Sustainability declaration

SIS/TS 2:2025, Corporate social responsibility of organisations - Maximising the contribution to sustainable development – Sustainability declaration

Ackred. nr. 10482
Verifiering
ISO/IEC 17029

This sustainability report follows the ISO 26000:2025 standard and provides guidance for organisations to work on Corporate Social Responsibility (CSR) in order to maximise their contribution to sustainable development.

An important component of this work is credible communication of CSR with the stakeholders. SIS/TS 2:2025, Corporate social responsibility of organisations - Maximising the contribution to sustainable development – Sustainability declaration specifies open corporate social responsibility questions that an organisation answers and makes publicly available.

The requirements and questions in this sustainability declaration have been designed so that an organization using the document demonstrates that it has used the guidelines in SS-EN ISO 26000:2025. It has been designed to strengthen organization's social responsibility, prioritise the core subjects in SS-EN ISO 26000:2025, maximize its contribution to the Sustainable Development Goals and describe the process.

This document is written so that its verification programme meets the requirements of SS-EN ISO/IEC 17029. Verify Agency has been accredited by SWEDAC, Sweden's national accreditation body, to conduct the verification of this sustainability declaration.

2026-09-23

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5.1 Organization's assumptions and strategy

Organization's assumptions and strategy

The answers to the questions in this area should highlight the organization's fundamental assumptions, business model, actions, and materiality assessment in order to provide the reader with a good understanding of the starting point for the declaring organization's sustainability work.

Question 1

Updated since last year

What is the main purpose of this sustainability declaration? Several purposes can be stated. Voluntary commitments in relation to legislation can be mentioned.

THE SZABADICS GROUP:

The Sustainability Declaration of Szabadics Építőipari Zrt. is based on the company's sustainability strategy, the social responsibility principles of ISO 26000, and the relevant requirements of the European Union's corporate sustainability reporting framework — in particular the CSRD and ESRS. The Company develops the identification and assessment of sustainability topics, data collection, and performance reporting in alignment with the ESRS logic, taking into account the principle of double materiality. Our goal is to operate a transparent, measurable, and verifiable sustainability data and reporting system that progressively enables the company to meet the sustainability reporting requirements of CSRD/ESRS.

Objectives:
- Ensuring regulatory compliance, namely the commitment that Szabadics continuously monitors and adheres to the environmental, labour law, occupational health and safety, social, corporate governance, and ESG regulations applicable to its operations;
- Defining voluntary commitments beyond the regulatory minimum, where these are consistent with the Company's operations, the expectations of its stakeholders, and its long-term business interests;
- Continuously reducing environmental impact, with particular focus on energy consumption, greenhouse gas emissions, material and resource use, waste management, and the environmental effects of construction activities;
- Strengthening responsible employment and social engagement, including safe working conditions, employee development, equal opportunities, and consideration of the interests of local communities and partners;
- Promoting ethical and transparent corporate governance, including a clear accountability framework, verifiable decision-making, corruption prevention, lawful operation, and ensuring the credibility of ESG data;
- Developing the supply and subcontractor chain from a sustainability perspective, through the progressive assessment, risk classification, and improvement of partners;
- Establishing measurable and auditable sustainability operations, in which commitments are linked to targets, indicators, responsible persons, and regularly evaluated data;
- Preparing for future ESG and sustainability reporting requirements, and providing structured responses to ESG data requests arising from customers, financiers, grant applications, and supply chains;
- Increasing the company's long-term competitiveness and value, particularly in construction tenders, partner relationships, financing, and employer reputation.

The Declaration and the Szabadics Sustainability Reporting Programme 2026+ have been launched, and accordingly the Policy has already been revised and issued, with the Strategy and Report also being prepared in line with this framework.

Question 2

Updated since last year

If the organization, according to legal requirements or voluntarily, makes a commitment to use this sustainability declaration in order to meet specific applicable requirements under the law, what level of applicable requirements does the organization intend to comply with?

In applying its sustainability declaration, the SZABADICS Group considers full compliance with all applicable current Hungarian and European Union legal requirements as a minimum standard, and beyond this, voluntarily strives to apply higher-level sustainability, ESG, and corporate social responsibility principles.

The organisation uses the principles and core subjects of the ISO 26000:2021 Social Responsibility Guidance Standard as guidance, particularly in the areas of organisational governance, human rights, labour practices, environmental protection, fair operating practices, consumer/client interests, and community involvement and development.

The level of compliance committed to by the SZABADICS Group encompasses the following:

full adherence to all applicable Hungarian and European Union legislation, including in particular requirements relating to environmental protection, climate and energy affairs, waste management, labour law, occupational health and safety, equal opportunities, data protection, business ethics, and compliance;
fulfilment of the requirements applicable to SZABADICS under ESG regulations in force in Hungary;
consistent application of the requirements and commitments associated with the integrated management system and ISO standards operated by the company;
integration of the principles and recommendations of ISO 26000:2021 into the company's corporate social responsibility and sustainability operations;
consideration of the sustainability and ethical expectations of stakeholders – particularly employees, clients, suppliers, business partners, owners, and local communities;
the progressive development of documented, traceable, and where possible auditable management of sustainability and ESG data;
the progressive enhancement of sustainability, ethical, and ESG-based evaluation of the supplier and subcontractor chain;
the definition, measurement, and regular review of voluntary sustainability objectives and commitments that go beyond regulatory compliance.

The SZABADICS Group further aims to progressively develop its sustainability data and reporting system to a level that is comparable with the relevant principles of European sustainability reporting practice – particularly the ESRS framework – and, where justified by the company's size, legal status, the needs of its stakeholders, and its regulatory obligations, capable of supporting voluntary sustainability reporting based on the VSME standard.

The SZABADICS Group therefore intends to use the sustainability declaration not merely as a means of demonstrating compliance with any particular piece of legislation, but as a unified framework encompassing regulatory compliance, voluntary commitments, social responsibility in accordance with ISO 26000, and the company's sustainability and ESG development.

Question 3

Updated since last year

Which parts of the organization, organizational units, or groups of people are covered by the self-declaration? Why have any limitations been made?

The self-declaration covers all organizations and subsidiaries of the SZABADICS Group, with the exception of those companies in which it holds only an ownership interest but does not actively participate in their operations.
Accordingly, the self-declaration applies to the following companies:

SZABADICS Építőipari Zrt.
SZABADICS-WORK Kft.
SZABADICS-BUILD Kft.
SZABADICS Szerkezetépítő Kft. (operating under this new name from 01.09.2024, formerly known as: AQUA CONSULT Hungary Kft.)
Azbeszt Diagnosztika Kft.
SZABADICS Romania S.R.L.

Question 4

Updated since last year

What is the organization's business or operational model and its areas of activity (processes)? What is the size, number of employees, and geographical location of the organization?

The parent company of the SZABADICS Group, SZABADICS Építőipari Zrt., operates with its project management divided into Building Construction and Civil Engineering Divisions, in whose construction activities the subsidiaries participate.
Within the Civil Engineering Division, the Water Engineering Department operates – formerly known as the Water Facilities Business Unit. In addition, the subsidiaries also undertake construction tasks independently. Support activities are provided to the subsidiaries by the parent company, SZABADICS Építőipari Zrt.

Main activity areas of the Civil Engineering Division:
- Construction of utility networks,
- Urban infrastructure developments,
- Water engineering activities,
- Utility network diagnostics

Main activity areas of the Building Construction Division:
- Public institutions, residential buildings, office buildings,
- Sports and leisure facilities,
- Industrial facilities
construction

The current total headcount is 237 employees, consisting of 137 white-collar and 100 blue-collar staff.
The central office and headquarters of the SZABADICS Group is located in Hungary, in the city centre of Nagykanizsa (at 4 Király Street). In addition, the central warehouse, the auto repair workshop, the locksmith workshop of SZABADICS-WORK Kft. serving the Civil Engineering Division, as well as construction machinery are located at the Zalakomár site, just 18 km from the Nagykanizsa office.
Beyond these, the company has numerous branch offices, predominantly in Hungary, but also maintains offices in Romania and Croatia. The Romanian subsidiary is a separate legal entity, while in Croatia only a branch office operates.

2026.09.09 update:
Headcount data:
Company name | Closing headcount | Blue-collar | White-collar | Notes
SZABADICS Építőipari Zrt. | 126 | 14 | 112 | 2 white-collar at Croatian branch
SZABADICS-WORK Kft. | 56 | 47 | 9 |
SZABADICS-BUILD Kft. | 17 | 14 | 3 |
AZBESZT DIAGNOSZTIKA Kft. | 1 | 0 | 1 |
SRL Romania | 9 | 0 | 9 | Romania
SZABADICS Szerkezetépítő Kft. | 28 | 25 | 3 |

Total | 237 | 100 | 137 |

Branch offices – rented offices (typically near project sites)
Budapest | 1016 Budapest, Mészáros út 58/B
Celldömölk | 9500 Celldömölk, Király János út 4/B
Debrecen | 4002 Debrecen, BMV krt. 1.
Győr | 9025 Győr, Somos utca 1.
Kaposvár | 7400 Kaposvár, Zárda utca 13.
Nagykanizsa | 8800 Nagykanizsa, Király utca 4. (central office)
Pécs | 7632 Pécs, Megyeri út 72.
Székesfehérvár | 8000 Székesfehérvár, Zsurló út 15.
Szombathely | 9700 Szombathely, Szent Flórán krt. 2.
Tokaj | 3910 Tokaj, Serház út 56.
Zalaegerszeg | 8900 Zalaegerszeg, Deák Ferenc tér 3-5.
Zalakomár | 8751 Zalakomár, Fő út 42. (permanent site, warehouse, locksmith workshop, service)

Subsidiaries/scope of activities:
- SZABADICS Szerkezetépítő Kft. – The company has been a member of the Szabadics Group since June 2012 as an independent organisational unit. This construction company, specialising in the construction of reinforced concrete structures, primarily carries out the construction of reinforced concrete bridges, underpasses, and hydraulic engineering structures. In addition to projects undertaken on the open market, the company also participates as a subcontractor in the structural construction works of Szabadics Építőipari Zrt.
- SZABADICS-BUILD Kft. – The company was founded on 5 September 2018 by the parent company, Szabadics Építőipari Zrt. Its organisation and equipment fleet are primarily suited to supporting the parent company's building construction projects. In this context, it has its own construction capacity (painting, cold and hot tiling crews, etc.) and also carries out building construction activities on the open market.
- SZABADICS-WORK Kft. – The company was founded on 14 March 2018 by the parent company, Szabadics Építőipari Zrt. The organisation and equipment fleet of Szabadics Work Kft. have been established for the most efficient execution of civil engineering construction works. It primarily participates in the parent company's civil engineering activities and also carries out the construction of sewage investments on the open market. In addition to civil engineering activities, the company also operates a locksmith workshop serving its market activities.
- SZABADICS ROMANIA SRL – Szabadics Romania SRL is an experienced construction company headquartered in Cluj-Napoca. Committed to sustainable construction, it provides high-quality services to our community. The Szabadics team consists of passionate and dedicated professionals who strive for excellence in the field of water and sewage construction. We continuously invest in the training and professional development of our colleagues to keep them up to date with the latest knowledge and skills.
- AZBESZT Diagnosztika Kft. – The company was established in September 2020, in 100% Hungarian ownership. The company's primary activity is the inspection, diagnostics, and

condition assessment of non-metallic utility pipelines using modern and innovative tools and equipment. In Hungary, a large proportion – approximately 40-60% – of pipelines were made from asbestos cement material. Our company's goal is to examine these pipelines and provide operating companies with information that will enable them to determine the future of the pipeline and assist in decision-making regarding further measures.

Question 5

Updated since last year

What certifications, tools, or guidelines that support work with social responsibility and sustainable development does the organization use?

The SZABADICS group has established and operates numerous management systems to support social responsibility and sustainable development.
As the parent company, SZABADICS Építőipari Zrt. operates:
A quality management system in accordance with ISO 9001:2015,
An environmental management system in accordance with ISO 14001:2015,
An occupational health and safety management system in accordance with ISO 45001:2018,
An energy management system in accordance with ISO 50001:2018,
An information security management system in accordance with ISO 27001:2013,
An anti-bribery management system in accordance with ISO IEC 37001:2019.
To reduce environmental impact and pollution risks, the operation of the environmental management system is supplemented by a valid national permit for the transportation and trading of non-hazardous waste.

Year of certification and certificate identifiers:

SZABADICS Építőipari Zrt.
Quality Management System (ISO 9001:2015) – certified since 1997
NQA Certificate number: 128236

Environmental Management System (ISO 14001:2015) – certified since 2000
NQA Certificate number: 128232

Occupational Health and Safety Management System (ISO 45001:2018) – certified since 2008
NQA Certificate number: 128234

Energy Management System (ISO 50001:2018) – certified since 2013
NQA Certificate number: 128235

Information Security Management System (ISO IEC 27001:2013) – certified since 2020
NQA Certificate number: 128233

Anti-Bribery Management System (ISO 37001:2019) – certified since 2023
NQA Certificate number: 187265

"NATO Supply Capable" decision by the Defence Economy Office of the Ministry of Defence – certified since 2016

Simplified Site Security Certificate issued by the National Security Authority of the National Security Service – based on a decision issued since 2021

Supplier Qualification by MVM Paks Nuclear Power Plant Ltd. – certified since 2019

Creditworthy Gold 2025 – Dun & Bradstreet
Dun & Bradstreet, the international business information and rating provider, classifies the financial stability and business reliability of all operating companies based on a continuously measured and proven methodology developed by international experts. – certified since 2020

Furthermore, the company holds a valid national permit for the transportation and trading of non-hazardous waste.
KÜJ: 102874392
KTJ: 103024647
Statistical identification number: 13748429-4221-114-20
Registration number: 102874392/2KER/2023

In the case of subsidiaries, only quality management systems in accordance with ISO 9001:2015, environmental management systems in accordance with ISO 14001:2015, and occupational health and safety management systems in accordance with ISO 45001:2018 are operated in an integrated form.

SZABADICS-WORK Kft. holds the following certificates:

Quality Management System (ISO 9001:2015) – certified since 2020
NQA Certificate number: 128074

Environmental Management System (ISO 14001:2015) – certified since 2020
NQA Certificate number: 128072

Occupational Health and Safety Management System (ISO 45001:2018) – certified since 2020
NQA Certificate number: 128073

SZABADICS-BUILD Kft. holds the following certificates:

Quality Management System (ISO 9001:2015) – certified since 2020
NQA Certificate number: 128068

Environmental Management System (ISO 14001:2015) – certified since 2020
NQA Certificate number: 128066

Occupational Health and Safety Management System (ISO 45001:2018) – certified since 2020
NQA Certificate number: 128067

SZABADICS Szerkezetépítő Kft. holds the following certificates:

Quality Management System (ISO 9001:2015) – certified since 2022
NQA Certificate number: 186057

Environmental Management System (ISO 14001:2015) – certified since 2022
NQA Certificate number: 186058

Occupational Health and Safety Management System (ISO 45001:2018) – certified since 2022
NQA Certificate number: 186059

AZBESZT Diagnosztika Kft. will be dissolved in 2026 and merged into SZABADICS-Work Kft. The scope has been extended to include the activity in the new certificate.

SZABADICS ROMANIA S.R.L. holds the following certificates:

Quality Management System (ISO 9001:2015) – certified since 2022
Certificate number: UIG-1014-ET-1275

Environmental Management System (ISO 14001:2015) – certified since 2024
Certificate number: UIG-1031-ET-703

Occupational Health and Safety Management System (ISO 45001:2018) – certified since 2025
Certificate number: UIG-1015-ET-434

Question 6

Updated since last year

What does the organization's value chain look like forward and backward, including markets and customer groups, supplier chain with geographical distribution and number of levels of subcontractors?

Social, Environmental and Economic Impacts of the SZABADICS Group's Value Chain

The value chain of the SZABADICS Group extends from subcontracted design and project preparation, through procurement, construction and corporate support processes, to the subsequent operation of completed facilities. The Group's objective is to increase its positive social, environmental and economic impacts throughout its operations, while preventing or mitigating negative impacts and risks affecting people, the environment and the communities concerned.

The measures presented include both established practices, pilot initiatives, developments currently being introduced and long-term goals. Their status and the supporting evidence must be regularly updated during the review of the self-declaration.

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1. Subcontracted Design

Stakeholders

The main stakeholders in this process are:

* clients in Hungary, and to a lesser extent in Croatia and Romania;
* the contracting, project preparation and construction organisations of the SZABADICS Group;
* design subcontractors operating in Hungary and Croatia;
* local communities and authorities affected by the projects.

In the case of civil engineering projects, design involvement relates primarily to technological, utility and drainage construction tasks. For the majority of projects in Romania, the client provides the plans, and therefore the Group's activities are typically limited to construction. Among building construction projects in Hungary, design-and-build type implementations also occur, in which the construction contract may be supplemented by architectural and utility design tasks. In the case of own investments, the Group may also coordinate complex design activities.

Positive Impacts and Opportunities

The Group:

* collaborates with its design partners in a BIM-based and common data environment;

* applies digital plan and document management;
* seeks to identify design errors, clashes and unnecessary modifications at an early stage;
* encourages the application of energy- and resource-efficient technical solutions;
* seeks to involve design partners who apply sustainability, environmental and lifecycle considerations;
* examines, wherever possible, solutions with a smaller carbon footprint, greater durability or more favourable environmental performance already at the design stage;
* supports the structured, digital management and retrievability of design information;
* seeks to ensure that considerations relating to the restoration and protection of the natural environment are incorporated during the design phase.

Negative Impacts and Risks

Potential negative impacts and risks of the design phase:

* technical solutions resulting in excessive material or energy consumption;
* subsequent modifications and excess consumption due to inadequately coordinated plans;
* resource consumption and waste generation associated with paper-based documentation;
* insufficient consideration of environmental restoration tasks;
* inadequate transmission of environmental, social or occupational health and safety requirements to designers;
* insufficient examination of constructability, maintainability or long-term operability.

Preventive and Mitigating Measures

The Group:

* gives preference to digital plan management and electronic document workflows;
* manages plans and their revisions in a common data environment;
* carries out plan coordination and clash detection as required;
* communicates the project's environmental, occupational health and safety, quality management and sustainability requirements to designers;
* takes into account restoration and mitigation tasks in interventions affecting the natural environment;
* seeks to ensure that design decisions are made in a documented and traceable manner.

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2. Plan Management, Preparation and Resource Planning

Stakeholders

The main stakeholders in this process are:

* clients;
* the contracting and project preparation organisations of the SZABADICS Group;
* building construction, civil engineering and structural construction organisations;
* specialist designers;
* suppliers and subcontractors;
* occupational health and safety, environmental and IMS specialist functions.

Positive Impacts and Opportunities

The Group:

* uses project management and plan management software;
* communicates with designers and other project partners via a shared digital platform;
* uses digital signatures and electronic document management;
* seeks to manage material quantities and environmental data in a structured manner within a BIM/BEXEL environment;
* seeks to compare technical variants with a smaller carbon footprint or greater resource efficiency;
* optimises the planning of time, labour, machinery and material resources;
* examines the environmental, occupational health and safety, quality and social risks of projects in advance;
* clarifies procurement and subcontracting requirements;
* involves the relevant specialist functions in project initiation.

Negative Impacts and Risks

Potential negative impacts and risks of this process:

* inaccurate or incomplete resource planning;
* unnecessary, oversized or delayed material procurement;
* inadequate collection of environmental or occupational health and safety data;
* inadequate risk assessment;
* insufficient collaboration between specialist functions;
* additional administration and waste resulting from paper-based processes;
* rework and excess consumption arising from design or preparation errors.

Preventive and Mitigating Measures

During project preparation:

* an environmental aspect–impact analysis and regulatory compliance assessment is prepared;
* an environmental and waste management specialist is involved as required;
* an occupational health and safety risk assessment and a Health and Safety Plan are prepared;
* the occupational health and safety coordinator participates in project initiation;

* assessment of site and applied technology risks may be supplemented by a site inspection;
* the project's main resource and material requirements are determined in a documented manner;
* plan and document changes are tracked digitally;
* procurement requirements are aligned with the actual project schedule.

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3. Procurement, Subcontracting and Prefabrication

Stakeholders

The main stakeholders in this process are:

* the contracting, project preparation and construction organisations of the SZABADICS Group;
* the asset and service management organisation;
* suppliers;
* material manufacturers;
* subcontractors;
* logistics service providers;
* internal or external prefabrication units.

Positive Impacts and Opportunities

The Group:

* seeks to procure modern, durable, adequately high-quality products with more favourable environmental performance;
* is progressively incorporating sustainability and IMS considerations into supplier and subcontractor selection;
* is developing a supplier and subcontractor qualification system that, in addition to price, also examines quality management, environmental, occupational health and safety, ethical and sustainability criteria;
* seeks to select partners with transparent, lawful and verifiable supply chains;
* gives preference to suppliers that provide product conformity, EPD, carbon footprint and recycled content data;
* seeks to prioritise local and regional procurement and reduce transport distances;
* examines the applicability of lower carbon footprint, recycled or reusable materials;
* seeks to procure products with returnable, reusable or reduced packaging;
* seeks to reduce harmful emissions through the modernisation of its vehicle fleet and machinery, and through the use of AdBlue technology;
* applies electric light machinery, construction equipment and passenger vehicles on a pilot basis;
* is increasingly examining battery-powered solutions when procuring hand-held power

tools.

Negative Impacts and Risks

Potential negative impacts and risks of this process:

* long transport distances and resulting emissions;
* raw materials of non-sustainable or unverifiable origin;
* excessive or single-use packaging;
* incomplete product, environmental or carbon data;
* occupational health and safety, labour or ethical risks associated with suppliers;
* procurement of greater quantities of material than actually required;
* unused building materials becoming waste;
* additional work caused by late or defective deliveries;
* welding fumes and other air pollutants generated in locksmith and prefabrication workshops.

Preventive and Mitigating Measures

The Group:

* seeks to determine the exact quantities of material actually required;
* applies, where possible, contractual structures that support call-off according to actual need;
* transports unused materials in good condition to a central warehouse, reuses them on other projects, or examines the possibility of return to the supplier;
* may conclude individual agreements with suppliers regarding the return of unopened and undamaged products;
* supports returnable and packaging take-back solutions;
* seeks to involve partners that take back and recycle the materials from product packaging;
* is progressively incorporating sustainability and take-back conditions into its partner selection criteria;
* applies local extraction and technical protection in prefabrication and locksmith workshops to reduce welding fumes and other pollutants;
* provides workers with appropriate personal protective equipment, training and working environment conditions;
* verifies the legal, professional, occupational health and safety and environmental compliance of subcontractors.

