

The Pure Eco

ESG report

2022



Content

Greetings	3
Report	4
About Pureco Kft. in brief	5
Our business model	5
Our values	13
Sustainability strategy	14
Stakeholders	17
ESG approach and key topics	19
Our commitment to the environment	20
Our social responsibility	22
Responsible corporate governance	25
Performance indicators	26



Greetings

Dear Reader,

We are pleased to present the first sustainability report of Pureco Kft. for 2022. This report is not just a document, but a reflection of our company's commitment and long-term strategy in sustainability.

Since its inception, our company has been working to preserve the quality of our waters, and even improve it, in order to ensure that it remains accessible and safe for consumption for generations to come.

We are proud to lead a company, or to be part of a team, that not only contributes to the preservation of our environment in name but also in its core activities. In line with our motto „We respect water” we strive for continuous innovation and aim to contribute to creating a sustainable future with our services.

Our own-designed drinking water and wastewater treatment plants guarantee the highest technical level and quality, while we offer them at an affordable and accessible price to our partners. This is how our technological solution can become available to people living in less developed regions of the world.

In addition to daily planning and execution, our product development engineers help us find innovative, environmentally friendly solutions through their R&D activities. We are pleased to announce that in recent years, several of our intellectual products have been included among the „water” technologies that contribute to accelerating the achievement of the UN Sustainable Development Goals (=SDGs).

As a responsible company, it is particularly important for us to combine our commitment to the environment with social responsibility. As a result, we have created a cozy, homely, yet creative and inspiring environment for our employees, where everyone can bring out their maximum professionalism, feeling appreciated and belonging.

We actively involve our employees in decisions affecting the community, and together we work for the greater social welfare, whether in the form of charitable work, voluntary work, or financial support. Our operations are based on clear and transparent ethical norms, where mutual respect and compliance with human rights are expected from both colleagues and partners.

In our first sustainability report, we present these efforts through environmental, social, and corporate governance aspects. Our company's mission is to contribute to building a more sustainable, green future.

Budapest, May 2023.




Koyács Károly
Chief Executive Officer




Horváth Bálint Dániel
Chief Executive Officer

About our report

The data and information published in our first sustainability report relate to the business activities of Pureco Kft., which our company operates in several locations across the country, including Jászfényszaru, Alcsútdoboz, and Pécel, in addition to our headquarters in Budapest.

The analysis period presented in the report covers the timeframe between January 1, 2022, and December 31, 2022, which is consistent with our company's financial reporting period. Certain data pertain to December 31, 2022.

For further information: If you have any questions regarding the report or the information contained therein, please contact us at esg@pureco.hu.



About Pureco Kft. in brief

Our business model

As a 100% Hungarian-owned international company operating in the field of rainwater, drinking water, and wastewater treatment for 17 years, we offer sustainable, comprehensive, and unique solutions in almost every area of the water industry, with a strong commitment to respecting water and environmental protection. We prioritize the creation and preservation of a livable and clean environment. We believe that the best solutions are achieved through close collaboration and partnerships with our clients.

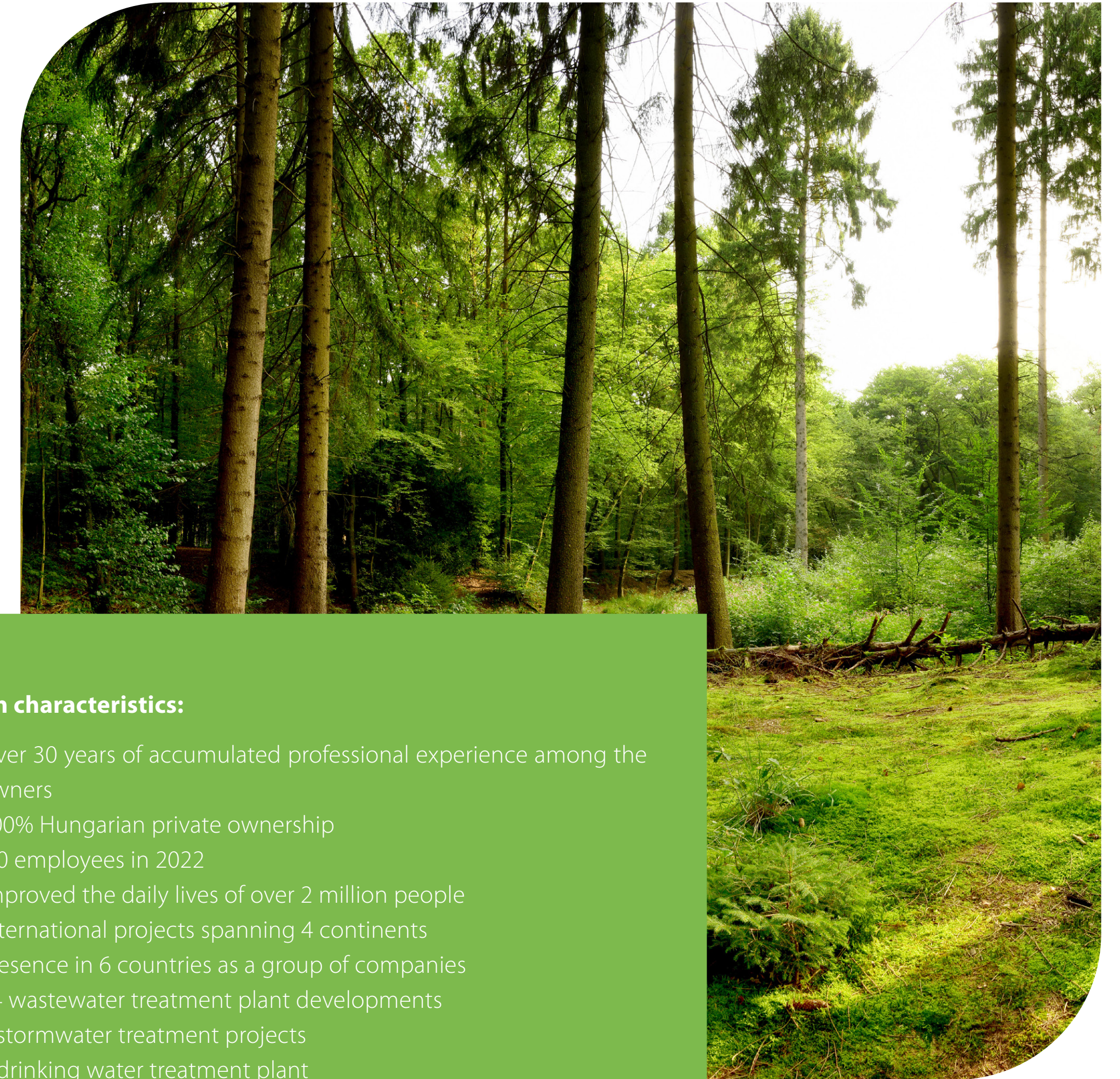
Our water industry solutions include not only our products and technologies, but also professional training programs focused on retaining the local workforce and preparing them for the operation of the systems we design and build.

In addition to providing clean water, we also play a role in shaping a more environmentally conscious society through our educational programs. It is through this philosophy, combined with our outstanding professional experience, reliability, and attitude, that we have become unique in every aspect of the water industry market.

We know and deeply respect our waters. We always strive to develop optimal, cost-effective, and long-lasting solutions that prioritize added value and sustainability. As an international company, we have multiple offices in Central and Eastern Europe and have a presence in Asia and Africa through our projects.

Our success is reflected in the fact that we were able to increase our revenues by 17% in 2022 compared to 2021, while maintaining improved performance. We are also active members of various national and international water industry associations, such as the Hungarian Water and Wastewater Association (MaSZeSz), the European Water Association (EWA), and the Hungarian Water Partnership (HWP).

Members of our professional team possess exceptional expertise and innovation knowledge in various segments of the water industry, which is recognized and respected worldwide. Our company leaders hold key positions in national and international professional organizations, such as the presidency of the European Water Association, the vice presidency of Eurasian ASEM Water, and membership in the steering committee of the European Innovation Partnership. They tirelessly work towards the global recognition of Hungarian water expertise. We also participate in the work of the Business Council for Sustainable Development Hungary (BCSDH), an organization dedicated to sustainability, where we collaborate with over 130 leaders of sustainable companies who embrace forward-thinking approaches.

