

INDOTEK GROUP ESG Report

2023



INDOTEKGROUP

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About our Report

The information published in this ESG Report relates to the activities of Indotek Group.

The corporate group's parent company

Indotek Zrt., 1133 Budapest, Váci út 110.

Scope of the report

Indotek Group is a Hungarian family-owned group of companies. The Group's founding CEO and majority shareholder is Dániel Jellinek, who has nearly 30 years of real estate experience. This report covers Group companies and activities in which the Group founder has a controlling interest, defined as owning over 50% of shares. The companies included in this report are predominantly involved in property management, property development and asset management, but the Group also includes a company active in technical coordination and financial management.

Companies included in the report

This report covers the activities of 267 companies and their managed assets.

Reporting period

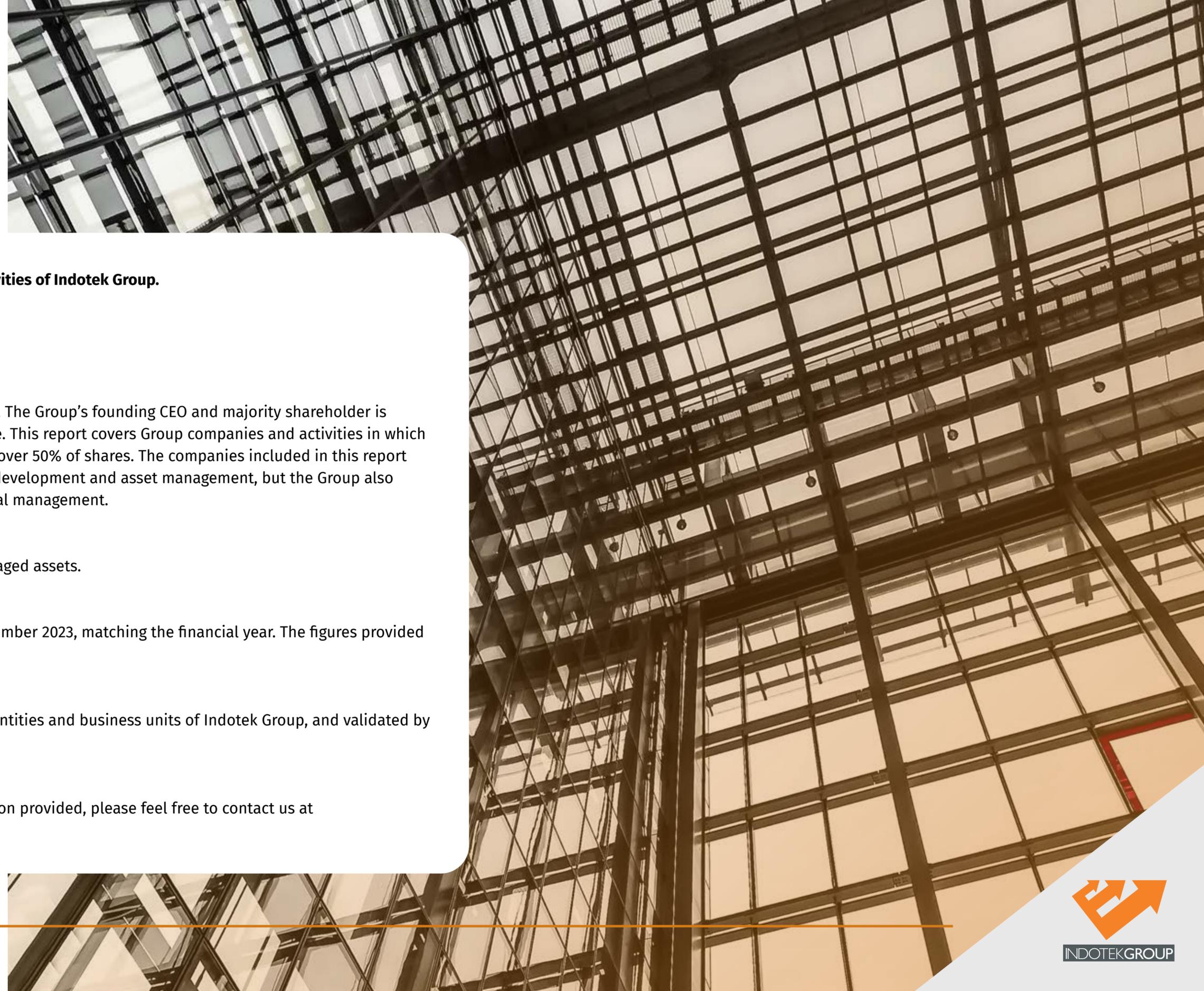
The reporting period is the period from 1 January 2023 to 31 December 2023, matching the financial year. The figures provided refer to 31 December 2023.

Data sources

The data presented in this report was collected by the relevant entities and business units of Indotek Group, and validated by their managers.

Additional information

If you have any questions about this ESG report or the information provided, please feel free to contact us at esg@indotekgroup.hu



Foreword

Dear Partner, Dear Reader!

We are pleased to publish Indotek Group's very first ESG report, which will give you an insight into our sustainability efforts, achievements and objectives.

The integration of environmental, social and governance aspects in Indotek Group's operations is one of our strategic responsibilities, and an integral part of our everyday life.

As a major real estate investor, recycling is not just a business opportunity for us, it is an important direction for our value-creating operations. We are equipping old and obsolete buildings with new and useful functions, using modern technologies to make them more environmentally friendly, and reconnecting them to broader economic and social life. Not only do we create value for our direct users, but we also work hard to improve the quality of life and living conditions of local communities.

We consciously strive to create buildings that are sustainable in the long term. Over the past two years, we have made significant investments in energy efficiency, reducing carbon emissions from our properties by 600 tonnes a year – an amount equal to the annual air purification done by 27,000 trees. We have also prepared an additional 25 projects aimed at using renewable energy sources and improving energy efficiency.

As part of our social responsibility programmes, we use our own resources to help strengthen local communities, for the benefit of society as a whole. We also support the civil sphere with money, resources, and the transfer of know-how, in order to ensure their sustainable operations. Our community projects

include educational and mentoring programmes, health initiatives and efforts to combat poverty.

We pursue practical means of corporate governance, based on conscious compliance and prudent operations. Our well-thought-out procurement policies and risk management strategies ensure that we meet the most stringent industry expectations and regulatory requirements. As an employer, we are also committed to fairness, providing a stable, motivating and pleasant working environment for our employees.

Indotek Group is a group of company that, in addition to running a successful business, also focuses on improving society and the environment. We are and will remain committed to innovative solutions that reduce environmental impacts, help the development of local communities, and promote sustainable economic growth.

I would like to thank all our colleagues, partners and supporters for contributing to our efforts with their hard work!

Yours sincerely,

Dániel Jelinek
managing partner
Indotek Group



About us

Indotek Group is one of Hungary's leading investment management groups, which has a history of almost three decades. Our activities focus on real estate investment, specifically asset management involving the acquisition, development, operation and sale of various industrial, commercial, residential, hotel and office properties. In addition, our Group is also involved in the purchase of bank receivables secured by real estate.

We deliberately seek out real estate investments where we can create lasting value through repositioning, transforming and developing buildings in the spirit of sustainability.

In recent years, we have become a market leader within the segment of B- and C-class properties, and our real estate portfolio includes industrial, commercial, service and residential properties.

We believe that demolition and re-building can have a significant environmental impact, and there are better solutions for buildings with poor energy efficiency. With well thought-out, rational renovations, we can protect our environment for many years to come.

OUR MISSION IS TO CREATE VALUE. WE DO NOT DEMOLISH, WE BUILD. TECHNOLOGIES, FUNCTIONS, CONCEPTS, AND VALUE.

In recent years, the real estate development sector has seen an increasing number of studies and research on how to reduce greenhouse gas emissions during the construction and operation of buildings. Numerous Hungarian and international organisations of real estate experts have championed this issue and, at the same time, there is growing evidence that it is environmentally more advantageous to renovate old, energy-inefficient buildings, rather than to demolish them and build new ones. **This is because a significant part of the greenhouse gas emissions generated during construction are attributable to the production of building materials such as concrete, bricks and steel.** These emissions can be avoided by having market operators renovate existing buildings instead.

The **London Energy Transformation Initiative (LETI)** – a professional network of more than a thousand experts on environmental protection related to construction – has been arguing for years that the only viable way to achieve net zero greenhouse gas emissions is to renovate buildings rather than demolish them, wherever possible, due to the following:

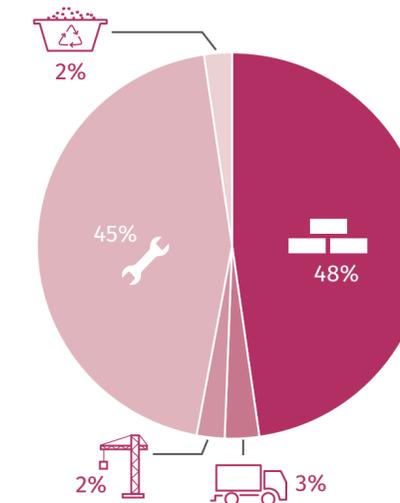
- a significant proportion of CO2 emissions is due to the production of materials for the construction of buildings, as mentioned above, which do not need to be remanufactured when renovating an existing building;
- renovation can significantly reduce the amount of demolition waste, the transport and handling of which also results in environmental impacts.