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4. Construction

Stakeholders

The main stakeholders in this process are:

* clients and investors;
* the building construction, civil engineering and structural construction organisations of the SZABADICS Group;
* project managers, site managers and site supervisors;
* employees;
* subcontractors;
* suppliers;
* local residents and communities;
* authorities and utility providers.

Positive Impacts and Opportunities

The Group:

* examines alternative implementation variants subject to technical and economic feasibility;
* applies digital plan management and a common data environment;
* uses digital signatures, online documentation and electronic defect management;
* supports plan comparison and change tracking with BIM-based software;
* may apply QR code-based and online on-site documentation solutions;
* seeks to create a safe and health-supporting working environment;
* regularly monitors the occupational health and safety and environmental performance of subcontractors;
* seeks to reduce noise, dust, vibration and traffic impacts on local communities;
* supports the application of energy- and resource-efficient construction technologies;
* seeks to protect natural and biodiversity values affected during construction;
* supports subsequent environmental and carbon footprint analyses through the collection of project data.

Negative Impacts and Risks

The main negative impacts and risks of construction:

* workplace accidents and occupational health damage;
* risks associated with work at height, use of machinery, traffic and material handling;
* heat, cold and extreme weather conditions;
* noise, dust, vibration and air pollution;
* fuel and energy consumption;
* waste generation;
* unjustified water consumption;
* paper consumption;
* greenhouse gas emissions;
* risk of soil, surface water or groundwater contamination;
* traffic, noise and dust emissions affecting local residents;

* inadequate subcontractor performance;
* damage to biodiversity and natural values.

Working Conditions and Occupational Safety

The Group:

* prepares a Health and Safety Plan for every relevant project;
* involves the occupational health and safety coordinator in the project initiation process;
* provides regular occupational health and safety coordination and on-site inspections;
* defines and monitors the occupational health and safety responsibilities of site managers and project managers;
* ensures working conditions that comply with applicable regulations;
* provides the necessary personal protective equipment and welfare provisions;
* reduces the workload of physical workers during heat alerts through work organisation measures;
* investigates workplace accidents and near-misses, and introduces corrective measures as required;
* extends occupational health and safety requirements to subcontractors;
* verifies lawful employment and the possession of required qualifications.

Fuel Consumption

Significant fuel consumption at work sites may result from the on-site operation of construction machinery and the transportation of workers to project sites.

The Group:

* applies a fuel saving programme as part of its action plan aimed at reducing greenhouse gas emissions;
* seeks to optimise the occupancy of crew buses;
* takes into account employee transfers, leave and illness in route planning;
* examines the applicability of electric or lower-emission machinery;
* seeks to reduce the idling and unnecessary operation of construction equipment.

Paper Consumption and Paper Waste

The Group:

* applies digital signatures and electronic document management;
* seeks to reduce unnecessary printing;
* uses online plan management, document approval and defect management;
* stipulates the requirements for digital document management in its document and records management procedures.

Water Consumption

The Group:

* collects data on mains water consumption at construction sites;
* examines the causes of anomalous consumption;
* seeks technological and work organisation alternatives;
* may, for example, examine the use of evaporation-inhibiting compounds in technically justified cases for concrete curing, as an alternative to continuous watering;
* seeks to eliminate leaks and unjustified water consumption as quickly as possible.

Electricity Consumption

The Group:

* seeks to use battery-powered hand-held power tools;
* charges batteries from a grid supported by renewable energy where available;
* examines possibilities for replacing or reducing the use of diesel generators;
* seeks to apply energy-efficient equipment and temporary facilities.

Local Communities and Environmental Impacts

The Group:

* seeks to provide adequate information to local communities and other stakeholders;
* manages public complaints related to construction;
* reduces noise, dust, vibration and traffic impacts;
* seeks to maintain work sites in an orderly and safe condition;
* applies restoration measures for interventions affecting the natural environment;
* takes into account protected natural and biodiversity values.

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5. Corporate and Support Processes

Stakeholders

The main stakeholders in this process are:

* employees of the SZABADICS Group;
* management;
* HR, IMS, legal, financial, IT and asset management organisations;
* external service providers;
* educational institutions;
* professional organisations;
* civil society and community partners;
* clients and other stakeholders.

Employee Health and Wellbeing

The Group:

* provides employees with access to comprehensive health screening;
* offers accident insurance;
* operates a gym in the central office building;
* provides home office working arrangements depending on the nature of the role;
* supports employees during periods of heat through work organisation and welfare measures;
* maintains automated external defibrillators on standby and trains staff in their use;
* seeks to support employee satisfaction, health, safety and retention;
* organises internal sporting and community events.

The specific numbers, dates and current status of measures must be updated during the annual review of the self-declaration.

Ethics, Compliance and Anti-Corruption

The Group:

* operates a Code of Ethics;
* maintains an internal whistleblowing system;
* regulates the handling of anti-corruption reports;
* applies anti-corruption controls within the ISO 37001 framework;
* seeks to prevent and manage conflicts of interest;
* supports fair competition and ethical business relationships;
* applies data and information security requirements;
* provides employees with training and information on relevant compliance topics.

Equal Opportunities and Fair Employment

The Group:

* is committed to non-discriminatory employment;
* supports employees' professional development and training;
* cooperates with labour market and civil society organisations;
* supports the employment of disadvantaged individuals with training where possible;
* seeks to maintain lawful, transparent and fair employment practices;
* provides employees with complaint and reporting channels.

Training and Educational Partnerships

The Group:

* maintains dual training partnerships;
* sustains strategic relationships with higher education institutions;
* cooperates with, among others, the University of Pécs, the University of Pannonia and other professional partners;
* transfers practical knowledge through the involvement of experienced staff;
* supports education with micro-courses and professional lectures;
* participates in university and research collaborations;
* may engage academic institutions for expert opinions and studies.

Community Engagement

The Group:

* organises sporting and community events;
* supports employee community-building;
* maintains relationships with civil society and charitable organisations;
* cooperates with the Hungarian Red Cross;
* organises fundraising campaigns and volunteering programmes;
* supports families, children, animal welfare and other community causes;
* organises voluntary blood donation drives;
* carries out foundation and donation activities;
* participates in local environmental and tree-planting initiatives.

Specific events, awards, recognitions and dates are to be updated during the annual review of the self-declaration.

Professional Collaborations

The Group:

* participates in the professional activities of the National Federation of Hungarian Construction Contractors;
* contributes to building construction, civil engineering, LEAN and circular economy working groups;
* shares professional experience with its partners;
* supports industry innovation and knowledge sharing;
* cooperates with other organisations in developing sustainable construction practices.

Electricity Consumption

The operation of the central office building involves significant electricity consumption.

The Group:

* supports its electricity supply with a solar panel system;
* operates electric vehicle charging stations;

* applies energy-efficient cooling, heating and ventilation solutions;
* uses smart building management and control technologies;
* applies motion sensor-activated lighting;
* monitors energy consumption;
* defines energy efficiency targets and measures within the ISO 50001 energy management framework.

Energy Consumption at the Zalakomár Site

At the Zalakomár site, the vehicle repair workshop and central warehouse use both electricity and natural gas.

The Group:

* has carried out thermal insulation works;
* has replaced windows and doors;
* has modernised heating and lighting systems;
* collects and analyses consumption data;
* examines and applies solar energy generation opportunities;
* introduces measures to reduce energy consumption in line with its greenhouse gas reduction and energy management targets.

The current status, commissioning date and coverage of the solar panel system must be specified in the final self-declaration.

Drinking Water Consumption and Single-Use Plastics

The Group:

* uses mains water dispensers and refillable bottle-fed water dispensers;
* may provide physical workers with reusable, personalised bottles;
* seeks to reduce single-use plastic bottles;
* supports environmentally conscious water consumption through education and awareness raising;
* monitors on-site water consumption and associated waste generation.

Paper Consumption

The Group:

* uses e-invoicing and electronic document management;
* reduces paper-based administration through the automatic recording of invoices in its enterprise resource planning system;
* uses digital signatures and electronic approvals;
* seeks to reduce unnecessary printing;
* reduces the generation of paper waste.

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6. Operation and Long-Term Impacts

The SZABADICS Group, acting as a contractor, does not always participate in the long-term operation of completed facilities. However, through its design, procurement and construction decisions, it can exert a significant influence on the future energy, water and

Question 7

Updated since last year

In what way does the organization align its work according to the seven principles of SS-EN ISO 26000:2021? The principles are accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights.

The SZABADICS Group aligns its operations with the seven core principles of SS-EN ISO 26000:2021 through its integrated management system, Code of Ethics, anti-corruption management system, external requirements management, stakeholder assessment, management review, internal audits, and employee and partner feedback mechanisms.

The seven principles are not presented as standalone commitments, but are embedded in interconnected governance, decision-making, control, and communication processes.

1. Accountability and Answerability

The SZABADICS Group defines decision-making, implementation, and control responsibilities in a regulated manner. Responsibilities and authorities are documented, among other places, in:
- the Decision-Making Authority List;
- organisational and operational regulations;
- job descriptions;
- process owner and document owner designations;
- responsibility and RACI matrices;
- integrated management system procedures;
- project and action lists.

Managerial, process owner, and functional responsibilities are clearly defined in the relevant procedures. Strategic, governance, audit, risk management, and improvement actions are assigned a responsible person, deadline, and status.

During management reviews, the leadership evaluates:
- the achievement of objectives;
- the effectiveness of the management system;
- the development of risks and opportunities;
- the results of audits and non-conformities;
- regulatory compliance;
- stakeholder feedback;
- as well as required actions and resources.

Decisions made are tracked in the form of documented actions with assigned responsible persons and deadlines. This ensures that the organisation not only formulates commitments but also takes responsibility for their implementation and effectiveness. The management review is one of the Group's primary leadership decision-making forums, and its outputs constitute mandatory inputs to objectives, improvements, resource

planning, and risk management.

2. Transparency

The Group supports transparent operations through regulated decision-making, financial, procurement, documentation, and control processes.

The main tools of transparency include:
• the Decision-Making Authority List;
• regulation of signing and approval authorisations;
• application of the four-eyes principle in significant decision-making and financial processes;
• regulation of procurement and subcontracting processes;
• verifiability of contracts and performance certificates;
• financial and management reports;
• electronic document management;
• auditable records;
• risk assessment and action tracking systems;
• internal and external audits.

For significant processes, the Group aims to ensure that the background, approver, executor, and control of each decision are traceable.

The anti-corruption management system includes specific controls relating to:
• supplier and subcontractor due diligence;
• contract approval;
• verifiability of performance certification;
• declaration of gifts and hospitality;
• management of conflicts of interest;
• whistleblowing;
• as well as managerial, internal, and external controls.

Sustainability, environmental, social, and governance information is managed by the Group in a structured manner through internal records, management reviews, audits, and self-assessments.

3. Ethical Behaviour

The foundation of the Group's ethical operations is provided by the Code of Ethics, the ISO 37001-compliant anti-corruption management system, and related internal controls. The defining values of the Group's business operations are:
• reliability;
• quality workmanship;
• respect for commitments and obligations given;
• lawful and fair business conduct;
• rejection of corruption and misconduct;

- prevention and management of conflicts of interest;
- fair partner relationships;
- protection of whistleblowers;
- and respect for the dignity of employees.

The Code of Ethics and the anti-corruption management system regulate or support, among other things:
- reporting of ethical concerns;
- management of gifts, hospitality, and similar benefits;
- declaration and investigation of conflicts of interest;
- the whistleblowing system;
- partner due diligence;
- assessment of anti-corruption risks;
- and anti-corruption and ethics training.

Reports can also be made anonymously. Ethical matters are investigated by the relevant internal parties, and necessary management decisions are made in documented form. The Group organises annual anti-corruption training covering the Code of Ethics, gift-giving rules, and the specific expectations of higher-risk roles. The functioning of the system is also examined through anti-corruption audits, risk assessments, management reviews, and internal audits.

4. Respect for Stakeholder Interests

The Group identifies, assesses, and regularly reviews stakeholders within the framework of the integrated management system.

The main stakeholders include:
- employees;
- managers and owners;
- clients;
- subcontractors;
- suppliers and service providers;
- authorities;
- local residents and communities;
- professional and educational organisations;
- civil society organisations;
- and the natural environment.

In assessing stakeholders, the following are taken into account:
- the degree of involvement;
- the stakeholder's influence on the Group;
- the impact of the Group's operations on the stakeholder;
- regulatory, contractual, or strategic significance;
- associated risks;
- and the stakeholder's vulnerability or limited capacity to advocate for their interests.

The main channels for stakeholder engagement and feedback are:
• employee satisfaction surveys;
• management and HR consultations;
• employee suggestion system;
• ethics and whistleblowing channels;
• client satisfaction surveys;
• complaint handling;
• supplier and subcontractor evaluation;
• project meetings;
• public forums;
• complaint management;
• audits and regulatory consultations.

Special attention is given to groups that have greater difficulty representing their interests, such as:
• physical workers without company email addresses;
• subcontractor employees;
• disadvantaged persons or persons with reduced working capacity;
• foreign employees;
• employees caring for sick relatives or children;
• and residents in the immediate vicinity of construction sites.

For these groups, personal, anonymous, or indirect communication channels are also used to ensure that their interests and feedback can be represented in decision-making processes.

5. Respect for the Rule of Law

The Group monitors compliance with laws and other external requirements based on procedure GRP-ELJ-0035 External Requirements Management and the associated external requirements list.

The process covers:
• legislation;
• regulatory requirements;
• permits;
• standard requirements;
• contractual and client requirements;
• and other applicable external requirements,

with respect to their identification, registration, applicability assessment, change tracking, and compliance review.

Applicable requirements are identified from official legal databases, regulatory notices, professional sources, permits, contracts, standards, audits, and expert consultations.

Compliance assurance is supported by:
• an in-house legal expert;
• external law firms;
• the integrated management system manager;
• functional area responsible persons;
• project managers and local managers;
• and, where necessary, local legal or professional representatives familiar with the legal system of the relevant country.

Compliance is assessed in a documented manner. In the event of deficiencies, an action, responsible person, and deadline are defined. The external requirements list is reviewed comprehensively at least annually, and on an ad hoc basis in the event of regulatory or operational changes.

6. Respect for International Norms of Behaviour

The SZABADICS Group operates or may operate in countries other than Hungary, and therefore takes into account not only Hungarian legislation but also the legal and professional requirements of the countries concerned.

Respect for international norms is supported by:
• identification of local laws and regulatory requirements;
• involvement of legal and professional advisors competent in the relevant country;
• application of international ISO standards;
• extension of Group-level ethical and anti-corruption principles to overseas operations;
• risk-based screening of international business partners;
• and the application of contractual and partner requirements.

The Group's integrated management system is based on the following international standards:
• ISO 9001;
• ISO 14001;
• ISO 45001;
• ISO 50001;
• ISO/IEC 27001;
• ISO 37001.

Respect for international norms of behaviour is expected even where a country's local regulations are less detailed on certain social, ethical, or human rights matters. In such cases, the Group's own ethical and governance principles constitute the minimum expected standard of conduct.
Corruption risks associated with suppliers, subcontractors, and clients are also assessed from country, sector, public procurement, partner, and conflict-of-interest perspectives.

7. Respect for Human Rights

The SZABADICS Group is committed to respecting the fundamental human rights of employees, business partners, subcontractors, local communities, and other affected parties.

The Group's core principles include:
- respect for human dignity;
- lawful and fair employment;
- prohibition of discrimination;
- equal opportunity;
- the right to a safe and healthy working environment;
- respect for working hours and rest periods;
- fair remuneration;
- the possibility to express opinions and raise complaints;
- protection of whistleblowers against retaliation;
- and respect for personal data and privacy.

The Group does not accept:
- forced labour;
- child labour;
- human trafficking;
- unlawful withholding of wages;
- unlawful denial of rest periods or sick leave;
- discriminatory or degrading treatment;
- harassment;
- or abuse of alternative forms of employment.

Human rights considerations are also reflected in the social category of the sustainability and ESG risk assessment. The risk assessment examines, among other things:
- working conditions;
- employee well-being;
- human rights;
- working conditions of subcontractors and suppliers;
- and social impacts on local communities.

The Group also expects its suppliers and subcontractors to ensure lawful employment, compliance with occupational health and safety requirements, and respect for fundamental human rights. These considerations are being progressively incorporated into supplier and subcontractor evaluation and due diligence.

Embedding the Principles into Operations

The practical application of the seven principles is ensured by the Group through several interconnected mechanisms:
- Code of Ethics;
- anti-corruption management system;

- external requirements management;
- risk and opportunity assessment;
- stakeholder assessment;
- management review;
- internal and external audits;
- client and employee feedback;
- ethics and whistleblowing system;
- employee suggestion system;
- training and awareness development;
- supplier and subcontractor evaluation;
- documented action and task tracking.

Regulations and related documents are accessible on the corporate intranet or in a shared document repository. Employees affected by significant new or amended requirements receive targeted information or training.
The Group does not regard the application of the seven principles as a one-time compliance task. The application of the principles is regularly monitored and improved through audits, risk assessments, management reviews, feedback, and improvement actions.

Question 8

Updated since last year

Which stakeholders for social, economic, and environmental sustainability has the organization identified?

The SZABADICS Group identifies and evaluates its stakeholders relevant to social, economic and environmental sustainability as part of its integrated management system. The needs and expectations of stakeholders, the management systems concerned, the methods of handling, responsibilities and frequency of review are contained in document GRP-FN-0130 Assessment of External-Internal Factors and Interested Parties.

The main identified stakeholders are as follows:

Clients

The main expectations of clients are:
- appropriate quality;
- adherence to contractual deadlines;
- regulatory and technical compliance;
- fulfilment of sustainability and environmental requirements;
- appropriate communication and feedback management.

Client expectations are taken into account during tendering, contract conclusion, project implementation, technical handover and customer satisfaction assessment. Fulfilment of expectations is verified on the basis of contractual requirements, project documentation and client feedback.

Employees

Employees are the Group's priority internal stakeholders. Their main needs and expectations are:
- a safe and healthy working environment;
- appropriate personal protective equipment;
- lawful and fair employment;
- training and professional development;
- appropriate internal communication;
- opportunity for consultation and participation;
- health protection and employee wellbeing;
- non-discriminatory treatment;
- and the possibility of ethical reporting and whistleblowing.

The management of employees' interests is supported by, among other things, training records, personal protective equipment handover records, occupational safety consultations, HR processes, satisfaction surveys and internal communication channels.

Subcontractors

The main expectations of subcontractors are:
- clear contractual and technical requirements;
- clear communication of site rules and responsibilities;
- an appropriate onboarding and cooperation process;
- prior familiarisation with occupational safety, environmental and ethical requirements;
- transparency in performance and accounting.

Subcontractors' performance can have a significant impact on the quality, deadlines, occupational safety and environmental performance of projects. Requirements are managed on the basis of contracts, onboarding documents, on-site inspections and project evaluations.

Suppliers

The main needs and expectations of suppliers are:
- clear technical and quality requirements;
- appropriate ordering and delivery information;
- a transparent partnership;
- clarity regarding environmental and sustainability data requests;
- and appropriate contractual and financial terms.

When selecting and evaluating suppliers, the Group progressively takes into account environmental, occupational safety, ethical and sustainability aspects in addition to quality and delivery performance.

Authorities

The main expectations of authorities are:
- compliance with legislation and licensing conditions;
- fulfilment of required notifications and reporting obligations;
- verifiable and documented operations;
- implementation of regulatory requirements and decisions.

Ensuring compliance is supported by regulatory monitoring, the list of external requirements, management of permits and records, and the involvement of subject-matter responsible persons.

Certification Body

The expectations of the certification body are:
- fulfilment of the applicable management standards;
- availability of auditable and traceable evidence;
- appropriate demonstration of Group-level operations;
- documented handling of non-conformities and improvement opportunities;
- effective maintenance of management systems.

These requirements are addressed through the audit programme, internal audits, management review and IMS documentation.

Owners and Senior Management

The main expectations of owners and senior management are:
- effective and economically sustainable operations;
- regulatory and contractual compliance;
- appropriate risk management;
- efficient use of resources;
- preservation of corporate reputation and market position;
- achievement of strategic and sustainability objectives;
- effective functioning of the management system.

Their expectations are reflected in the corporate strategy, objectives, KPIs, risk assessments and management review decisions.

Local Communities and the Natural Environment

Local communities and the natural environment are significant stakeholders in construction activities.

Main expectations:
- reduction of noise, dust, vibration and traffic burden;
- prevention of environmental pollution;
- appropriate waste management;
- protection of water, soil and air quality;
- preservation of natural and biodiversity values;
- appropriate information about construction activities;
- handling of residents' complaints and requests;
- and an orderly and safe site layout.

The management of these interests is supported by project environmental plans, waste transfer documents, site inspections, public forums, complaint handling and project management measures.

IT Service Providers

The main expectations and associated requirements of IT service providers are:
- clear service and security requirements;
- appropriate access management;
- data security;
- system availability;
- collaborative incident management.

Relationships are governed by contracts, access rights registers, information security controls and incident management processes.

Energy and Utility Providers

Relevant aspects regarding energy and utility providers include:
- security of supply;
- availability of metering and consumption data;
- accuracy of billing data;
- traceability of energy and water consumption;
- assessment of energy efficiency opportunities.

Related data are tracked on the basis of invoices, metering records and energy reviews.

External Occupational Safety and Fire Protection Service Providers

The main tasks and expectations of external occupational safety and fire protection service providers are:
- specialist activities in accordance with legislation;
- appropriate performance of risk assessments and training;
- site inspections;
- required professional opinions;
- support for emergency and fire protection requirements.

Service performance is substantiated by contracts, inspection records, training records and expert opinions.

Occupational Health Service Provider

The main role of the occupational health service provider is:
- conducting occupational fitness examinations;
- supporting the assessment of occupational exposures;
- health promotion;
- prevention of occupational diseases;
- professional support for employee health protection measures.

Evidence of compliance is provided by fitness examination records and health protection programme documentation.

Sustainability Grouping of Stakeholders

The Group also links stakeholder expectations to the three pillars of sustainability.