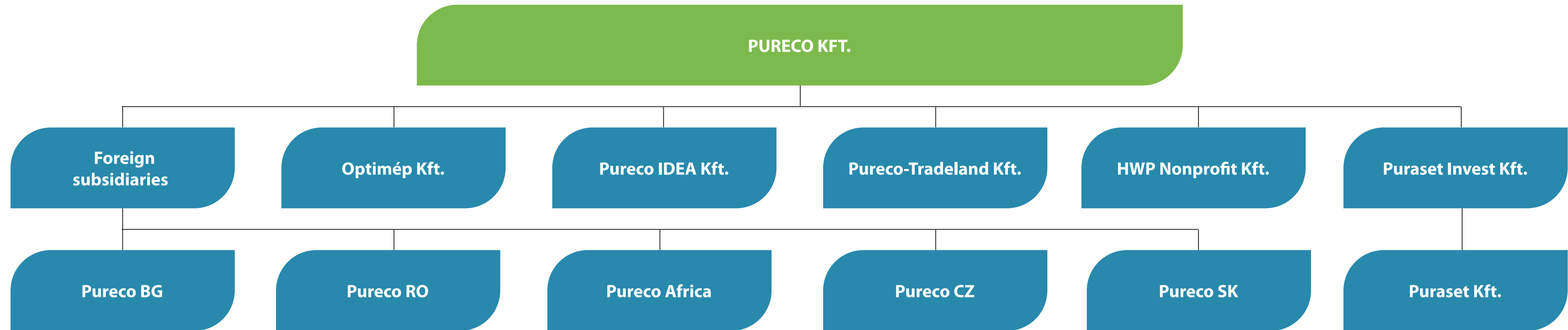


Main characteristics:

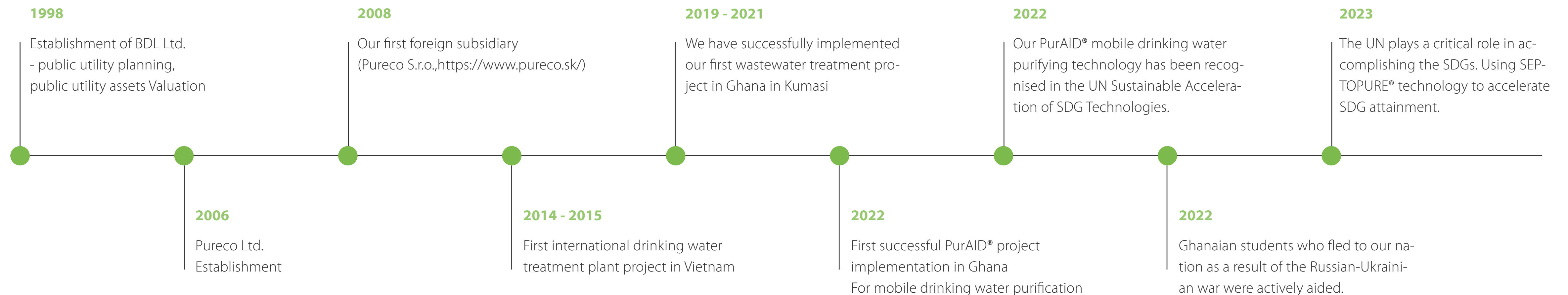
- Over 30 years of accumulated professional experience among the owners
- 100% Hungarian private ownership
- 40 employees in 2022
- Improved the daily lives of over 2 million people
- International projects spanning 4 continents
- Presence in 6 countries as a group of companies
- 64 wastewater treatment plant developments
- 4 stormwater treatment projects
- 1 drinking water treatment plant
- 2 products highlighted by the United Nations for sustainability

BUILDING OF THE PURECO COMPANY GROUP

Our company group consists of several members that engage in complementary and supportive activities, whether it's utility planning, utility asset evaluation, or the domestic and international implementation of complex water utility projects, as well as related product trading. We also have our own manufacturing capacity: for example, in our Slovak and Romanian subsidiaries, where we manufacture concrete tanks and our patented ENVIA TRP oil separator, and we also conduct oil and grease separator equipment manufacturing (TN Engineering) in Kaposvár and Szentes, while our self-developed biofilters are produced in Leányvár. We also engage in research and development activities, which are evidenced by our patented ENVIA TRP and some other products with EU and international trademarks.

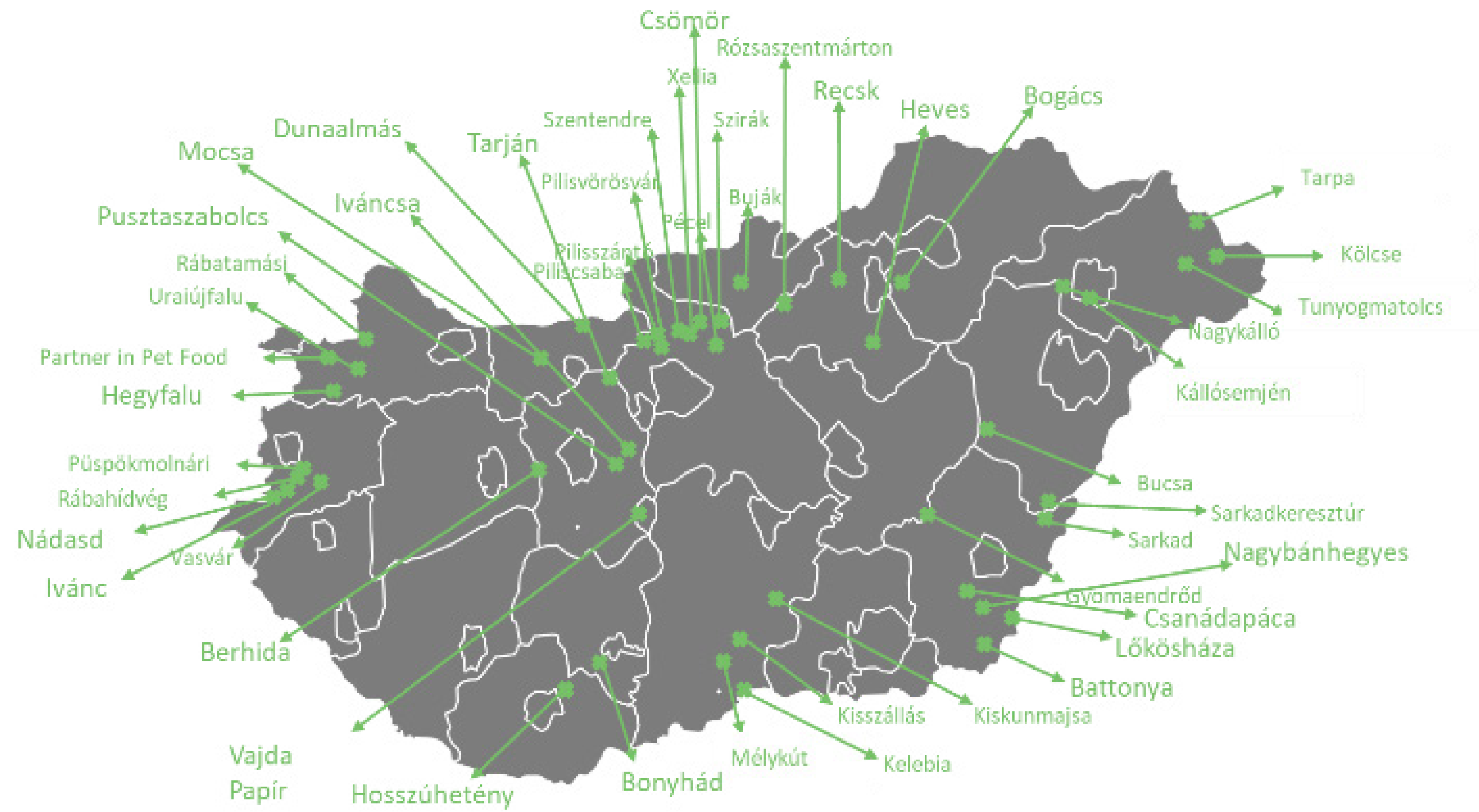


MŰKÖDÉSI MÉRŐLDKÖVEINK:



OUR COMPANY GROUP'S PRESENCE IN OUR COUNTRY

In Hungary, over the past 17 years, with the involvement of the Pureco Company Group, approximately 56 municipal wastewater treatment plants have been renovated, developed, or completely newly built. This has made modern wastewater treatment solutions, meeting the challenges of the 21st century, accessible to hundreds of thousands of residents.



VIETNAM

In Vietnam, our owners recognized early on that with our water industry technological developments, we can offer effective solutions to the whole world. Therefore, we opened up to design and implementation projects first towards Asia, followed by Africa.

Pureco Kft. was the first domestic company to implement the construction of a 10,000 m³/day capacity drinking water treatment plant in Vietnam. We are proud that as a result of our engineering work, more than 100,000 Vietnamese residents have access to healthier, cleaner drinking water.