For example, the carbon footprint (embodied carbon) of a commercial building over its entire lifetime is as follows:

Embodied carbon

Focus on reducing embodied carbon for the largest uses:

- Products/materials (A1-A3)
- Transport (A4)
- Construction (A5)
- Maintenance and replacements (B1-B5)
- End of life disposal (C1-C4)



Average split of embodied carbon per building element:

- 48% – Superstructure
- 17% – Substructure
- 16% – Façade
- 15% – MEP
- 4% – Internal finishes

Reduce embodied carbon by 40% or to:
<600
kgCO₂/m²
Area in GIA

Source:
<https://www.leti.uk/cedg>
https://www.leti.uk/_files/ugd/252d09_0b2d7fb1e19d46ceb4701ec911e0656b.pdf

LONDON
ENERGY
TRANSFORMATION
INITIATIVE

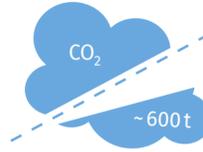
With increasing awareness about sustainability concerns, tenants and building users are also growing more and more aware of the environmental impact of the buildings they use, and climate change awareness is becoming an ever more prominent factor in their decisions.



INDOTEK GROUP IN FIGURES (2023)



In the last two years, we have initiated energy efficiency investments worth around half a billion HUF in our real estate portfolio. As a result, we have reduced the amount of harmful emissions from our properties by approximately 600 tonnes of carbon dioxide annually.



Our future goal is to further improve the sustainability profile of the properties we manage. In order to accomplish this, we currently have 25 modernisation and development projects under preparation.

As a responsible company, we strive to contribute to social equality, equal access to services and a universally accessible living experience, which is why we continuously work hard to make our properties (especially shopping centres) wheelchair-accessible. Almost 100 percent of our plazas and office buildings are fully wheelchair-accessible.

Indotek Group's presence in Europe (2023)

An important part of our growth strategy is to enter foreign markets, where we are conducting increasingly significant activities. In 2023, we had interests and investments in 12 countries.



BUSINESS STRATEGY

Our business strategy is primarily based on a pragmatic approach, conscious risk-taking, understanding and responding flexibly to market and client needs, and a value-creating perspective. In the course of our property renovation, leasing, sale and use activities, we strive to develop optimal solutions from both environmental and economic perspectives.

To ensure long-term profitability and achieve our strategic goal of expansion in Europe, we consider it crucial to implement sustainability in our various development projects

In line with our business policy, we consistently seek out real estate investments where we can create lasting value for the environment through renovating and transforming buildings.

Our business model is heavily weighted towards projects where we upgrade existing commercial or residential properties, often ones that are 25–30 years old, with sustainability in mind. Our renovations increase the value of these properties, while significantly reducing construction waste compared to total demolition, and significantly improving the energy efficiency of the building.

The renovation of our V110 headquarters on Váci út was also carried out in the spirit of sustainability. Before moving in in 2021, we carried out significant external and internal renovations, taking sustainability and value creation criteria into account. We also renovated the façade of the 11,000 sqm building, which included a two-storey underground garage, a 400 sqm courtyard and a 350 sqm terrace. We created modern, welcoming and spacious office spaces, as well as a restaurant for our employees.

The fact that we manage and operate more than 50 office buildings has proven to be a major advantage in the renovation and conversion process, as we were able to apply our considerable experience and expertise in property renovation and conversion.

Our unique façade design faithfully reflects the dynamic nature of our business. An artistically designed bee installation on both sides of the building gives our headquarter a memorable and distinctive appearance.



AWARDS



20 September 2023
Portfolio Future of Finance
2023 conference – Indotek
Group’s CFO, Dr. Bence
Nádasdy, was awarded the
“CFO Master” award.



5 December 2023
Property Awards gala –
we won the “Real Estate
Investment Transaction
of the Year” award in
the Foreign category,
in recognition of our
Spanish retail purchases.



INDOTEKGROUP



5 December 2023
Property Awards
gala – presented the
“Real Estate Talent of the
Year 2023” award – which
we established jointly
with Portfolio Group – to
the professional selected
for the year. Our aim with
this award is to recognise
young talent who have
created lasting value in
the Hungarian real estate
market.

OUR MEMBERSHIPS



Magyar
Bevásárlóközpontok
Szövetsége

MBSZ – Association of Hungarian Shopping Centres



INGATLANFEJLESZTŐI
KEREKASZTAL EGYESÜLET
PARTNER A FEJLŐDÉS BEN!

IFK – Real Estate Development Roundtable Association

PRIORITY MEMBERSHIP



ESG Club
Hungary

In 2024, we joined the ranks
of ESG Club Hungary

OUR TENDER APPLICATIONS



HEPA

Magyar Exportfejlesztési
Ügynökség

**HEPA Hungarian Export Promotion
Agency Nonprofit Zrt. (HEPA)
– Promenada Mall renovation**

**renovation of 135 thousand sqm of mall
space + 5.2 thousand sqm expansion**

Construction took place in 2023



**CED Central European Economic
Development Network Nonprofit Ltd.
(CED20C) – Villa Fenc purchase and
renovation**

Real estate purchase + renovation

Construction took place in 2023



OUR VALUES AND MISSION

OUR VISION

The Indotek Group aims to create sustainable value through agile operations, strategic acquisitions, real estate investments, corporate acquisitions and structured finance operations, as a leading European company.

We aim to deliver superior value and stability to our investors and local communities through the revitalization of obsolete commercial, office and logistics properties, the construction of affordable, quality housing, and future-proof strategic investments, financial services and acquisitions. We are committed to leading the industry by example with our thoughtful approach to risk and our unique, proven turnaround model.

Our skilled professionals respond to challenges with innovative, market-creating solutions and deliver outstanding investor returns.

OUR MISSION

The Indotek Group is committed to the strategic renewal and development of residential, commercial, industrial and logistics real estate. Its operations combine sustainability principles, business efficiency and its own proven turnaround model.

Our work is guided by the principles of performance-driven pragmatism, efficiency and dynamism, integrity and professionalism, and a focus on purpose and profitability based on conscious risk-taking. We value loyalty and responsibility, support our dedicated colleagues and focus on creativity. We believe that a 'tough but fair' attitude and a 'time is money' approach will lead to success.

We deliver superior returns to our investors through carefully timed acquisitions, development and active asset management. We have an in-depth knowledge of our markets: we offer our tenants and buyers properties that fully meet their expectations, without unnecessary luxury and ostentation, focusing on functionality and real value.

We pride ourselves on our values: at Indotek, we bring underperforming properties and businesses to life with an innovative approach and expert care. By reintegrating them, we not only enable their economic recovery, but also promote sustainability and ensure the livelihoods of many, while creating a supportive, enabling and stable environment for our team to grow.

OUR SUSTAINABILITY STRATEGY

We perceive our sustainability efforts and responsibilities not merely as an obligation, but also as an opportunity to set an example to other companies with similar profiles and sizes to ours. Our fundamental goal is to create value for our stakeholders, whether they are our employees, our customers, our suppliers, our partners or any members of society. To set an example, we feel it is important to actively communicate these efforts, going above and beyond the minimum information communication requirements.

Due to our business model, our sustainability objectives focus on transparent corporate governance and respecting the personhood of our employees. From among the UN Sustainable Development Goals (SDGs), our sustainability strategy focuses on the following key objectives.

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY



Affordable and clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all.

From both an economic and ecological point of view, we pay attention to improving and increasing our energy efficiency. This is one of the most important aspects of our renovation projects.

WE AIM TO AT LEAST DOUBLE OUR SOLAR CAPACITY BY 2024

1 NO POVERTY



No poverty

End poverty in all its forms everywhere.

Indotek's management aims not only to generate profit, partner and employee satisfaction, but also to support our local community, keeping the interests of society as a whole in mind.

Every year, we increase our amount of charitable donations to social causes.

FOR 2024, WE ARE TARGETING A 10% INCREASE.

8 DECENT WORK AND ECONOMIC GROWTH



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

We provide fair, equitable, and equal working conditions for all of our employees.

WE STRIVE TO LISTEN TO FEEDBACK FROM OUR EMPLOYEES AS MUCH AS POSSIBLE, AND WE AIM TO CONSISTENTLY IMPROVE OUR HUMAN RESOURCES ACTIVITIES AND ACTIONS.

3 GOOD HEALTH AND WELL-BEING



Good health and well-being

Ensure healthy lives and promote well-being for all at all ages.

We consider a good work-life balance and safe working conditions to be important. In 2023, we had only 2 workplace accidents.

WE STRIVE TO PREVENT ACCIDENTS IN THE WORKPLACE AND TO REGULARLY REVIEW THE RULES AND REGULATIONS RELATING TO THEM.

11 SUSTAINABLE CITIES AND COMMUNITIES



Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient, and sustainable.

Our Group's business policy is to modernise dilapidated buildings to create a long-term sustainable built environment.

WE STRIVE TO ENSURE THAT THE BUILDINGS WE OWN ARE FIT FOR SUSTAINABLE OPERATION THROUGH CONSERVATION AND RENOVATION.

4 QUALITY EDUCATION



Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

As a responsible employer, we believe it is important to support our employees in developing their professional knowledge, skills and technical expertise.

OUR TARGET IS TO INCREASE OUR SPENDING ON TRAINING BY AT LEAST 10% IN 2025.

13 CLIMATE ACTION



Climate action

Take urgent action to combat climate change and its impacts.

Our main objective with of building renovations – which are inherently lower in emissions than new constructions – is to achieve more efficient energy management. One element of this is the use of solar energy, for example in our shopping malls.

AS PART OF OUR EFFORTS TO COMBAT CLIMATE CHANGE, WE WILL FINISH BY 2025 RENOVATION OF 2 PLAZAS AND, IF POSSIBLE, THEIR EQUIPMENT WITH SOLAR PANELS.