Priority stakeholders from a social sustainability perspective
- employees;
- subcontractor employees;

- local communities;
- occupational health service provider;
- occupational safety and fire protection service providers;
- educational and civil organisations;
- authorities;
- clients.

The main topics are safe working, fair employment, health protection, equal opportunities, human rights, community impacts and complaint handling.

Priority stakeholders from an economic sustainability perspective
- owners and senior management;
- clients;
- suppliers;
- subcontractors;
- financial and service partners;
- authorities;
- energy and utility providers.

The main topics are effective operations, contractual compliance, security of supply, quality, deadlines, resource efficiency, risk management and long-term market presence.

Priority stakeholders from an environmental sustainability perspective
- local communities;
- the natural environment;
- clients;
- suppliers and material manufacturers;
- subcontractors;
- environmental authorities;
- energy and utility providers;
- employees;
- project managers and construction organisations.

The main topics are energy and water consumption, waste management, emissions, pollution prevention, climate change, material use, biodiversity and the local environmental impacts of construction activities.

The Group reviews the list of stakeholders and their expectations at least annually, and on an ad hoc basis in the event of significant organisational, legislative, market, project or stakeholder changes. The results of the review are incorporated, as necessary, into risk assessments, objectives, the audit programme, management review and sustainability measures.

Question 9

Updated since last year

Of the identified stakeholders, which stakeholders have been assessed as prioritized and how has this process been carried out? In which forum have decisions been made? What consideration is given to the stakeholder groups that may have difficulty being heard and therefore may need to be included in special consideration?

The SZABADICS Group carries out the identification and evaluation of interested parties as part of its integrated management system, in the document GRP-FN-0130 Evaluation of External-Internal Factors and Interested Parties. During the review, we examine not only the influence of interested parties on the group of companies, but also their needs and expectations, the relevant management systems, the impact of the company's operations on them, the associated risks, the method of handling, the responsibilities, and the required frequency of review.

The main interested parties identified in the document are:

* clients;
* employees;
* subcontractors;
* suppliers;
* authorities;
* certification body;
* owners and senior management;
* local communities and the natural environment;
* IT service providers;
* energy and utility service providers;
* external occupational health and safety and fire protection service providers;
* occupational health service provider.

When determining the priority of interested parties, the following criteria are taken into particular consideration:

* the regulatory, contractual, or strategic significance of the interested party's needs;
* the influence of the interested party on the group of companies;
* the actual or potential impact of the group's activities on the interested party;
* the associated quality, environmental, occupational health and safety, energy management, information security, anti-corruption, and sustainability risks;
* the frequency of the relationship or involvement;
* the interested party's ability to assert their interests and their potential vulnerability;
* the results of feedback, complaints, audits, inspections, and project evaluations.

Employees, clients, owners and senior management, authorities, as well as subcontractors and suppliers that are decisive from the perspective of project implementation, are treated as high-priority interested parties. Local communities and the natural environment also

receive heightened attention in projects that may involve noise, dust, traffic restrictions, waste generation, or other environmental and social impacts.

Employees are classified as a high-priority internal interested party because the achievement of corporate objectives directly depends on their expertise, health, safety, involvement, and commitment. Their main expectations have been identified as a safe working environment, appropriate personal protective equipment, training, communication, participation, and health protection. The management of these expectations is supported by training records, personal protective equipment handover documentation, occupational safety consultations, employee feedback, and related HR and occupational safety processes. Responsibility is shared among the HR organisation, occupational health and safety professionals, and managers.

Clients are high-priority external interested parties because their expectations and feedback directly influence contractual compliance, project implementation, the company's reputation, and its market performance. Client needs are identified during the tendering, contracting, project launch, and project implementation phases. Their fulfilment is assessed through project documentation, client feedback, complaints, and project closure evaluations.

The priority assigned to subcontractors and suppliers is justified by the fact that their performance can have a significant impact on the quality and timelines of projects, occupational health and safety and environmental compliance, as well as the group's exposure to corruption and sustainability risks. In relation to them, we apply contractual requirements, entry and on-site inspections, supplier evaluations, data request forms, and a sustainability and IMS-based partner evaluation system currently under development.

Regarding authorities, the main priorities are regulatory compliance, permits, notifications, data reporting, and auditability. The relevant obligations are continuously monitored by the subject-matter responsible persons and the IMS organisation.

The expectation of owners and senior management is effective, regulated, risk-based, and sustainable operations. Their needs and expectations are reflected in strategic objectives, corporate KPIs, resource decisions, risk assessments, and management reviews.

The evaluation of interested parties and the determination of priorities take place primarily in the following forums:

* management review;
* strategic and annual objective-setting process;
* board and senior management consultations;
* divisional and organisational management meetings;
* project launch, project monitoring, and project closure consultations;
* risk assessments and compliance evaluations;
* internal and external audits;
* occupational health and safety and environmental inspections;

* evaluation of client feedback and complaints;
* employee consultations and satisfaction surveys;
* processing of regulatory inspections, enquiries, and legislative changes.

In the GRP-FN-0130 document, the method of handling, the responsible party, and the frequency of review have been determined for each interested party. Clients are evaluated annually and during project closures; employee needs are evaluated annually as well as upon onboarding or in the event of significant changes; suppliers are typically evaluated annually; subcontractors and impacts related to local communities are evaluated on a per-project basis. Monitoring of regulatory and legislative requirements is ongoing.

Special attention is given to those groups of stakeholders who, due to their situation, find it more difficult to express their views or assert their interests. These may include in particular:

* physical workers without a corporate email address;
* employees of subcontractors;
* entry-level employees, those with limited ability to assert their interests, or those in disadvantaged situations;
* persons with reduced work capacity;
* employees caring for a sick relative or child;
* foreign or non-Hungarian-speaking employees;
* residents living in the immediate vicinity of construction sites;
* elderly people, children, and other locally affected individuals in vulnerable situations.

In the case of these groups, we do not rely solely on actively received feedback. The group of companies employs various channels for outreach and engagement, including:

* direct managerial and HR contact;
* occupational health and safety consultation and employee safety representative channels;
* anonymous employee surveys;
* anonymous ethics and whistleblowing reporting options;
* personal briefings for employees without email addresses;
* personal and confidential handling of individual life circumstances;
* occupational health and safety feedback;
* subcontractor on-site inspections;
* participation in public forums;
* documented handling of residents' complaints, requests, and comments;
* clear and timely project communications.

During utility construction and other projects that directly affect the daily lives of the local population, local communities receive heightened attention. Project managers participate in public forums as necessary, provide information on the expected schedule and impacts of the works, and receive and investigate residents' complaints and requests. The management of the needs of local communities and the environment is supported by

project environmental management plans, waste management records, on-site inspections, and project management actions.

The group of companies aims to ensure that the priority of interested parties is not determined solely on the basis of their economic influence. The evaluation takes into account the extent of involvement, the interested party's legitimate needs, their vulnerability, the impact of the group on them, and the degree to which the given group is able to directly represent its own interests. The regular review of priorities and handling measures takes place during management reviews, project evaluations, audits, and in the event of significant organisational, regulatory, or market changes.

Question 10

Must be answered every year

Which sub-areas, see Appendix B, based on the main areas of business management, human rights, working conditions, environment, good business practices, consumer issues, community engagement, and development, are deemed to be of crucial importance to the organization and therefore have been prioritized, and why.

The SZABADICS Group regards corporate governance as a fundamental area of sustainable and responsible operations. The role of corporate governance is to ensure that strategic objectives, legal and other compliance requirements, ethical principles, sustainability and ESG commitments, as well as stakeholder expectations are appropriately integrated into the company's decision-making and operational processes.

The main areas of SZABADICS corporate governance:

Ownership and Senior Management Direction

defining strategic directions and corporate objectives;
approving sustainability and ESG goals;
defining managerial responsibilities and authorities;
regular managerial review of performance and risks.

Rationale: sustainability is genuinely embedded in a company's operations only when clear senior management accountability exists for its objectives and results.

Legal, Compliance and Ethical Operations

compliance with Hungarian and European Union legislation;
management of contractual and regulatory requirements;
ethical requirements;
prevention of conflicts of interest and corruption;
whistleblowing system;
data protection and information security;
management of compliance risks.

Rationale: lawful, ethical and transparent operations are a fundamental prerequisite of responsible corporate governance.

Integrated Management System (IMS), Quality Management and Internal Controls

operation of management systems;
policies and processes;
system of responsibilities and authorities;
internal and external audits;
deviations and corrective actions;
continuous improvement;
documented operations and audit trail.

Rationale: this ensures that corporate objectives and requirements appear not merely as declarations, but as regulated and verifiable processes.

ESG and Sustainability Governance

implementation of sustainability strategy;
definition of ESG objectives and KPIs;
management of environmental, social and corporate governance data;
designation of ESG data owners and responsibilities;
measurement of sustainability performance;
preparation for VSME and other relevant reporting requirements;
integration of ISO 26000 principles.

Rationale: sustainability must become an integral part of corporate governance and normal business decision-making.

Risk Management

strategic and business risks;
operational and project risks;
legal and compliance risks;
environmental and climate risks;
workforce and occupational safety risks;
supplier and supply chain risks;
ESG risks.

Rationale: the integrated management of financial and non-financial risks is essential for the company's long-term resilience and future readiness.

Financial Management and Control

financial planning and controlling;
management controls;
approval and decision-making authorities;
financial transparency;
assessment of the economic impact of ESG and sustainability objectives.

Rationale: sustainability objectives must be linked to the company's economic performance and long-term value creation.

HR and Responsible Employment

employee rights;
working conditions and occupational safety;
training and competency development;
equal opportunities;
employee engagement;
ethical culture;
ESG awareness among management and employees.

Rationale: the social responsibility topics of ISO 26000 and the social pillar of ESG are directly related to employees.

Operations and Project Management

responsible execution of construction projects;
resource and energy efficiency;
environmental requirements;
occupational safety;
quality;
waste and materials management;
enforcement of sustainability requirements at project level.

Rationale: as a construction company, SZABADICS is primarily able to translate sustainability objectives into actual performance at the level of operations and projects.

Procurement, Supplier and Subcontractor Management

selection of suppliers and subcontractors;
ESG and sustainability-based assessment;
legal, ethical, environmental and occupational safety compliance;
supplier risks;
performance evaluation and development.

Rationale: a significant part of construction operations is carried out through suppliers and subcontractors; therefore, SZABADICS's sustainability performance cannot be separated from the performance of the value chain.

Stakeholders and Communication

employees;
clients and customers;
suppliers and subcontractors;
owners;
authorities;
financiers;
local communities and other stakeholders.

Rationale: one of the defining principles of ISO 26000 is the identification of stakeholders and the consideration of their interests.

ESG Data Governance, Measurement and Reporting
definition of ESG data sources and data owners;
data quality and verifiability;
KPIs and target values;
documentation and traceability;
Rationale: credible ESG and sustainability performance can only be demonstrated with an adequate data governance and internal control system.
management reporting;
sustainability reporting;
ensuring the future auditability of data.

Question 11

Updated since last year

How has the organization's materiality assessment been conducted, see question 10, appendix C, and section 7.3 in SS-EN ISO 26000:2021, and describe how risks or opportunities for negative and positive impacts on sustainable development have been weighed in.

During the materiality assessment, SZABADICS identifies those environmental, social and governance (ESG) topics that are relevant to its operations:

Climate change
Pollution
Water and marine resources
Biodiversity and ecosystems
Resource use and circular economy
Own workforce
Workers in the value chain
Affected communities
Consumers and end-users
Business conduct / corporate governance

The basis for this may be provided by ISO 26000 topic areas, the company's sustainability strategy, stakeholder expectations, and the relevant topics of VSME/ESRS.
For each topic, it must be examined whether SZABADICS's operations have a positive or negative, actual or potential impact on people, society or the environment.
The examination must cover not only the company's own operations, but also suppliers, subcontractors and the related value chain.
Negative impacts should be assessed primarily based on their severity, scale and reversibility, and in the case of potential impacts, based on the likelihood of occurrence.
For positive impacts, it is advisable to consider primarily the severity and scale of the impact, and in the case of potential impacts, also the likelihood thereof.
The criteria should be scored on a scale of 1 to 5, making the assessment documented and comparable.
Topics with high scores are placed in the priority area of the materiality matrix, and it is advisable to assign objectives, KPIs, responsible parties and measures to these.
In a more advanced approach, SZABADICS also examines how sustainability issues affect the company financially, enabling the development of a double materiality assessment.
The outcome of the process is a documented materiality matrix and an impact/risk/opportunity register, which can serve as the foundation for the sustainability strategy, the ISO 26000 assessment, VSME reporting and future ESRS-oriented operations.

Concrete example – occupational health and safety:
A serious workplace accident occurring on a construction project may represent a negative social impact of SZABADICS. If the severity of the impact is 5/5, the scale is 3/5, the reversibility is 5/5 and the likelihood of occurrence is 3/5, then the topic can be classified as highly material. As a result, occupational health and safety appears as a priority topic, to

which KPIs such as accident frequency, training hours, audits and preventive measures can be assigned.
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Process steps:

1. A list of topics to be examined is compiled.
For example: climate change, energy, pollution, water, biodiversity, circular economy, own workforce, occupational health and safety, value chain workers, communities, business conduct.
2. Specific impacts are identified for each topic.
The scoring does not address whether "climate change is important", but rather, for example: "Through the use of machinery, vehicles, energy and construction materials, SZABADICS contributes to climate change through GHG emissions."
3. The nature of the impact is determined:
positive / negative, actual / potential, and whether it occurs in the company's own operations, at suppliers/subcontractors or further along the value chain.
4. The impact is scored on a scale of 1 to 5. For negative impacts, for example:

Severity of impact — minor to very severe
Scale — narrow to very wide
Reversibility — easy to very difficult / irreversible
Likelihood* — rare to very likely

5. The assessment is jointly validated by multiple functions. In the case of SZABADICS, it is advisable to involve at least senior management, the ESG/IR function, HR, legal/ compliance, operations/project management, procurement, finance and occupational health and safety. This ensures that the result is not the subjective assessment of a single professional area.
6. The stakeholder perspective is also incorporated. The feedback of employees, clients, subcontractors/suppliers, financiers, authorities and local communities may be taken into account, as well as previous audits, complaints, accidents, environmental data and client requirements.
7. A materiality threshold is defined. For example, based on the overall assessment, topics are categorised as low – medium – high. The methodology and threshold values must be established in advance, and must not be adjusted after the fact to fit the desired outcome.
8. Highly material impacts are placed in the priority section of the matrix shown in the figure. These become the priorities to which objectives, KPIs, responsible parties, measures and deadlines can be assigned.

Identified impact:

During construction activities, there is a risk of serious workplace accidents, which may have a negative social impact on employees and the employees of subcontractors.

The expert group assessed this as follows, for example:

Severity: 5/5 – serious personal injury may occur.
Scale: 3/5 – multiple own employees and subcontractor employees may be affected.
Reversibility: 5/5 – serious health impairment is not or only with great difficulty reversible.
Likelihood: 3/5 – a relevant risk arising from the nature of construction activities.

Result: high materiality.

Therefore, occupational health and safety is included among SZABADICS's priority sustainability topics, and KPIs are subsequently assigned to it, such as accident frequency, lost workdays, occupational health and safety audits, training sessions, near-miss events and corrective measures.

Question 12

Updated since last year

What operational or financial risks and opportunities, and any other consequences for the organization, have been identified in connection with the establishment of prioritized sustainability areas (sub-areas)?

The SZABADICS Group has summarized the political, economic, social, technological, environmental, and legal impacts affecting it, and has identified its strengths, weaknesses, opportunities, and threats. These were weighted during the materiality assessment process.

External impacts

- Decline in the number of public procurement tender opportunities
- Effects of climate change
- Level of technological advancement
- Professional innovations, trends, and research findings
- Changes in market expectations
- "Green" regulations and new environmental taxes
- Changes and fluidity in the regulatory environment

Internal impacts

- Employee satisfaction
- Existing professional expertise
- Digital maturity
- Corporate culture
- Shortage of successors among physical/manual workers
- Ageing workforce
- Organizational rigidity stemming from age
- Carbon footprint arising from operations

Based on these factors, the SZABADICS Group has identified the following development directions with the following priorities:

It begins with the material topics requiring the most effort, while the topics listed at the end are areas where the Group already demonstrates stronger results:

Sustainable economies of scale (For a group of companies previously experienced primarily in public procurement assignments, the reduction of such opportunities presents a challenge in winning private sector contracts in order to maintain the number of employees and the level of revenue)
Operational efficiency
Data-driven operations, innovation, and digitalisation (treated as a competitive market advantage)
Sustainable reporting

Adaptation and integration of preferred UN Sustainable Development Goals into our operations
Assessment of direct (Scope 1), indirect (Scope 2), and other indirect (Scope 3) emissions, and exploration of opportunities
Monitoring water consumption and exploring reduction opportunities – As reducing the consumption of clean water is of paramount importance, the Group's first step is to measure water consumption across projects and focus on identifying reduction opportunities
Attracting young talent and collaborating with educational institutions (The Group maintains partnerships with numerous educational institutions, continuously provides internship placements, dual employment arrangements, and colleagues have already been hired following dual training programmes)
Employee satisfaction and loyalty (Considered important by the Group in order to reduce staff turnover; also linked to knowledge management efforts)
Engaging employees in sustainability matters
Human resource development (On the one hand, continuous development enables a competitive market advantage, and on the other hand, it is essential to retain the existing knowledge accumulated by the Group over time)
Corporate social responsibility (A priority area for the Group since its establishment – consistently delivering significant results)
Sustainability in the supply chain
Sustainable building materials
Waste management (A well-managed area to date, though we continue to regard it as an important priority)
Wellbeing (An important tool in reducing staff turnover)

5.2 Leadership

Leadership

The answers to the questions in this area should provide a clear picture of the management's approach to sustainable development and how this is manifested at the management level (see specifically also Appendix A1 - Management's statement).

Question 13

Updated since last year

Which policies for social, economic, and environmental sustainability does the organization work according to?

The sustainability policy builds on the policies formulated in connection with the already well-established quality, environmental, occupational safety, energy management and anti-corruption management systems.

Our website features the renewed, revised Sustainability Policy, approved by the Chairman of the Board of Directors:

The goal of SZABADICS Építőipari Zrt. is to conduct its civil and structural engineering activities in a reliable, lawful, ethical and sustainable manner over the long term. For us, sustainability is not a standalone programme, but the unity of responsible corporate governance, quality construction, safe working conditions, environmental protection and fair business conduct.

Since our founding in 1989, we have strived to ensure that the SZABADICS name represents reliability, professional quality and fair cooperation for our clients, employees, business partners and the communities concerned. We build our sustainability operations on the principle of double materiality: we take into account the environmental and social impacts of our activities, as well as how sustainability risks and opportunities affect the long-term value and competitiveness of our company.

1. Responsible Corporate Governance and Ethical Operations
We are committed to complying with and enforcing legislation, professional regulations, internal policies and ethical standards.
We do not tolerate any form of corruption, bribery, conflict of interest, unfair market conduct or abuse.
We operate an Ethics Code, an Ethics Committee and an internal whistleblowing system.
We ensure that good-faith reports can be handled confidentially and without fear of retaliation.
We expect our managers, employees, subcontractors and business partners to act in accordance with the same ethical principles. We consistently take action against violations of the rules.

2. Employees, Health and Safety
We regard our employees as one of the company's most important assets.
Our goal is to maintain a safe, healthy, lawful and fair working environment that supports professional development, performance and long-term commitment.
We provide the necessary conditions for carrying out work, personal protective equipment, occupational safety training and the opportunity for employee consultation.
We require compliance with and enforcement of occupational safety regulations across all work areas.
We reject all forms of forced labour, child labour, discrimination, harassment or unethical

employment practices.
We support and promote work-life balance and professional development and advancement at all levels and in all areas.

3. Environmental Protection and Climate Action
In the course of our construction activities, we strive to reduce environmental impact, prevent environmental damage and make responsible use of natural resources.
We pay particular attention to measuring and reducing energy consumption, water use, waste generation and greenhouse gas emissions. In our projects, we give preference, wherever possible, to energy-efficient, durable, lower-impact and circular solutions.
We strive to prevent waste, promote reuse and recycling, and apply environmentally friendly technologies and materials. We aim to meet our energy needs from renewable sources to the greatest extent possible.

4. Quality, Client Value and Responsible Construction
Our goal is to ensure that the quality of constructed facilities and services provided continuously meets the requirements of clients, legislation, professional standards and other interested parties.
From tendering through construction to handover, we support our clients in identifying and fulfilling quality, environmental, occupational safety, information security, energy and ethical requirements.
We continuously develop our professional knowledge, technologies and project management practices in order to deliver competitive, safe and sustainable construction solutions.

5. Responsible Supply Chain and Partners
We require our subcontractors, suppliers and external service providers to comply with legislative, quality, occupational safety, environmental, ethical and information security requirements.
In our procurement activities, we strive to take into account the quality, reliability, environmental impact and total lifecycle cost of materials and services. Our goal is to build long-term, fair and transparent partnerships.

6. Management Systems and Continuous Improvement
The implementation of our sustainability goals is supported by our Integrated Management System, which covers quality management, environmental management, occupational health and safety, information security, energy management and anti-corruption operations.
In our operations, we take into account the requirements of the MSZ EN ISO 9001:2015, MSZ EN ISO 14001:2015, MSZ ISO 45001:2018, MSZ ISO/IEC 27001:2023, MSZ EN ISO 50001:2019 and MSZ ISO 37001:2019 standards, and we also strive to comply with AQAP requirements.
We regularly measure, evaluate and review the achievement of our goals at management level. We provide the necessary resources, information and improvement measures.

7. Transparency and Accountability

We aim to present our sustainability performance transparently and responsibly to our stakeholders. We evaluate our activities in accordance with the principles of the ISO 26000 social responsibility guidance standard and strive for its independent verification.

Compliance with this Policy is the responsibility of all employees, managers and persons acting on behalf of SZABADICS. The company's managers and owners bear primary responsibility for communicating, implementing and enforcing the Policy.

SZABADICS Építőipari Zrt. firmly believes that sustainable operations are the foundation of long-term business success, client trust, employee commitment and social responsibility.

https://szabadics.hu/rolunk/fenntarthatosag/

Question 14

Updated since last year

How has the sustainability perspective been integrated and made visible in the organization's strategy, operational management, and other governing documents?

