in our transportation activities, and from electricity consumption for production. We have a clear objective to further reduce our GHG emissions in the near future by optimizing our use of natural gas (by making greater use of waste heat from our production in our heating system) and by replacing our electricity consumption with renewable energy.

Climate change can also have an impact on our society. In the coming period, our company will need to take adaptation measures to the following climate change events:

- Increase in heatwave periods
- Protection of the built environment
- Flash flooding



6 IDENTIFICATION OF STAKEHOLDERS

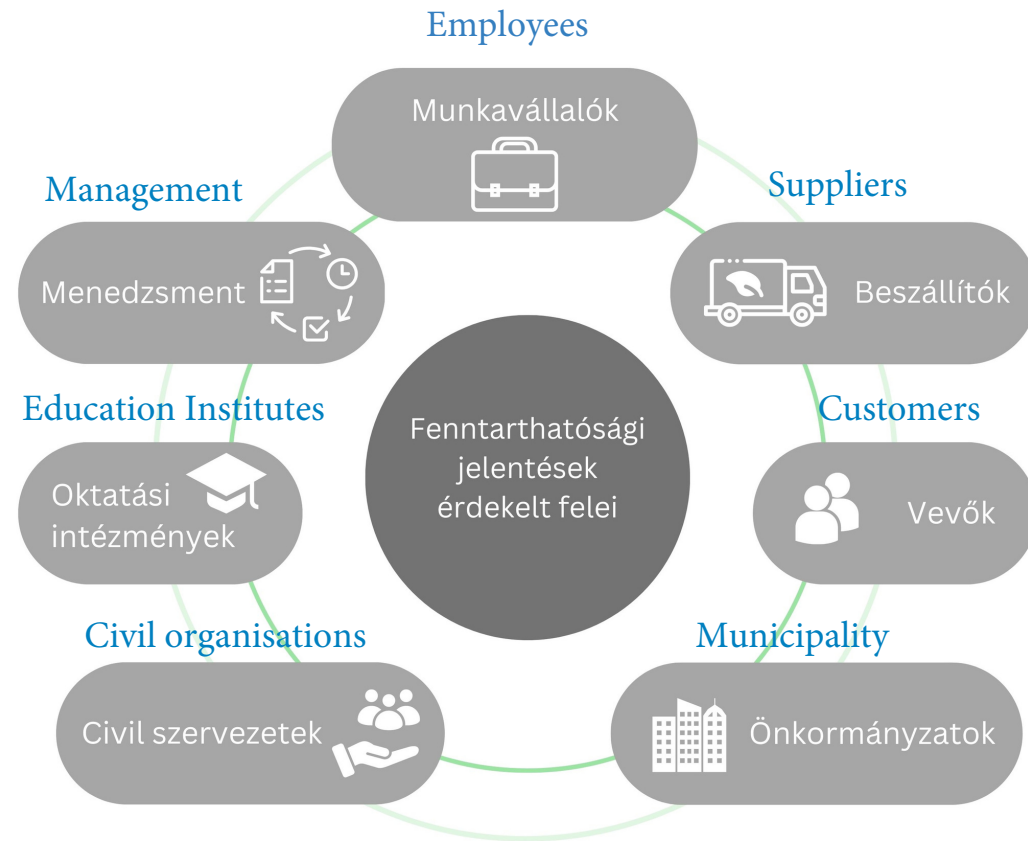


Stakeholders of sustainability reports

The stakeholders of a company are the various entities (institutions, business partners, interest groups or natural persons) that directly or indirectly influence the company's operations and, in turn, over whose operations the company has influence.