Our stakeholders

We interact with a wide range of internal and external stakeholders in our day-to-day operations. We believe that we can operate as a responsible company through actively communicating with our stakeholders. We consider stakeholder groups to be those over which Indotek Group has direct or indirect influence, as well as those which have an impact on our corporate group. We strive for long-term, transparent relationships based on trust and mutual respect with these stakeholder groups.

INDOTEK GROUP STAKEHOLDERS

INTERNAL STAKEHOLDERS



- Owners
- Affiliated companies
- Senior and middle management
- Employees

EXTERNAL STAKEHOLDERS



- Investors
- Business partners
- Suppliers
- Tenants
- Supervisory bodies, authorities
- Local authorities
- Chambers, professional associations
- Foundations, associations
- Local communities
- Banks, insurers, analysts, rating agencies, consultants, certification agencies
- Hungarian and international competitors

Our ESG approach and key topics

We consider it important to inform our stakeholders about our sustainability and ESG-oriented objectives, and to actively involve them in taking the steps to achieve these goals, while also listening to their views. To this end, we conducted an online survey to gather their views on the relationship between our business activities and the concept of sustainability, as well as the actual and potential impact of each issue on our operations, both positive and negative. In compiling these key topics, we considered the results of our international benchmark analysis, as well as MSCI's industry-specific criteria. In our first Sustainability Report, we identified the following key topics.



Our commitment to the environment

QUALITY OF SERVICE

The high quality of our services plays a central role in our daily operations, as it is related to safety, which is one of the most important expectations of both owners and tenants. Additionally, there is a strong demand for durable, long-lasting, and energy-efficient buildings, in order to ensure that the various types of buildings are sustainable from an environmental point of view as well.



ENVIRONMENTAL PROTECTION

Indotek Group's activities related to environmental protection and sustainability have made significant progress in recent years, particularly in the following areas:

→ ENERGY SAVINGS

We place great emphasis on energy efficiency. We continuously monitor and optimise our energy consumption, introducing more efficient processes and technologies in both our production and office activities. As a result, we have significantly reduced our energy consumption and costs, while minimising our environmental footprint.



→ WASTE MANAGEMENT

In order to minimise our waste, we are continuously improving our waste reduction and recycling programmes, making efforts to change attitudes and enhance awareness among our employees, and improving their understanding of waste and waste management.



→ RENEWABLE ENERGY

Our Group actively invests in renewable energy sources, in particular solar panel projects. This represents significant progress towards our sustainability goals, as the use of these technologies reduces our negative impacts on the environment, and lowers carbon emissions. Since 2017, we have been installing solar systems in the buildings we operate in several phases. As a result, the share of renewable energy in our energy use has increased significantly in recent years.



→ WATER CONSUMPTION

It is important for us to rationalise our water consumption, and to minimise our negative environmental impacts in this regard as well. We use technologies and equipment that reduce our water consumption, and promote the efficient use of water.



ENVIRONMENTAL GUIDELINES

According to our Group's environmental guidelines and annual goals, we pay special attention to reducing energy consumption and greenhouse gas emissions. We make significant investments every year in order to achieve these goals, and are actively involved in natural resource management and efficient waste management.

We provide selective waste collection at all our properties, and work cooperatively with our tenants to improve waste management. Our internal expectations regarding waste management are set out in the relevant regional regulations.

We continuously strive to increase our energy efficiency, and to increase the ratio of renewable energy sources in our energy use. We are introducing additional measures to reduce greenhouse gas emissions.

We have annual targets for reducing our energy consumption and greenhouse gas emissions, which are key elements of our sustainability strategy, and contribute to achieving our climate goals.

Our environmental guidelines and annual goals reflect our Group's responsible corporate behaviour.

EFFICIENT ENERGY MANAGEMENT

Indotek Group is responding effectively to rising energy prices through modernisation and energy efficiency investments. Even before the rise in energy prices, we recognised the growing challenges related to operations and utility costs, and took into account tenants' needs for keeping those costs predictable and manageable. Accordingly, we have accelerated and further emphasised our energy investment plans. As part of our investments, we are continuously working on upgrading and modernising e.g. our lighting technology and energy-intensive building services, and installing solar panels on our buildings to reduce costs and improve our energy efficiency.

As part of our Facelift programme, we have already renovated a significant portion of the shopping centres in our portfolio. As our company has the most extensive shopping centre portfolio in all of Hungary, we consider particularly important to keep our shopping malls in line with current consumer and shopping trends as much as possible, while also making innovative technological investments to ensure more efficient energy use, as per our Company's sustainability efforts.

OUR PROPERTY MODERNISATION CONCEPT

A key focus of our business model involves projects where we upgrade existing commercial or residential properties, often ones that are 25–30 years old, with sustainability in mind. Our renovations increase the value of these properties, while significantly reducing construction waste compared to total demolition, and significantly improving the energy efficiency of the buildings.

Over the past five years, our Group has renovated or modernised 11 shopping centres.

As part of Indotek Group's comprehensive development programme, we expanded and renovated the Promenada Mall (now known as Plaza M) in Târgu Mures, extending our Facelift programme to our foreign mall portfolio as well. The nearly €15 million mall renovation project is an important part of our Group's development strategy in the region.

In the first phase of the modernisation works, we renovated the interior and the façade of the Plaza M shopping centre, and installed around 5,000 square metres of solar panels in the building as part of a nearly €1 million investment, significantly increasing the property's energy efficiency and its use of renewable energy.

Plaza M, with its new look and services, will offer a higher level of services for tenants, as well as a better shopping experience for customers.

Indotek Group uses a variety of renewable energy sources in its buildings, including heat pumps, solar panels, district heating and renewable electricity.



INDOTEKGROUP

OUR ENERGY CONSUMPTION DATA IN FIGURES¹

DOMESTIC ASSET PORTFOLIO	
Total annual energy consumption (MJ)	243,437,458
Renewable production (MJ)	836,627
Share of renewables (%)	9.23
Annual electricity consumption (kWh)	44,680,238
Annual gas consumption (thousand m3)	1,295
Annual district heating consumption (GJ)	26,087
Annual water consumption (litres)	215,979,000
Annual sewerage usage (litres)	215,036,000
Renewable consumption (MJ)	22,480,624

¹In 2023, based on Indotek Group's own calculations

Indotek Group's total annual energy consumption exceeds 243 million MJ, with 836 thousand MJ of that being sourced from renewable energy sources. In recent years, we have purchased and used increasing amounts of our energy from renewable sources, amounting to 22.5 million MJ in 2023.

The share of renewable energy in our total energy consumption was 9.23 percent. We aim to grow our share of renewable energy in the coming years, and we have been continuously increasing the use of solar energy in our companies over the past years.

Indotek Group's annual electricity consumption exceeds 44 million kWh, while our annual gas consumption reached 1295 thousand cubic metres in 2023. Our annual district heating consumption amounted to 26,087 GJ.

The amount of water we use approaches 216 million litres annually, while our sewerage use was of a similar order of magnitude, amounting to 215 million litres in 2023. Our consumption from renewable energy sources amounted to 22.48 million MJ in the reporting year.

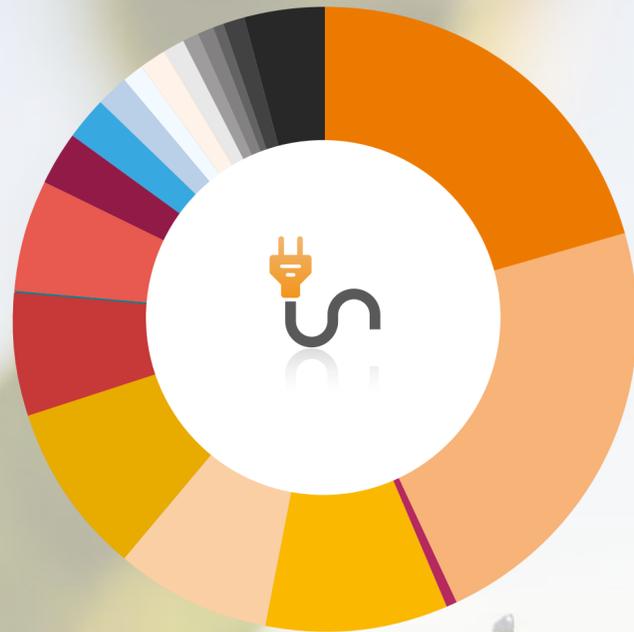
Our energy consumption is highly concentrated: just 20 companies hold Group assets accounting for around 96% of its domestic energy consumption.