The SZABADICS Group's 3-year strategy was developed by analysing the external and internal influences affecting it, assessing its weaknesses and strengths — utilising the C1 connection diagram found in Appendix C of SIS/TS 2:2025 — and was presented in accordance with the ESRS framework, the results of the sustainability risk analysis, and structured according to the UN Global Goals. The strategic objectives can be found on pages 15-16 of the Sustainability Strategy document, which is available for download from https://szabadics.hu/rolunk/fenntarthatosag/, and are as follows:

The main elements of the strategy:
1) We are strengthening marketing activities within the group of companies (methodology, adaptation, implementation)
2) We are reviewing our project management system and toolkit, and making efforts to improve efficiency
3) In the development of our HR system, we are working out and implementing capabilities for selection and knowledge assurance
4) In our operations and business solutions, we strive for innovative approaches
5) We are developing our capabilities in operating business control systems
6) We are developing a digital transformation strategy with a focus on increasing efficiency
7) We are establishing and operating a sustainability strategy

The strategy has been broken down with the definition of specific actions and their owners, as well as indicators and target values established for measuring effectiveness.

A structure to be reviewed at management meetings will be established on the BI platform for tracking the results of the actions supporting the strategy.

Question 15

Updated since last year

How has the management distributed the sustainability responsibility within the management team? What other roles or individuals within the organization have a special responsibility for sustainability work? How has this been communicated?

Responsibility for sustainability activities is collectively borne by the sustainability management team. The integrated management leader is responsible for communication and coordination of tasks.
The organizational leaders are responsible for carrying out the individual organizational tasks.
The HR and legal organization, represented by the Chief Operating Officer, plays a key role.
All of this was communicated at a management meeting, at the time of designating the members of the management team.

5.3 Planning

Planning

The answers to the questions in this area should provide the reader with a clear picture of how the organization has operationalized its work with social responsibility and contributions to sustainable development.

Question 16

Updated since last year

How and when does the collection of stakeholders' expectations and opinions take place? What insight is given to stakeholders in the sustainability work? Describe the method for stakeholder dialogue.

For internal stakeholders:

The company group has established a sustainability management team, whose members are:
- the Chairman of the Board of Directors
- the Chief Financial Officer
- the Chief Operating Officer
- and the Integrated Management Director, who communicates with the organisations through the involvement of sustainability ambassadors.

The exchange of information on sustainability work is carried out through internal training sessions and ambassador meetings.
The ultimate goal is for the ambassadors to connect the organisations with the Integrated Management Director as an information channel and as organisational sustainability officers. Currently, however, direct consultations also take place between the organisation leaders and the Integrated Management Director.
The members of the board of directors, owners and managers also exchange information regarding sustainability activities during senior management meetings.

For external stakeholders:

The SZABADICS group has created a sustainability section on its website (https://szabadics.hu/rolunk/fenntarthatosag/), where it publishes its Sustainability Policy, its verified 2024 Self-Declaration and its report.

In addition, the company group communicates the latest updates on its sustainability activities in the Magyar Építők magazine and its online news portal https://magyarepitok.hu/iparagi-hirek/2024/09/a-szabadics-cegcsoport-is-elindult-a-fenntarthatosag-fele-vezeto-uton, as well as through Facebook posts.

The Chief Operating Officer has also given lectures on sustainability at educational institutions.

Regarding management systems, they regularly seek the opinions of their clients (EU 15 Client Satisfaction, client feedback management according to the Procedure Instructions) and their staff. The latter has been measured within the framework of employee satisfaction surveys twice since 2024, and previously on an ad hoc basis in connection with changes.
Through their web-based INTRANET platform, clients can directly submit their warranty

claims.
Notifications may also be received through health and safety representatives. They also operate an internal whistleblowing system (according to ÜU 36 Administrative Instructions) and an Anti-Corruption Reporting System (regulated in the Code of Ethics). On construction sites, those affected can submit their observations and complaints to the responsible construction or project manager. In the case of civil engineering public procurement projects, where the clients are primarily local municipalities, direct communication between the residents and the staff responsible for the project can take place at public forums organised by the municipalities.
Regarding sustainability, the company group has applied questionnaires formulated for groups of stakeholders. In July 2024, for the first time, they surveyed their internal stakeholders for the purpose of a baseline assessment. The questions were delivered to the respondents both by email and in printed form.

Question 17

Updated since last year

How are risks and opportunities identified in sustainability work managed, questions 11 and 12?

The SZABADICS Group identifies, assesses, and monitors sustainability risks and opportunities as part of its integrated management system, based on the GRP-ELJ-0022 Risk and Opportunity Management Procedure and the GRP-FN-0119 Sustainability/ESG Risk Assessment. The more detailed assessment of environmental risks is supported by the GRP-FN-0116 Environmental Factors, Impacts, Risks and Opportunities Assessment document.

Sustainability risk management does not operate as a separate, isolated process, but is connected to quality management, environmental management, occupational health and safety, energy management, information security, and anti-corruption risk management. The purpose of the system is to ensure that the identification, assessment, management, review, and documentation of environmental, social, and governance risks and opportunities are carried out according to a uniform, auditable methodology.

The main inputs for identifying risks and opportunities are:

* assessment of the organisation's external and internal environment;
* needs and expectations of interested parties;
* PESTEL and SWOT analyses;
* examination of the company's value chain and operational processes;
* environmental factors and impacts;
* feedback from employees, clients, suppliers, and communities;
* legislative, regulatory, contractual, and other compliance requirements;
* sustainability and ESG reporting requirements;
* results of internal and external audits;
* incidents, workplace accidents, environmental events, complaints, and reports;
* performance data and KPIs;
* project and worksite experience;
* new technologies, new activities, new markets, or new partners;
* management and strategic decisions.

The sustainability assessment covers not only the Group's own operations but also direct supplier and subcontractor relationships, where these are relevant from an environmental, social, ethical, or compliance perspective.

The Group evaluates sustainability topics in three main categories:

Environmental topics:

* energy and resource use;
* greenhouse gas emissions and climate change;

* waste generation and circular operations;
* water use and wastewater;
* air, soil, and water pollution;
* hazardous substances;
* biodiversity and the natural environment;
* environmental performance of projects and incorporated materials.

Social topics:

* working conditions and occupational health and safety;
* employee health and well-being;
* fair and lawful employment;
* human rights;
* training and competence;
* working conditions of subcontractors and suppliers;
* equal opportunities and non-discrimination;
* impacts on local communities;
* complaints from residents and employees.

Corporate governance topics:

* ethical operations;
* prevention of corruption and conflicts of interest;
* legislative and contractual compliance;
* reporting and complaint management systems;
* decision-making and control processes;
* accuracy and completeness of sustainability data;
* supplier compliance;
* information security and data management;
* transparent accountability and governance system.

In the GRP-FN-0119 register, the following information is recorded for each identified risk or opportunity:

* date of assessment;
* affected organisation or site;
* related process or activity;
* ESG category;
* related legislative, reporting, or stakeholder requirement;
* detailed description of the risk or opportunity;
* expected environmental, social, or governance impact;
* initial risk score;
* existing regulations and controls;
* current risk score after application of controls;
* required further action;
* responsible person and deadline for the action;

* status and effectiveness of the action.

The assessment is conducted using a uniform scale of 1 to 5 points. The risk score is the product of the likelihood of occurrence and the severity of the potential impact.

Based on the score, risks are classified as follows:

* 1–7 points: low risk – maintenance and regular review of existing controls is required;
* 8–14 points: medium risk – further action or improvement should be considered, and the assignment of a responsible person and deadline is advisable;
* 15–25 points: high risk – an action plan, assignment of a responsible person and deadline are mandatory, and management follow-up is required.

The Group separately assesses the inherent risk, i.e., the level of risk before taking existing controls into account, and the current risk, which already takes into account the operating regulations, measures, and controls. Decisions on the need for further action are made based on the current risk level.

When assessing opportunities, the Group takes into account the expected positive environmental, social, operational, or economic impact, as well as feasibility and strategic relevance. Examples of identifiable opportunities include:

* reduction of energy or fuel consumption;
* increasing the rate of waste sorting and recovery;
* use of recycled materials;
* project-level carbon footprint calculation;
* supplier assessment based on sustainability criteria;
* digitalisation and reduction of paper use;
* employee well-being and training programmes;
* use of lower-emission machinery and technologies;
* circular procurement and packaging return solutions.

The general Group-level assessment is supplemented, where necessary, by project- or worksite-level risk assessments. This is particularly important for construction projects, where local conditions may vary significantly. The project assessment must take into account, among other things:

* the location of the worksite;
* proximity to watercourses, protected areas, or sensitive environments;
* demolition and earthworks;
* hazardous substances;
* waste;
* noise, dust, and vibration loads;
* emergency situations;
* local residents and communities;
* subcontractor activities;

* the technology used and the construction phase.

The sustainability and ESG risk assessment must be reviewed at least annually. According to the procedure, the recommended deadline for the annual review is 30 June. An extraordinary assessment must be carried out in the event of significant:

* organisational;
* technological;
* legislative;
* market;
* partner;
* project or worksite;
* sustainability reporting

changes. A review is also required following an audit finding, non-conformity, workplace accident, environmental event, information security incident, corruption report, or significant complaint.

Responsibilities in the risk assessment process are clearly defined:

* the Operations Director approves the Group-level system and supports the management of high risks;
* the IMS Manager operates the methodology, coordinates the annual review, and provides input data for management review;
* process owners identify and assess risks and opportunities related to their own processes;
* subject matter experts provide specialist content in the areas of environment, social affairs, occupational health and safety, energy management, information security, anti-corruption, and sustainability;
* project managers and site managers identify project and worksite risks and implement on-site measures;
* designated action owners implement and report back on measures;
* internal auditors verify the functioning of the process and the effectiveness of measures.

The results of the assessment serve as inputs for:

* the annual strategic and IMS objectives;
* sustainability action plans;
* the internal audit programme;
* management review;
* project environmental and occupational health and safety plans;
* supplier and subcontractor requirements;
* updates to the sustainability self-declaration and other reporting.

The previously applied PESTEL, SWOT, value chain, and IRO approaches may continue to be used for identifying risks and opportunities, but their results are now processed, scored,

assigned actions, and monitored as inputs to the uniform risk management process under GRP-ELJ-0022 within the new system.

Question 18

Updated since last year

How does the organization minimize risks in the value chain with a focus on the supply chain, for example in countries with high corruption risk or when it comes to human rights violations, if it has not already been described under question 17?

The SZABADICS Group aims to minimize sustainability, ethical, and compliance risks related to the value chain and, in particular, to the supplier and subcontractor chain through a risk-based supplier selection and evaluation system. In this process, not all partners are subject to the same depth of scrutiny; instead, suppliers and subcontractors are categorized into risk categories based on, among other factors, their activity, procurement volume, geographical location, employee exposure, environmental impact, and integrity risk.

Particular attention is given to partners operating in countries with high corruption risk, those with significant foreign subcontractor chains, those employing a large number of physical workers, those conducting environmentally sensitive activities, or those supplying raw materials and products whose origin may be associated with human rights or labor law risks.

The SZABADICS Group has established and implemented a new Partner Evaluation System in order to achieve the following objectives:

Supplier pre-qualification and ESG risk assessment, which, in addition to financial and professional requirements, also encompasses environmental, occupational health and safety, human rights, employment, anti-corruption, and business ethics criteria;

Risk categorization – for example, the formation of supplier groups with low, medium, and high ESG/compliance risk;

In cases of elevated risk, enhanced due diligence, which may include examination of ownership background, country risk, prior violations, corruption incidents, labor law issues, or other reputational risks;

Collection of legal compliance, anti-corruption, labor law, human rights, and environmental declarations from partners;

Application of a Supplier Code of Conduct or sustainability and compliance requirements incorporated into contracts;

Explicit prohibition of child labor, forced labor, discrimination, illegal employment, corruption, bribery, and serious environmental damage;

Expectation that suppliers pass on key requirements – where justified – to their own subcontractors and further suppliers;

Application of document-based verification, on-site audits, or targeted reviews for high-risk or strategic suppliers;

In cases of non-conformity, the definition of a corrective action plan with designated responsibility and deadlines;

In cases of serious or repeated violations, the suspension, exclusion, or termination of the contractual relationship with the partner;

Periodic – for example, annual – re-evaluation and documented monitoring of supplier performance and risk status.

Specifically with regard to SZABADICS's construction industry operations:

In cases of high country risk, a general supplier assessment alone is not sufficient: deeper scrutiny must be applied, and it may be justified to conduct a more detailed examination of the partner's ownership background, intermediaries, anti-corruption system, human rights practices, and supply chain.

The goal of the SZABADICS Group is not to completely eliminate all supplier risks, but rather to manage them in a proportionate, documented, and risk-based manner, and to ensure that the company does not contribute – directly or indirectly – to corruption, or to serious human rights, labor law, or environmental violations through its business relationships.

Question 19

Updated since last year

How does the organization ensure knowledge of and compliance with applicable laws, other requirements, and international standards in the countries covered by this self-declaration?

The SZABADICS Group ensures awareness and compliance with relevant legislation, regulatory requirements, licensing conditions, contractual and client requirements, and applicable international standards through the operation of a regulated external requirement management system.

The process is governed by procedure GRP-ELJ-0035 Management of External Requirements, while the registration and compliance assessment of requirements are recorded in GRP-FN-0102 List of External Requirements.

The scope of the procedure covers:

- the parent company;
- the divisions of the group of companies;
- subsidiaries;
- sites;
- projects;
- and all organisational units and activities to which statutory or other external requirements apply.

External requirements include in particular:

- national and European Union legislation;
- regulatory decisions and requirements;
- permits and licensing conditions;
- international and national standards;
- contractual and client requirements;
- construction and technical specifications;
- occupational health and safety, environmental, and fire protection requirements;
- energy management requirements;
- employment and labour regulations;
- data protection and information security requirements;
- ethical, anti-corruption, compliance, and sustainability requirements.

Identification of Requirements

Applicable requirements are identified from multiple sources, including:

- official legal repositories and legislative databases;
- regulatory and chamber communications;
- professional newsletters;

- regulatory decisions, permits, and correspondence;
- contracts and client documents;
- project and tender requirements;
- applicable standards;
- legal and specialist consultations;
- internal and external audits;
- findings from regulatory inspections;
- the establishment of new sites, projects, technologies, or activities;
- and the outcomes of management reviews and risk assessments.

The Group employs its own legal expert and engages appointed law firms and specialist experts as required. In foreign operational territories covered by the self-declaration, a locally competent legal representative or expert familiar with the legal system of the relevant country is engaged to interpret and apply local legal requirements.

The support provided by legal experts does not replace the responsibility of individual specialist areas. The relevant specialist area managers also participate in identifying, assessing, and implementing requirements applicable to their own activities.

Registration of External Requirements

Identified requirements are recorded in GRP-FN-0102 List of External Requirements. The register includes, among other things:

- the requirement identifier;
- its main category and subcategory;
- type;
- number and title;
- applicability;
- relevance to the group of companies;
- assessment of current compliance;
- the supporting document or record;
- the responsible organisation and role;
- the affected process or organisational unit;
- the date of the last review;
- the frequency of monitoring;
- the compliance status;
- and any required action, responsible party, and deadline.

Based on the register, it can be determined whether a given requirement is:

- applicable;
- partially applicable;
- conditionally or project-dependently applicable;
- or currently not relevant.

The applicability of a requirement is not assessed solely at group level. It is also determined to which specific:

- company;
- division;
- subsidiary;
- site;
- project;
- process;
- activity;
- or organisational unit

the given requirement applies.

Legislative Monitoring and Change Tracking

Changes in legislation and other external requirements are monitored on a regular basis. The purpose of change tracking is to:

- identify new requirements;
- recognise amendments to existing regulations;
- filter out requirements that have been repealed;
- determine the impact of changes on company operations;
- and initiate necessary measures in a timely manner.

In the event of a new or amended requirement, the following is assessed:

- whether it affects the Group;
- which country, company, site, project, or process is affected;
- which specialist area is responsible for it;
- whether internal regulations need to be amended;
- whether new procedures, instructions, or forms are required;
- whether training or targeted communication is necessary;
- whether technical, organisational, or contractual measures are required;
- and whether a new risk assessment or review of an existing assessment is needed.

The complete list of external requirements is reviewed at least once per year. An extraordinary review is carried out in particular:

- in the event of legislative changes;
- upon commencement of operations in a new country or market;
- upon introduction of a new project, activity, or technology;
- upon the inclusion of a new site, division, or subsidiary;
- upon the emergence of new regulatory or licensing conditions;
- in the event of new contractual or client requirements;
- upon significant organisational changes;

- based on audits, regulatory inspections, or non-conformities.

Compliance Assessment

Compliance with applicable external requirements is verified through documented compliance assessments. The status of a requirement may be:

- compliant;
- partially compliant;
- non-compliant;
- requires further examination;
- or currently not relevant.

Compliance is determined on the basis of evidence including, among others:

- internal procedures and instructions;
- permits and regulatory documents;
- operational records;
- measurement and inspection results;
- training records;
- contracts and project documentation;
- technical handover documents;
- findings from internal and external audits;
- results of regulatory inspections;
- occupational health and safety, environmental, energy, and other specialist area records.

If a deficiency, partial compliance, or risk is identified, a documented corrective action is defined. For each action, the following is recorded:

- the requirement concerned;
- a description of the deficiency or risk;
- the required task;
- the responsible party;
- the deadline;
- the status;
- and, where necessary, the method of verifying effectiveness.

Non-conformities are managed in accordance with the Group's corrective action management process.

Following International Standards

The Group manages the requirements of applicable international standards within the framework of its integrated management system. The certified systems include in particular:

ISO 9001 – quality management;
ISO 14001 – environmental management;
ISO 45001 – occupational health and safety;
ISO 50001 – energy management;
ISO/IEC 27001 – information security;
ISO 37001 – anti-bribery management.

The guidance of ISO 26000 is taken into account within the framework of the corporate social responsibility self-declaration and related sustainability processes.

Changes to the requirements of applicable standards are monitored by the Integrated Management Director and the relevant specialist area managers. Changes are incorporated as necessary into:

- the integrated management manual;
- procedures and instructions;
- risk assessments;
- objectives and programmes;
- training;
- inspection and audit programmes;
- and project and operational requirements.

Compliance with standard requirements is verified through internal audits, management reviews, and external audits conducted by an independent certification body. Third-party audits provide an independent, sample-based assessment of the conformity and operation of certified management systems.

Communication and Integration of Requirements

Applicable requirements are not only maintained in a central register but are also integrated into operations. Communication of relevant changes may take place through:

- targeted specialist communications;
- management or specialist consultations;
- training;
- internal newsletters or circulars;
- publication on the intranet or shared document repositories;
- amendments to relevant internal documents;
- project kick-off meetings;
- contractual or subcontractor requirements;
- work instructions or on-site briefings.

Affected employees and managers are provided with access to requirements relevant to their tasks and are informed of them as necessary.

Construction and technical requirements are identified during the review of tender,

contractual, and design documentation. Verification of implementation takes place during project management, site inspections, quality control, and technical handover and acceptance procedures.

Responsibilities

Responsibilities in the management of external requirements are clearly defined:

- senior management ensures the resources necessary for compliance and makes the required managerial decisions;
- the Integrated Management Director coordinates the system, operates or supervises the requirements register, coordinates compliance assessments, and monitors actions;
- the legal expert and legal partners support the interpretation of legal requirements;
- specialist area managers assess requirements applicable to their own areas and ensure their implementation;
- organisational and project managers ensure the local application of requirements;
- employees comply with the rules applicable to them and report any identified deficiencies or changes.

Connection to the Integrated Management System

The results of legislative monitoring and compliance assessment are incorporated as necessary into:

- document and records management;
- the assessment of risks and opportunities;
- the training and competence development process;
- the internal audit programme;
- the management of non-conformities and corrective actions;
- management review;
- annual objectives and programmes;
- and sustainability and compliance measures.

The effectiveness of the process is assessed at least annually. This assessment examines, among other things:

- the up-to-dateness of the requirements register;
- whether reviews have been carried out;
- the timeliness of change management;
- the completeness of compliance assessments;
- the closure rate of actions;
- the results of audits and regulatory inspections;
- and trends in recurring compliance issues.

The purpose of the system is to ensure that, in all countries covered by the self-declaration, the identification, interpretation, organisational integration, communication,

implementation, and compliance verification of local legislation, other undertaken requirements, and applicable international standards are carried out in a documented and traceable manner.

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Question 20

Updated since last year

Which of the UN's global goals for sustainable development, both goals and targets, have been identified and selected? Also describe how this part of the maximization analysis has been conducted, see Appendix C.

Method of Developing the Action Plan

When developing the SZABADICS Group's sustainability action plan, it is advisable to consider the results of two assessment criteria together.

The first criterion is the materiality assessment, which examines in which environmental, social and governance areas the company's operations cause or may cause significant positive or negative impacts, and which sustainability issues are significant for the company and its stakeholders.

The second criterion is the so-called maximisation analysis related to the UN Sustainable Development Goals, which supports the identification of which SDGs and sub-targets SZABADICS can contribute the greatest positive impact to through its own operations, investments, employment practices, supply chain and social engagement.

By comparing the results of the two assessments, priority is given to those areas:

- where the company has significant actual or potential impact;
- which are also significant from the perspective of the company's business operations;
- to which measurable development opportunities are linked;
- and which simultaneously support the achievement of a relevant UN SDG or SDG sub-target.

SZABADICS-Specific Priority Areas

In my view, the response for SZABADICS should be structured around 6–7 main action areas.

Priority	Material Sub-area	Related SDG	Typical SZABADICS Measure
1.	Energy and Climate	SDG 7, SDG 13	energy consumption measurement, CO_2 data, energy efficiency
2.	Resource and Waste Management	SDG 12	construction waste, material efficiency, recycling
3.	Occupational Health and Safety	SDG 3, SDG 8	accident prevention, OHS training, KPIs
4.	Employees and Training	SDG 4, SDG 5, SDG 8	training, competency development, talent pipeline

5.	Responsible Supply Chain	SDG 8, SDG 12, SDG 16	ESG supplier assessment, partner expectations
6.	Ethical Corporate Governance	SDG 16	compliance, whistleblowing, anti-corruption
7.	ESG Data and Transparency	SDG 12, SDG 16, SDG 17	ESG data management, audit trail, self-assessment/verification

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Question 21

Must be answered every year

Which action plan for sustainability has been developed based on materiality assessment, question 10, and/or based on maximization analysis, question 20, that is to say both based on identified sub-areas as prioritized and sub-goals based on the UN's global goals for sustainable development?