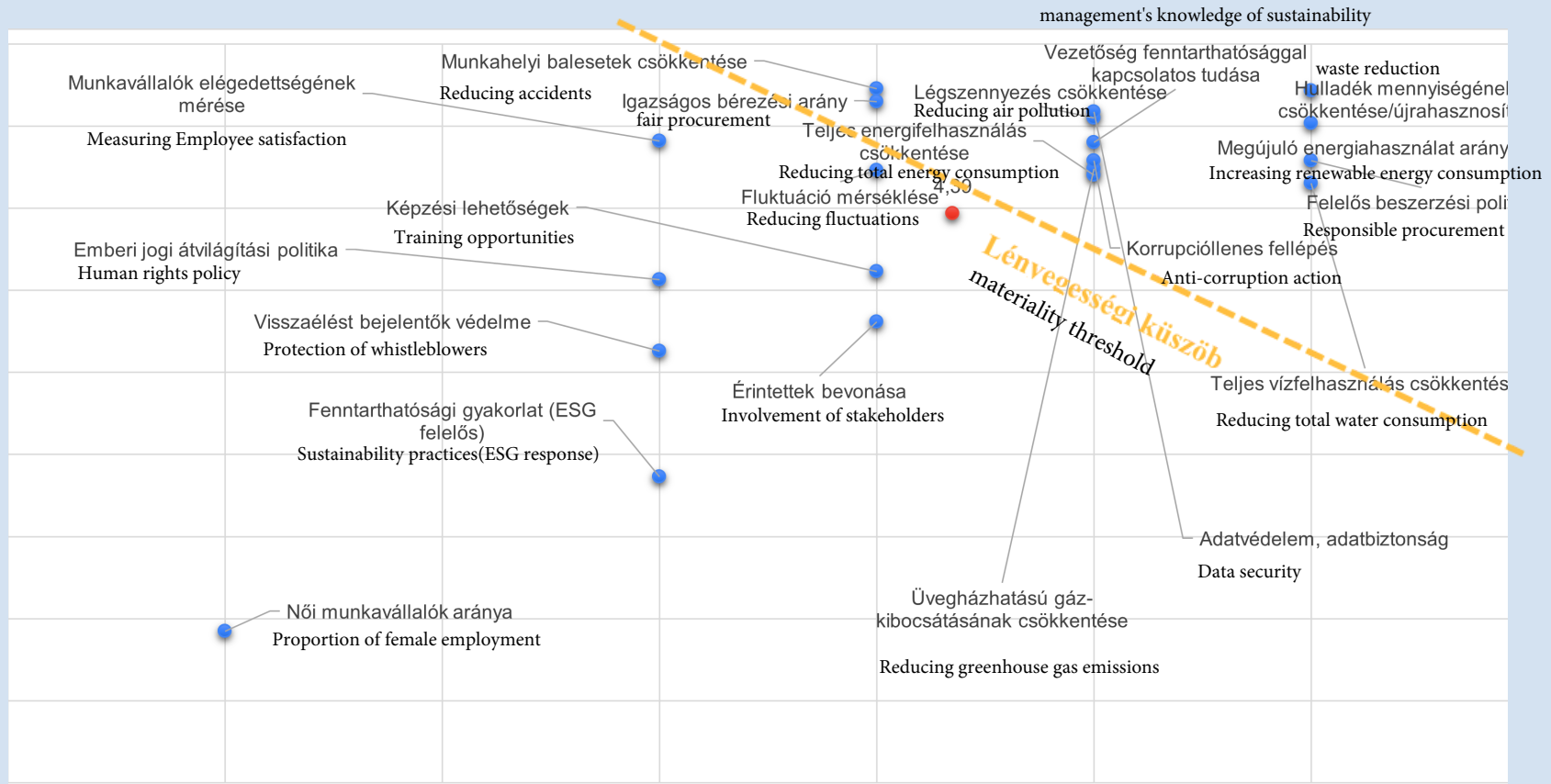
The first step in developing an appropriate ESG strategy and reporting regime is to identify these stakeholders or interest groups. Stakeholders: those who directly or indirectly influence the company's operations, or whose operations are influenced by the company.

Stakeholders are grouped into these main categories to identify the company's environmental, social and governance priorities. A total of 34 responses were received to the company's stakeholder survey, mostly from domestic stakeholders, but also from stakeholders abroad.





Érintettek lényegességi értékelése
Materiality Evaluation of Stakeholders



Az üzleti eredmény kapcsán lényeges

Relevant in the business results

7 "E" ENVIRONMENTAL INDICATORS

The activities carried out by our company are not subject to the provisions of Government Decree 314/2005 (XII.25.) and are not subject to an impact assessment.

Our company operates in compliance with the environmental legislation in force. We have not received any environmental fines in the last 5 years. On 28 March 2023, the environmental authority inspection carried out at our Kaposvár site did not reveal any circumstances giving cause for action.