**INDOTEK GROUP'S TOTAL ENERGY CONSUMPTION
BY COMPANY, 2023**

COMPANY NAME	SHARE OF ENERGY CONSUMPTION IN INDOTEK GROUP (%)	TOTAL ANNUAL ENERGY CONSUMPTION (MJ)
Duna Plaza Ingatlanfejlesztő Kft.	18.57	45,194,837
Corvin Plaza Bevásárlóközpont Kft.	16.10	39,192,559
PortoNovo Property Kft.	8.38	20,409,398
Alba Bevásárlóközpont Kft.	7.29	17,745,204
Miskolc 2002 Kft.	6.47	15,756,054
GYR 2002 Kft.	6.45	15,711,915
Nyír Bevásárlóközpont Kft.	5.84	14,206,950
HREF Ipari Kft.	5.38	13,100,046
PLZ-ASSET Kft.	4.95	12,055,405.6
M47 Vállalkozói Park Üz. Kft.	3.40	8,285,354

COMPANY NAME	SHARE OF ENERGY CONSUMPTION IN INDOTEK GROUP (%)	TOTAL ANNUAL ENERGY CONSUMPTION (MJ)
Lowell120 Invest Kft.	2.99	7,279,687.20
PortoNovo Property Kft.	1.90	4,632,841.20
Colville Invest Kft.	1.81	4,399,379.60
Váci út 110. Ingatlankezelő és Hasznosító Kft.	1.50	3,659,796.00
Corner 21 Kft.	1.16	2,820,831.20
Maltit Ingatlanforgalmazó és Hasznosító Kft.	1.10	2,686,126.40
Golden Meadows Real Estate Kft.	1.08	2,634,871.20
Callisto Properties Kft.	0.83	2,016,494.4
Firpodon Befektetési Zrt.	0.75	1,814,806.80
Other	4.04	9,834,900.80

Indotek Group's annual electricity consumption by company, 2023 (kWh)



Duna Plaza Ingatlanfejlesztés	9,265,682
Corvin Plaza Bevásárlóközpont Kft.	10,069,994
PortoNovo Property Kft.	184,555
Alba Bevásárlóközpont Kft.	4,187,779
Miskolc 2002 Kft.	3,658,104
GYR 2002 Kft.	3,958,032
Nyír Bevásárlóközpont Kft.	2,855,618
HREF Ipari Kft.	16,523
PLZ-ASSET Kft.	2,656,032
M47 Vállalkozói Park Üz. Kft.	1,243,821
Lowell120 Invest Kft.	889,204
PortoNovo Property Kft.	748,567
Colville Invest Kft.	544,561
Váci út 110. Ingatlankezelő és Hasznosító Kft.	575,602
Corner 21 Kft.	526,342
Maltit Ingatlanforgalmazó és Hasznosító Kft.	344,230
Golden Meadows Real Estate Kft.	429,504
Callisto Properties Kft.	257,404
Firpodon Befektetési Zrt.	504,113
Other	1,764,571

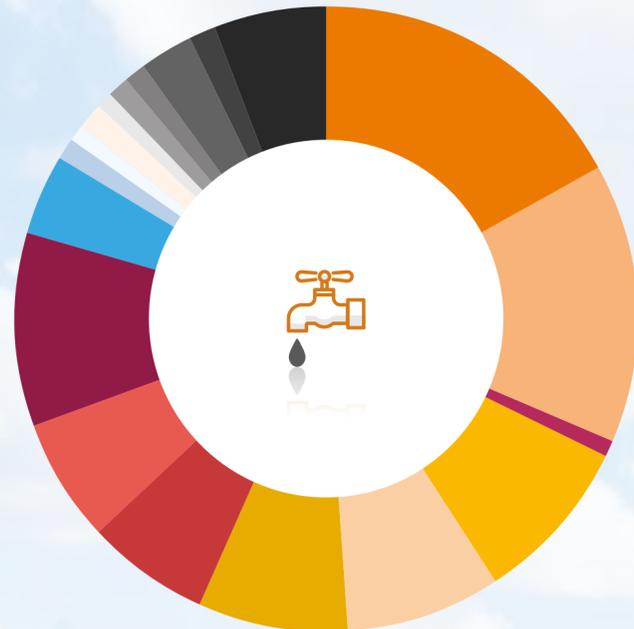
Duna Plaza Ingatlanfejlesztés	344.14
Corvin Plaza Bevásárlóközpont Kft.	85.48
PortoNovo Property Kft.	-
Alba Bevásárlóközpont Kft.	78
Miskolc 2002 Kft.	75
GYR 2002 Kft.	-
Nyír Bevásárlóközpont Kft.	114
HREF Ipari Kft.	36
PLZ-ASSET Kft.	72
M47 Vállalkozói Park Üz. Kft.	111
Lowell120 Invest Kft.	60
PortoNovo Property Kft.	-
Colville Invest Kft.	71
Váci út 110. Ingatlankezelő és Hasznosító Kft.	46
Corner 21 Kft.	-
Maltit Ingatlanforgalmazó és Hasznosító Kft.	42
Golden Meadows Real Estate Kft.	32
Callisto Properties Kft.	29
Firpodon Befektetési Zrt.	-
Other	100

Indotek Group's annual gas consumption by company, 2023 (thousand m3)



We always encourage our companies to use sustainable energy sources and environmentally friendly solutions.

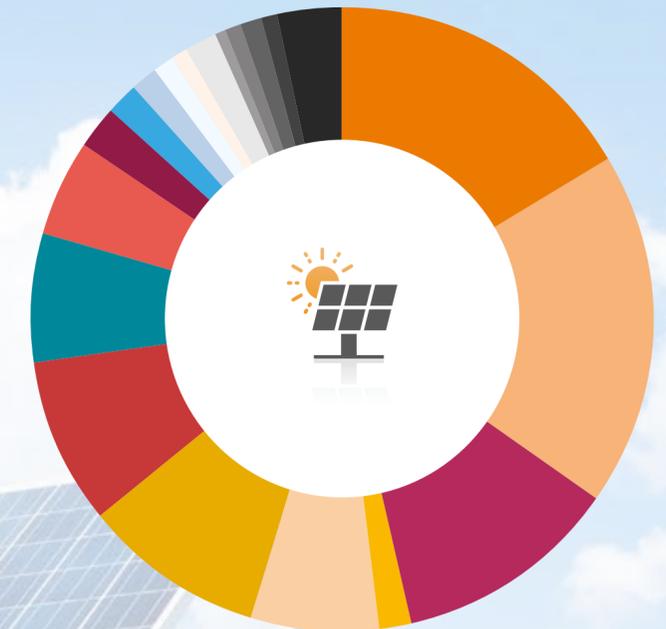
Indotek Group's annual water consumption by company, 2023 (litres)



Duna Plaza Ingatlanfejlesztés	36,887,000
Corvin Plaza Bevásárlóközpont Kft.	30,938,000
PortoNovo Property Kft.	2,326,000
Alba Bevásárlóközpont Kft.	18,104,000
Miskolc 2002 Kft.	17,853,000
GYR 2002 Kft.	16,635,000
Nyír Bevásárlóközpont Kft.	13,456,000
HREF Ipari Kft.	0
PLZ-ASSET Kft.	14,118,000
M47 Vállalkozói Park Üz. Kft.	21,859,000
Lowell120 Invest Kft.	8,880,000
PortoNovo Property Kft.	2,186,000
Colville Invest Kft.	1,682,000
Váci út 110. Ingatlankezelő és Hasznosító Kft.	3,392,000
Corner 21 Kft.	1,578,000
Maltit Ingatlanforgalmazó és Hasznosító Kft.	2,127,000
Golden Meadows Real Estate Kft.	2,499,000
Callisto Properties Kft.	6,024,000
Firpodon Befektetési Zrt.	3,037,000
Other	12,398,000

Duna Plaza Ingatlanfejlesztés	344.14
Corvin Plaza Bevásárlóközpont Kft.	85.48
PortoNovo Property Kft.	-
Alba Bevásárlóközpont Kft.	78
Miskolc 2002 Kft.	75
GYR 2002 Kft.	-
Nyír Bevásárlóközpont Kft.	114
HREF Ipari Kft.	36
PLZ-ASSET Kft.	72
M47 Vállalkozói Park Üz. Kft.	111
Lowell120 Invest Kft.	60
PortoNovo Property Kft.	-
Colville Invest Kft.	71
Váci út 110. Ingatlankezelő és Hasznosító Kft.	46
Corner 21 Kft.	-
Maltit Ingatlanforgalmazó és Hasznosító Kft.	42
Golden Meadows Real Estate Kft.	32
Callisto Properties Kft.	29
Firpodon Befektetési Zrt.	-
Other	100

Indotek Group's annual renewable energy consumption by company, 2023 (MJ)



It is a point of pride for us that, in addition to our energy modernisation efforts, two of our companies were already producing 836 thousand MJ of renewable energy in 2023.

We always encourage our companies to use sustainable energy sources and environmentally friendly solutions.

FOREIGN ASSET PORTFOLIO

Indotek Group's shopping centres, hotels and other facilities abroad also feature prominently in our ESG report. We report on the emissions, energy consumption and waste management indicators of these buildings, in order to provide a comprehensive and transparent picture of our sustainability activities. In addition to presenting our business results and strategies, we place a high priority on properly communicating the sustainability performance of our buildings, thereby providing a full picture of the Group's operations and environmental impact.

OUR PROJECTS WITH FOREIGN INVOLVEMENT:

- Cybernetyki Office Center
- Taifun Office Building
- Brama Zachodnia
- Bokserska Office Center
- Hotel Almuñecar
- Hotel Sorra D'or
- Hotel Torremolinos
- Sport Hotel Torre Pacheco
- Htop Beach Club Lloret Hotel
- Hotel Thalasia Costa de Murcia
- Vera Hotel
- Vilamarina Shopping center
- Factory Bonaire Shopping center
- Le Masserie
- Promenada Mall
- One Victoriei Center
- Baneasa Business Center



The total energy consumption of **all foreign entities** was **26,604,085.1 MJ** in 2023, of which:

electricity consumption was **18,666,087 kWh,**



gas consumption was **235,997.58 thousand m3,**



water consumption was **249,979,000 litres.**



Due to the specific characteristics of the industry, fuel consumption was low, amounting to only **11,362 litres** in the year under review.