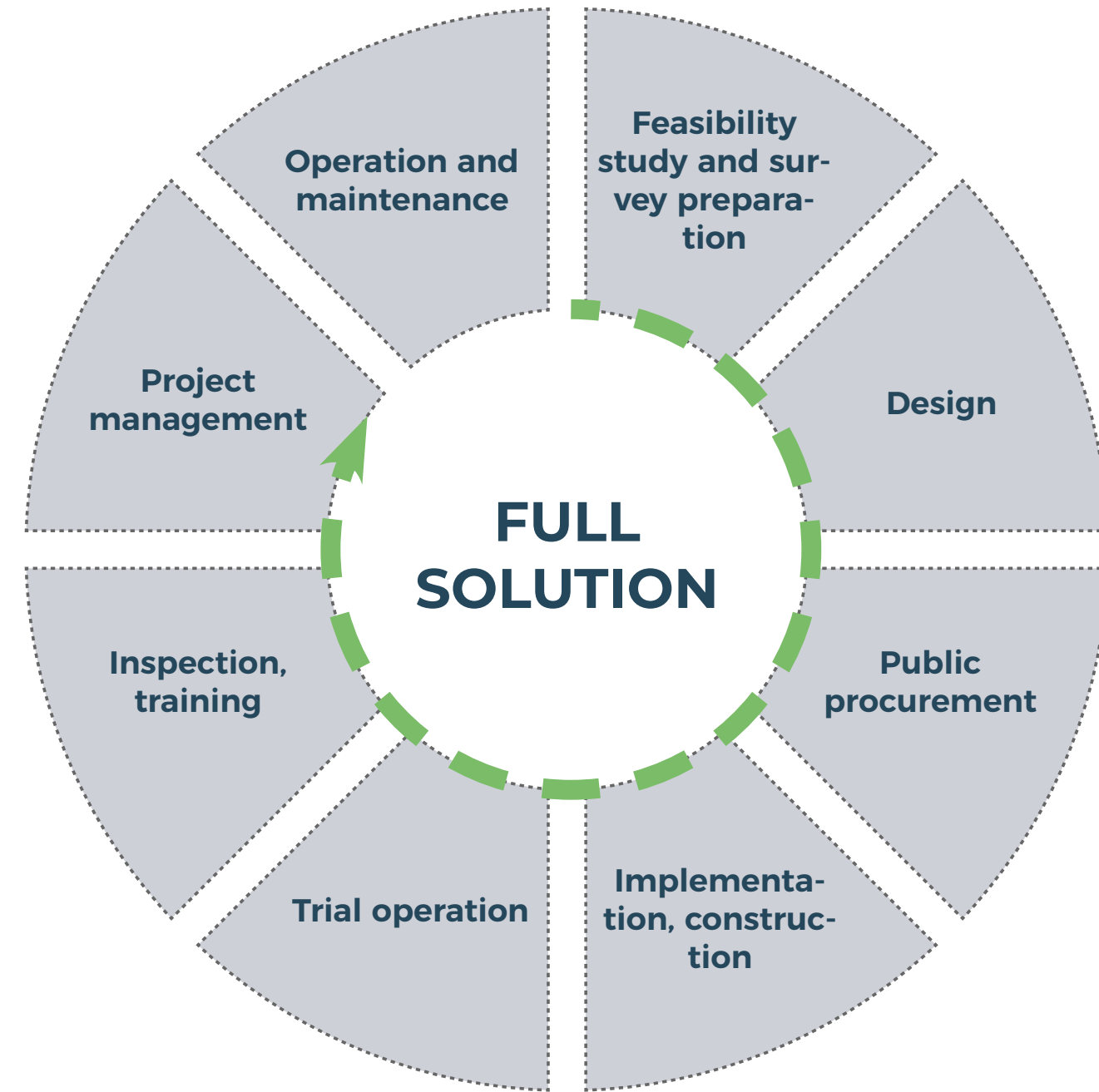


KUMASI PROJECT, GHANA

The project in Vietnam was followed by the design and implementation of a wastewater treatment plant in Kumasi, Ghana, under the tied-aid credit program provided by Eximbank Zrt. We established our subsidiary, Pureco Africa, to support this project. The work continued in the West African country, where we will also construct two additional wastewater treatment plants in Takoradi and Tamale in 2023, and we are planning similar projects.

In Kumasi, with a population of over 3 million, only 7-10% of wastewater is properly treated. The urgent development of new wastewater treatment facilities is essential for the city from an environmental and public health perspective. Our solution addresses the treatment of collected septic water independently. The construction of a new, sustainable wastewater treatment plant has improved the living conditions of over two million people, as they can now live in a healthier environment, while also significantly reducing Kumasi's ecological footprint.





OUR ACTIVITIES IN A NUTSHELL

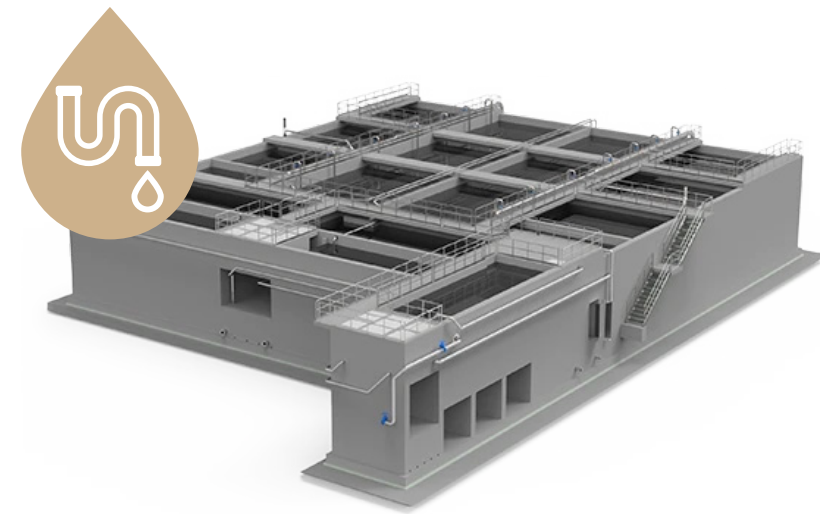
Our group of companies is already involved in the planning and feasibility study phase of drinking water, wastewater, or sewage treatment tasks and accompanies the entire project, as well as the operation itself if required. This is how we can guarantee long-lasting, high-quality solutions that have a direct impact on our living environment for our partners. With operation, maintenance, project management, planning, procurement, inspection, training, trial operation, feasibility studies and surveys, and construction services, we offer a comprehensive solution.





DRINKING WATER TREATMENT

We aim to develop environmentally friendly water management plans, technologies and solutions. Pureco offers special membrane solutions for drinking water treatment. The right quality containerised mobile water treatment systems are also available to ensure the quality of drinking water. These systems produce drinking water from surface water or reuse secondary water sources and agricultural or industrial water. We also offer special technology for the removal of arsenic and fluoride.



WASTEWATER TREATMENT

Based on our professional knowledge, we not only offer our products and technologies for the modernization of old, outdated wastewater treatment plants and the construction of new systems, moreover for engineering and construction services. We also represent our professional vocation in several fields of wastewater management. Our solutions for both industrial and municipal wastewater treatment for both municipal and industrial wastewater treatment. Among our municipal wastewater treatment technologies, we would like to highlight the BIOCOS (Combined Biological System) technology, which is an improved version of the aerated sludge process combining the advantages of conventional flow-through and SBR systems. Compared to the conventional process, it offers significantly improved sludge separation with minimal mechanical requirements, reduced energy consumption, and maintenance requirements, thus contributing to sustainability.



STORMWATER TREATMENT

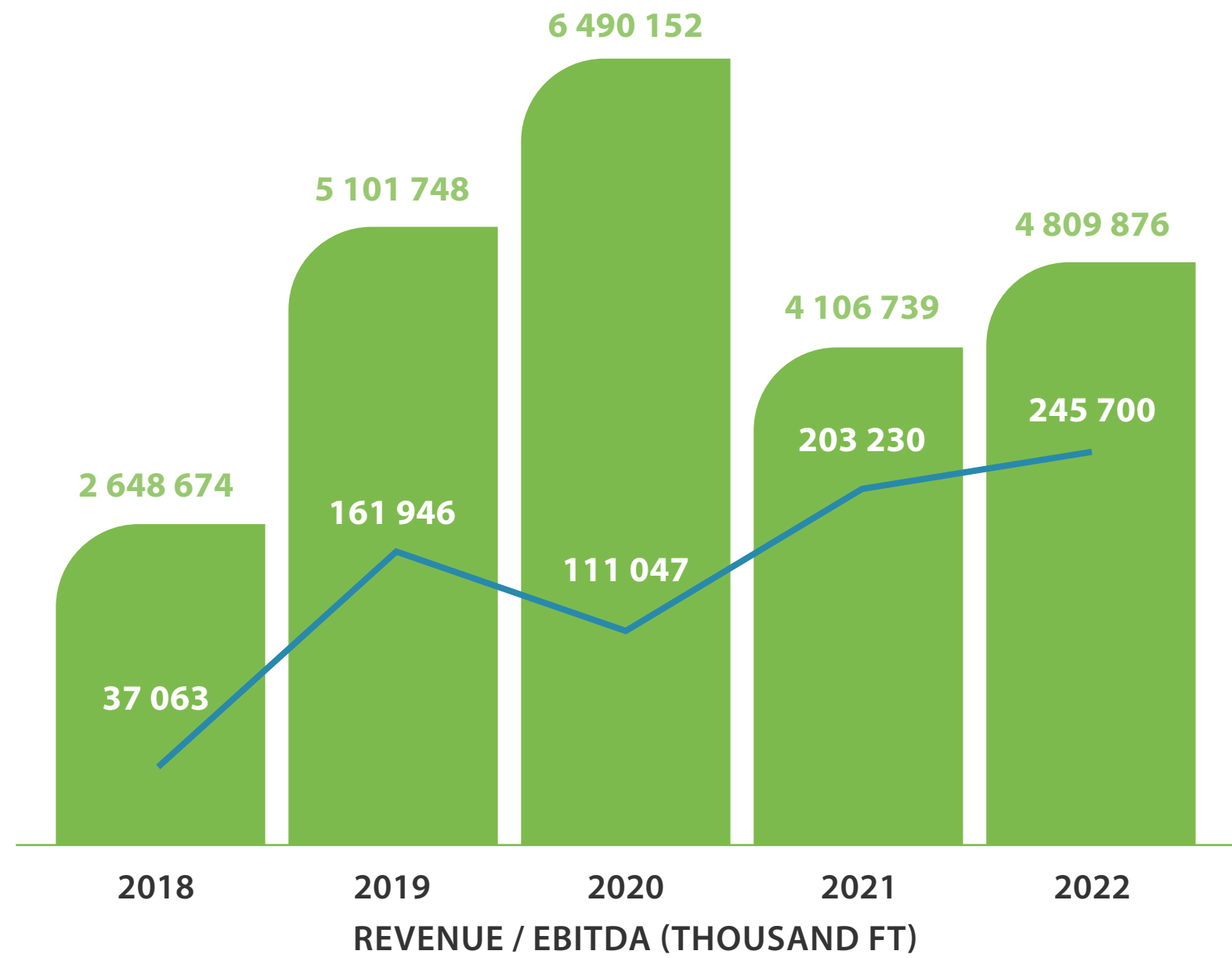
Rainwater is a great treasure. The retention and reuse of rainfall is an effective way to improve the water balance of the soil and the living environment and to improve our water resources, and through this, to the protection of flora and fauna, and to control of floods following heavy rainfall. Precipitation is often polluted - think of the pollutants washed off paved surfaces - so it is not only important to collect and recycle it where possible, but also to but also the treatment of rainwater that is not intended to be used and that is discharged, is essential if environmental protection efforts are to be effective in a complex way. This is why we have developed our own patented product (ENVIA TRP oil separator), which can be used to filter pollutants washed off roads, motorways, and car parks by rainfall.