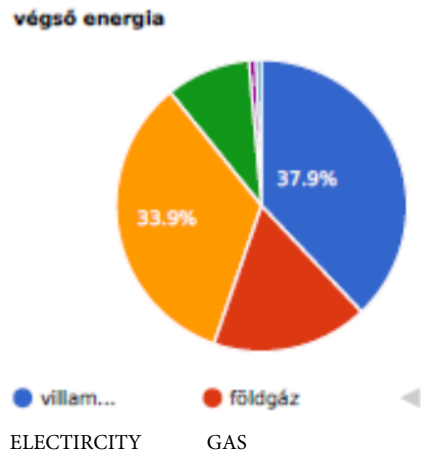




ENERGETICS, SCOPE 1, SCOPE 2

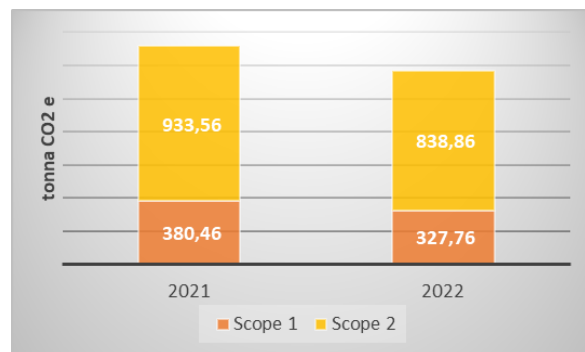
The largest shares of total energy consumption in 2022 are electricity (37.9%), district heating (33.9%) and natural gas (17.4%).

Final energy consumption:



Total CO2 emissions from annual energy use: 1 166.62 tonnes in 2022.

Scope 1[4] and Scope 2[5] emissions (tCO2e):



CO2 emissions in 2022 are slightly lower than in the previous year. Scope 2 dominates, accounting for almost 70% of emissions, which means that CO2 emissions from electricity consumption are the highest in the company.

Improvements to reduce energy consumption in recent years:

In 2018-2019, halogen incandescent lamps will be replaced with LED lamps at the Koml6 and Kaposv6r sites, reducing CO emissions by 67.7 tonnes.

At our Kaposv6r site, 360 kWp of solar panels will be installed in 2023, with an expected production of 380 169 kWh, 18-22% of our consumption

At our Kaposv6r site in 2023, we will develop heat recovery in our heat treatment technology, with expected energy savings of 100-150 GJ/year. By capturing hot air blown out of the cooling section of the heat treatment furnace, hot water will be produced, relieving the load on the gas boiler.

AIR QUALITY

The company holds an operating permit (SO/KTHF/02758-16/2022.) for its air pollutant point sources, and performs NEPIS (National Environmental Protection Information System) reporting annually as required by the permit. No exceedances of the limit value have occurred in recent years.

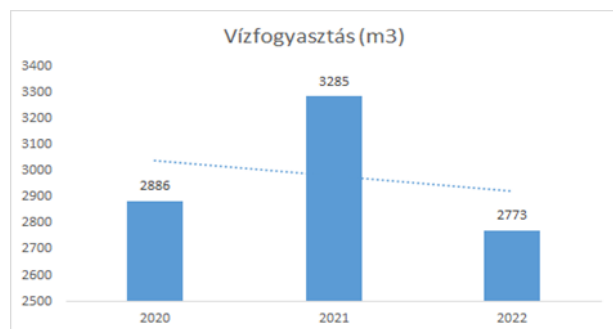


[4] [4] The company's direct emissions from its own activities (e.g. burning of natural gas for heating, use of vehicle fuels)
 [5] Includes the company's indirect emissions from the production of energy (electricity, heat, steam) purchased from other organisations

WATER USE, WASTE WATER EMISSIONS

Water consumption is basically the sum of municipal water use and water demand related to manufacturing activities. No process wastewater is generated in Komló due to the semi-dry cleaning technology.

The Kaposvár site produces process wastewater due to a high-pressure aqueous degreasing process, which is discharged into the municipal sewer system after pre-treatment (water permit number 35200/5209-1/2022).