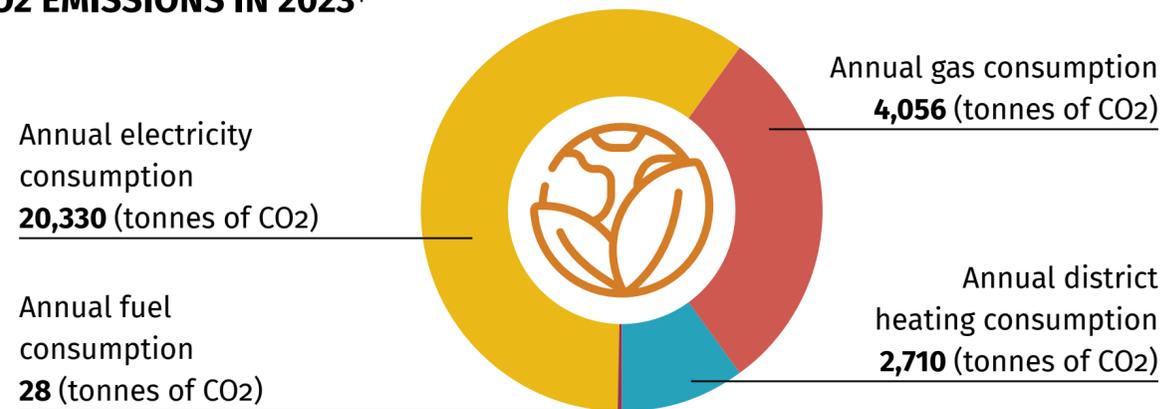
REDUCTION OF OUR GREENHOUSE GAS EMISSIONS AND CARBON FOOTPRINT

FLEET – INDOTEK GROUP

Indotek Group’s vehicle fleet consists of a total of 302 vehicles, with the majority being petrol and diesel-fuelled. 90% of these vehicles are passenger cars, and with the exception of 5 corporate vehicles, all are leased. In recent years, the number of hybrid vehicles in our fleet has increased. Our aim is to further increase the proportion of electric and hybrid passenger cars in our fleet in the future.



TOTAL CO2 EMISSIONS IN 2023¹



¹ Based on Indotek Group’s own calculations

INDOTEK GROUP HEADQUARTERS’ CARBON EMISSIONS, 2023	
GHG emissions, Scope 1 (tonnes of CO ₂ equivalent)	0.263
GHG emissions, Scope 2 (tonnes of CO ₂ equivalent)	29,613
GHG intensity (tonnes of CO ₂ equivalent per square metre)	0.0329

In 2023, CO₂ emissions from the domestic asset portfolio were distributed as follows:



² Fuel consumption was split roughly equally between petrol and diesel.

RESPONSIBLE WASTE MANAGEMENT

The most common types of waste generated at Indotek Group's foreign entities were paper, cardboard, municipal waste, glass bottles and packaging materials. There is also a significant amount of plastic waste generated in the course of catering and business activities. These activities generate food waste and other everyday waste as well, which are considered municipal waste.

Hazardous waste streams include vegetable oil from kitchen and restaurant operations, as well as fluorescent tubes, batteries, toners and cartridges requiring special treatment. The oily water and sludge from separators is also considered hazardous waste, and requires special treatment.

Indotek Group is committed to the safe management of hazardous waste, and regularly ensures responsible recycling or disposal, in order to minimise environmental impact.

Our social responsibility

EMPLOYEES

We trust and value our employees, and strive to provide excellent working conditions for them.

OVERVIEW OF INDOTEK GROUP EMPLOYEES (2023)

558 employees total of which*



*Compared to the total number of employees

18% of Indotek Group managers are women



NUMBER OF INDOTEK GROUP EMPLOYEES BY ACTIVE/INACTIVE EMPLOYMENT STATUS (2023)

521 active employees of which



37 inactive employees of which



NUMBER OF INDOTEK GROUP EMPLOYEES BY TYPE OF EMPLOYMENT (2023)

526 full-time employees of which



32 part-time employees of which



The employee turnover rate for Indotek Group in 2023 was 14.95 percent.

HR STRATEGY

A strong corporate culture is crucial for any company, as it determines how committed and engaged its employees are. Indotek Group understands the importance of its human capital. It is in this spirit that we have developed our people-centred HR strategy, which is in effect as of 2023.

Indotek Zrt.'s HR strategy covers the following areas, which are closely interrelated:



THE HR DEPARTMENT'S MISSION

Our goal is to ensure a stable work environment for our employees, offering equal opportunities for learning and personal development. We believe it is important to transparently define and communicate our corporate culture, values, image and branding, as well as the benefits and operational frameworks available to our employees.

Indotek Group represents values that have remained unchanged for years, and are reflected in the feedback of our employees in our daily operations.

OUR VALUES

- Planned, predictable and steady growth, while maintaining financial stability
- Providing professional development opportunities for our employees
- Environmentally conscious behaviour, social responsibility
- Cooperation with open-minded, flexible, creative and intelligent colleagues
- Creating a pleasant atmosphere and a community that inspires each other to keep improving
- Providing a modern, fully equipped, safe and ergonomic physical environment

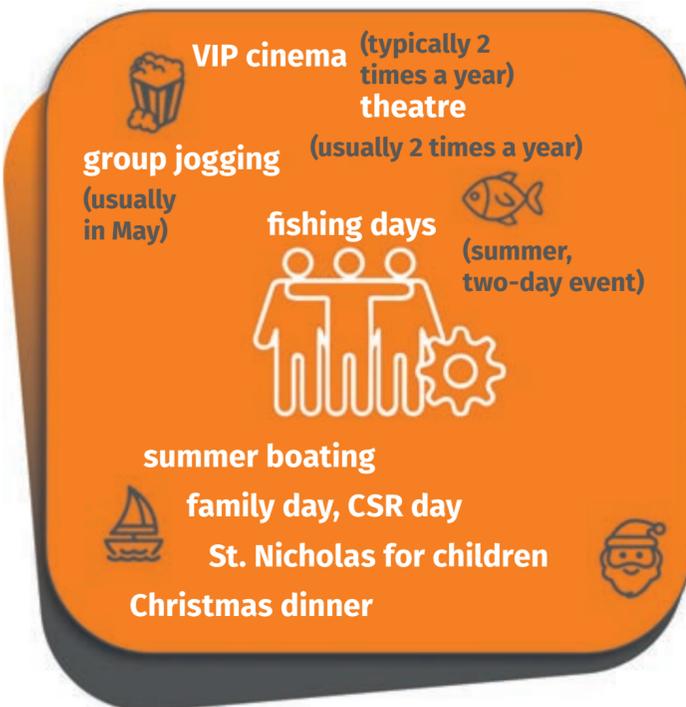
These values are also published on the company intranet. Our aim is to ensure that our everyday cooperation and communication with employees and managers is based on these values. We take into account the relevant feedback and comments of our colleagues and thus support the effective implementation of our Group's values.



ORGANISATIONAL CULTURE AND EMPLOYEE ENGAGEMENT, EMPLOYEE SATISFACTION

We organise monthly company events with a variety of activities designed to appeal to people of all ages, and to both white-collar and blue-collar employees. These events include cultural, sporting, creative and family activities, and we use employee feedback to gauge their reception and overall success. Based on the results received, we then organise further events tailored to meet the needs of our employees, thus strengthening their loyalty to the company.

Indotek Group's team building programmes



We also organise team-building programmes once a year for every department, giving our employees the opportunity to connect with each other in smaller, more close-knit groups.

We place a high priority on the well-being of our employees, promoting employee engagement and loyalty, and encouraging our colleagues to provide feedback on how the company is performing.

We hold annual performance appraisals, with managers providing feedback on the performance of their subordinates, but also allowing subordinates to evaluate their managers, based on a specified set of criteria.

Every six months, we elect the most exceptional employees for that half-year based on pre-defined categories, rewarding workers who have performed exceptionally based on the collective's decision.

We reward our long-serving employees (after one year of employment, after two years, and after every additional two years thereafter) with material gifts and certificates. Employees who have been with us for ten years or more are presented with a certificate of recognition and gifts by senior management at prestigious semi-annual events.

Our key employees are invited to join the Employee Share Ownership Programme.

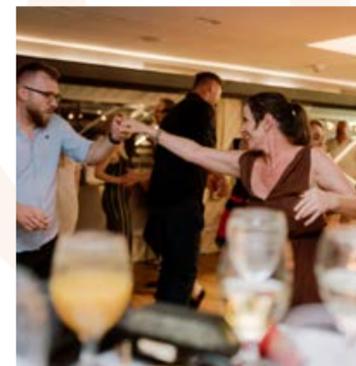
We conduct an annual satisfaction survey regarding our HR activities and programmes organised by HR. The survey includes both short-form questions requiring text feedback, and questions that ask the respondents to grade on a scale. We use the results to improve HR's internal operations and plan annual programmes

In addition, in recent years we have implemented a project-based survey to define our corporate values, as well as two network surveys. All results are analysed by HR and/or the Organisational Development team, who then prepare an action plan with the involvement of relevant stakeholders.

In April 2022, we launched our Employer Branding survey, which helped us identify key values, and also functioned as a satisfaction survey.

Based on the analysis of the results, we implemented or launched the following development projects in 2022–2023:

- Building a structured, new onboarding process that includes training on our corporate structure, software use, and organisational culture
- Improving our selection process
- Revising our performance appraisal process
- Expanding our process controls
- Employer Branding
- Expanding responsibilities and authorities
- Plans for developing career paths and opportunities for advancement
- Developing a talent management strategy



The selection, training, and retention of new employees is a top priority for our Group. We place particular emphasis on open communication, and on ensuring that our talented employees are given the opportunity to put their skills to good use and receive the recognition they deserve.