AIR PURIFICATION

Industrial installations are very often associated with unpleasant odours and emissions of pollutants into the air. We have developed our own biofilters for the pumping stations and wastewater treatment plants we have built. We currently offer a choice of biofilter systems for our partners who prefer a sustainable odour control solution. Our systems use the biodegradability of microorganisms to provide an environmentally friendly, sustainable and safe solution to odour problems.

KEY MANAGEMENT DATA



MAIN PARTNERS

WE HAVE A WIDE RANGE OF CUSTOMERS, SUPPLYING INDUSTRIAL AND MUNICIPAL SOLUTIONS FOR OUR DOMESTIC AND FOREIGN CUSTOMERS. IN 2022, OUR MOST IMPORTANT CUSTOMERS WERE THE FOLLOWING ONES:



OUR AWARDS AND RECOGNITION

SEPTOPURE THE UNITED NATIONS LISTED SEPTOPURE® AND PURAID® TECHNOLOGY AMONG UN ACCELERATION ACTION INITIATIVES

2023- GHANAIAN THANK YOU LETTER TO REFUGEES FROM UKRAINE TO HELP GHANAIAN STUDENTS

2019 BWS INNOVATION AWARD



HIGHLIGHTS OF HUNGARY 2022 WE WERE CANDIDATES FOR „PIPE-IT-UP, GHANA” WITH OUR AWARENESS-RAISING BOARD GAME



2015 AND 2022 MARKETING DIAMOND AWARDS



OUR CERTIFICATES, PATENTS AND TRADEMARKS:

ISO 9001:2015

OUR ENVIA TRP PATENTED PRODUCT ((P07 00344 A.NO., 227299 LSZ.)

SEPTOPURE® TECHNOLOGY CURRENTLY HAS EU TRADEMARK PROTECTION, IN THE PROCESS OF OBTAINING AN INTERNATIONAL TRADEMARK

OUR VALUES



PROTECTION OF OUR WATERS

We respect and value our waters. We offer comprehensive solutions in the field of water management in the domestic and international markets. Our goal is to preserve and ensure the long-term availability of water, raise awareness of its value, and emphasize the need for cost-effective and sustainable development of the infrastructure that serves it. We strive to provide our clients with authentic, optimal solutions that meet their needs and expectations, using our innovative and competitive expertise in the water sector and our active involvement in professional public life. For decades, we have been reliable and professionally impeccable partners in all areas of water management. We carry out our work with special attention and deep professional commitment in drinking water treatment, wastewater treatment, rainwater collection and purification, environmental remediation, and sustainable utility asset management.



SUSTAINABILITY AND AFFORDABILITY

Our goal is to offer environmentally friendly and affordable solutions that we develop and build for the long term, spanning multiple generations, and are available to the most affected social groups in terms of backwardness and need. This is how we can guarantee long-lasting, high-quality solutions that have a direct impact on our living environment for our partners.



INNOVATION AND QUALITY

Our engineering team is driven by the pursuit of maximum quality and the exploration and exploitation of innovative possibilities. We constantly search for new solutions in the field of sustainable water management. We support research and development to find more efficient and environmentally friendly methods for preserving water resources and optimizing water management processes.



SOCIAL RESPONSIBILITY

Active support and involvement of people and communities in sustainable water management. We develop educational programs related to water treatment and collaborate with local communities to increase awareness and solve local water management issues.



PARTNERSHIP AND COOPERATION

We consider partnerships and cooperation with other stakeholders such as suppliers, institutions, and communities important. By working together and sharing our knowledge and resources, we can develop and disseminate sustainable and affordable solutions more effectively. Our motto is "Respect our waters!"

Our motto:
"We respect Water!"





OUR SUSTAINABILITY STRATEGY

Since the beginning of our company's operations, both our company and our owners have been interested in developing water management solutions that continuously contribute to the protection of our waters and ensure access to quality drinking water for the world's population. Water and people are equally valuable to us, as we rely on each other and can support one another.

We are proud to have implemented numerous projects over the past decades that have improved the living conditions of local communities, effectively contributing to their health preservation and poverty alleviation. Two of our innovations have been recognized as technologies that accelerate the achievement of the United Nations Sustainable Development Goals.

Our sustainability strategy and operations are aligned with the United Nations Sustainable Development Goals, and it is based on these that we have defined our commitments.

Our objectives also include achieving carbon neutrality by 2050.

With our first sustainability report, our goal is to actively communicate our past actions, achievements, and the goals we have set for our future operations to the outside world.

OUR GOALS AND ACTIONS IN LINE WITH UN SUSTAINABLE DEVELOPMENT GOALS



Through our projects (e.g. Asia, Africa) we contribute to improving the quality of life, providing clean drinking water for people clean drinking water and proper treatment of wastewater. In this way, the area can also develop economically and create new jobs.

Our goal is to have two more Septopure® wastewater treatment plants by 2030 in developing country(ies).



Our water purification systems and rainwater reservoirs support access to water for agricultural and food industry purposes, thereby contributing to improving food security. Our goal is to implement two more drinking water purification systems using PurAID® technology by 2030



Clean drinking water, reliable and sustainable wastewater treatment are essential for the proper health of the population and to avoid possible diseases and infections. We contribute to this with our technological solutions.



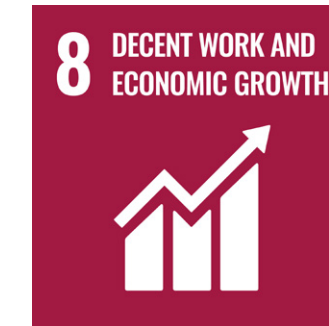
Our company places a strong emphasis on educating the local communities affected by our projects about water use. We have even developed a board game about wastewater treatment plants built in Africa We train local workers to operate the water treatment plants built in Ghana. In the framework of our federal cooperation (see MaSzeSz, HWP, etc.), we are actively involved in the implementation of the Water Values Awareness Programme.



In our Code of Ethics, we explicitly condemn, among other things, gender inequality, and actively oppose it.



In our core activities, we concentrate on saving, keeping, and recycling of our water (rain-, surface-, ground-, drinking, waste-, and industrial water), using products declared by the United Nations (our Septopure® and PurAID® systems).



Keeping sustainability and energy efficiency at the forefront of our employees' working conditions, and employee well-being. BREEAM Excellent in Budapest office ensures this.



Our innovative approach has led to a number of patents and trademarks, which we apply to our projects worldwide.



We support local communities and local initiatives through voluntary work, and active CSR activities, and our core business also contributes to better life quality in urbanisation.



We do separate waste in the office and our plants, and wherever it is possible from a technological aspect we use recycled plastics as raw material for our products.

To reduce our use of paper, we make our daily processes electronically whenever it is possible. At the heart of our corporate philosophy is the promotion of tap water consumption, through meetings, partner meetings. etc., we pay special attention to the provision of packaging-free drinking water (tap water).



Our activities in the field of water, wastewater treatment, and air purification aim to filter harmful substances.



Associations: MaSzeSz, HWP founding member, active in national and international professional organisations involvement in national and international activities.

OUR GOALS, OUR COMMITMENTS

ENVIRONMENTAL COMMITMENTS

- In new product development, we strive to use 100% recycled raw materials recycled materials. Developing a circular economy
- Expand paperless processes, strive for paperless daily work, digitalisation, incorporating electronic signatures into daily process
- Collecting and measuring emissions data and striving for lower energy use
- Continuous LCC and DCC calculations for our products
- Two additional Septopure® wastewater treatment plants by 2030 in developing countries



SOCIAL COMMITMENTS

- Developing HR strategy
- Broaden the scope of training, e.g. once a year for colleagues and suppliers to educate on sustainability issues relevant to us
- Survey our stakeholders on materiality topics

CORPORATE GOVERNANCE COMMITMENTS

- Organisational development: appointment of an independent HR manager and ESG officer within the organisation
- Qualification of suppliers based on procurement policy

BY 2050: CARBON NEUTRAL EUROPE = CARBON NEUTRAL PURECO

OUR STAKEHOLDERS



We are in close contact with a wide range of employees, customers, business partners and suppliers with whom we can work in close professional and business cooperation to promote sustainability. We believe it is important to inform our stakeholders about our sustainability and ESG-oriented objectives and to actively engage them in the steps to achieve them through dialogue and two-way information flows.