water consumption

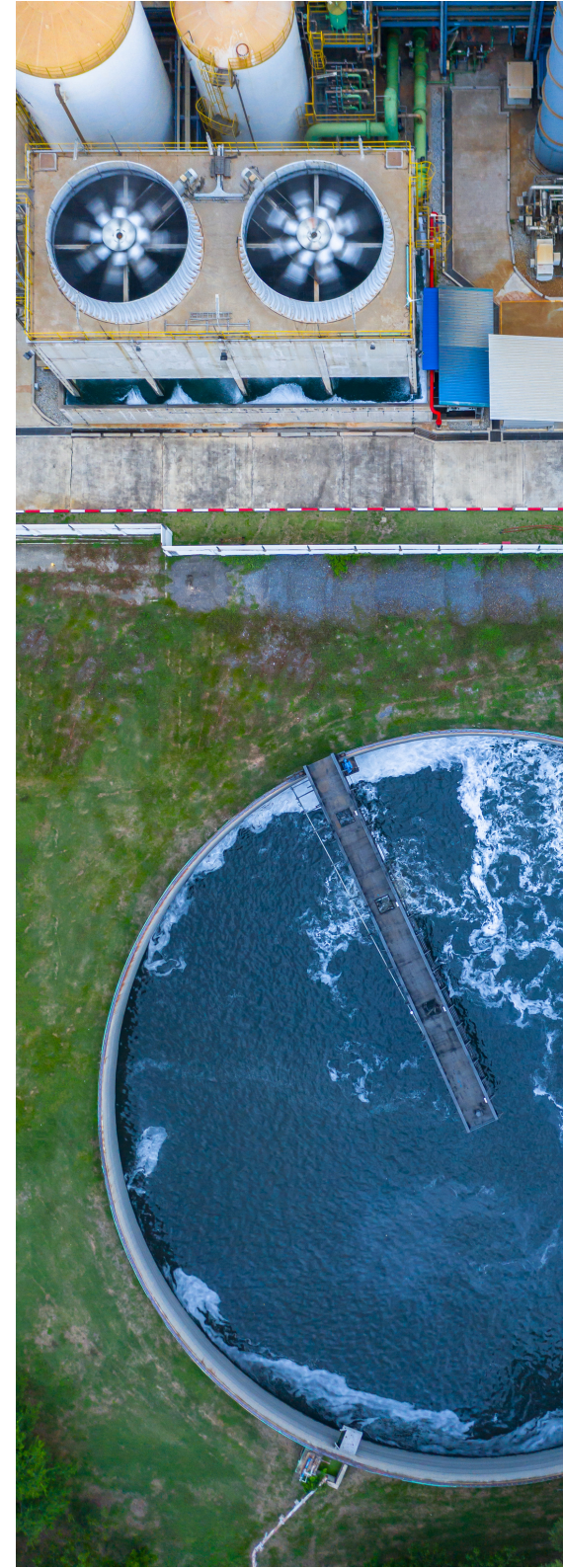
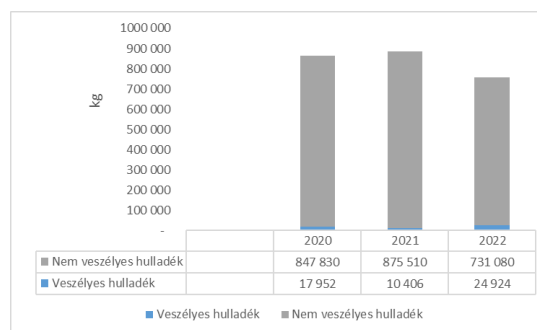
WASTE MANAGEMENT

The company's activities generate municipal and industrial waste. Selective collection will be introduced in Kaposvár from 2023, while a licensed contractor in Komló has been transporting waste collected separately in previous years. Selective collection covers paper and plastic fractions.

The company generates approximately 800 tons of waste per year, of which ~ 2% is hazardous waste.

"Industrial waste is transferred to organisations with a permit for recovery, so that in 2022, 97% of the 756 tonnes of the generated industrial waste was recovered."

Amount of (industrial) hazardous and non-hazardous waste generated (kg)





Performance indicator	Definition	Unit	2022 base year
Total energy consumption	The total energy consumption within an organisation (purchased and/or self-produced) expressed in Joules or multiples thereof, typically obtained by summing the consumption of fuels (renewable and non-renewable) and the electricity, heating and steam (purchased and self-produced) categories and subtracting the electricity, heating, cooling and steam categories sold.	Mega Joule	20 441 631
Total waste generated	Weight of waste generated in tonnes	Tons	846 692 ⁷
Total of recycled waste	weight of recycled waste in tonnes	Tons	757 311 8
Total water consumption	Total water consumption of the body in litres. Water consumption measures the amount of water used by an organisation that is no longer available to the ecosystem or local communities during the reporting period, so is typically calculated as the difference between total water withdrawals and total water discharges.	m ³	2 773
Air pollution	Significant emissions to air expressed in kilograms or multiples thereof	kg	342 9
(GHG) ÜHG (SCOPE 1)	The organisation's Scope 1 greenhouse gas emissions in tonnes of carbon dioxide equivalent (tCO ₂ e), calculated for each relevant organisational and operational unit.	tonnes CO ₂ equivalent	327,76
(GHG) ÜHG (SCOPE 2)	The organisation's Scope 1 greenhouse gas emissions in tonnes of carbon dioxide equivalent (tCO ₂ e), calculated for each relevant organisational and operational unit.	tonnes CO ₂ equivalent	838,86
ÜHG intensity	The combined greenhouse gas emission intensity of Scope 1 and Scope 2 chosen by the organisation. The indicator is the combined Scope 1 and Scope 2 emissions (tonnes of carbon dioxide equivalent) divided by the relevant physical activity or economic output.	produced tons/tons of CO ₂	0,427
Environmental risk assessment	The organisation has an environmental risk assessment process or processes.		Yes