As per our HR policy, the aim of the selection process is to select employees with the specified competences, who best fit the job profile and meet the criteria set by the client. We do this in a cost-effective way, fully complying with all privacy and data management regulations.

Indotek Group's onboarding process aims to guide new employees through a unified 11-point process. This provides them with the necessary support to learn about the company, their job, the organisational culture and their colleagues, as well as the necessary information to perform their tasks to a high standard. The process involves managers, HR staff (selection specialists and generalists, training and development staff) as well as colleagues with other roles (e.g. office managers). Our philosophy is that training new entrants and sharing our values and knowledge is key to helping them develop a commitment to our company.

OUR RECRUITMENT PROCESS IS AS FOLLOWS:

- receipt of a recruitment request by HR,
- advertising the position,
- screening all received applications and CVs, and forwarding the promising ones to the relevant manager,
- conducting interviews (typically one round, but there are certain positions with two or three rounds of interviews),
- making a decision within a week or two,
- providing feedback on the decision made.

On average, we advertise 40–50 open positions at a time on our Careers page and on Profession.hu. We also use headhunting firms when seeking employees for certain specific roles (for example, for accounting or expert roles). We also find many employees through internal referrals and database searches, which have also proven to be effective methods.

We hold group **integration presentations** during the probationary period of selected employees working at our head offices, three to six times a year on average. These presentations include general information about our Group (organisational structure and meeting schedules, employee benefits, opportunities, current company programmes).

In addition to these integration presentations, we occasionally give new colleagues the opportunity **to meet the CEO in person**. The informal programme is an casual but professionally focused, group discussion over dessert. This event takes place quarterly.

The third, essential element of the integration programme is the integration discussion, which is held 2–3 months after hiring a new employee. This is a two-way dialogue between the new employee and our organisational development expert, where we ask targeted questions to get feedback on the new employee's experiences and readiness. We are also interested in the employee's insights, and any valuable suggestions they may have for Indotek. Our HR team member informs the manager of the relevant area about the results. The fourth element of integration is **our mentoring programme**, which is a key element of our talent management process.

OUR 3 MAIN CORPORATE TALENT MANAGEMENT PROGRAMMES:

• MENTORING PROGRAMME

We provide mentoring support for new hires in several areas to help them integrate, learn and settle in effectively. This programme is also a way for us to express our appreciation for both mentors and mentees. When selecting mentors, we take into account experience, skills, abilities, attitude and the intentions of both parties. Mentoring also provides individual development opportunities for both the mentor and the mentee.

• TALENT SUPPORT PROGRAMME

This programme aims to identify talented individuals demonstrating above-average potential in terms of performance and attitude. Once selected, these talented employees will receive support for their professional and personal development and career path.

• KEY EMPLOYEE SUPPORT PROGRAMME

Employees selected for this programme must demonstrate outstanding performance through their professional expertise, organisational knowledge, and commitment. We make it a priority to show our appreciation for them and provide incentives for their retention, and we provide them with opportunities for personal development.

EMPLOYEE EDUCATION AND TRAINING

Continuous training is one of the defining elements of a successful corporate strategy, as it ensures employee professionalism and commitment, as well as competitive business operations and the achievement of objectives.

Indotek Group's annual training plan is designed to support the development of professional, technical, and soft skills of the employees in our various departments. At the end of the year, the managers of each department assess what type of training support their employees require to ensure their personal development and high-quality performance. We then develop the annual training plan for the department, taking these requirements into account and also considering the expectations of both employees and employers, and with the objective of providing support and opportunities for development.

In addition to the mandatory annual fire safety and occupational health and safety trainings, our staff (both managers and employees) attended the following training courses in 2023:

INDOTEK GROUP'S COMPULSORY NON-EDUCATIONAL TRAINING COURSES IN 2023

TRAINING CATEGORY	TOPIC OF THE TRAINING	ANNUAL TRAINING HOURS PER 1 PERSON
Training in information and communication technologies (ICT)	Excel training (beginner, intermediate, advanced)	13 hours
Language training	English language (from beginner to native speaker level)	45 hours
Soft skill training (e.g. sales, lean, communication, leadership development, etc.)	<ul style="list-style-type: none"> • Leadership development training and coaching • Mentor training • Interview technique training 	24 hours

In each case, we consider how best to deliver the training, in order to provide the greatest possible added value. As a result, we will offer both online and on-site training, and we plan to start including blended learning* elements as well, starting in 2024.

We are always happy to support training and skills development initiatives, and we are also open to study contracts on a case-by-case basis, based on individual review.

*A mix of traditional face-to-face and e-learning

Indotek Group considers it vital to have committed and loyal employees. This can be facilitated by a well thought-out benefits package that positively impacts their lives and overall well-being. We offer a comprehensive benefits package to our employees.

INDOTEK GROUP HR POLICIES

- Regulation on HR department processes
- Regulation on leave during the working week
- UniTime guide to vacation time management

ELEMENTS OF INDOTEK GROUP'S BENEFITS PACKAGE INCLUDE:

- Discounted vacation opportunities in Hungary and abroad at hotels owned by the Group
- Company-funded training courses
- Private health insurance, which can also be extended to family members
- Meal allowance
- Fruit Day
- Eyewear allowance
- Support for sports activities
- Preferential account opening and management options with contracted partner bank(s)
- Company car and fuel reimbursement/allowance for certain jobs
- Company events (cultural, CSR, sports, team building, etc.)
- Employee Stock Ownership Programme

EQUAL OPPORTUNITY AND NON-DISCRIMINATION

Our management strives to provide a fair, equitable and non-discriminatory working environment for all our employees, allowing them to carry out their work with dignity and according to generally accepted human rights standards. We greatly value the diversity of our workforce, promote equal opportunity for all, and strongly condemn discrimination and harassment.

We are committed to maintaining a workplace free from discrimination and harassment on the basis of race, gender, skin colour, nationality or culture, religion, age, disability, sexual orientation, political opinion or any other status protected by the relevant laws and regulations. We provide our employees with the necessary conditions to perform their jobs without any harmful discrimination.

The remuneration of our employees is entirely independent of their gender.

WORKPLACE HEALTH AND SAFETY

As a responsible company, we are committed to providing a safe and healthy work environment for our employees, and to this end, we strictly comply with all relevant laws and regulations. We pay particular attention to holding regular, mandatory training sessions for both new hires and established employees.

Our achievements in workplace wellbeing and safety are reflected in the fact that in 2023, we only had pay occupational accidental injury benefits to two people for a total of 24 working days. There were no fatal accidents during the reporting year.

WORK-LIFE BALANCE

Finding balance in all areas of life is essential, and the balance between work and private life is no exception. As we spend a significant part of our lives at work, a disruption to our work-life balance can have a negative impact on our health. Employers who strive to maintain this balance and provide a supportive environment for their employees can reap numerous benefits, including cost savings, fewer absences, and a more loyal and productive workforce.

Indotek is committed to establishing a healthy work-life balance for our employees. This is achieved by establishing a regular work week schedule, and by ensuring substitution during planned annual holiday leave. It is important to us that our employees do not work more than 8–9 hours a day, and we do not have mandatory overtime in any department. If necessary (e.g. in case of illness, personal issues or needs – such as receiving a mechanic at home or picking up a parcel), remote work is also possible, allowing our employees to balance their personal and work commitments.

At all levels of the organisation, we ensure that both the working conditions and the amount of work to be done are communicated to our colleagues in a clear and transparent way. This helps ensure predictability, and allows for efficient planning and the smooth organisation of workflows. As a result, we can more easily align employer and employee expectations, and shape our vision for the future together.

COMMUNICATION, INTERNAL NOTIFICATIONS

We believe it is important to keep our employees informed, and we feel that open, honest communication and the frank exchange of views is one of the foundations of problem-free cooperation. We keep our staff informed about the issues affecting them, and give them the opportunity to express their observations in person, allowing us to provide them with a pleasant workplace environment.

In order to ensure efficient internal communications, Indotek Group also operates an intranet site, in addition to sharing information through the general e-mail channels. The most important news, changes and company results are also communicated on the intranet site.

Internal meetings are generally held in-office in the form of “semi-formal” discussions, with format meetings being the norm for external partners.

We usually organise 15–20 events and programmes a year that involve the entire company.

Our programmes include afternoon, evening and all-day events, including charitable, recreational, sporting and cultural activities. The diversity of our programmes is designed to reach a wide range of our employees, offering interesting, useful and relaxing opportunities for everyone to enjoy themselves and socialise with each other. We are proud that our internal communications and events reflect the unified, authentic, and consistent communication style that we are known for.



SUPPORTING LOCAL COMMUNITIES

Corporate social responsibility reflects a company's commitment to contributing to the well-being of local communities and society, through various environmental and social actions. Our owner and management team have long recognised that the success and long-term prosperity of our company is a top priority not only to ensure the satisfaction of our employees, but also to affirm our responsibility to our environment and our local communities.

Through our charitable donations, we aim to make a positive impact on local communities, the economy, the environment and society as a whole.

In 2023, we provided charitable donations worth nearly HUF 70 million.

Our donation activities focus on:

- equal opportunities for disadvantaged young people,
- providing children's with a chance at a healthy life,
- culture,
- climate awareness, and
- talent development for young people in need



which are all causes that have received financial assistance from us. In 2023, we donated a total amount of 67.5 million Hungarian forints.