PROFESSIONAL ORGANISATIONS AND INVOLVEMENT



OUR MAJORITY OWNER AND ONE OF OUR MANAGING DIRECTORS

PROFESSIONAL POSITIONS HELD BY DR. KÁROLY KOVÁCS PHD (OEC)

- Hungarian Water and Sewage Technology Association - President (<https://www.maszesz.hu/>)
- Hungarian Water Partnership - President (<https://hungarianwaterpartnership.com/>)
- Hungarian Chamber of Commerce and Industry Africa Section - President
- Hungarian Academy of Sciences - Member of the Committee on Wastewater Technology
- ASEM WATER - Academic and Development Committee Vice-Chair
- European Water Association - former President, Head of the Economic Working Group
- European Commission Sustainable Finance Platform - former member
- European Commission European Innovation Partnership - Member of the Bureau 2016-2020
- Business Council for Sustainable Development (BCSDH) Action 2020 Water Working Group Leader
- (https://bcsdh.hu/wp-content/uploads/2019/11/Action2020_2019_HUN.pdf)



Our ESG approach and key issues



Environmental commitment

- ✓ Sustainable, cost-effective solutions
- ✓ Circular economy: Product development from 100% recycled materials
- ✓ Responsible paper use
- ✓ Focus on energy efficiency.
- ✓ Selective waste collection



Social responsibility

- ✓ Supporting local communities
- ✓ Employee as a value
- ✓ Active and continuous CSR



Governance

- ✓ Transparent corporate governance
- ✓ A comprehensive set of rules
- ✓ Business ethics, equal opportunities
- ✓ Integrated corporate governance system



Our commitment to the environment

SUSTAINABLE, COST-EFFECTIVE SOLUTIONS

We work every day to protect the planet's waters and improve the quality of life for all. We strive to, that our built-in products

- last as long as possible
- be easy to maintain
- be environmentally friendly and low in chemicals
- offer an affordable solution.

Together, these contribute to **our approach to sustainability.**

We are particularly proud that, even in the developed world, water infrastructure is not self-sustaining and public and EU (EU-US) funding falls far short of the sustainability needs, we are at the forefront of the development of water infrastructure in the developed world. Pureco's technological innovations can provide a powerful solution to this problem:

Our PurAID® technology replaces expensive piped water supply systems with a unit investment cost of 500 - 2.000 per capita, we offer a significantly lower cost version for a fraction of this (under €25 per capita) can be used to provide water to very underdeveloped regions.

In cities where the construction of a sewerage network is not possible (for financial and other reasons), but the wastewater must be treated to avoid environmental and health problems, near-consumer technologies (Septopure® technology) can provide a solution for 100% liquid waste in a safe, affordable and sustainable way.

Our Septopure® technology, as a consumer-friendly technology, provides the perfect solution in these areas. No need for the construction of pipelines. At an investment of less than €45 per capita instead of €1,000-4,500 per capita, and a return on investment and operating costs of less than €10 per person per year, instead of the €50-100 per person per year found in the developed world.

STRENGTHENING THE CIRCULAR ECONOMY

In addition to sustainable and affordable solutions, our Product Development Group concentrates on minimizing the environmental impact. In our latest developments, we strive to use 100% recycled materials.

RESPONSIBLE USE OF PAPER

As part of our work consists of office-based tasks (planning, project work, etc.), where we strive to minimise the use of paper.

Our processes are mostly digitalised such as the integrated enterprise management system. With our partners, our contracts are digitally recorded with the necessary signatures. Where possible and acceptable, we do this electronically, minimising printing.

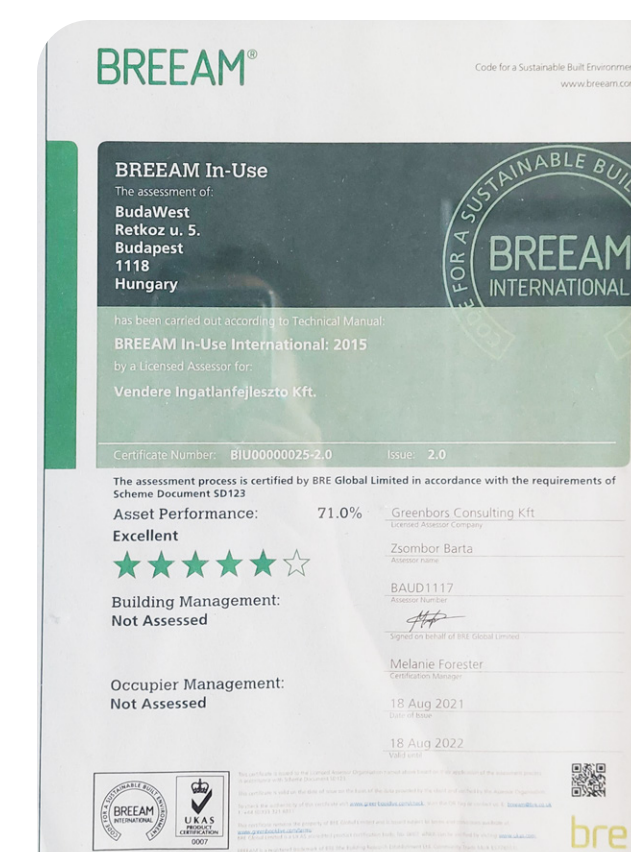
FOCUS ON ENERGY EFFICIENCY

Pureco Ltd. operates from a rented office in Budapest and has several sites in the countryside, the most significant of which is in Jászfényszaru.

We operate in several locations because our domestic work is typically done in rural areas (e.g. municipalities, cities, etc. municipal sewage treatment plants). Of these, Jászfényszaru is the most complex and ESG-dominant site. In addition to the construction project team, R&D activities are also taking place here. Our most significant project is the development of a drinking water treatment plant. The importance of this site is also significant because, in addition to the Budapest office, we have set up workstations here and in Alcsútdoboz, to optimise commuting times and transport emissions for our colleagues, while at the same time reducing the negative impacts of commuting to the capital and our carbon footprint.

Our Budapest headquarters are ideally located (BudaWest Office Building), as it is close to the motorway and the M0 ring road, and the Kelenföld Railway Station, so we can easily access projects in the countryside. When choosing our leased office another important criterion was that the property was classified as a „Green Office” and had international building certification internationally recognised. It meets all these criteria to the maximum, as it has a BREEAM Excellent rating and has already been certified in 2012, “Greenest Office Building of the Year”.

In addition, as the office building has bicycle storage and shower facilities, our employees can use the bicycle to work in comfort, helping them to live their environmental responsibility in their daily lives.



As a responsible company, we have set ourselves the goal of mapping our own carbon footprint, the first step of which is to start measuring our annual energy use and GHG emissions. The first milestone of this will be presented in our sustainability report and our emissions calculation for the year 2022 (Scope1-2) data going back several years, we want to work towards reducing our carbon footprint.

One element of this is that more than 10% of our fleet of 35 cars (including one truck and 34 cars) is already hybrid-powered. We strive to replace our cars with either hybrid or electric, depending on their use or electric in the long term.

A further direction for us will be to carry out Life Cycle Calculations for some of our own developed products, to support our environmentally conscious customers in their sustainability decisions.