The SZABADICS Group developed its sustainability action plan by jointly considering the sustainability impacts and sub-areas identified during the materiality assessment, together with the results of the maximisation analysis related to the UN Sustainable Development Goals.

When defining priorities, preference was given to areas where the company's operations have a significant actual or potential environmental, social or governance impact, and where SZABADICS is able to provide a meaningful positive contribution to the achievement of a UN SDG and its sub-targets through its own operations and value chain:

1. Methodology for developing the action plan

When developing the SZABADICS Group's sustainability action plan, it is advisable to jointly consider the results of two assessment perspectives.

The first perspective is the materiality assessment, which examines in which environmental, social and governance areas the company's operations cause or may cause significant positive or negative impacts, and which sustainability issues are material to the company and its stakeholders.

The second perspective is the so-called maximisation analysis related to the UN Sustainable Development Goals, which supports the identification of which SDGs and sub-targets SZABADICS can make the greatest positive contribution to through its own operations, investments, employment practices, supply chain and social engagement.

By comparing the results of the two assessments, priority is given to areas:

where the company has significant actual or potential impact;
which are also material from the perspective of the company's business operations;
to which measurable development opportunities are linked;
and which at the same time support the achievement of a relevant UN SDG or SDG sub-target.

2. SZABADICS-specific priority areas

At SZABADICS, it is advisable to build the response around 6–7 main action areas.

Priority Material sub-area Related SDG Typical SZABADICS measure
1. Energy and climate SDG 7, SDG 13 energy consumption measurement, CO_2 data, energy efficiency
2. Resource and waste management SDG 12 construction waste, material efficiency, recycling
3. Occupational health and safety SDG 3, SDG 8 accident prevention, safety training, KPIs
4. Employees and training SDG 4, SDG 5, SDG 8 training, competency development, talent pipeline
5. Responsible supply chain SDG 8, SDG 12, SDG 16 ESG supplier assessment, partner expectations
6. Ethical governance SDG 16 compliance, whistleblowing, anti-corruption
7. ESG data and transparency SDG 12, SDG 16, SDG 17 ESG data management, audit trail, self-assessment/verification

3. Energy use and climate protection

Due to SZABADICS's construction activities, energy consumption, fuel use and greenhouse gas emissions are considered material environmental areas.

A related action plan may include:

regular measurement and analysis of corporate energy consumption;
structured collection of Scope 1 and Scope 2 emissions data;
gradual inclusion of relevant Scope 3 categories at a later stage;
energy efficiency improvements;
optimisation of site and project energy consumption;
increasing the efficiency of vehicle and machinery use;
examination of the application of renewable energy;
definition of energy and emissions KPIs.

This primarily relates to the goals of SDG 7 – Affordable and Clean Energy, and SDG 13 – Climate Action.

4. Material use, waste and circular economy

Due to the nature of construction operations, material consumption and the volume of waste generated are of particular importance.

In this area, SZABADICS's action plan should ideally include:

measurement of construction and demolition waste volumes;
data collection by waste type;
monitoring of recovery rates;
proper management of hazardous waste;
reduction of material losses;

examination of the potential for recycled or lower-impact materials;
collaboration with suppliers;
gradual application of circular construction solutions.

This supports SDG 12 – Responsible Consumption and Production, particularly the sub-targets related to waste reduction and resource efficiency.

5. Employee health and safety

As a construction company, occupational health and safety is one of SZABADICS's most important areas of social impact.

Elements of the action plan in this area include:

regular analysis of workplace accidents and near-misses;
application of occupational health and safety KPIs;
preventive measures;
regular safety training;
monitoring of subcontractors' occupational health and safety requirements;
strengthening a safety culture;
health protection programmes;
reinforcing managerial responsibility.

This is particularly relevant in terms of SDG 3 – Good Health and Well-being, and SDG 8.8 – ensuring a safe working environment.

6. Employees, education and competency development

An important part of SZABADICS's sustainability approach is the development of human resources and the long-term preservation of knowledge.

This includes:

professional continuing education;
IIR training;
sustainability and ESG training;
leadership competency development;
structured induction training for new entrants;
training of sustainability ambassadors;
talent pipeline development;
engagement of young professionals;
improvement of employee satisfaction and retention.

This primarily relates to the goals of SDG 4 – Quality Education and SDG 8 – Decent Work and Economic Growth.

7. Responsible procurement and supply chain

This is a particularly important development area for SZABADICS, as a significant proportion of a construction company's sustainability impacts arise not directly within its own organisation, but within its subcontractor and supplier chain.

The action plan here may include:

sustainability/ESG-based segmentation of suppliers;
risk-based supplier assessment;
gradual introduction of an ESG questionnaire;
integration of environmental and labour law considerations;
monitoring of occupational health and safety requirements;
integration of ethical and compliance requirements;
development of improvement plans for critical suppliers.

This contributes to the achievement of, among others, SDG 8, SDG 12 and SDG 16.

8. Corporate governance, ethics and compliance

Within the G-pillar of sustainability, the following should be treated as a separate action area at SZABADICS:

ethical regulation;
compliance system;
management of corruption and conflicts of interest;
whistleblowing system;
responsibility and decision-making structures;
sustainability leadership accountability;
internal controls;
audit and management review.

This is most strongly linked to SDG 16 – Peace, Justice and Strong Institutions.

9. ESG data management and credibility

It is also advisable to include this as a separate priority for SZABADICS.

Sustainability goals can only be managed effectively if reliable, traceable and verifiable data are available.

The action plan may therefore cover:

designation of ESG data owners;
definition of data sources and data responsibilities;
a uniform data collection process;

control points;
documented evidence;
establishment of an audit trail;
development of an ESG/KPI dashboard;
internal audit;
external assessment and verification.

This is a fundamental prerequisite for credible sustainability reporting.

Question 22

Must be answered every year

What operational-related sustainability goals have been set up related to the selected sub-areas, question 10, or sub-goals, question 20, for the upcoming period, for example, a 12-month period?

The SZABADICS Group developed its sustainability action plan by jointly considering the sustainability impacts and sub-areas identified during the materiality assessment, along with the results of the maximisation analysis related to the UN Sustainable Development Goals.

When defining priorities, precedence was given to areas where the company's operations have a significant actual or potential environmental, social or governance impact, and where SZABADICS is able to provide a meaningful positive contribution to the achievement of a UN SDG and its sub-targets through its own operations and value chain:

1. Methodology for Developing the Action Plan

When developing the SZABADICS Group's sustainability action plan, it is advisable to jointly consider the results of two assessment perspectives.

The first perspective is the materiality assessment, which examines in which environmental, social and governance areas the company's operations cause or may cause significant positive or negative impacts, and which sustainability issues are material to the company and its stakeholders.

The second perspective is the so-called maximisation analysis related to the UN Sustainable Development Goals, which supports the identification of which SDGs and sub-targets SZABADICS can contribute most positively to through its own operations, investments, employment practices, supply chain and social engagement.

By comparing the results of the two assessments, priority is given to areas:

where the company has significant actual or potential impact;
that are also material from the perspective of the company's business operations;
to which measurable development opportunities are linked;
and which simultaneously support the achievement of a relevant UN SDG or SDG sub-target.

2. SZABADICS-Specific Priority Areas

At SZABADICS, it is advisable to structure the response around 6–7 main action areas.

Priority | Material Sub-area | Related SDG | Typical SZABADICS Measure

1. | Energy and climate | SDG 7, SDG 13 | energy consumption measurement, CO_2 data, energy efficiency
2. | Resource and waste management | SDG 12 | construction waste, material efficiency, recycling
3. | Occupational health and safety | SDG 3, SDG 8 | accident prevention, safety training, KPIs
4. | Employees and training | SDG 4, SDG 5, SDG 8 | training, competency development, succession planning
5. | Responsible supply chain | SDG 8, SDG 12, SDG 16 | ESG supplier assessment, partner expectations
6. | Ethical governance | SDG 16 | compliance, whistleblowing, anti-corruption
7. | ESG data and transparency | SDG 12, SDG 16, SDG 17 | ESG data management, audit trail, self-assessment/verification

3. Energy Consumption and Climate Protection

Due to SZABADICS's construction industry activities, energy consumption, fuel usage and greenhouse gas emissions are considered material environmental areas.

A related action plan may include:

regular measurement and analysis of corporate energy consumption;
structured collection of Scope 1 and Scope 2 emissions data;
gradual inclusion of relevant Scope 3 categories at a later stage;
energy efficiency improvements;
optimisation of site and project energy consumption;
increasing the efficiency of vehicle and machinery use;
examination of renewable energy applications;
definition of energy and emissions KPIs.

This primarily relates to SDG 7 – Affordable and Clean Energy, and SDG 13 – Climate Action.

4. Material Use, Waste and Circular Economy

Due to construction industry operations, material consumption and the volume of waste generated are of particular significance.

In this area, the SZABADICS action plan should ideally include:

measurement of construction and demolition waste volumes;
data collection by waste type;
monitoring of recovery rates;
proper management of hazardous waste;
reduction of material losses;

examination of opportunities for recycled or lower environmental impact materials;
cooperation with suppliers;
gradual application of circular construction solutions.

This particularly supports SDG 12 – Responsible Consumption and Production, specifically the sub-targets related to waste reduction and resource efficiency.

5. Employee Health and Safety

As a construction company, occupational health and safety is one of SZABADICS's most important social impact areas.

Elements of the action plan in this area include:

regular analysis of workplace accidents and near-misses;
application of occupational health and safety KPIs;
preventive measures;
regular safety training;
monitoring of subcontractors' occupational health and safety requirements;
strengthening a safety-oriented culture;
health protection programmes;
strengthening managerial accountability.

This is particularly relevant with regard to SDG 3 – Good Health and Well-being, and SDG 8.8 – Ensuring safe working environments.

6. Employees, Education and Competency Development

An important part of SZABADICS's sustainability approach is human resource development and the long-term preservation of knowledge.

This includes:

professional continuing education;
IIR training;
sustainability and ESG training;
leadership competency development;
structured onboarding for new entrants;
training of sustainability ambassadors;
succession planning;
involvement of young professionals;
improvement of employee satisfaction and retention.

This primarily relates to SDG 4 – Quality Education and SDG 8 – Decent Work and Economic Growth.

7. Responsible Procurement and Supply Chain

For SZABADICS, this is a particularly important area for development, as a significant portion of a construction company's sustainability impacts arise not directly within its own organisation, but within its subcontractor and supplier chain.

The action plan in this area may include:

sustainability/ESG-based segmentation of suppliers;
risk-based supplier assessment;
gradual introduction of an ESG questionnaire;
incorporation of environmental and labour law considerations;
monitoring of occupational health and safety requirements;
incorporation of ethical and compliance requirements;
development of improvement plans for critical suppliers.

This contributes to the implementation of, among others, SDG 8, SDG 12 and SDG 16.

8. Corporate Governance, Ethics and Compliance

Within the G-pillar of sustainability, the following should be treated as a separate action area at SZABADICS:

ethical regulation;
compliance system;
management of corruption and conflicts of interest;
whistleblowing system;
accountability and decision-making structures;
sustainability leadership accountability;
internal controls;
audit and management review.

This is most strongly linked to SDG 16 – Peace, Justice and Strong Institutions.

9. ESG Data Management and Credibility

For SZABADICS, it is also advisable to include this as a separate priority.

Sustainability objectives can only be managed effectively if reliable, traceable and verifiable data are available.

The action plan may therefore extend to:

designation of ESG data owners;
definition of data sources and data responsibilities;
a unified data collection process;

control points;
documented evidence;
establishment of an audit trail;
development of an ESG/KPI dashboard;
internal audit;
external assessment and verification.

This is a fundamental prerequisite for credible sustainability reporting.

5.4 Support

Support

The answers to the questions in this area should provide the reader with a clear picture of the organization's supporting structures for sustainability work in order to support practical efforts.

Question 23

Must be answered every year

How is it ensured that the necessary economic and personnel resources are available to carry out sustainability work?

The SZABADICS Group treats sustainability activities not as a standalone, occasional task, but as an operational area forming part of corporate governance and the Integrated Management System. Accordingly, the human, professional, time, and financial resources required to implement sustainability objectives are provided in connection with the company's annual operational, development, and investment planning processes.

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1. Provision of Human Resources

The coordination of sustainability tasks at SZABADICS is supported by a designated sustainability management and professional structure. Operations are not built around a single individual, but are carried out through the collaboration of multiple organisational areas.

Key roles in sustainability operations are fulfilled by:

the company's senior management;
managers and staff responsible for coordinating the sustainability area;
the professional area of the Integrated Management System – IMS;
sustainability ambassadors designated within individual organisational units;
HR;
finance and controlling;
procurement;
technical and project areas;
IT;
and other organisational units involved in the production of ESG and sustainability data.

Sustainability tasks thus operate within a functionally distributed system of responsibilities: individual specialist areas are responsible for the sustainability data, measures, and developments related to their own operations, while the central sustainability/IMS function ensures coordination, methodological support, and management feedback.

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2. Sustainability Ambassador System

SZABADICS also supports the organisational embedding of sustainability tasks through an ambassador system.

The duties of sustainability ambassadors designated within individual organisational units include, among others:

communicating sustainability objectives and programmes;
supporting the collection of information and ESG data required within their respective areas;
forwarding development proposals;
gathering employee feedback;
supporting the local implementation of sustainability measures;
and ensuring the connection between the central sustainability organisation and operational areas.

This is important because it ensures that sustainability work is not solely the responsibility of a central ESG or IMS function, but is carried out with the involvement of all significant organisational areas.

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3. Provision of Working Time and Capacity

Providing the human resources required for sustainability tasks does not refer solely to headcount. At SZABADICS, the working time and organisational capacity available to designated staff and ambassadors for task performance is also an important resource.

Sustainability tasks are therefore integrated into:

the annual objectives of the relevant organisational units;
tasks related to the operation of the IMS;
ESG data collection processes;
management and professional consultations;
the preparation of audits and self-assessments;
and individual development projects.

The aim is to ensure that sustainability reporting and development work does not appear solely as a periodic "additional task," but becomes a regular component of relevant roles and processes.

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4. Provision of Financial Resources

The provision of the necessary financial resources takes place through the company's annual planning and budgeting processes.

The resources required to achieve sustainability objectives may appear across several cost and investment areas, including in particular:

environmental development projects;
energy efficiency investments;
machinery, equipment, and technology development;

site infrastructure development;
waste management measures;
occupational safety and work environment improvements;
HR and training programmes;
ESG and sustainability data management;
IT and data management developments;
external expert support;
audits, reviews, and verifications;
and sustainability and IMS training.

When implementing individual measures of the sustainability strategy, the company therefore identifies the necessary financial, human, and technical resources, and links them to the annual business, investment, or organisational development plans.

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5. Engagement of External Expert Resources

In cases where a sustainability task requires specialist expertise, SZABADICS also engages external expert resources.

This may be particularly relevant in the context of:

the development of sustainability and ESG systems;
carbon footprint and emissions calculations;
ESG data management;
sustainability reporting;
ISO 26000-based assessments;
external verification;
regulatory compliance;
specific environmental issues;
and the introduction of new methodologies and systems.

The purpose of engaging external experts is not, however, to replace internal responsibility, but to complement and develop internal competencies.

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6. Training and Competency Development as a Resource

SZABADICS also ensures the human resources required for sustainability operations through regular training and competency development.

The training system encompasses:

professional training courses;
IMS training;
HR and management training;

environmental and occupational safety training;
ESG and sustainability knowledge;
and introductory training for new employees on sustainability and the management system.

This ensures that the knowledge required to carry out sustainability tasks is not available exclusively within a narrow circle of specialists.

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7. IT and Data Management Resources

An increasingly significant part of sustainability operations involves the structured collection, verification, and retrievability of ESG data.

SZABADICS therefore pays particular attention to the following when developing sustainability data management:

the designation of data owners;
the identification of data sources;
the structured collection of ESG data;
the definition of areas of responsibility;
the verifiability of data;
the establishment of an audit trail;
and the development of IT support.

Collaboration between IT, finance, IMS, and the relevant specialist areas is particularly important in this regard.

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8. Management Decision-Making and Priorities

The actual availability of the necessary resources is ultimately ensured by management commitment and decision-making.

Sustainability programmes and development needs are assessed at management level, where the following may be taken into account:

the objectives of the company's sustainability strategy;
the identified material sustainability impacts;
regulatory and partner expectations;
business risks;
anticipated environmental and social benefits;
investment requirements;
return on investment;
and the organisational capacity required to implement the measures.

This enables sustainability developments to become prioritised, management-approved, and fundable programmes.

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9. Review of Resource Adequacy

The adequacy of resources provided for sustainability tasks may be regularly reviewed by the company, including during:

management reviews;
IMS reviews;
internal and external audits;
sustainability self-assessments and verifications;
the evaluation of KPI and strategic programme progress;
and on the basis of feedback from sustainability ambassadors.

If sufficient capacity, competency, or financial resources are not available to achieve a particular objective, a management decision is required regarding either their provision or the adjustment of the task's priority.

Question 24

Must be answered every year

What skills development has been carried out in the sustainability area over the past year?

As the topic owner, the integrated management director completed two complex training courses - PwC's Academy ESG Expert Manager, Brygga Academy Ltd. ESG Sustainability Manager training - and continuously monitored webinar opportunities related to CSRD and domestic regulations, in which they occasionally participated together with the ambassadors.

Without claiming completeness:
13/03/2025 What you need to know about the Omnibus package - Where is sustainability reporting heading? - PwC Hungary
07/05/2025 CSRD Study - IFUA
29/05/2025 ESG regulatory changes: What to watch out for in 2025 Confirmation - denexpert

Staff were informed about the progress of our sustainability activities on multiple occasions in person by the operations director, and consultations with the sustainability ambassadors take place on a bi-weekly basis regarding available regulatory changes, drafts and the progress of our own activities.

Question 25

Must be answered every year

What skills development is planned in the sustainability area in the short, medium, and long term?

Internal Communication, Training and Knowledge Sharing

In addition to external communication, regular, structured internal information flow, training and knowledge sharing are of paramount importance for the effectiveness of sustainability operations. The internal communication system of SZABADICS Group therefore serves not only to inform employees, but also plays an important role in developing employee competencies, ensuring a consistent interpretation of corporate expectations, and embedding sustainability and governance approaches into the organisational culture.

One of the key tools for achieving this is the monthly company Newsletter, which is continuously accessible on the internal INTRANET platform. The Newsletter is distributed electronically via the internal email network to employees with email addresses, while colleagues without electronic access – primarily through technical administrators – can also access it in printed form. This helps ensure that essential information related to company operations and sustainability reaches a wide range of employees, regardless of their role or level of digital access.

Regular and targeted training activities also form an important element of internal communication. The company organises training programmes of varying depth and content for different employee groups, with the aim of ensuring that employees possess the professional, managerial, human and sustainability knowledge required to perform their roles.

The main areas of the training and knowledge sharing system are as follows:

1. Professional Training and Competency Development

The aim of professional training is the continuous development and maintenance of up-to-date knowledge related to specific roles and areas of expertise. This may include, among others:

technical and technological knowledge;
project management and project implementation skills;
training related to quality assurance and quality management;
occupational health, environmental and safety training;
updates on changes in legislative and regulatory requirements;
training related to the use of digital systems and corporate applications;
as well as specialised continuing education in specific fields.

These training programmes directly contribute to maintaining service and construction quality, safe operations and organisational efficiency.

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2. IMS – Training Related to the Integrated Management System

SZABADICS Group supports the dissemination and practical application of Integrated Management System (IMS) requirements through internal training programmes.

The aim of IMS training is to ensure that employees become familiar with:
the company's management policies and principles;
the requirements of the applicable standards and internal regulations;
quality management, environmental management, and occupational health and safety expectations;
responsibilities and authorities associated with individual processes;
methods for handling deviations, incidents, risks and improvement opportunities;
documentation and record-keeping requirements;
as well as the principles of continuous improvement.

IMS training plays a key role in ensuring that management system requirements do not merely exist as documented rules, but become an integral part of day-to-day work.

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3. HR and Organisational Culture Training

Internal training programmes related to HR support the development of employee competencies, leadership culture and organisational collaboration.

Topics covered in these training programmes may include:
onboarding of new employees into the company and organisation;
leadership competency development;
communication and collaboration;
performance evaluation;
employment law and ethics;
equal opportunity and fair employment;
prevention of discrimination and harassment;
corporate values and ethical standards;
use of the whistleblowing system and ethical reporting channels;
employee wellbeing;
as well as the development of organisational culture and employer mindset.

HR training programmes are therefore directly linked to the social (S) and governance (G) pillars of sustainability.

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4. Sustainability and ESG Training

The company supports the implementation of its sustainability strategy through targeted sustainability and ESG knowledge-sharing initiatives.

Training topics may cover, among others:

fundamental concepts of sustainability and ESG;
the company's sustainability strategy and objectives;
the United Nations Sustainable Development Goals (SDGs);
environmental, social and governance impacts;
energy and resource efficiency;
fundamentals of greenhouse gas emissions and carbon footprint;
waste management and circular economy;
responsible procurement and supplier expectations;
employee and social issues;
ethical and transparent corporate governance;
ESG data collection and data quality;
interpretation of sustainability metrics and KPIs;
principles of sustainability reporting;
as well as the sustainability responsibilities of individual employees and organisational units.

One of the key objectives of these training programmes is to raise awareness that sustainability performance is not solely the responsibility of a designated sustainability team, but a shared responsibility of the company's various functions and employees.

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5. Onboarding Training for New Employees

Training for new employees is particularly important for the long-term maintenance of the company's sustainability and governance mindset.

The introductory training provided to new employees should ideally cover:

the core values and operating principles of SZABADICS Group;
the fundamentals of the Integrated Management System;
the company's quality, environmental and occupational safety requirements;
the main objectives of the sustainability strategy;
fundamental ESG concepts;
ethical and compliance requirements;
as well as sustainability responsibilities related to the specific role.

This helps ensure that the sustainability and IMS mindset is embedded in employees' thinking and daily work from the very beginning of their employment.

Sustainability Ambassador Programme

The sustainability management and ambassador system is a key element of internal communication, training and awareness-raising related to sustainability.

In addition to the central coordination carried out by the management team, sustainability ambassadors appointed within individual organisational units support the dissemination of sustainability information, objectives and programmes at the organisational level.