SUPPORT FOR THE DISADVANTAGED

In 2023, the two largest charitable donations from Indotek Group were awarded to the **Bagázs Közhasznú Egyesület** (*Bagázs Charitable Association*) and the **Világszép Alapítvány** (*Beautiful World Foundation*). The former aims to support and empower the Roma settlements in Bag and Dány. In particular, it focuses on providing opportunities for women living in Roma settlements to work and earn a living independently and responsibly in a safe environment, through the Shanco social enterprise. The second donation mentioned aims to help children who were deprived of their families, allowing them to mitigate and overcome the fundamental disadvantages of having been raised in a children's home or in foster care. It is important to give everyone the opportunity to experience individual attention, acceptance and love, and to help them understand that the world is beautiful and full of possibility. This is achieved through an inclusive program designed with the assistance of child protection professionals and volunteer mentors. The donation was used to train and coach mentors, and to employ a "Super Mentor".

Founded by social workers, psychiatrists, healthcare workers, and volunteer helpers, the **Way Out Association** (*Kiút Egyesület*) aims to assist with the socialisation of children and young people growing up in disadvantaged, poor, and large families, and furthermore to improve the chances of those who have fallen on hard times, individuals and families living in poverty, as well as homeless people. The programme will focus on addressing homelessness and mental health issues, with social work playing an integral part. Here, our main mission was to provide comprehensive support for the residents of the Gyömrői road hostel, and aftercare for the residents of the former Zászlós hostel in Csepel.

Regarding the **InDaHouse Hungary Association**, we supported planned, interconnected educational and developmental services from birth to adulthood for disadvantaged children, mostly of Roma origin, living in the villages and segregated areas of Borsod. Our support was sufficient to cover the annual costs of ten children, along with the full annual overhead costs of the schools.

We have also supported **the SOS Children's Villages Hungarian Foundation** (*SOS-Gyermekfalu Magyarországi Alapítvány*), contributing to the maintenance costs of two SOS houses in Kecskemét and the development of the children living with the families there.



PROMOTING HEALTHCARE FOR CHILDREN

The **Amigos for Children Foundation** (*Amigos a Gyermekéért Alapítvány*) is a non-profit organisation that helps sick children in hospital. University student volunteers, known as amigos, visit children with long-term illnesses in hospitals and motivate them to recover by teaching them languages, developing their skills, and playing games together. For one year from the date of the contract, Indotek Group sponsored regular activities at the Szent László Hospital (National Institute for Infectology and Hema-tology of the South-Pest Hospital Centre) in Budapest.

The **Breathing for the Soul Foundation** (*Légzéssel a Lélekért Alapítvány*) aims to improve the well-being of respiratory patients and those caring for them. The foundation has also set up a choir, which sings in concerts with around 150 patients from four lung clinics across the country, using the SingLung method developed by the foundation. Our company was motivated to provide financial support by both the method and a commitment to the choir itself.

CULTURAL PATRONAGE

We consider high culture – especially classical music – to be a significant factor in our lives, which is why we have chosen to support the **Castle Academy Foundation** (*Kastélyakadémia Alapítvány*), through which we can sponsor their annual international piano competition at Carnegie Hall, including a live broadcast of the finals, for the next 10 years (2023–2032).

By donating to the St. Stephen's Philharmonic Non-Profit Ltd. (Szent István Filharmonikusok Non-Profit Kft.), we can support the work of the orchestra, by defraying the cost of purchasing instruments and sheet music.

CLIMATE AWARENESS

We also supported the **Young Climate Hero campaign** of the **UNICEF Hungarian Committee Foundation**, the world's best-known child protection organisation. This campaign had activists involve children in the programme for educational purposes, producing climate lessons, expert videos, quizzes, discussions and a range of experiential activities for them. In the spirit of our sustainability principles, we were glad to support the project, and provided substantial funding for its operations.



TALENT DEVELOPMENT

Talent development also plays a major role in our policy of value-enhancing donations. We have provided financial donations to support the work of a number of organisations in this area. These include the **Szent István Gimnázium Foundation**, through which we provided a lump sum grant for 25 disadvantaged high school students, based on pre-defined conditions stipulated by the school. Through the **Igazgyöngy Foundation**, we contributed to basic art education, catch-up education, and talent development, while the **New Start Foundation (Új Start Alapítvány)** offered a way for us to contribute to the success of the national Roma talent programme with a donation in the millions.

The work of the Dr. György Vass Foundation is focused on the maintenance and professional tasks of the Pedagogical Specialist Service of the Biatorbágy Early Development Centre, which we also fund via a charitable donation.

We are also patrons of the highly reputable Milestone Education Association, covering the salary costs of the Fundraising Officer 2023/24, who played a key role in setting up the Bridge Scholarship project. In addition, we supported a number of programmes that have helped to expand fundraising activities and raise awareness of Milestone.

Furthermore, we contributed several million forints to the scholarships of 7 disadvantaged students in the **Szabó Kálmán Talent Programme**, in order to mentor them and to support their preparation for admission to Corvinus University and the ELTE Faculty of Law. Last but not least, we provided financial support for the catch-up education and training activities of the secondary school run by the **“Belvárosi Tanoda” Foundation**, including their people-centred career guidance programme.

There was no volunteer work done by Indotek Group during the year under review, but through its own donation platform adnijo.club, the company provided a way for generous donors to connect with organisations in need, making the dreams of more than 200 children come true with the help of the SOS Children’s Villages, the Igazgyöngy Foundation, and the Beautiful World Foundation. The company coordinates these requests, collecting them all in one place, then delivering them to the NGO in a well-organised manner, who can then deliver the gifts to the recipients. In 2023, a total donation amount of HUF 966,000 was collected for this purpose.

Az Indotek Group adnijo.club adományozási felületén összegyűjtött önkéntes dolgozói adakozás alakulása 2023-ban

NAME OF THE BENEFICIARY ORGANISATION/INSTITUTION OR INDIVIDUAL ASSISTED THROUGH VOLUNTEER WORK	SHORT DESCRIPTION OF THE VOLUNTEER WORK	NUMBER OF DONATIONS TO THE ORGANISATION (PCS)	AMOUNT SPENT ON VOLUNTEER WORK (HUF)
 SOS Children’s Villages	Registering and buying Christmas presents wished for by children	98	900,000
 Igazgyöngy Foundation	Registering and buying Christmas presents wished for by children	14	50,000
 Beautiful World Foundation	Purchasing pairs of tickets for children in foster care and their mentors, as per the organisation’s request	6	16,000
Total		118	966,000

In 2023, we are proud to have continued our involvement in a number of social projects, contributing to the development of society and supporting those in need. Working together with our strategic partners, we will continue to build on their expertise and experience to jointly deliver projects that add value to society.

We are regularly looking for new partners with similar goals and values who are willing to join us to jointly fund and implement these important initiatives.



Our responsible corporate governance

TRANSPARENT CORPORATE OPERATIONS

Professionalism is one of the main hallmarks of our company. This is reflected not only in the high quality of the services we provide to our partners, but also in the process-oriented and transparent structure of our internal organisation. We also strive for transparency in the diversified operations of our Group, and in defining our management and decision-making competences.

The roles and responsibilities of our managers are clearly defined and well separated. Our management team aims to achieve long-term, dynamic growth by showing their appreciation and support for a stable team of employees, with senior management playing a key role in strategic and economic planning.

Our organisational structure is clearly defined, and is well understood by all our employees.

Sustainability issues within the organisation are essentially the responsibility of the owners, and are handled by the Group's designated finance officer at an operational level. He/she is responsible for defining and communicating the substantive issues agreed with the owners and the SBU (Strategic Business Unit) Director in order to ensure sustainability, as well as for coordination tasks (supervision of data recording, data collection, and possible monitoring processes).

REGULATORY FRAMEWORK, LEGAL COMPLIANCE

Our Group complies with all legal requirements in the course of its operations. Our operations are guided by the following policies:



INDOTEK GROUP'S POLICIES GOVERNING ITS OPERATIONS

- Code of Business Ethics
- Procurement Policy
- Anti-corruption policy
- Complaints Act Policy

ETHICAL OPERATIONS

Indotek Group's sense of responsibility is characterised by ethical conduct, the principles of which are defined in our Code of Business Ethics.

Code of Business Ethics

We expect ethical behaviour from both our internal and external partners and stakeholders. We believe that in the long term, the only way to face the challenges of a competitive market is to take moral responsibility for our principles, both personally and as a company.