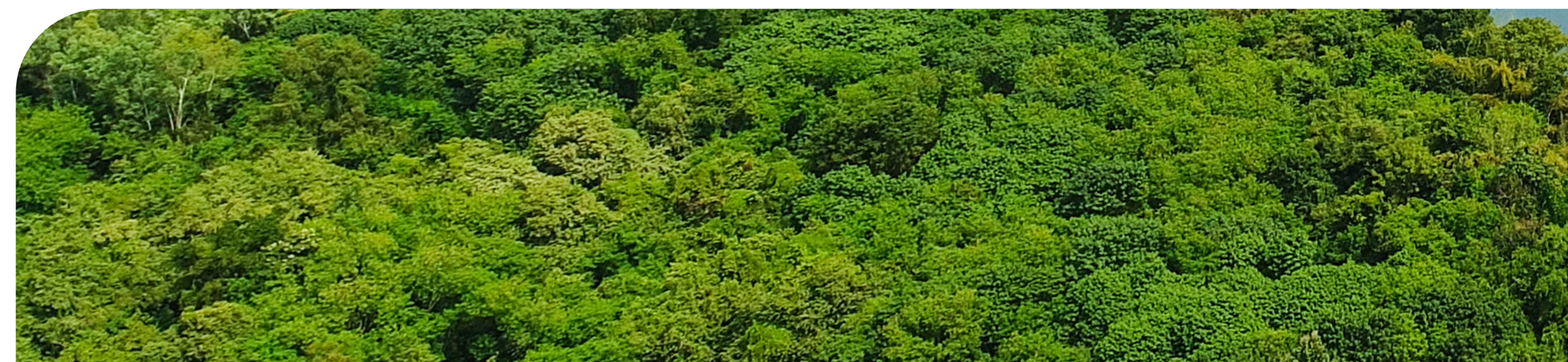
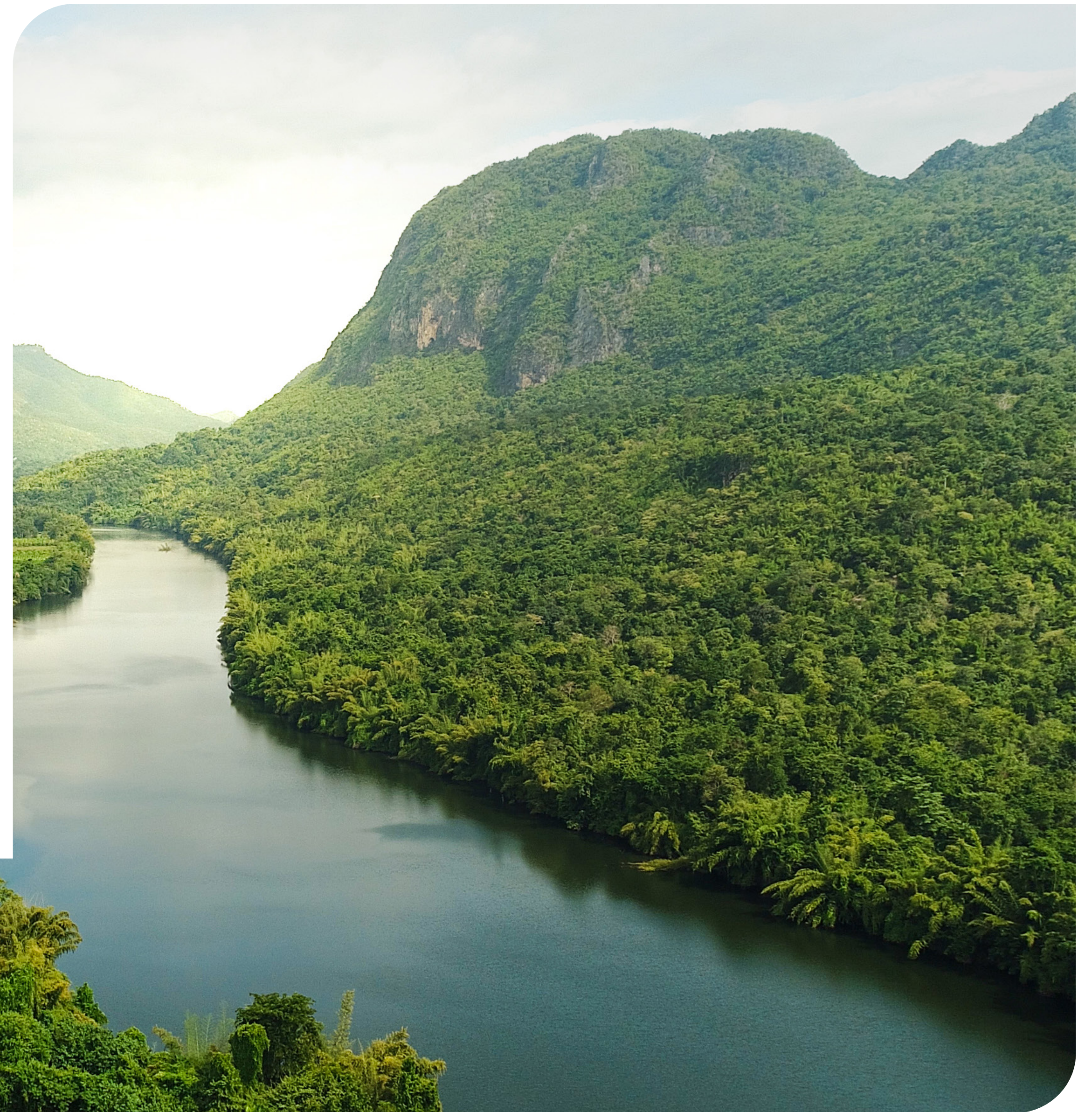
In addition, we will optimise energy use in the manufacture of our products, trying to source from the closest possible places raw materials or commercial products from as close as possible to reduce transport costs and their environmental impact and their environmental impact.

SELECTIVE WASTE COLLECTION

For many years, we have been collecting waste separately from our office operations, both at our headquarters and at our individual sites, and we have the full support of our employees.

WATER USE

As water is our most important asset, we strive to reflect our responsible behaviour in all aspects of our operations and respect for it. This is also the case for our own water consumption, both in the office and at our events. We only use and offer tap water. As experts, we are convinced that tap water is of very high quality in Hungary. Therefore, we are in favour of “packaging-free drinking water” (tap water) and do not in any way support bottled mineral water, which places an extra burden on the environment by generating waste.



Our responsibility towards society

SUPPORTING LOCAL COMMUNITIES

Both in our home country and in the locations of our projects abroad, including Ghana, we are committed to shaping the mindset of the next generation, and the development of their country.

This is the second time our managers have participated in the **Sustainability Week**, volunteering to give presentations to primary and secondary school children on the importance of water.

As a first step of our education in Ghana, the Zoomlion Foundation in collaboration with Zoomlion, we have created our **Pipe-it-up Ghana** board game, which we produced in 1,000 copies and distributed to the organisation. The aim of the game is to provide children aged 10-14 with a playful water treatment, water consumption, wastewater treatment, and water and sanitation in a fun way to the importance of water management.



EMPLOYEE AS A VALUABLE ASSET

Both our owners and our management are aware that one of the foundations of the long-term success of our Group is the valued employees who support us in achieving our goals with their professional skills and loyalty.

To achieve this, it is essential that they can identify themselves at our company's values and strategy, and that we, as responsible employer, can do the same, and actively invest in the training, development, and motivation of our employees. We do this in a wide range of ways, along the following lines:

- We complement their financial appreciation with additional benefits on top of their salary: 13th monthly salary, and extra benefit
- As a fringe benefit, we provide a company car linked to a specific managerial position or job title, or we subsidize the petrol costs in case using of own car.
- Health care: we have introduced a full manager screening for senior managers from September 2022. In our office building, we have a bike storage and shower facility to help our employees cycle to work every day. And if the job requires it, the workplace will reimburse 100% of the necessary vaccinations.
- Safe working conditions: since 2020, we have introduced our workwear policy, which includes a much higher level of safety at work than required by law. We have adopted a workwear policy that provides premium, long-lasting workwear of a higher quality than required by the standard.

- English language learning opportunities during working hours.
- We also offer flexible forms of employment, such as the part-time home office, which has been popular and proven since COVID, or part-time employment, which currently employs 4 people.

In 2022, we have set ourselves a new target to ensure that our employees are covered by the annual mandatory health, safety and fire training in the future. We have currently submitted an EU Research fund application for this, which, if successful, will allow us to offer 4-5 training courses to the majority of our employees over the next year and a half. Sustainability is also one of our objectives as an educational and awareness-raising topic, which we would like to use and offer training to our partners.

To retain our staff, enhance employee engagement and employee experience, and improve work-life balance:

- **Team building** annually
- **Corporate trips** on an annual basis
- **Performance reviews**, where both parties (employee and manager) can give feedback to each other
- **A toolbox** for employee engagement and feedback.
- **Certificates of loyalty, awards, and recognition** of core team members (recognition every 5 years with a certificate).