[6][6] The mass of municipal waste is an amount estimated based on the quantity

[7][7] Municipal waste utilization was included as an estimated value of 30% of the total amount generated

[8][8] Only applies to dust, SO₂ and NO₂ components

8 "S" SOCIAL INDICATORS

Our company uses a variety of methods to monitor its environmental, social and economic performance. From a social point of view, regular reviews of the quality management system, customer and supplier surveys, employee satisfaction surveys, and external stakeholder visits and feedback are essential.





FLUCTUATION

In 2020, the turnover rate in the Hungarian labour market was 26% due to the higher rate of redundancies as a result of COVID-19, while in 2021 it was 32% due to the more flexible working options offered by the post-epidemic recovery of the economy following the coronavirus epidemic, so Lakics Ltd. is performing better than the national average in terms of turnover (7-8%). As a result, it has a stable workforce with the necessary skills and experience to perform the tasks required, which helps to ensure production security.

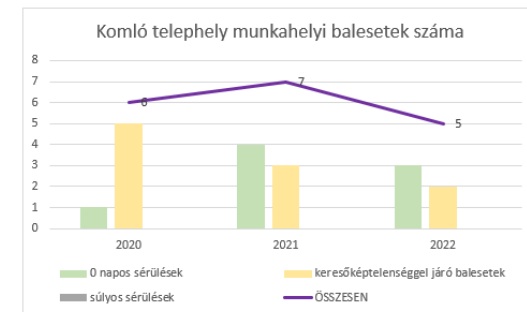
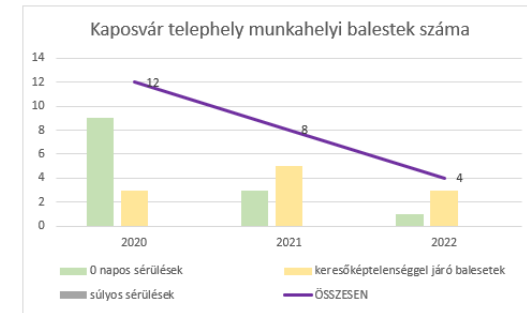
PROPORTION OF FEMALE MANAGERS

The company is engaged in metalworking, with a higher proportion of employees in manual work and a lower proportion in administrative and management functions. The multi-generational family business is managed and run by a team of 12 middle and senior managers. One of these, the deputy commercial manager, is a woman.

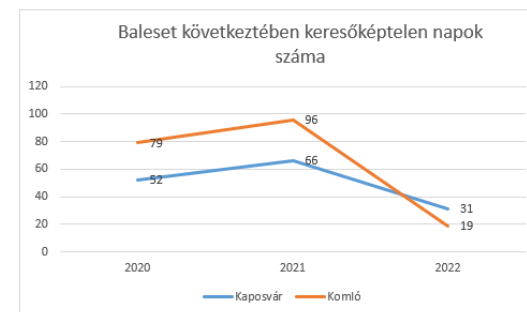
Proportion of work accidents

Our company has implemented and maintains a number of processes, policies and measures:

- Occupational health and safety policy, which includes existing risk factors and prevention measures
- Keeping records of accidents at work, as required by law, under the responsibility of the Safety Officer.
- The company provides accident and noise protection equipments for its employees;
- It places great emphasis on developing the skills and competences of all employees in high-risk jobs or high-risk areas.



The number of accidents at work at the Kaposvár site has been decreasing in recent years. The severity of accidents at work has also decreased.



AVERAGE TRAINING HOURS

Taking into account the number of hours of technical and technological vocational training and the average statistical number of employees per year, in 2022, the average number of training hours per year for the company's employees was 3.0.