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6. The responsibilities of ambassadors may include, among others:

disseminating sustainability information within their own organisational unit;
supporting awareness-raising among employees;
helping to interpret sustainability objectives and programmes;
supporting ESG data collection and reporting processes;
gathering organisational experiences, issues and improvement suggestions;
as well as ensuring two-way communication between employees and sustainability management.

The ambassador system thus simultaneously fulfils communication, training, awareness-raising and feedback functions.

Documentation and Effectiveness Evaluation of Training

From the perspective of system maturity, it is important that training programmes are not only carried out, but are also properly planned, documented and measurable.

As part of this, it is advisable to record:

the topic and objective of the training;
the target employee group;
the date of the training;
the trainer or responsible organisational unit;
the participants;
the training materials used;
where applicable, the results of knowledge assessments;
as well as any improvement or feedback suggestions arising from the training.

The effectiveness of training – depending on the topic – can also be assessed through tests, feedback, managerial evaluations, audit findings, or changes in the performance indicators of the relevant processes.

Question 26

Must be answered every year

How is the organization's sustainability work communicated?

Sustainability Communication of the SZABADICS Group

The sustainability communication of the SZABADICS Group is built on both external and internal communication channels, with the aim of transparently presenting the company's sustainability ambitions, achievements, commitments and development directions, as well as strengthening the sustainability mindset of employees, business partners and other stakeholders.

External Communication

One of the key platforms for external communication is the SZABADICS Group's corporate website, which features a dedicated "Sustainability" section. Through this section, the company presents its sustainability approach, related activities, and efforts made in the areas of environmental, social and governance matters.

The company also employs social media communication — including Facebook posts — which provides an opportunity for sustainability-related projects, social initiatives, environmental programmes and corporate achievements to reach a broader stakeholder audience.

An important element of the external communication of sustainability performance is the company's presence in professional and industry media. In September 2024, the Magyar Építők professional portal provided a detailed account of the independent review and verification of SZABADICS's sustainability self-declaration. The review was linked to the ISO 26000 social responsibility framework, and the purpose of the process was to obtain an external assessment of the company's sustainability operations and to identify areas for improvement.

In May 2025, Magyar Építők also presented SZABADICS's three-year sustainability strategy. The strategy sets out specific objectives and measures and is linked, among other things, to the United Nations Sustainable Development Goals (SDGs).

External communication thus serves not only marketing or reputational purposes, but also contributes to strengthening transparency, credibility and stakeholder trust, while providing an opportunity for the company's sustainability progress and commitments to be traceable for clients, partners, employees, prospective employees and other stakeholders.

Internal Communication

Alongside external communication, regular and structured information flow within the

organisation is of paramount importance for the effectiveness of sustainable operations.

One of the key tools for this is the monthly corporate Newsletter, which is continuously accessible on the internal INTRANET platform. The newsletter is distributed electronically via the internal email network to employees who have email addresses, while colleagues without electronic access — primarily through technical administrators — can also access it in printed form. This ensures that essential sustainability-related information reaches a wide range of employees regardless of their role or level of digital access.

Another key element of internal sustainability communication is the sustainability governance and ambassador system. Within this framework, sustainability ambassadors designated within individual organisational units support the two-way flow of information, alongside the central coordinating management team.

The ambassador system is particularly important from a communication perspective, as the ambassadors both convey centrally defined sustainability goals, programmes, tasks and expectations to their respective organisational units, and provide a feedback channel for passing on employee and organisational experiences, issues, improvement suggestions and sustainability initiatives to management.

The system thus functions not merely as a top-down information channel, but as a two-way communication and engagement mechanism.

Direct Consultations and Feedback

The formalised communication channels are supplemented by the company with individual, targeted and group consultations. These consultations involve representatives from various organisational units and roles relevant to the sustainability issue in question.

Such consultations may be applied, for example:

- when developing sustainability goals and programmes;
- when identifying material sustainability topics and impacts;
- during the collection and verification of ESG and sustainability data;
- when preparing environmental, employee-related or governance improvements;
- when evaluating sustainability performance and KPIs;
- when preparing for audits, self-assessments and verifications;
- and prior to the introduction of new regulations, corporate policies and sustainability measures.

This practice ensures that sustainability decisions are not made exclusively at the central management level, but that the expertise of the relevant professional areas and the experience of the employees concerned are also incorporated into their preparation.

In Summary

The sustainability communication of the SZABADICS Group operates as a multi-level, multi-channel system. The corporate website, social media and professional press ensure external transparency; the Newsletter, the INTRANET and the internal email system enable broad-based employee communication; while the management team, the sustainability ambassador network and targeted professional consultations support direct, two-way organisational communication and feedback.

The communication system thereby contributes to ensuring that sustainability is not perceived as a standalone project, but as an approach integrated into corporate operations, with strategic goals gradually becoming embedded in the day-to-day functioning and decision-making of individual organisational units.

Question 27

Must be answered every year

If any area has been excluded from the communication, for example with regard to the organization's or stakeholders' need for privacy, explain why.

We did not make use of the option to exclude information regarding sustainability communication. It did not involve sensitive information.

Question 28

Updated since last year

How is the governance for sustainability organized, including governance mechanisms for work on prioritized specific areas for sustainability, see prioritized sub-areas, question 10.

The topic owner for sustainability is the integrated management leader, who is a member of the sustainability leadership team. They represent the leadership team during sustainability communications and coordinate sustainability-related tasks.
The additional members of the sustainability leadership team are:

- Chairman of the Board
- Chief Operating Officer
- Chief Financial Officer

The sustainability ambassador designated within each organization supports data collection and communication activities.
Decision-making is carried out by the leadership team, with the involvement of the respective organizational leaders.

5.5 Operations and activities

Operations and activities

The answers to the questions in this area should give the reader a good picture of the organization's activities for social responsibility during the period and for achieving set goals for sustainable development.

Question 29

Must be answered every year

Describe the organization's activities carried out and ongoing during the recent period based on the prioritized sub-areas in question 10, and identified goals and sub-goals from the UN's global goals for sustainable development, see question 20.

In relation to UN Goal 3, numerous employee wellbeing improvements have been made:
- The CAFETERIA benefit package has been restructured, with new elements introduced
- A performance-based, largely objective premium framework has been established
- The loyalty program has been restructured to reduce staff turnover
- The already submitted family-friendly workplace application is currently under review
- An increasing number of wellbeing-supporting initiatives are being implemented for employees, even beyond those planned (lemonade day to ease hot summer working days, a relaxation corner has been set up on the terrace)

- Achieving BREEAM/LEED eligibility by the end of 2026
- Knowledge development adapted to the changing market environment - while retaining existing knowledge
- Organisation of the SZABADICS ACADEMY for university students with professional, practical lectures and introduction to tools, e.g. ground-penetrating radar
- Adaptation to sustainability goals defined by construction law
- Creation of a career path programme
- Establishment of industry-university knowledge transfer - connecting industry needs with university potential - R&D activities
- Creation and operation of a knowledge preservation platform
- Measurement and improvement of digital maturity
- Active development and maintenance of relationships with secondary and higher education institutions, both for the professional development of colleagues and the integration of career starters

In relation to UN Goal 6, the volume of mains water consumption is being monitored, and the company group is seeking opportunities for reduction.

In relation to UN Goal 7:
- 1 electric passenger vehicle and one electric compactor machine have been procured
- Following the support of the electrical energy supply of the Nagykanizsa office building, solar panels have also been installed to support the electrical energy supply of the Zalakomár site
- Further objectives include becoming eligible for BREEAM/LEED project implementation by the end of 2026
- Adaptation to sustainability goals defined by construction law

In relation to UN Goal 8:
- A BI-based reporting system enabling proactive intervention has been successfully established

- The implemented ticketing system increases the efficiency of the IT organisation

In relation to UN Goal 9:
- BI-based reports are being used in place of management reports
- The ERP system has been renewed
- Ground-penetrating radar is being implemented on civil engineering projects
- BIM-based project implementation is taking place at the parent company

In relation to UN Goal 13:
Carbon footprint calculation in accordance with GHG Protocol Scope 1, 2 and 3 - for selected projects - has been completed.
To reduce the use of PET bottles, networked water dispensers have been installed in office buildings and bottled water dispensers in project offices. Employees have received personalised water bottles to support this initiative. Significant results have been achieved in a short period of time.

In relation to UN Goal 17:
Active development and maintenance of relationships with secondary and higher education institutions: within this framework, a strategic agreement has been established with the University of Pannonia
- For the professional development of colleagues and the integration of career starters
- Participation in higher education job fairs and professional days
- Employment of dual-track students
- Continuous employee knowledge development to ensure existing professional expertise and to adapt to the evolving and changing market environment
Establishment of professional partnerships to achieve sustainability objectives
- Annual review of our self-declaration in accordance with ISO 26000 standard
- Development of a GHG database and structure, calculation of emissions for the full life cycle of buildings and structures for a pilot project, compilation of a GHG inventory and calculation of emissions

Question 30

Updated since last year

What potential collaborations and partnerships does the organization have in the sustainability area? Indicate any connections to specific prioritized sub-areas or sub-goals.

Partnerships have been established
- with a partner utilizing specialized software for carbon footprint calculation
- mutually beneficial agreements are being made with training institutions - on one hand through providing practice-oriented training, internship placements and dual education for students, and on the other hand the SZABADICS Group also supports training institutions with educational activities, such as mini courses delivered by experienced colleagues

Question 31

Updated since last year

What preparedness does the organization have for emergencies and for crisis management in the field of sustainability?

The SZABADICS Group prepares for emergencies and sustainability-related crisis situations as part of its integrated management system, with a regulated framework for risk assessment, prevention, response, communication, and feedback.

The emergency preparedness and response process is governed by procedure GRP-ELJ-0018 Preparedness and Response to Emergencies. The purpose of this procedure is to provide a unified framework for:
- identifying potential emergencies;
- defining preventive measures;
- alerting and on-site response;
- damage control;
- internal and regulatory communication;
- documenting and investigating events;
- and feeding back lessons learned.

The aim of the system is to ensure that the negative impacts of emergencies, accidents, incidents, and extraordinary events on human health, safety, the environment, assets, business continuity, and corporate compliance can be prevented, mitigated, or managed in a controlled manner.

The scope of the procedure covers:
- the organisations and subsidiaries of the group;
- offices, sites, and warehouses;
- construction work sites;
- own employees;
- subcontractors and suppliers;
- visitors and other affected persons.

The emergency management system primarily addresses environmental emergencies under ISO 14001 and occupational health and safety emergencies under ISO 45001, but also connects to information security, energy management, quality management, business continuity, and sustainability operations.

Identification of Emergencies

The Group identifies potential emergencies based on multiple sources:
- general and specialist risk assessments;
- environmental aspect and impact assessments;
- OHS management system risk assessments;
- sustainability and ESG risk assessments;
- project initiation reviews;

- site inspections;
- legal and regulatory requirements;
- client and contractual requirements;
- lessons learned from past events, accidents, and near-misses;
- results of audits and inspections;
- introduction of new technologies, hazardous substances, sites, or projects.

The emergency categories identified by the Group include in particular:
- fire and explosion;
- occupational accident and serious endangerment;
- environmental incident;
- spill of hazardous substances or hazardous waste;
- oil or fuel leak;
- vehicle or machinery incident;
- utility damage;
- extreme weather and natural events, such as heat, storm, flood, frost, or landslide;
- biological hazard, particularly when working near sewage;
- discovery of explosive devices, ammunition, or suspicious objects;
- large-scale IT or communication system outage, where it endangers response capability or business continuity.

Sustainability and ESG Crisis Risks

The management of sustainability risks is not treated as a standalone process but as part of the integrated risk management system.
Based on procedure GRP-ELJ-0022 Management of Risks and Opportunities, and the GRP-FN-0119 Sustainability/ESG Risk Assessment, the Group identifies and evaluates environmental, social, and governance risks.

Sustainability crisis situations may be associated with, for example:

Environmental risks:
- significant pollution or environmental incident;
- hazardous substance or waste event;
- extreme weather conditions;
- significant water or energy supply disruption;
- high greenhouse gas exposure;
- biodiversity or natural disaster event.

Social risks:
- serious occupational accident;
- employee health emergency;
- subcontractor employment or occupational safety issue;
- human rights or ethical event;
- significant employee or community complaint;
- construction event with serious impact on the local community.

Governance risks:
- corruption or conflict of interest matter;
- significant legal or regulatory finding;
- sustainability data quality or credibility issue;
- information security incident;
- reputational crisis;
- significant supplier or partner compliance issue.

Risks are assessed based on the likelihood of occurrence and the expected impact. In the case of high risk, it is mandatory to define a required action, a responsible person, a deadline, and management follow-up. In the event of a significant change, incident, new requirement, or supplier exposure, an out-of-cycle ESG risk analysis may also be prepared.

On-Site Emergency Plans

For every site and project where risks justify it, an on-site emergency plan or incident response plan must be prepared.

The plan shall include, as necessary:
- identification of the site or project;
- the responsible manager;
- the emergency coordinator and their deputy;
- key internal and external phone numbers;
- assembly points and evacuation routes;
- procedures for access by emergency services and authorities;
- first aid stations and first aiders;
- location of firefighting and emergency response equipment;
- absorbent materials and drain-sealing equipment;
- storage locations of hazardous substances, waste, gas cylinders, and fuels;
- site-specific hazard scenarios and primary response actions;
- procedures for informing and involving subcontractors;
- and methods for training, practising, and reviewing the plan.

Responsibilities and Crisis Management

The emergency response responsibility framework is clearly defined.

Senior management:
- ensures the necessary resources;
- approves the emergency preparedness system;
- makes management decisions in the event of a significant incident.

The IMS Manager:
- coordinates the operation and review of the procedure;
- ensures alignment with the documentation system;

- monitors events at system level;
- provides input data for internal audits and management reviews.

Occupational safety, environmental, and fire protection specialists:
- provide professional support in managing the event;
- participate in the investigation;
- support liaison with authorities;
- propose the necessary actions.

The site manager, project manager, or construction manager:
- ensures local emergency conditions;
- prepares and makes available the on-site plan;
- ensures subcontractors are informed;
- coordinates immediate local management of the event.

The emergency coordinator:
- carries out alerting;
- directs evacuation;
- verifies headcount;
- coordinates primary on-site response actions;
- receives and briefs authorities and emergency units.

Alerting and Communication

In the event of an emergency, the person who detects the event is required to:
- safely stop the work;
- warn persons at risk;
- immediately notify the local manager or emergency coordinator;
- in the case of immediate risk to life, fire, serious injury, or significant environmental hazard, call the emergency number 112.

The general response sequence is:
1. safely stopping the activity;
2. warning persons and evacuating the hazard zone;
3. alerting and notifying authorities;
4. isolating the source of danger where possible;
5. preventing the spread of contamination or damage;
6. evacuation or area lockdown;
7. receiving authorities, emergency services, fire brigade, or utility providers;
8. documenting and investigating the event.

Internal communication, depending on the type of event, may involve the IMS Manager, occupational safety, environmental and fire protection specialists, HR, and senior management. In the case of a significant event, the client and the competent authorities are also notified.

Training, Equipment, and Drills

The Group supports emergency preparedness through, among other things:
- occupational health and safety and fire protection training;
- designation and training of first aiders;
- fire extinguishers;
- spill response and absorbent materials;
- drain-sealing equipment;
- personal protective equipment;
- safety data sheets for hazardous substances;
- marking of evacuation routes and assembly points;
- on-site briefings and subcontractor training;
- emergency drills.

Drill scenarios may include, among others:
- evacuation;
- fire drill;
- environmental incident;
- hazardous substance spill;
- first aid;
- utility damage;
- or other events relevant to the specific site.

The conduct and findings of drills must be documented, and improvement or corrective actions must be defined where necessary.

Investigation and Feedback on Events

All significant emergencies, incidents, occupational accidents, near-misses, environmental events, and relevant drills must be documented and evaluated.

Documentation includes, among other things:
- the date and location of the event;
- a description of the event;
- the persons and areas affected;
- immediate actions taken;
- persons and authorities notified;
- environmental, occupational safety, property, and business continuity impacts;
- root causes and contributing factors;
- corrective and preventive actions;
- responsible persons and deadlines;
- and verification and closure.

Lessons learned from events are incorporated, as necessary, into:
- risk assessments;
- on-site emergency plans;

- training programmes;
- the internal audit programme;
- management reviews;
- and sustainability and other improvement actions.

The procedure and on-site plans must be reviewed at least annually, and additionally out-of-cycle following any event, significant change, new project, new site, new technology, new hazardous substance, legislative change, or serious audit finding.

Summary

The SZABADICS Group's emergency and sustainability crisis management preparedness consists of the following interconnected elements:
- a regulated emergency procedure;
- general, specialist, and project-level risk assessments;
- ESG and sustainability risk assessments;
- on-site emergency and incident response plans;
- designated responsible persons and emergency coordinators;
- alerting and communication protocols;
- technical and organisational protective measures;
- employee and subcontractor training;
- emergency drills;
- documented investigation of events;
- corrective and preventive actions;
- annual and out-of-cycle reviews;
- and management and audit follow-up.

5.6 Evaluation of performance

Evaluation of performance

The answers to the questions in this area should provide a clear picture of the organization's ability to evaluate its sustainability work, for example, the use of reporting points based on international practices and regulations (see Appendix D).

Question 32

Must be answered every year

What metrics, KPIs, or similar are used to show the status of sustainability work? How are the prioritized areas followed up? Does the organization use any specific frameworks for monitoring or reporting such as ESRS, GRI, or others?

The SZABADICS Group monitors sustainability performance through environmental, social and governance indicators linked to the integrated management system. The definition of KPIs is aligned with the priorities identified in the sustainability strategy, the materiality assessment and the annual management system objectives.

The key indicators currently in use and being gradually standardised are:

Environmental indicators:
energy and fuel consumption, energy intensity, water consumption, the volume of waste generated and recovered, hazardous waste, and Scope 1–2 and progressively Scope 3 greenhouse gas emissions. A key strategic objective is to reduce Scope 1–3 emissions by 30% by 2030, relative to the 2021 baseline.

Employee and social indicators:
number and frequency of workplace accidents, lost working days, near-miss events, turnover, absenteeism, training hours and number of participants, employee satisfaction, and the fulfilment of occupational health and safety measures.

Corporate governance indicators:
ethics and whistleblowing cases, corruption incidents and fines, compliance measures, internal and external audit findings, closure of corrective actions, supplier assessments, audits and ESG risk classifications, as well as data verification and documentation.

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Detailed breakdown by area and indicators:

Detailed presentation of sustainability KPIs across all three ESG areas
The SZABADICS Group monitors sustainability performance using environmental, social and governance KPIs. Where possible, indicators are assessed not only in absolute terms but also as intensity metrics relative to revenue, headcount, hours worked or project performance. This enables comparison across years, sites and projects of different sizes.

1. Environmental – "E" KPIs
The purpose of environmental indicators is to measure energy and resource consumption, emissions, and the environmental impacts of construction activities.

Energy consumption

purchased electricity in kWh or MWh;
natural gas and other heating energy consumption;

energy consumption by site and, where data is available, by project;
energy intensity, for example MWh/revenue or MWh/project;
share of renewable energy;
savings from energy efficiency measures.
Energy data is tracked on the basis of invoices, meter readings, utility statements and energy performance indicators.

Fuel consumption

diesel, petrol and other fuel consumption in litres;
consumption of own vehicles and machinery;
kilometres travelled, machine operating hours and associated specific consumption;
fuel consumption by project or organisational unit;
share of lower-emission vehicles and equipment.
Greenhouse gas emissions

Scope 1: emissions from own vehicles, machinery, heating systems and direct fuel consumption;
Scope 2: indirect emissions associated with purchased electricity and other purchased energy;
Scope 3: progressive assessment of emissions related to procured materials, subcontractors, transport, business travel, commuting and other value chain activities;
total GHG emissions in tonnes of CO_2 equivalent;
emissions intensity, for example tCO_2e/revenue or tCO_2e/project.
The strategic direction is to reduce Scope 1–3 emissions by 30% by 2030, relative to the 2021 baseline. Scope 1–2 data collection is more advanced, while achieving full Scope 3 coverage is currently an area under development.

Water consumption

total water consumption in m^3;
consumption by site and, where possible, by project;
water consumption intensity;
number and outcomes of water conservation measures;
assessment of sites and projects exposed to water risk.

Waste management

total waste generated in tonnes;
volume of hazardous and non-hazardous waste;
volume of construction and demolition waste;
proportion of waste sent for recovery, recycling and disposal;
waste recovery rate;
waste intensity relative to project or revenue;
number of waste management deviations, incidents and regulatory findings.

Material and resource consumption

quantities of key construction materials used;
share of recycled or secondary raw materials;
proportion of locally sourced, environmentally assessed or certified materials;
extent of material waste and rework;
number of projects incorporating circular economy solutions.

2. Social – "S" KPIs
Social indicators focus on the safety, health, development, retention and fair employment of workers.

Occupational health and safety

number of workplace accidents;
workplace accident frequency rate;
LTIFR, i.e. lost time injury frequency rate;
number of working days lost due to accidents;
number of serious and fatal workplace accidents;
number of occupational diseases;
number of workplace accidents involving subcontractors;
number of accident-free working days.

Prevention and safety culture

number of reported near-misses, i.e. incidents that almost resulted in an accident;
number of health and safety inspections and audits;
number of identified health and safety deviations;
proportion of corrective actions closed on time;
proportion of employees participating in health and safety training;
number of health and safety training hours;
number of safety observations and employee reports.
An increase in near-miss reports is not necessarily negative in itself: it may also reflect the development of a more aware reporting and prevention culture.

Employment and workforce retention

average statistical headcount;
number of new hires and departures;
voluntary and total turnover;
absenteeism rate;
average length of employment;
number of vacant positions and time to fill;
proportion of fixed-term and permanent employees;

ratio of directly employed to agency workers.

Training and competence development

number of annual training hours;
training hours per employee;
number of professional, IMS, occupational health and safety, HR, ethics and sustainability training sessions;
proportion of employees participating in training;
completion rate of mandatory training;
effectiveness of knowledge assessments;
number of participants in leadership and succession development programmes;
number of students participating in dual training and vocational internship programmes.
Employee satisfaction and wellbeing

results of employee satisfaction surveys;
survey completion rate;
number of employee suggestions;
proportion of suggestions processed and implemented;
participation data for wellbeing, health promotion and community programmes;
number of employee complaints and labour-related cases;
time to close complaints and actions.
Equal opportunities and fair employment

proportion of women and men in the total workforce and in leadership;
headcount distribution by age group;
employment of people with disabilities;
examination of pay differentials;
number of discrimination or harassment cases;
proportion of cases investigated and closed;
indicators related to collective representation and employee dialogue.