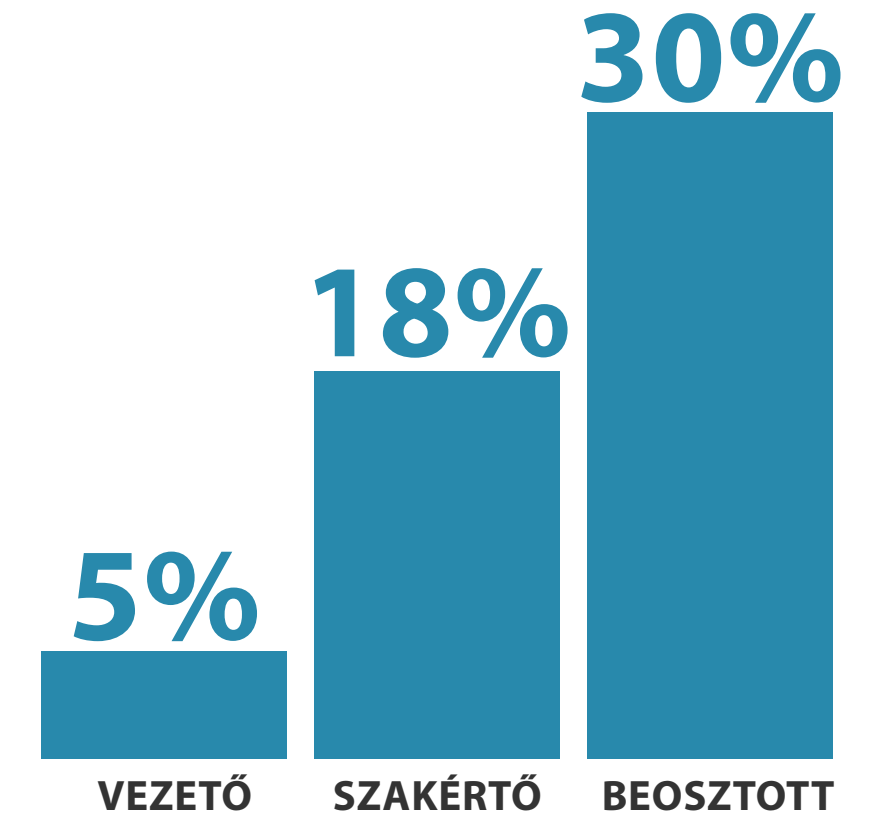
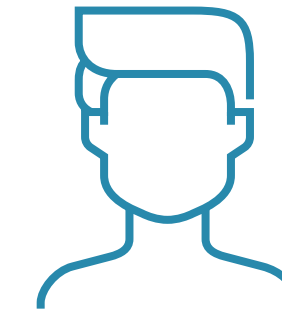
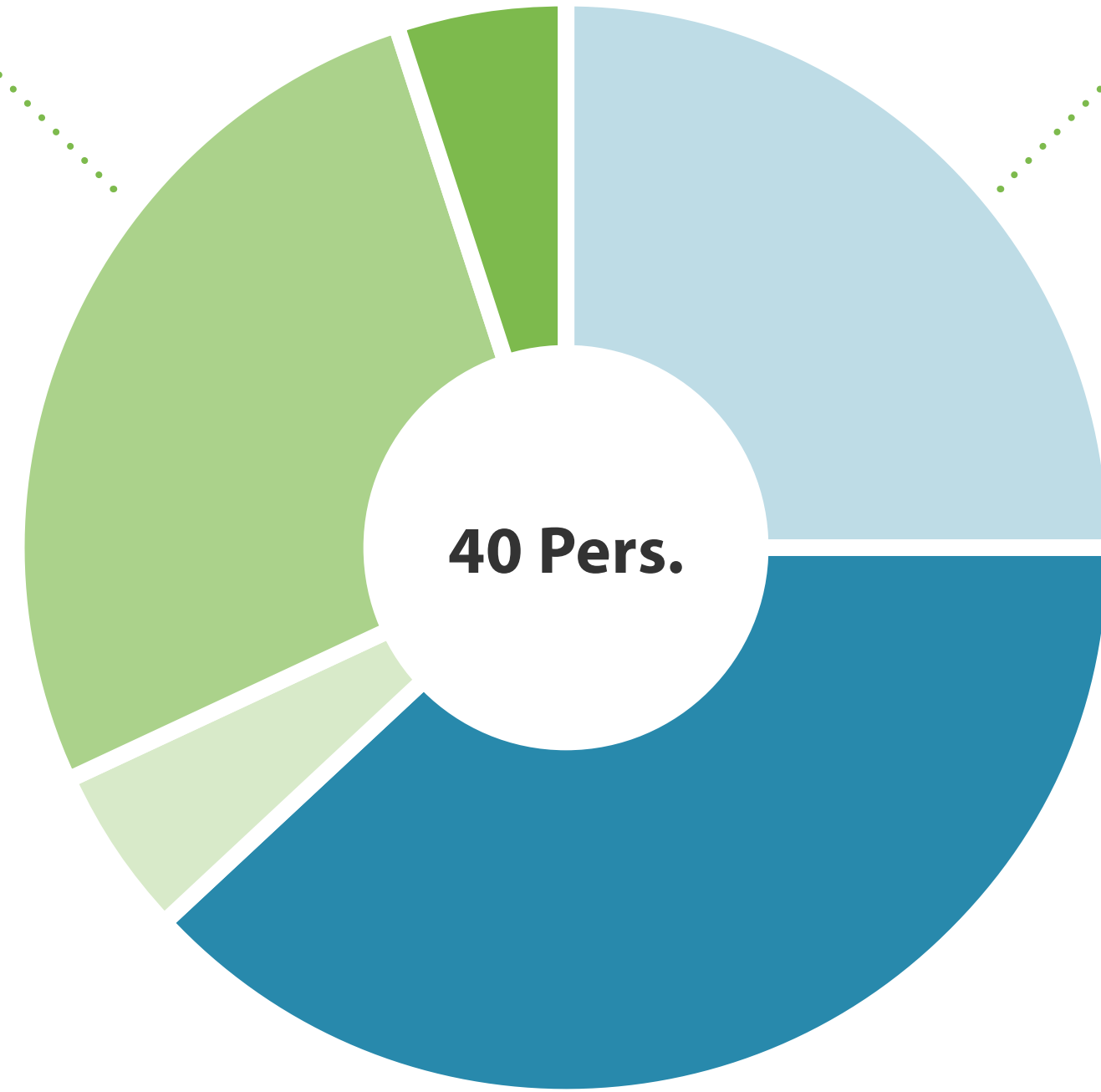
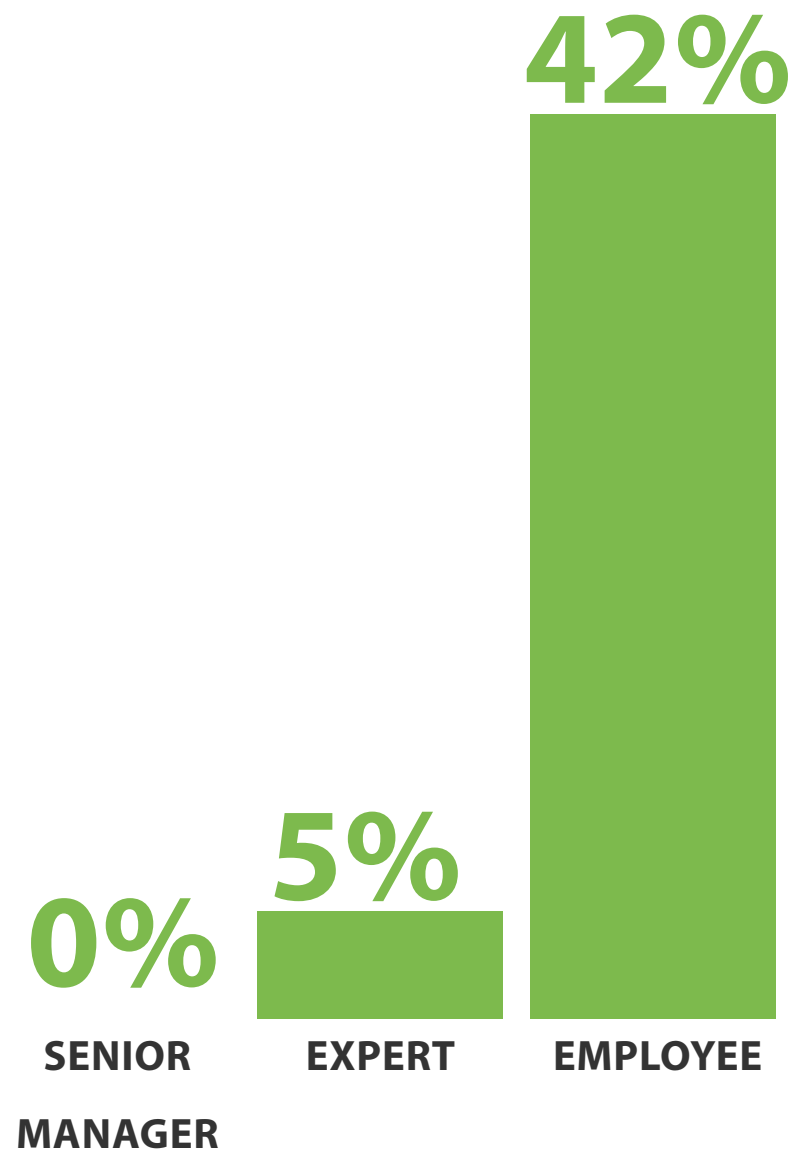
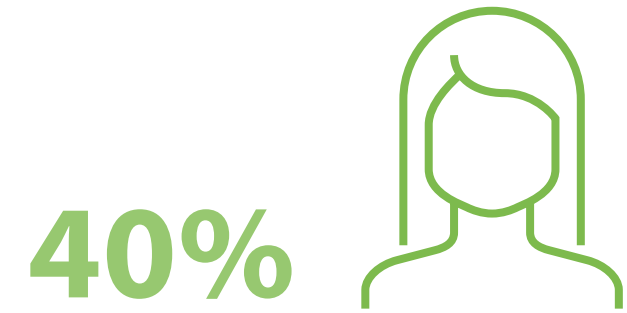
In 2022, we also organised a special strategy meeting to strengthen our internal cohesion, in part to address the COVID outbreak in 2021 and to get to know each other better and to strengthen the team and improve cohesion.

In this context, we have formulated proposals that can be implemented at no cost, such as the "RETURN TO THE FACILITY" internal news portal interviews with employees on our "corporate newsletter", or the organisation of regular professional experience reports. In the future, we would like to elect Employee of the Month and, in the spirit of sustainability, launch our own virtual marketplace.

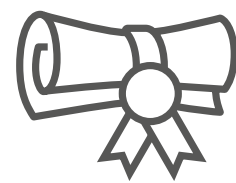
OUR EMPLOYEE COMPOSITION

As of 31.12.2022, our total number of employees was 40, of which all but one employee had an open-ended contract employed. Our Code of Ethics also emphasises the principles of equal opportunities and equal treatment, so we are proud that our company has an almost equal gender balance. Our employees include people just starting out in their careers from young people to middle-aged and retired employees, because we value everyone.