The company is very active in educational cooperation, employing and training students in vocational schools to help the development of the profession. Every year, a group of students participating in the dual training successfully participate in the national competition of the Outstanding Apprentice of the Profession.



AVERAGE NUMBER OF HEALTH AND SAFETY TRAINING HOURS

Our company's health and safety training is governed by the Health and Safety at Work Code in force. Under this policy, all new entrants are required to undergo prior health and safety training and all employees are required to attend annual recurrent health and safety training. This means 4.0 hours of health and safety training per year for each of our employees every year, including in 2022.

In order to maintain and improve the health of our employees, we have set up a fitness room at our site in Komló.

In 2018, our company's health protection efforts were recognised with the "Healthy Workplace" award, aimed at improving the health and well-being of the people of Somogy County.





REMUNERATION POLITICS

Our company has a Salary and Benefits Policy, which sets out the structure of basic salary, cafeteria and performance-related benefits.

Performance-related benefits are covered by the Wages and Benefits Policy and, for key managerial, foreman and intellectual positions, by the Policy on the use of the Performance Evaluation System (PER).

Our company's management uses a regular target setting process to derive targets for intellectual employees from the company's strategic goals and to monitor the achievement of these targets.

Other benefits include a loyalty award for time spent with the company, a referral award for employees who refer a reliable new employee, a semi-annual outstanding employee award for outstanding performance, and an employee discount at Lakics Ltd. partners.



Our company operates a "carpooling" allowance to help you get to work (Commuting Allowance Policy).

Under this policy, employees who travel to work by car are entitled to a supplementary allowance based on mileage and number of passengers, provided that their car is used by an additional employee.





EMPLOYEE SATISFACTION

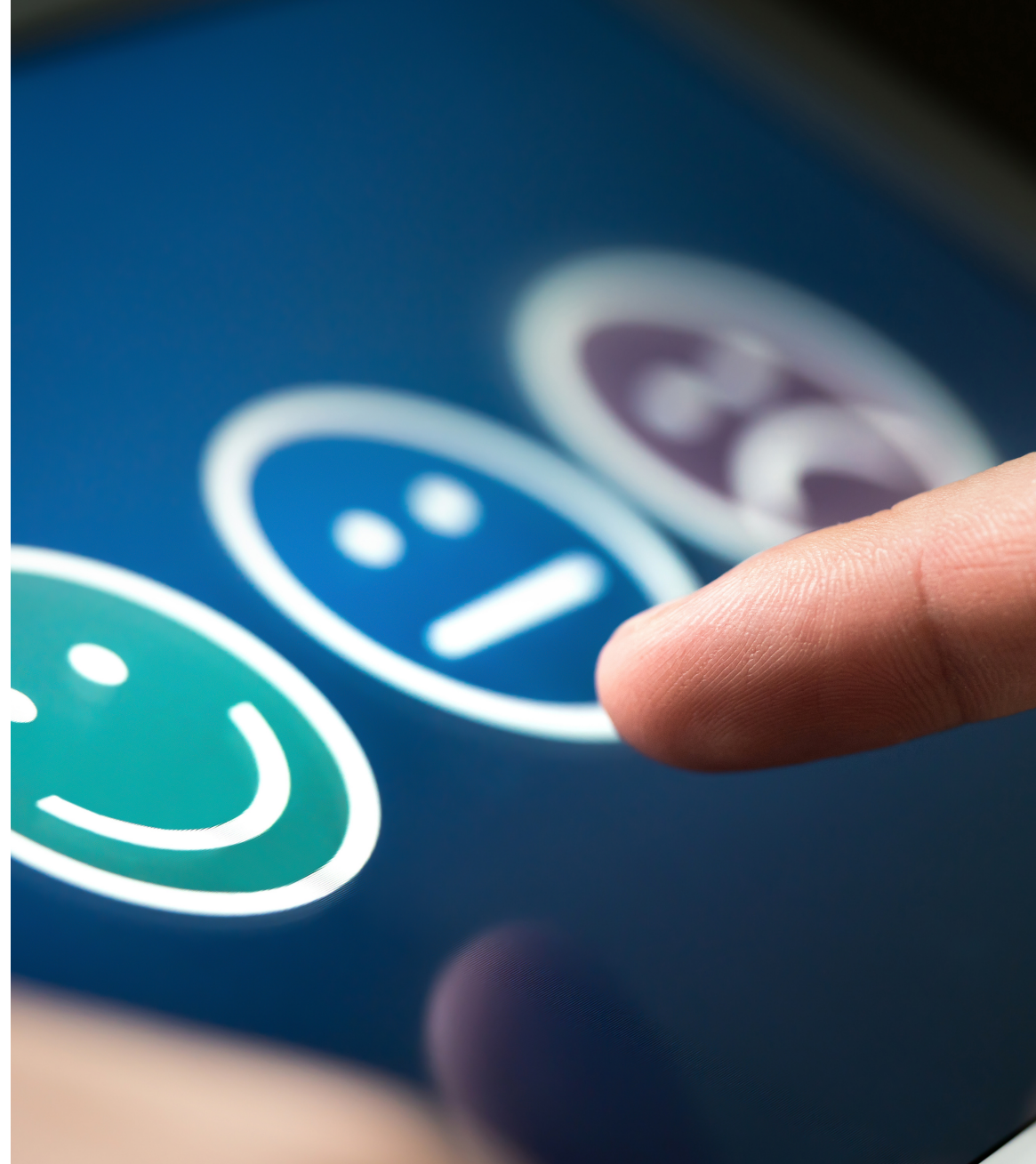
Our organisation has been running an employee satisfaction survey for a decade.