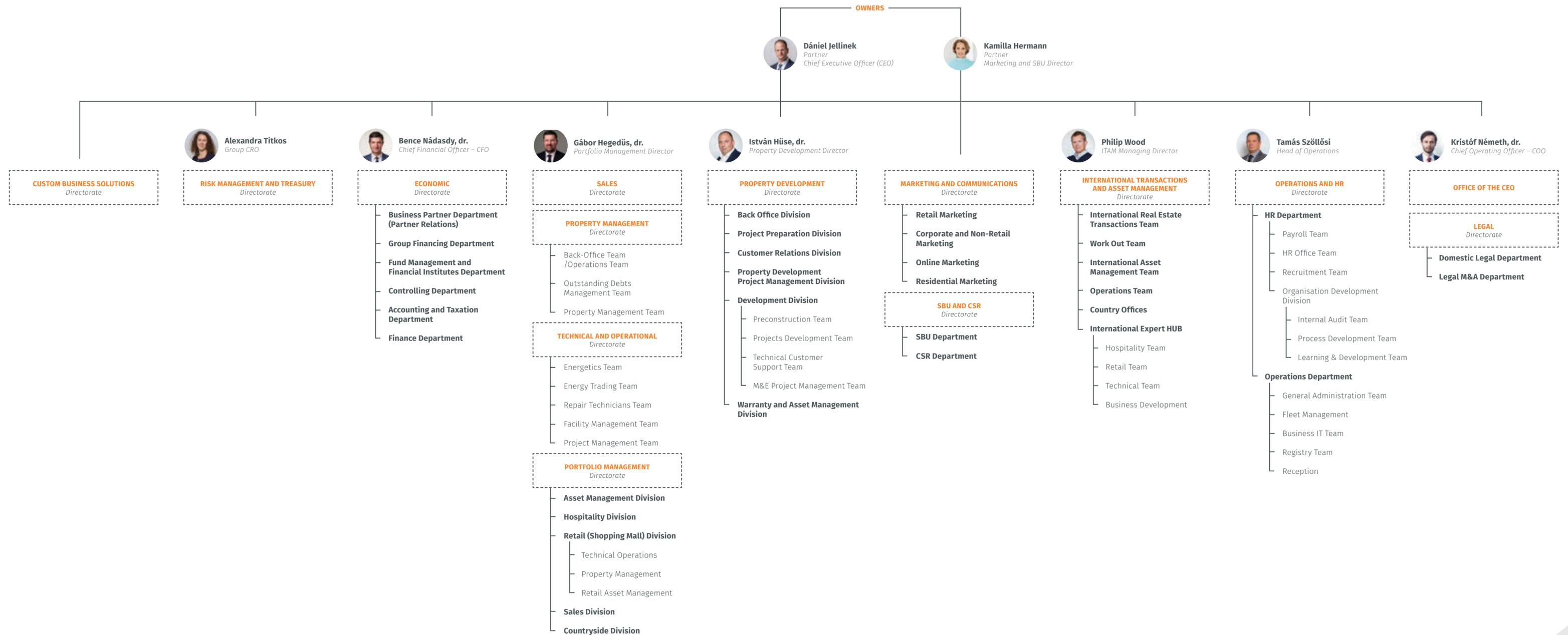
OUR VALUES, AS DEFINED BY INDOTEK GROUP:

- Honesty
- Fairness
- Credibility
- Respect for others
- Responsibility
- Accountability
- Reliability
- Respect for the law

THE KEY PRINCIPLES WE SET OUT IN OUR CODE OF BUSINESS ETHICS:

1. Compliance with legislation
2. Sustainability
3. Human rights
4. Fair employment and working conditions
5. Discrimination and harassment
6. Health, safety and environmental protection
7. Fair competition and business operations
8. Anti-corruption
9. Gifts and hospitality
10. Asset protection and proper use of company assets
11. Confidentiality, information security, trade secrets and the protection of intellectual property
12. Data protection, privacy

CORPORATE STRUCTURE OF INDOTEK GROUP (2024)*



* An updated organisation chart is presented at the time of reporting.



CORPORATE ANTI-CORRUPTION BEHAVIOUR

Corruption is a serious threat to the way companies operate, as it hinders business growth, increases costs and poses significant legal and reputational risks. In addition, it is also a major obstacle to sustainable development. This is why we pay particular attention to maintaining our anti-corruption business conduct, which we aim to enforce by establishing our Code of Conduct and strictly adhering to its principles.

ANTI-CORRUPTION POLICY

As a responsible business, Indotek Group considers it important to define its anti-corruption principles in a specific policy, to develop and operate a corporate culture free of corruption, and to encourage everyone to call attention to any sign or suspicion of corruption. Indotek Group prohibits and opposes all forms of corruption, and is committed to its principle of zero tolerance.

THE KEY ELEMENTS OF OUR ANTI-CORRUPTION PRINCIPLES ARE:

- Our anti-corruption policy is formulated in a clear and transparent way.
- We make our anti-corruption policies known to all employees, ensure that they are always available, and warrant that they are complied with and enforced.
- We expect our employees to promptly report any detected or suspected case of corruption, or if they believe they have found evidence of any such activity.
- All reported cases or suspicions of corruption will be investigated. In the event of suspected anti-competitive cooperation or unfair market behaviour, we will follow the necessary procedures. We require everyone to cooperate with the investigation.
- We strive to ensure that our business partners also act in accordance with the rules of fair business conduct, and we reject any offers of corruption and distance ourselves from them as much as possible. Persistent breaches of our ethical standards will result in the termination of our business relationship with the partner in question.



A WELL THOUGHT-OUT PROCUREMENT POLICY

A well thought-out procurement policy is key to ESG-oriented business operations, as the choice of responsible business partners has a long-term impact on achieving market success and building a good corporate reputation. We believe that achieving our sustainability goals is supported by our prudent and consistent procurement practices, the framework for which is set out in our Procurement Policy.

PROCUREMENT POLICY

Indotek Group's Procurement Policy defines its most important principles in relation to its partners, which are as follows:

"We believe it is important that our suppliers respect human rights and comply with labour standards during the manufacture of their products and the provision of their services."

Together with our suppliers, we guarantee that we will never tolerate discrimination, forced labour or child labour.

Our suppliers undertake that they will not tolerate any form of corruption or bribery, and will not engage in any form of corruption or bribery themselves.

Environmental protection and energy efficiency are key aspects of the supplier selection process."

TO ENSURE EFFECTIVE COOPERATION AND CUSTOMER SATISFACTION, WE HAVE THE FOLLOWING EXPECTATIONS OF OUR SUPPLIERS:

- Reliability and performance-orientation
- Innovation and creativity
- Honest pricing policy
- Quality awareness
- Meeting deadlines, flexibility
- Ethical business conduct
- Preference for long-term business relationships



PRIVACY AND DATA PROTECTION

Data protection is a key element of sustainability, as the proper and correct management of data contributes to sustainable development. Streamlined, secure data management can also have a positive impact on reducing energy consumption.

GDPR

GDPR* is the European Union's General Data Protection Regulation, which entered into force in 2018 and is enforced and prepared for Indotek Group in all circumstances related to processing personal data, in a project-specific manner.

* GDPR – (General Data Protection Regulation)

COMPLAINT HANDLING

Well thought-out complaint handling is crucial for sustainable operations. Doing this successfully can guarantee an organisation's success. Analysing comments helps us to understand a partner's needs and the reasons for their dissatisfaction, and thus plays a central role in building long-term business sustainability. Of course, our main goal is prevention, and minimising the number and frequency of complaints.

COMPLAINTS ACT POLICY

On 25 May 2023, Hungary fulfilled its obligation to transpose the EU Directive on the protection of persons who report breaches of Union law (Whistleblowing Directive) into domestic law with the Complaints Act (Act XXV of 2023).

The purpose of the Indotek Group Complaints Act Policy is to investigate the circumstances, causes and consequences of any reported breaches of the requirements set out in the legislation and internal regulations, as well as the occurrence of any irregularities, and to take the necessary steps and measures based on the results of the investigation.

Its aim is to provide a framework for correcting errors and omissions, establishing responsibility and taking the necessary measures.

The tasks related to this are carried out by a member of our Internal Audit team within the Organisational Development group.

Whistleblowers have a wide range of legal protections.



Risk management aims to identify potential problems before they occur, in order to facilitate the planning of risk management activities. No business operations are possible without risk. Accordingly, we continuously monitor the risks affecting our operations, identify them, and apply internal risk management procedures as necessary. Indotek Group's risk management aims to identify, forecast and minimise existing and potential risks in order to ensure sustainable operations, to prepare the company to adapt as needed, and to optimise the results of the necessary business decisions.

The main risks identified for our operations are essentially the following: risks from macroeconomic factors, employment and supplier risks, and risks from climate change (climate risks).

MAIN RISKS IDENTIFIED IN INDOTEK GROUP'S OPERATIONS:

- **Risks arising from macroeconomic factors:** the general macroeconomic situation and the available funding opportunities have an impact on the operating environment of our company, and thus indirectly on our financial position, given that our main activities are real estate development and asset and fund management.
- **Employment risks:** Almost 50% of Indotek Group's activities involve real estate development. As such, the Group has a high exposure to fluctuations in the supply of human capital, i.e. it is highly dependent on the state of the labour market and the skills of the available workforce.
- **Supplier risks:** our Group's portfolio is highly diversified, and we have a large number of suppliers – especially contractors – exposing us to certain related risks as well.
- **Climate change-related climate risks:** Indotek Group is sensitive to long-term climate risks, particularly with regard to one of its core activities, real estate development, where climate risk can have a significant impact on costs. This is especially the case for more sustainable buildings, i.e. renovations, or building facilities with lower carbon dioxide emissions (e.g. those using solar energy).

In addition to being aware of the various risks it faces, which it has duly assessed and managed, Indotek Group also sees an opportunity to find innovative solutions to the problems associated with these phenomena. When planning for the future, we aim to develop medium-term action plans in the spirit of risk preparedness and prevention. Overall, our pursuit of net zero emissions and carbon neutrality aligns our risk mitigation practices for our real estate development and other activities with global efforts to combat climate change.

THE ROLE OF QUALITY ASSURANCE

Quality assurance enhances the credibility of sustainability reporting and thus the reputation of the company, improving processes and efficiency. This is in line with the objectives of minimising environmental impacts. Overall, it provides a guarantee of the organisation's performance, it has a positive impact on customer satisfaction, and it also supports compliance with legal requirements. Indotek Group's medium-term plans include the development of a full-scale quality assurance system. We are primarily concerned with the quality of the materials used by our partners in construction projects, as well as compliance with industry standards and legislation.

Building certification itself is a form of quality assurance. In Warsaw, we set out on this journey to earn LEED (Leadership in Energy and Environmental Design) certification, one of the most widely used green building certification systems.





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