3. Corporate governance – "G" KPIs
Corporate governance indicators measure the extent to which SZABADICS operates transparently, ethically, in a regulated manner and subject to oversight.

Ethics and compliance

number of ethics and whistleblowing reports;
proportion of substantiated and unsubstantiated cases;
number of closed investigations and average time to closure;
number of corruption or conflict of interest cases;
total amount of regulatory fines related to corruption;
proportion of employees participating in ethics and compliance training;
proportion of employees who have accepted the Code of Ethics or a related declaration;

completion rate of conflict of interest declarations.

Management system and audits

number of internal and external audits conducted;
number of audit findings and non-conformities;
distribution of major and minor deviations;
proportion of corrective actions closed on time;
number of overdue actions;
rate of recurring audit deviations;
conduct of management reviews;
completion rate of annual IMS and ESG objectives.
The fulfilment of corrective actions can be tracked using, for example, the following indicator:

\text{On-time closure rate of actions}= \frac{\text{number of actions closed on time}}{\text{total number of actions due}}\times100

Supplier and value chain control

number and proportion of suppliers assessed from a sustainability perspective;
proportion of suppliers classified into ESG risk categories;
number of high-risk suppliers;
number of supplier audits;
number of supplier deviations identified and corrective actions raised;
proportion of supplier actions closed on time;
proportion of partners who have accepted an Ethics or Supplier Code;
number of suppliers affected by human rights, labour law, corruption or environmental risks;
proportion of strategic partners included in sustainability data reporting.
ESG data quality and reporting

proportion of ESG data points with a designated data owner;
proportion of KPIs with a documented data source;
proportion of data that has been verified and approved;
proportion of data submissions completed on time;
number of incomplete or estimate-based data points;
number of data points restated compared to the previous year;
proportion of KPIs supported by evidence, invoices, records or minutes;
number of deviations identified during ESG data verification.

Corporate governance and accountability

proportion of sustainability objectives with a designated responsible person;
number of ESG topics discussed at management level;
number of management decisions and actions linked to ESG objectives;

number of sustainability ambassador or working group meetings;
proportion of ESG projects completed on time;
completion rate of the annual sustainability action plan;
completion of annual policy reviews;
compliance rate with statutory and other compliance obligations.

Assessment of KPIs
KPIs are assessed against prior-year data, the defined base year and approved target values. Indicators are collected by the relevant data owners, reviewed by the responsible functions, and then examined by management within the framework of internal audits, management reviews and the annual sustainability assessment.

In the event of deviations, root cause analysis is carried out and corrective actions are defined together with a responsible person and a deadline. The full integration of the KPI system into a unified ESG data catalogue and management dashboard is in progress; accordingly, the response clearly distinguishes between indicators already measured on a regular basis and those under development, in particular Scope 3 and supplier ESG indicators.

SZABADICS does not currently prepare a full sustainability report in accordance with the ESRS or GRI standards. The organisation's primary framework is ISO 26000, the associated self-assessment under SIS/TS 2 and the Verify review, as well as the VSME requirements for the structuring of sustainability data.

The ESRS requirements are applied as a reference and alignment framework in the course of the double materiality assessment, the mapping of ESG data points, the development of the KPI system and preparation for future reporting. This does not currently constitute full ESRS compliance or an ESRS sustainability statement.

The GRI standards are taken into account as a comparative and methodological reference, particularly when defining material sustainability impacts and indicators; however, SZABADICS does not currently claim that its reporting has been prepared in full accordance with GRI.

Question 33

Must be answered every year

Has the organization chosen to use any of the indicators linked to the selected global UN goals and sub-goals for sustainable development? If so, which ones? What did the results look like for these in the latest measurement?

The organization applies its own indicator system, as it can be used more effectively for monitoring its processes. The sub-targets of the global sustainable development goals proved to be too general for tracking purposes.
The UN global sustainable development goals identified based on the SIS TS/2:2025 Annex C, C1 connection diagram have also been identified in relation to the actions supporting the implementation of the strategic points. These can be filtered in an Excel spreadsheet (Strategy monitoring framework), however, the development of a BI interface into a management report is in progress to provide digital support and effective monitoring for this purpose.

Question 34

Must be answered every year

What did the latest follow-up of the organization's sustainability work show according to the selected KPIs and metrics, see questions 32 and 33?

Status Quo:
Based on the most recent 2026 annual assessment, SZABADICS's sustainability work is advanced but shows uneven maturity: reporting, education, energy, and several governance tasks have been completed, while GHG data, supply chain monitoring, and some operational systems remain incomplete.
Progress is visible compared to the previous periods of 2024 and 2025; there is advancement in 2026 and an established plan for the development of the upcoming period, both in terms of system-technical improvements and KPI enhancement.

Consolidated 2026 Results

Based on the itemised assessment of 52 sustainability actions:

Summary:
- 34 actions completed: 65.4%
- 8 actions partially completed: 15.4%
- 10 actions not completed or not yet initiated: 19.2%
- Simple average of action-level completion values: 76.7%

Sustainability Area	Completion	Assessment
Sustainability reporting and framework	61.9%	Reporting foundations are in place; operational monitoring of the supply chain is incomplete
Construction sustainability compliance	75.0%	Regulatory knowledge is adequate; certain response action plans are missing
Ambassador system	82.5%	The system has been established, but the involvement of process owners and feedback on measures requires development
Operational integration of sustainability	75.4%	Numerous operational KPIs have been met, but data or implementation gaps exist in several organisational units
BREEAM/LEED project capability	0%	No certified project yet; the target deadline is end of 2026
GHG emission measurement and reduction	62.5%	Methodology and certain energy measures are progressing; the complete annual calculation and action plan are missing
Educational and training connections	100%	Dual training, institutional, and academic targets have been met

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Environmental KPIs

Several specific results have been achieved in environmental measures:

- The solar panel investment in Zalakomár has been fully implemented and is operational.
- Central solar panel system monitoring has been completed: 2 out of 2 planned reports have been produced.
- The procurement targets for electric vehicles and electric machinery have been met.
- Detailed data collection for mains water usage is 80% complete.
- GHG emission calculation is 50% complete. Scope 1–2 data and partial Scope 3 data are available, but the complete Scope 3 parameterisation remains incomplete.
- Reduction actions based on the 2025 GHG calculation have not yet been completed, primarily due to delays in the development of the IFS Cloud energy data report.
- Participation in a BREEAM/LEED certified project has not yet been realised, but the final deadline for this is end of 2026.

The main weakness of the environmental pillar is that several KPIs currently measure the readiness of measures or systems rather than actual environmental outcomes, such as tCO_2e reduction, energy intensity, or water consumption reduction.

Social KPIs

Progress is strongest in the social and training areas:

- Headcount targets related to dual training have been met or exceeded in the examined organisational units.
- Institutional appearances at primary, secondary, and higher education levels have been completed.
- The SZABADICS Academy has been realised.
- The training target reached 1.5 trainings per person against the goal of 1 training per person.
- The 10% share of employees under 30 in the total workforce has been achieved; however, only 8% was realised among white-collar staff against the 10% target.
- Team-building event participation rates exceeded 90% in several areas, but 0% or missing actual data is recorded for the BUILD and Structural Construction organisations.
- Retention of dual-track students was formally met, but notes indicate that one graduating student could not be retained while another colleague remained. Consequently, the retention KPI requires development with a more precise denominator and percentage calculation.

Governance and Reporting KPIs

In the governance area, the main frameworks have been established, but their operation

has not yet been demonstrated everywhere:

- The self-declaration, the VSME Basic Module, and the draft data points for the comprehensive module have been completed.
- Completion of the sustainability strategy actions has reached the targeted 80%.
- The ambassador system has been built; expansion of the task matrix is in progress.
- No adverse non-conformities were recorded during audits.
- Process owner involvement is only 50%; the MyPlan-based non-conformity system is 80% complete.
- The supplier evaluation system structure has been completed, but the supply chain monitoring framework is only 50% complete, with its actual operation at 0%.
- Publication of the sustainability report on the website is recorded as 100% complete, while notes indicate that communication has not yet been realised due to the absence of a verification document. This status requires clarification.

Of the six targets in the 2025 IIR programme, two have been closed — the IFS Cloud upgrade and the Zalakomár solar development — while four remain open. All eight tasks in the 2026 programme are open, though a significant portion of these are year-end or ongoing targets. The 2026 plan appropriately addresses the identified gaps: reporting assurance, ESG culture, EHS, accident prevention, digitalised action tracking, a robust ambassador system, and supplier evaluation.

Executive Conclusion

Monitoring shows that SZABADICS's sustainability work has moved beyond the preparation phase: the foundations for reporting, energy, training, and governance have been established. The next level of development no longer requires additional standalone actions, but rather the consistent operation of existing systems. The primary tasks are completing the full GHG inventory, actually initiating supplier monitoring, filling in missing organisational actual data, and measuring the environmental and social impact of actions on an outcome basis.

Important data quality finding: The workbook contains both a 65.3% and a 67.1% aggregate sustainability value, while the correctly calculated average of the 52 actions is 76.7%. The discrepancy is caused by an incorrect reference and differing weighting methods; therefore, harmonisation of the aggregation formulas is required prior to any external communication.

Question 35

Must be answered every year

Has internal audit been conducted in the organization itself and how have any deviations been handled?

The SZABADICS Group conducts planned and documented internal audits as part of its integrated management system. The purpose of internal audits is to verify whether the Group's management systems comply with the relevant standard requirements and its own internal regulations, whether they operate effectively, and to identify opportunities for improvement.

The execution of internal audits is governed by procedure GRP-ELJ-0016 Internal Audit Procedure. The procedure covers all relevant processes and documented information within the Group's quality management, environmental management, occupational health and safety, energy management, information security, and anti-corruption management systems.

Internal audits are planned on the basis of an annual programme. The 2026 internal audit programme comprises 25 audits and covers, among other things:

- document management;
- the internal audit process;
- management review;
- risk planning;
- change management;
- communication;
- the environmental management system;
- the occupational health and safety system;
- the energy management system;
- information security;
- HR, procurement, warehouse and workshop processes;
- financial, asset and service management areas;
- integrated management;
- the building construction and civil engineering divisions;
- contracting, business development, project and construction management processes;
- as well as the Group's subsidiaries.

For each audit, the audit programme specifies the audit identifier, the area being audited, the planned date, the auditor, and the manager responsible for the audited area. The programme is prepared by the head of the integrated management system and approved by the operations director.

When developing the audit programme, the following are taken into account:

- the significance of processes and their impact on the organisation;
- the impact on the quality of products and services;

- environmental and occupational safety risks;
- energy consumption;
- information security and anti-corruption risks;
- the results of previous internal audits;
- findings from external audits;
- previously identified non-conformities;
- and the effectiveness of previously taken actions.

Internal audits are conducted by auditors with appropriate qualifications, knowledge and experience. The objectivity and impartiality of auditors is ensured during the planning and execution of audits. An auditor may not audit their own activities or area of direct responsibility. Prior to the commencement of audits, internal training is provided annually to internal auditors, covering the execution and documentation of audits, lessons learned from the previous year, and changes that have occurred in the process.

During preparation for an audit, the auditor reviews:

- the current internal regulations of the audited area;
- the relevant standard requirements;
- the internal audit checklist;
- the results of previous audits;
- previous non-conformities;
- and the corrective and remedial actions associated with them.

Audit execution begins with an opening meeting, at which the auditor and the manager of the audited area agree on the audit's objective, scope, method and process.
During the audit, the auditor examines processes based on the GRP-FN-0105 Internal Audit Checklist.
The checklist records:

- the relevant standard clauses;
- observations;
- responses;
- objective audit evidence;
- the identifiers of documents, records or reports examined;
- and the conformity assessment.

Audit findings may be classified into the following categories:

- conforming operation;
- conforming operation with opportunity for improvement;
- non-conformity;
- and good practice.

Opportunities for improvement and non-conformities are documented. If the auditor identifies a situation requiring immediate action, the action must be recorded in MS

Planner with an "Urgent" status.

At the closing meeting of the audit, the auditor presents:

- the audit's strengths;
- good practices;
- opportunities for improvement;
- non-conformities;
- and any further actions required.

The audit results are recorded in the GRP-FN-0103 Internal Audit Report. In the event of a non-conformity, the auditor and the manager of the audited area jointly determine:

- the precise description of the non-conformity;
- the related standard requirement;
- the identified or suspected root cause;
- the necessary corrective or remedial action;
- the person responsible for implementing the action;
- and the completion deadline.

Non-conformities and opportunities for improvement are entered into the MS Planner action tracking system following the closure of the audit. This ensures that tasks are assigned to responsible persons with deadlines, that their status is monitored, and that closure is documented.

The closure of corrective actions does not occur solely through notification that a task has been completed. Implementation of the action must be substantiated with evidence, such as:

- a revised document;
- a photograph;
- a training or communication record;
- a new or amended regulation;
- a measurement, inspection or other record.

The evidence is provided by the person responsible for the corrective action, and the auditor verifies and saves it. Follow-up verification is a shared responsibility of the manager responsible for the audited area and the internal auditor.
Modification of a deadline is only permissible in justified cases, where the person responsible for the action is able to demonstrate that the modification became necessary due to external circumstances.

The 2026 warehouse and workshop audit serves as an example illustrating the practical operation of the process. The audit with identifier 2026/13 took place on 28 May 2026 and identified one opportunity for improvement and four non-conformities.

The opportunity for improvement identified during the audit:
- raising awareness of the availability of SDS, i.e. Safety Data Sheets.

The identified non-conformities:

1. Employees had not received the OHSMS and EMS risk assessments.
Determined action: internal communication.
Responsible: Péter Horváth.
Deadline: 30 June 2026.

2. Annual objectives had not yet been communicated.
Determined action: internal communication.
Responsible: Péter Horváth.
Deadline: 30 June 2026.

3. The assembly point was not properly marked, and evacuation direction signage was not displayed in every room within the building.
Determined action: installation of the necessary signs.
Responsible: József Sonkoly.
Deadline: 19 June 2026.

4. The scrapping process was not available on the intranet in the form of a documented process description.
Determined action: clarification of the process and its regulation at Group level.
Responsible: Péter Horváth.
Deadline: 30 June 2026.

Root cause analysis was also carried out for each non-conformity in the report. The identified causes included, for example:

- failure to communicate by the external service provider;
- the absence of a defined communication channel;
- a new process owner and lack of information;
- a worn-out sign;
- and the absence of documentation of daily practice.

The progress of the internal audit programme against plan and the status of associated actions are monitored on a monthly basis. The completion status of the annual audit programme, identified non-conformities, opportunities for improvement, and the status of actions also feature among the input information for the management review.
The effectiveness of the internal audit process is also assessed on a sample basis by the certification body during external surveillance and recertification audits. Internal audits therefore function not only as a tool for conformity verification, but also represent one of the primary methods for process improvement, risk reduction, and the continual improvement of the integrated management system.

Question 36

Must be answered every year

Has a review been conducted with, or by, stakeholders in the value chain, or both? Have any deviations been addressed?

As part of the IRR, the value chain evaluation system will be redefined, with its introduction starting in Q3/2026.
For the detailed Management Presentation, please see the attachment.

Question 37

Must be answered every year

What conclusions has the management drawn about the results and effectiveness of the sustainability work in connection with the latest follow-up? As a consequence, have there been any reprioritizations in the sustainability work, for example, a change of selected sub-areas or sub-goals, and if so, which ones? If the answer is yes, how have the deprioritized areas been handled?

The management of the SZABADICS Group monitors the results and effectiveness of sustainability work through regular status tracking of the corporate strategy, evaluation of actions and KPIs on the Guiding Thread board, and management reviews of the integrated management system.

The regulated forum for management evaluation is the management review conducted in accordance with procedure GRP-ELJ-0017 Management Review. During this process, senior management assesses not only the operation of certified management systems, but also related sustainability, ESG, and corporate social responsibility issues.

During the most recent monitoring, management took into account, among other things, the following information:

- the fulfilment of previous management decisions and measures;
- the status of corporate strategy and sustainability actions on the Guiding Thread board;
- the results of sustainability and ESG risk assessments;
- environmental, energy management, occupational health and safety, and other performance data;
- the results of internal and external audits;
- changes in legislative and other external requirements;
- feedback from clients, employees, suppliers, and other stakeholders;
- findings from the review of the sustainability self-declaration;
- the results of ongoing improvement and pilot projects;
- as well as available resources and competencies.

Management concluded that the overall direction of the Group's sustainability work is appropriate, and that significant progress has been made in the past period in ensuring that sustainability operates not as a standalone, separate initiative, but as part of the integrated management system, project operations, and corporate strategy.

Management evaluated the following as positive outcomes in particular:

- the integration of sustainability and ESG risks into the unified risk management system;
- the development of a new, structured registry and compliance assessment system for external requirements and legislation;
- the update of the self-declaration in accordance with ISO 26000;
- the development of employee and stakeholder feedback channels;
- the initiation of a supplier and subcontractor qualification system incorporating

sustainability criteria;
• the preparation of project- and material-level carbon footprint calculations;
• the examination of BEXEL data for sustainability purposes;
• the launch of a pilot project related to environmental and sustainability labelling;
• the strengthening of sustainability education and internal communication;
• as well as the progressively more structured collection of environmental, energy, and resource consumption data.

The monitoring also revealed, however, that further improving the effectiveness of sustainability work requires primarily not new general commitments, but rather the strengthening of measurability, data quality, accountability structures, and project-level implementation of existing goals.

Accordingly, management identified the following development needs:

• further refinement of clear KPIs and measurement methods associated with sustainability goals;
• more uniform collection of site- and project-level environmental data;
• development of the methodology and data sources for carbon footprint calculations;
• improvement of the availability of sustainability data from suppliers and subcontractors;
• more systematic collection of evidence regarding the environmental performance, recycled content, and carbon footprint of materials;
• practical integration of sustainability requirements into projects and procurement processes;
• clarification of the responsibilities and data reporting duties of relevant organisational units;
• as well as the measurement of the impact of sustainability measures.

Revision of Priorities

Based on the most recent assessment, the fundamental themes of the Group's sustainability activities have not been abandoned. Environmental protection, employee wellbeing and safety, ethical operations, community engagement, energy efficiency, and responsible corporate governance have remained relevant areas.

However, due to changes in available resources, strategic objectives, client expectations, and the regulatory environment, a shift in emphasis and partial re-prioritisation has occurred within the sustainability work.

The following areas have been assigned higher priority:

1. Integration of sustainability into the management system
Sustainability risks, external requirements, objectives, and measures are increasingly being incorporated into the regulated processes of the IMS, rather than remaining in separate documents.

2. Supplier and subcontractor sustainability assessment
The development of a partner evaluation system that takes into account quality management, occupational health and safety, environmental, ethical, and sustainability criteria — in addition to price and professional performance — has emerged as a strategic development area.

3. Project- and material-level carbon footprint
Beyond the previously predominantly organisational-level or pilot calculations, greater emphasis has been placed on the measurable, traceable determination of the carbon footprint of construction projects and incorporated materials.

4. Data quality and digital data connections
The examination of the interoperability of material quantities from the BEXEL system, supplier data, EPDs, and other credible emission factors has become a key development priority.

5. Sustainable construction pilots
Greater attention has been given to the pilot project aimed at obtaining a sustainability and environmental label, as this provides an opportunity to test and document sustainability requirements within a specific construction project.

6. Measurability and demonstrability
Management has prioritised those developments to which clear data, responsible parties, deadlines, documented evidence, and performance indicators can be assigned.

7. Employee awareness and organisational engagement
The achievement of sustainability goals requires the cooperation of multiple organisational units; therefore, greater emphasis has been placed on training, internal communication, and the involvement of sustainability ambassadors.

Impact of Changes in the Regulatory Environment

Management also took into account that the domestic and European regulatory environment governing sustainability and corporate reporting requirements has changed. The application date, scope, or implementation schedule of certain obligations has been modified, which may provide more time for companies that are directly obligated or indirectly affected to prepare.

The Group did not interpret this as a cessation of sustainability work. According to the management decision, the available preparation time should be used to develop the system, data quality, areas of responsibility, and practical implementation.

As a result of the regulatory changes, the emphasis has therefore partly shifted:

- from direct reporting preparation;
- to the development of internal data and process systems;

• to managing client and supplier data requirements;
• as well as to measurable project-level improvements.

Managing De-prioritised Areas

Re-prioritisation did not mean that sustainability areas assigned lower priority have been discontinued or disregarded.

Areas that have not been assigned a dedicated, high-priority development project:

• continue to remain under the operational controls of the integrated management system;
• are included in the relevant risk assessments;
• appear as needed in annual objectives and the audit programme;
• their legislative and other compliance continues to be monitored;
• their performance can be tracked on the basis of available data;
• and in the event of significant changes, deteriorating performance, incidents, or new stakeholder requirements, they may once again be assigned higher priority.

Examples of such areas managed through ongoing operations may include:

• reduction of office paper consumption;
• community programmes and donation activities;
• maintenance of existing employee wellbeing programmes;
• operation of already implemented energy efficiency measures;
• on-site selective waste collection;
• and other practices that have already become established processes and therefore do not require a separate, high-priority development project.

For developments that have been de-prioritised or deferred, the following must be documented:

• the reason for the deferral or lower priority;
• the currently operational controls;
• the responsible organisation;
• the date of review;
• as well as the condition or event that would require the area to be re-assigned to higher priority.

Documentation and Tracking of Management Decisions

Decisions and measures taken during the management review must be recorded in a documented set of minutes. For each measure, the following shall be defined:

• the task;
• the responsible party;

- the deadline;
- the status;
- where necessary, the associated resource requirements;
- the method of verifying the outcome;
- as well as the date of closure.

The status may be:

- open;
- in progress;
- closed;
- deadline-revised;
- or cancelled or rendered moot with a documented justification.

The status of open measures must be presented again as a mandatory input at the next management review. In the event of significant delay, failure to meet objectives, or a new risk, an extraordinary management status review may also be initiated.