Employee satisfaction surveys have been conducted in 2013, 2015, 2019 and 2022.

A significant number of questions have been developed to allow for time-series comparisons and analysis.

CUSTOMER SATISFACTION

For years, our company has been conducting an annual customer satisfaction survey, which examines the issues of delivery time, quality, price, professional information, documentation, quantity differences, professionalism, and staff behaviour and flexibility. We analyse the results of the annual customer satisfaction survey and take action where necessary.





Teljesítménymutató	Definíció	Egység	2022. évi bázis érték
Fluktuáció	A munkavállalók fluktuációjának mértéke, ahol a fluktuáció a jelentéstételi időszakban kilépő munkavállalók számának és a jelentéstételi időszak végén fennálló teljes munkavállalói létszámnak a hányadosa.	%	6,95
Női menedzserek aránya	A szervezetben közép- és felsővezetői szintű tisztséget betöltő személyek százalékos aránya nem szerint, a női személyek százalékában megadva.	%	8,33
Képzési órák átlagos száma	Képzési órák átlagos száma, amelyeken a szervezet munkavállalói részt vettek a jelentési időszakban. Az indikátor a munkavállalóknak nyújtott képzési órák számának és a munkavállalók számának hányadosaként áll elő.	%	3
Egészségvédelmi és biztonsági jellegű képzési órák átlagos száma	A munkavállalók számára biztosított egészségvédelmi és biztonsági jellegű képzések átlagos száma, mely a munkavállalóknak nyújtott egészségvédelmi és biztonsági jellegű képzési órák száma és a munkavállalók számának hányadosaként áll elő.	%	4
Javadalmazási politika	A szervezet javadalmazási politikával rendelkezik, amely a szervezet ESG célkitűzéseit is támogatja.		igen
Ügyfélelégedettség	A szervezet legalább éves szinten rendelkezik ügyfélelégedettséget mérő folyamattal.		igen

Performance indicator	Definition	Unit	Base year 2022
Fluctuation	The employee turnover rate, where turnover is the ratio of the number of employees leaving during the reporting period to the total number of employees at the end of the reporting period.	%	6,95
Proportion of female managers	Percentage of people holding middle and senior management positions in the organisation by gender, expressed as a percentage of women	%	8,33
Average training hours	Average number of training hours attended by employees of the organisation during the reporting period. The indicator is calculated as the number of training hours provided to employees divided by the number of employees.	%	3
Average number of health and safety training hours	The average number of health and safety training hours provided to employees, expressed as the number of health and safety training hours provided to employees divided by the number of employees.	%	4
Remuneration politics	The organisation has a remuneration policy that also supports the ESG objectives of the organisation.		Yes
Customer satisfaction	The organisation has at least an annual customer satisfaction measurement process.		Yes

9 "G" GOVERNANCE INDICATORS

Our company operates an IFS Applications enterprise management system, which has components covering operations - general component, financial accounting, business performance, distribution, production management, maintenance, HR, technical development, sales, etc - that can be developed separately, as well as LEAN, a corporate organisation and management method that aims to make the company produce its products and services as economically as possible.

Our company is managed by the Managing Director, who is responsible for production, R&D, quality management, environmental protection, health and safety, fire protection, engineering, purchasing and maintenance. Economy manager is responsible for the traditional back office (HR, finance, office management) and sales. The company works 2 and 3 shifts.