Overall, management concluded that the direction of sustainability work is appropriate, but that in the coming period, emphasis must be placed on measurable, documented implementation that is integrated into the Company's core processes. The fundamental sustainability themes have not changed; however, developments aimed at improving data quality, the supply chain, project-level carbon footprint, sustainable construction pilots, and the strengthening of organisational responsibilities have moved higher in the order of priorities.

Question 38

Must be answered every year

To the extent that this sustainability statement is to function as a sustainability report according to national law or international standards, are there any commitments, or activities linked to such commitments, that have not been declared or answered above? If the answer is yes, please provide additional information here.

There is no such thing.

5.7 Improvements

Improvements

The answers to the questions in this area should clarify the organization's continuous improvement work.

Question 39

Updated since last year

Does the organization use any specific method or approach to identify, manage, and follow up on improvements? If the answer is yes, which ones?

Yes. The SZABADICS Group of Companies applies several interrelated methods for identifying, evaluating, implementing, and monitoring improvement opportunities.

Improvements do not originate from a single channel. Their identification is based on, among other things:

- the breakdown of corporate strategy and strategic objectives;
- actions, sub-actions, and KPIs of the Guiding Thread board;
- employee improvement suggestions;
- risk and opportunity assessments;
- internal and external audits;
- management reviews;
- customer and partner feedback;
- complaints and grievances;
- employee satisfaction surveys;
- performance and process indicators;
- environmental, occupational health and safety, energy management, and sustainability data;
- changes in legislative and other external requirements;
- project and work site experiences;
- incidents, non-conformities, and corrective actions.

Strategic Improvements

Strategic improvements are defined and monitored through the breakdown of the group's strategic objectives. The Guiding Thread board contains:

- strategic objectives;
- actions and sub-actions related to the objectives;
- designated responsible persons;
- deadlines;
- related performance indicators;
- implementation status;
- and, where applicable, the related sustainability goal or UN Sustainable Development Goal.

The implementation of strategic improvements is monitored by the responsible managers and organisational units, and progress is assessed at management and strategic review meetings.

Employee Improvement Suggestions

The handling of employee improvement suggestions is governed by procedure GRP-ELJ-0036 Employee Communication and Suggestion Submission.

The purpose of the system is to:

- increase employee engagement;
- improve operational efficiency;
- strengthen the culture of continuous improvement;
- incorporate the experiences of both manual and white-collar employees into the development of corporate operations.

The suggestion system is available to all manual and white-collar employees of the group of companies and covers all suggestions that may serve to improve processes, operations, or effectiveness.

Improvement suggestions can be submitted through two main channels:

1. A physical suggestion box, which allows both anonymous and named submissions.
2. An intranet-based suggestion platform, where white-collar employees can submit their suggestions under their name.

Individual complaints, personal HR and employment matters, as well as ethical and legal reports are not handled within this process, but through separate procedures established for these purposes.

Operation of the Physical Suggestion Box

The physical suggestion box is emptied quarterly by a designated member of the HR organisation. The collection of incoming suggestions is carried out in a documented manner.

The suggestions are reviewed by the Ambassador Forum, with the involvement of the relevant divisions. The main evaluation criteria are:

- feasibility;
- expected positive impact;
- required resources;
- impact on the affected processes and organisations;
- relevance to corporate objectives.

Based on the evaluation, a suggestion may be:

- recommended for implementation and forwarded for management decision;
- returned for further review;
- or rejected with justification.

Employees are informed about decisions and implemented improvements through internal communication channels or forums, while preserving anonymity where applicable.

Handling of Intranet Suggestions

An improvement suggestion submitted via the intranet includes:

- a brief description of the suggestion;
- a detailed presentation;
- the designation of the approving superior;
- and, where necessary, an attachment.

The system automatically notifies the relevant manager upon receipt of the suggestion. The relevant manager evaluates the suggestion within 14 days.

The outcome of the evaluation may be:

- acceptance and initiation of implementation;
- acceptance with a later schedule;
- or rejection with justification.

An accepted suggestion is forwarded to the IIR manager, who:

- consults with the responsible person for the relevant process;
- designates the person responsible for implementation;
- records the deadline;
- monitors execution;
- and closes the task in the system upon completion.

The submitter receives automatic feedback on the evaluation and decision through the intranet system.

Reward and Incentive System

The group of companies supports the submission and implementation of employee improvement suggestions with an incentive system.
One suggestion per quarter may be awarded from among the implemented suggestions. The condition for the award is that the suggestion must reach the status of actually implemented. The final decision is made by the Operations Director.

Both suggestions submitted via the intranet and those submitted through the physical suggestion box may be eligible for the award; however, anonymous suggestions are not eligible for a reward.

Improvements Arising from Risks and Opportunities

Another important source of improvements is the regulated risk and opportunity assessment system.
Measures are defined in cases of:

- medium and high risks;
- improvement opportunities;
- control deficiencies;
- performance improvement opportunities

identified during quality management, environmental management, occupational health and safety, energy management, information security, anti-corruption, and sustainability risk assessments.

For each measure, the following are recorded:

- the improvement need;
- the task to be performed;
- the responsible person;
- the deadline;
- the status;
- the expected outcome;
- and, where necessary, the method for verifying effectiveness.

Implementation is monitored by the IIR manager, the process owner, or the relevant subject matter responsible person.

Improvements Arising from Audits and Non-Conformities

The following identified during internal and external audits may also be incorporated into the improvement system:

- non-conformities;
- observations;
- improvement opportunities;
- good practices;
- system-level deficiencies.

Corrective actions, responsible persons, and deadlines are assigned to non-conformities and audit findings. A measure is only closed once its implementation and, where necessary, its effectiveness verification have been completed.

Management Review

The management review is one of the most important decision-making and oversight forums for improvements.

Management evaluates, among other things:

- the achievement of strategic objectives;
- KPI results;
- audit findings;
- changes in risks and opportunities;
- customer and employee feedback;
- non-conformities and corrective actions;
- legislative and standards changes;
- sustainability performance;
- resource requirements;
- the status of improvement programmes.

During the management review, new improvement objectives, programmes, and measures are defined as necessary.

Monitoring and Reporting

The monitoring of improvements may take place, depending on the nature of the improvement, in:

- the Guiding Thread board;
- the intranet task management system;
- the risk assessment register;
- the audit and action register;
- the non-conformity and corrective action register;
- the project action list;
- a strategic or IIR target programme;
- the management review action list.

During monitoring, the following are typically recorded:

- the name of the improvement;
- its source;
- the responsible person;
- the deadline;
- the implementation status;
- the required resources;
- the related KPI or expected outcome;
- the achieved result;
- and, where necessary, the effectiveness assessment.

A periodic summary of the operation of the employee suggestion system is prepared, which includes:

- the number of suggestions received;
- the proportion of suggestions implemented;
- the most important results;
- and further improvement needs related to the operation of the system.

Responsibilities

The main responsibilities in the improvement process are as follows:

- employees may submit improvement suggestions;
- the HR organisation manages the physical suggestion box;
- the Ambassador Forum evaluates suggestions received through the suggestion box;
- the relevant managers make decisions on intranet suggestions;
- process owners professionally evaluate and implement accepted improvements;
- the IIR manager oversees the operation of the system, defines implementation responsibilities, and monitors measures;
- the Operations Director makes the necessary management decisions and decides on the award of improvement suggestions;
- senior management decides on strategic improvements and those requiring significant resources.

The SZABADICS Group of Companies' approach to improvement thus encompasses both top-down strategic goal-setting and bottom-up employee suggestions. The documented evaluation of improvements, their assignment to responsible persons and deadlines, and their regular monitoring ensure that ideas and improvement needs do not merely appear as suggestions, but are transformed into verifiable measures and measurable results.

Question 40

Must be answered every year

Have there been any further improvements in sustainability efforts that have not already been mentioned, if the answer is yes, which ones?

Comprehensive System of Szabadics Sustainability Developments

1. Strategic Development – From CSR to Business Sustainability
One of the most important developments is the shift in perspective.
The logic of Szabadics's sustainability policy explicitly states that sustainability is not a standalone programme, but the unity of responsible corporate governance, quality execution, occupational safety, environmental protection and ethical business conduct.
Moreover, the policy already applies the logic of double materiality: both the company's impact on the environment and society, and how sustainability issues affect Szabadics's value and competitiveness, must be examined simultaneously.
This represents a significant step forward compared to the traditional CSR approach.
The next step, however, is:
strategy → objective → KPI → data → responsible party → action → control → management decision
2025 baseline year → 2030 target → kWh/revenue or kWh/project → data owner → measurement → annual target value → variance → action.

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2. Integrated Management System – One of Szabadics's Greatest Advantages
One of the strongest foundations of Szabadics's sustainability development is that an ESG management system does not need to be built from scratch.
The existing system includes:
- ISO 9001 – quality management,
- ISO 14001 – environmental management,
- ISO 45001 – occupational health and safety,
- ISO/IEC 27001 – information security,
- ISO 50001 – energy management,
- ISO 37001 – anti-bribery management.

These are not ESG standards, but they already provide the organisational culture of processes, responsibilities, audits, documents and controls.

Direction of Development
The next step is not creating another parallel "ESG system." A far better model is the integration of:
IMS + ESG + IT + Controlling + Compliance + Internal Audit.

In this way, for example, environmental data from ISO 14001, energy data from ISO 50001, occupational safety data from ISO 45001, and anti-corruption controls from ISO 37001 can be fed into the ESG data system.

This eliminates a significant portion of parallel administration.

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3. Environmental Developments – E Pillar
The policy already clearly highlights four specific areas:
energy – water – waste – GHG emissions.
It treats their measurement and reduction as corporate priorities, and also articulates the application of more energy-efficient, durable, lower-impact and circular solutions.

Corporate Level
- energy consumption,
- fuel consumption,
- electricity,
- natural gas,
- water,
- waste,
- hazardous waste,
- recycled waste,
- Scope 1,
- Scope 2

measurement.

Project Level
This is particularly important for Szabadics.
Due to the project-based nature of the construction industry, a significant portion of environmental impact is generated not at headquarters, but on construction projects. The thesis analysis also identified this as one of the fundamental data management challenges.
Therefore, a **Project Sustainability Data Sheet** should be established.

At project initiation, for example:
- expected energy,
- fuel,
- material consumption,
- waste,
- water,
- subcontractors,
- environmental risks,

and at project closure, the actual values of the same indicators.
This already enables comparison between projects.

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4. Carbon Management – Scope 1, Scope 2 and Scope 3
This is where one of the greatest development potentials lies.

Scope 1–2 is relatively manageable:
- **Scope 1:** own vehicles, machinery, natural gas, own direct fuel consumption.
- **Scope 2:** purchased electricity.

The serious challenge, however, is **Scope 3**.
As a construction company, Szabadics operates with significant quantities of:
- concrete,
- cement,
- steel,
- asphalt,
- building materials,
- transportation,
- subcontracted work,
- machinery services.

Therefore, a significant portion of the true carbon footprint lies within the value chain.
Our previous analysis also identified Scope 3 and the supply chain as one of the greatest professional challenges.

Recommended Development Sequence
Not everything needs to be measured at once.
First round:
Top 20–30 suppliers + largest material categories + transportation + subcontractors.
Coverage can then be gradually increased.

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5. Energy Efficiency
Due to ISO 50001, Szabadics is already starting from a good position here.
However, further development requires linking energy management with ESG.
It is not sufficient to measure:
MWh/year.
Instead, it is worth examining:
- MWh / revenue
- MWh / project
- MWh / worked hours
- tCO_2e / project
- fuel / machine hours
- etc.

In this way, energy data becomes a management performance indicator.

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6. Waste and Circular Economy
Due to Szabadics's construction profile, this is a priority area.

The direction of development:
waste records → waste KPI → project-level measurement → material efficiency → circular construction.
It is not sufficient to measure only:
"how much waste was generated?"
but also:
- how much was generated relative to the work performed?
- and how much was recycled / reused?

And later:
- how much was avoided in the first place?
This already constitutes a genuine circular economy indicator.

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7. Social Developments – S Pillar
Szabadics's policy also defines a broad foundation in this area: occupational safety, fair employment, training, employee consultation, prohibition of discrimination and harassment, work-life balance.
The next development is measurability:

Occupational Safety:
- number of accidents,
- lost workdays,
- LTIFR,
- near misses,
- occupational safety audits,
- action closure time.

Human Capital:
- turnover,
- retention,
- absenteeism,
- training hours per person,
- internal promotions,
- employee satisfaction.

In this way, the S pillar is not merely an "HR presentation," but a performance measurement system.

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8. Supplier ESG System
This is one of the most important next developments.
Szabadics's policy already stipulates that quality, environmental, occupational safety, ethical and information security requirements must be taken into account for

subcontractors and suppliers.
This needs to be further developed into an **ESG Supplier Management System**.

For example:
- **A – strategic/critical suppliers:**
full ESG questionnaire + document review + scoring.
- **B – medium risk:**
abbreviated assessment.
- **C – low value/low risk:**
minimum compliance declaration.

Then:
ESG supplier score 0–100 points.
This could be directly used in procurement decisions.

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9. Governance – The Most Important Organisational Development
One of the central questions of Szabadics's development is: who is responsible for ESG?
A single ESG manager is not sufficient.
ESG data comes from multiple organisational units:
- HR → S-data
- Finance → financial data
- Procurement → supplier ESG
- Project managers → project data
- IMS → ISO and audit data
- IT → data structure
- Controlling → KPI
- Management → objectives and decisions.

Therefore, an **ESG Governance / RACI model** is required.
For every KPI, there should be:
Data Owner → Data Provider → Controller → Approver.
This is a major step towards auditability.

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10. ESG Data Management – The Next Major Leap
Based on previous analyses, this is perhaps the most important development area.
Szabadics's ESG system is no longer in its initial state. The main challenge is organising data into a unified, auditable, automated system capable of supporting management decisions.
The goal is therefore:
Excel / document / project data → central ESG data model → BI / ESG dashboard → VSME / ESRS / management reporting → audit.

This requires an **ESG Data Catalogue**.
For every indicator, the following must be known:
- What is the data?
- What is its definition?
- What unit of measurement does it use?
- Where does it originate from?
- Who is the data owner?
- How often is it updated?
- How is it calculated?
- Who reviews it?
- What evidence supports it?

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11. Climcycle / ESG Digital System
This is therefore not simply an "ESG software project."
The real goal is:
ESG Data Warehouse + Carbon Accounting + Audit Trail + Reporting + Dashboard.

Particularly important:
- Scope 1–2 calculation,
- Scope 3,
- emission factors,
- energy,
- water,
- waste,
- ESG KPIs,
- documents,
- evidence,
- approvals,
- reporting.

According to the previous assessment, technology represents genuine progress only when it connects the processes of IMS, IT, controlling, project management, procurement and sustainability — rather than becoming yet another isolated database.

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12. Verify → Future ESRS-Ready System
This is, in my view, one of Szabadics's best development pathways.

Level 1 – ISO 26000 / Verify
Demonstrates how social responsibility and sustainability operate.

Level 2 – Stakeholder requirements
Additional data required for banks, clients, supply chain and partners.

Level 3 – ESRS-ready
Not necessarily because Szabadics must immediately produce a full CSRD/ESRS report.
But so that the data model is capable of it later.
This is an important distinction.

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13. Auditability – The Qualitative Turning Point of Development
The next maturity level is not:
"we have data,"
but rather:
"we can prove the data."

An ESG data point must therefore be connected to:
- data source
- calculation methodology
- responsible party
- source document
- review
- approval
- amendment history.

From the perspective of external assurance, these are precisely the questions that become critical: who provided the data, by what methodology was it calculated, what document supports it, who reviewed it and when was it approved.
This is why we previously recommended establishing an **ESG Audit Evidence Pack**.

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14. Sustainability KPI System
In the next strategy, it is no longer advisable to manage 50–100 ESG indicators of equal weight.
For example, there should be 15–20 executive-level KPIs, with detailed operational indicators beneath them.

E
- CO_2e/revenue
- energy intensity
- Scope 1
- Scope 2
- Scope 3 coverage
- waste recovery %

S
- LTIFR

- turnover
- training hours per person
- employee satisfaction
- near miss reporting

G
- ethical cases
- closed compliance actions
- ESG data verification rate
- supplier ESG coverage
- audit finding closure rate

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15. Double Materiality Assessment
This is another significant development area.
Szabadics does not simply need to create an "ESG topic list."
For every topic, two questions must be examined:

Impact materiality
What positive or negative impact does Szabadics have on people and the environment?
For example:
construction waste → negative environmental impact.

Financial materiality
What financial impact can the same issue have on Szabadics?
For example:
rising material prices + waste management costs + regulation → cost and project risk.

This is how the actual order of priorities is established.

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16. Integrating Sustainability into Project Management
This is one of the most important elements of the Szabadics-specific system:
ESG gates must be built into the project lifecycle:
Tender → planning → procurement → execution → handover → project closure.
A sustainability control can be associated with each phase.

- **Tender:** ESG client requirements.
- **Procurement:** supplier ESG score.
- **Execution:** energy, waste, accidents, environmental incidents.
- **Project closure:** Project ESG Scorecard.

This directly connects ESG to core business activities.

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17. Sustainability as Business and Competitiveness Development
The ultimate goal is not the report itself.
The system must create business value.
For Szabadics, this can mean:
- better tender positioning,
- compliance with large corporate client requirements,
- faster fulfilment of bank ESG data requests,
- improved risk management,
- reduction of energy and material costs,
- reduction of supply chain risks,
- employee retention,
- reputation,
- auditability,
- management decision support.

Therefore, developing the sustainability system is in fact a corporate governance and competitiveness programme.

The Szabadics Sustainability Development Model in Summary
The complete process can be summarised as follows:
1. Sustainability strategy and policy
2. ISO / Integrated Management System
3. Double materiality assessment
4. ESG KPI system
5. ESG Data Catalogue + data owners
6. Supplier ESG system + Scope
7. Climcycle / digital ESG data management
8. BI ESG dashboard
9. Audit trail + Evidence Pack
10. ESRS-ready data structure
11. ESG as a normal corporate governance system

The end state of Szabadics's sustainability development is not the annual production of a good sustainability report. The advanced state is when sustainability considerations are as integral to the company's operations as finance, quality, project controlling or occupational safety.
In our previous material, this was expressed as: the most important strategic direction is the development of sustainability reporting into an auditable, data-driven and decision-supporting corporate governance system.

In other words, the keywords of Szabadics's next sustainability era are:
**MEASUREMENT → DATA QUALITY → ACCOUNTABILITY → DIGITALISATION →

AUDITABILITY → DECISION SUPPORT → BUSINESS VALUE.**

Question 41

Must be answered every year

How are complaints from stakeholders handled and used in the ongoing improvement work (for example, results from stakeholder dialogues or complaint cases)?

A whistleblowing system and an Ethics Committee are also available for those concerned, however, no reports have been submitted so far that would have required handling.
The operation of the Ethics Committee has been regulated by the company group in the Code of Ethics.
A managing director's directive has been prepared to regulate the operation of the whistleblowing system.

Question 42

Must be answered every year

Is there any additional information about the organization's sustainability work that is important to share in order for a reader of the sustainability declaration to get a complete and accurate picture of the organization's work with social responsibility in order to maximize its contribution to sustainable development? If the answer is yes, please provide additional information here.

The SZABADICS Group's Voluntary Initiatives:

When the SZABADICS for Children Foundation was established in 2017, its goal was to support initiatives serving child welfare, child healthcare, and youth-related social causes. Perhaps the best-known activity of the Szabadics for Children Foundation is the annual Kis-Balaton Construction Camp, which was created in partnership with three other organisations. In addition to its construction and work-oriented nature, the camp primarily focuses on gaining experiences and exploring nature, increasing children's commitment to natural values.

The SZABADICS Group also organises and participates in fundraising initiatives. A recent example is participation in the premature baby run with a team of 5 members, thereby supporting the Premature Baby Rescue and Paediatric Intensive Care Foundation. Another example is the organisation of the "Let's Pedal Together for Ádi" fundraising event. Visitors could accumulate kilometres on two spinning bikes, with the company donating HUF 1,000 for every kilometre ridden to three-year-old Ádi, who suffers from a rare muscular disease. A total of HUF 400,000 was raised.

The Group collaborates with the Hungarian Red Cross humanitarian organisation, which presented the company group with a certificate of recognition in May 2024.
Within the framework of this collaboration, and without aiming for completeness, a bathroom block renovation and painting works were carried out at a Transitional Family Home, with the participation of the company group's employees as voluntary work.
Regular blood donation drives are also organised, with the central office building serving as the venue.

Community building is also a focus of the SZABADICS Group; it is a committed supporter of the Kis-Balaton Running Competition and the Mapei Tour de Zalakaros road cycling corporate time trials.
The company group was awarded the CORPORATE SOCIAL RESPONSIBILITY AWARD OF THE YEAR for the SZABADICS RIDE 2024 event, which served not only as a sporting opportunity but also promoted team building, community experience, and sustainability. Free registration was provided for local municipalities and water utility companies, and a selected institution received HUF 500,000 in support — this year, the Children's Home on Űrhajós Street in Nagykanizsa was chosen. Visitors could also choose from free children's programmes, including bracelet making, bicycle decorating, and jersey making.
The company is participating for the second time in the UltraBalaton running race with its employees.

A Strategic Cooperation has been established with the University of Pannonia, with the aim of providing students with real practical experience and supporting their professional development through knowledge transfer between industry and academia. The SZABADICS Group has also created a relaxation corner for students at the University of Pannonia's Nagykanizsa campus.

The SZABADICS Group, together with the Circular Economy University Centre of the University of Pannonia Nagykanizsa, joined the National Tree Planting Day. Our colleagues planted 300 trees and shrubs in the courtyard of the University Centre — Pannon Liget Miyawaki — a Japanese mini-forest whose perhaps most important value among many is the creation of biodiversity in an urban environment, though its role in capturing dust, noise, and carbon dioxide is equally significant.

The company group places great emphasis on family-friendly programmes: an Easter celebration was held for employees' children. Nearly 30 children participated in the event, where chocolate egg hunting, games, and crafts added colour to the festive preparations. Before Christmas, a drawing competition was held in which employees' children could participate across multiple age groups. Participants received their valuable prizes at a special ceremony.

The health of employees is of paramount importance, and therefore, in the spirit of prevention, a free health screening package has been available again for employees since 2024. Comprehensive medical examinations take place in screening trucks located at the central office building.

Those interested can learn about the SZABADICS Group's activities primarily through Facebook posts, their monthly internal newsletter, and on the website and publications of Magyar Építők (Hungarian Builders).