The managing director of our company makes weekly site visits in Komló and twice a week in Kaposvár. In addition, there is professional cooperation with the individual area managers every two months and with the foremen every quarter. The discussions and cooperation, as well as the twice-yearly "workers' forum", are part of the management decision-making mechanism, which is supplemented with the information obtained from the "ideas box" placed in the sites' buildings. The development of individual products is carried out at project level, with the involvement of stakeholders.





RESPONSIBLE PROCUREMENT POLITICS

For more than twenty years, our company has operated a supplier evaluation system, which examines the performance of its subcontractors and suppliers every year. The evaluation criteria include price level, product quality, proof of product, delivery time and punctuality, and whether the supplier is ISO certified. The highest weighting will be given to price level, product quality and delivery punctuality.

The organisation has an integrated management system in place in accordance with ISO 9001:2015 and ISO 14001:2015 to ensure compliance with legislation and corporate strategies/regulations.

The company has a procurement policy. The purchasing policy, together with the evaluation of the suppliers of production, should be applied when contracting with suppliers, subcontractors, service providers, and when evaluating their activities. According to the policy, the selection of suppliers may be made by taking into account the price quotation received for the order based on the purchasing data, legal, internal and regulatory requirements.

ESG ORGANISATIONAL RESPONSIBILITY

Environmental matters are the responsibility of an external environmental advisor, who reports directly to the CEO, while quality management is the responsibility of an internal quality manager, who is also coordinated by the CEO.

ESG competencies are integrated at different levels of the organisation and in the job functions of different people. The organisation plans to appoint an ESG officer in 2023.

PROTECTION OF WHISTLEBLOWERS

The regional managers are directly available to employees on a daily basis, and the manager directly during site visits, i.e. on a weekly basis, if they wish to share information worth reporting. An Ideas Box is available at both sites for complaints and suggestions.

The employee satisfaction survey, which is carried out every few years, can provide an anonymous way of communicating confidential information.

DATA SECURITY

Since 2018, the company has had in place a personal data protection policy in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (General Data Protection Regulation, the GDPR), which covers all our employees and all our processing of personal data. Thus, this policy covers the details of the collection, storage and use of personal data of job applicants, employees, participants in dual training and in special cases (e.g. open days).

Our company will provide information in the employment contract and regulate the details of the storage and disclosure or transfer to third parties of the data collected about the employee.

DEVELOP ESG COMPETENCE

In the coming years, our company plans to develop ESG competences by participating in this type of training and knowledge-sharing sessions.

CORPORATE GOVERNANCE INDICATORS SELECTED ON THE BASIS OF THE
BSE ESG METHODOLOGY



Teljesítménymutató	Definíció	Egység	2022. évi bázis érték
Felelős beszerzési politika	A szervezet rendelkezik felelős beszerzési politikával.	igen / nem	igen
Adatbiztonság	Az ügyfelek magánéletének megsértésével és az ügyféladatok elvesztésével kapcsolatos megalapozott panaszok száma.	darab	0
ESG kompetencia fejlesztése	A szervezet intézkedéseket tett a közép- és felsővezetői szintű tisztséget betöltő személyek ESG-vel kapcsolatos tudásának, készségeinek és tapasztalatának fejlesztése érdekében.	igen / nem	nem

Performance indicator	Definition	Unit	Base year 2022
Responsible procurement politics	The organisation has a procurement policy.	Yes/No	Yes
Data security	Number of substantiated complaints about breaches of customer privacy and loss of customer data	Piece	0
Develop ESG competence	The organisation has taken action to improve the ESG knowledge, skills and experience of middle and senior management.	Yes/No	No

10 OUR SUSTAINABILITY GOALS



Our company's activities include several areas that can have an impact on the environment and society. Improving our sustainability performance is an important task for all industrial companies, and we need to take action in the areas of sustainable environment, society and management.

Our company is committed to the following objectives to improve our operational sustainability:

- Energy: by 2030, we want to achieve 30% of our electricity consumption from renewable energy.
- We aim to reduce our Scope 1 CO₂e emissions by at least 10% by 2030 and our Scope 2 CO₂e emissions by at least 20% by 2030.
- We will reduce our water consumption by at least 5% from 2025 compared to the base year.
- In 2023, we will develop an anti-corruption policy.
- We will incorporate sustainability considerations in our procurement policy by 2024.
- In 2023, we will appoint an ESG officer.
- We will develop and implement a whistleblower protection policy by 2024.