We strive to provide our employees with a family atmosphere, where professionalism, creativity, and a sense of belonging are the hallmarks of our work creativity. From their side, this is combined with a high degree of loyalty and commitment to our company, average length of employment is up to 8 years. A third of our employees have been with us for more than 10 years, but some of them have been with us for more than 15 years. In 2022, we had a very low fluctuation rate of only 4%, no accidents at work. We are very proud of both.



average length of employment **8 yrs**



HIGH SCHOOL,
TECHNICAL SCHOOL
20%

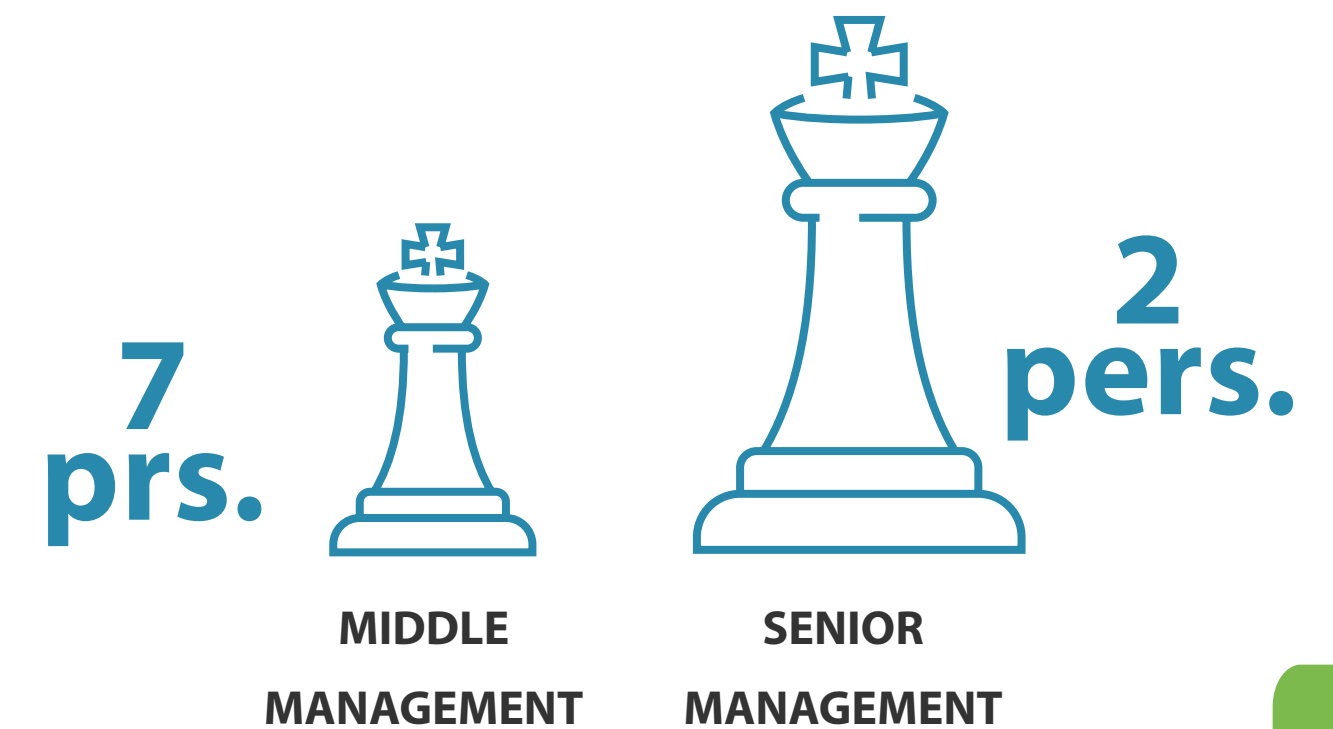
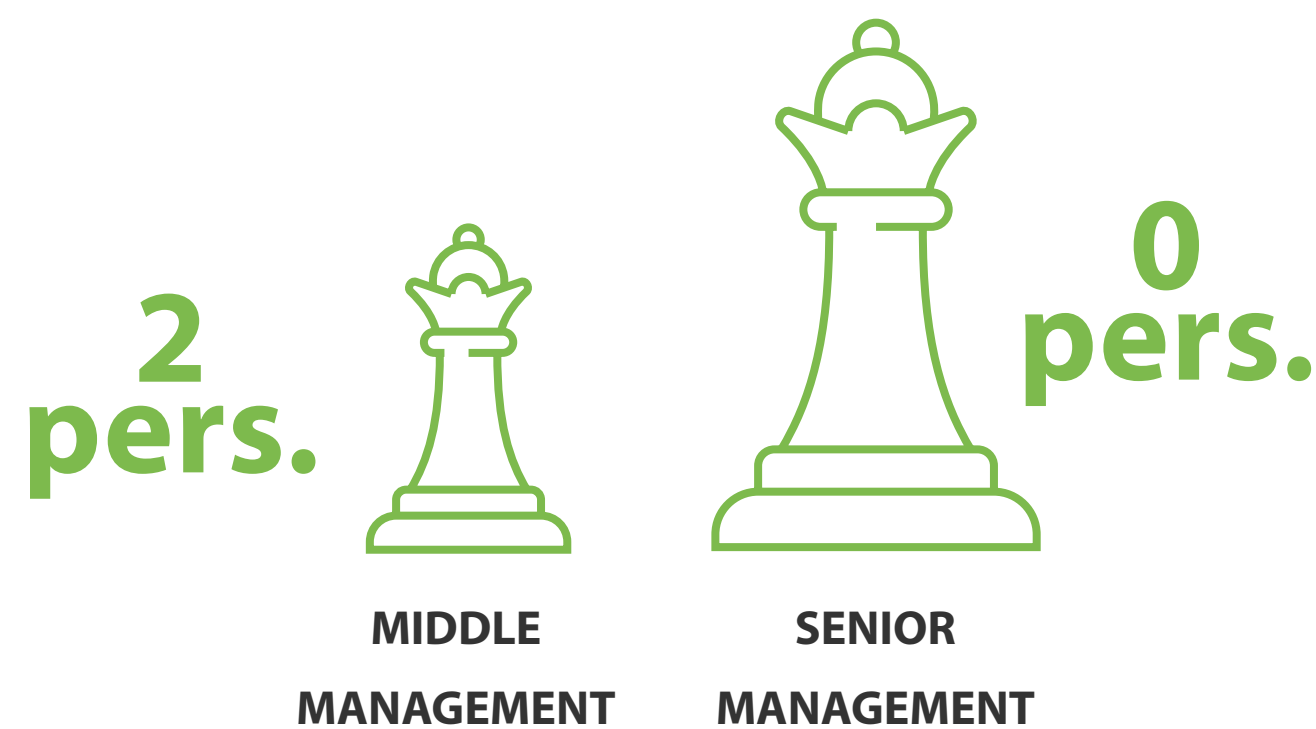


UNIVERSITY,
COLLEGE
80%

MIN 5 YRS AT THE
COMPANY
22%

MIN 10 YRS
AT THE COMPANY
23%

MIN 15YRS AT THE
COMPANY
10%



COMMUNICATION

Both formal and informal discussions with our employees and partners are on a regular basis. Partner meetings are held annually, where colleagues attend and have the opportunity to talk informally with each other and with partners.

Our intranet platform has been in operation since 2020, with all policies, company information, and templates by business line, helping the colleague's daily work.

We have a regular internal newsletter, called „Rétközösség”, which is an internal monthly “newspaper” for colleagues.

OUR CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (=CSR)

Supporting and preserving our closer and broader environment goes beyond our core activities, it runs much deeper. We believe it is important to be able to help others even in our free time. This is how we have been doing it for years through the following ways:

- Volunteering: In the form of team building, in 2022 we participated in a full-day work event where we built a long jump pit for the Balatonkenese primary school, renovated an outdoor big chessboard and painted benches. We would like to repeat this in the fall of 2023.
- Donations: In addition to the voluntary work at Lake Balaton, we donated 100,000 HUF for the renovation of the school. Furthermore, in 2022, during the outbreak of the Russian-Ukrainian war, we donated 1.2 million HUF through the Maltese Charity Service, as well as food donations. Additionally, due to the war in Ukraine, we helped temporarily accommodate Ghanaian university students who sought refuge in our country and supported them in returning home. In recent years, we have also supported the National Ambulance Service before Christmas.
- Support for associations and organizations: We supported the Komárom Beach Handball Association and the Budaörsi Liver FC. We plan to allocate an additional 11 million HUF for visual team sports support from the TAO fund.



Our responsible corporate governance

During our almost twenty years of operation, we have developed a clear well-functioning organizational structure that is broken down into business areas.

Our two managing directors provide the top management of our company, whose mandate is indefinite.

Underneath them, our business structure includes:

- Our Water Industry Technologies Business Unit includes the design department, where technologists, project engineers, mechanical designers, as well as civil engineers, the project management department, the implementation and procurement department, and sales.
- Our Commercial Business Unit includes design, technical supervision and support, logistics, and sales.

In addition to these areas, there is the Economic Department, which provides financial, accounting, tax, controlling, and payroll support for the company's operations.

At the end of 2022, the management formulated that it would expand the team with an independent HR manager because personnel issues require even more focused attention in such a large organization. Thus, in the spring of 2023, an HR manager was hired whose tasks includes developing an independent HR strategy and coordinating CSR activities.

We are proud that in our organizational development, we reached the milestone in 2022 of introducing the SAP system, which provides a comprehensive solution for managing our processes and querying structured business information necessary for decision-making.

As a responsibly operating company, we operate in the field of quality assurance according to international standard rules. Therefore, we have introduced the ISO 9001 quality management system for years.

During our operation, various regulations and instructions provide the framework and guidance for our colleagues, which are easily accessible to everyone through our own internal intranet system. These include data management/security, IT security, general cost management, personnel, and other work-related topics.



One of our most important guiding principles that encompasses our ethical operating principles and values is our Code of Ethics, which was introduced in 2022 and applies not only to Pureco Ltd. but also to BDL Ltd, Pureco IDEA Ltd, and Optimép Ltd.

In this code, we have defined our approach to the following essential topics:

- Key characteristics of ethical behaviour
- Compliance with laws and regulations
- Legality, compliance, and integrity
- Fair business conduct
- Anti-corruption measures (prohibited behavior, prohibited activities)
- Conflict of interest
- Procurement Policy
- Confidentiality
- Data protection
- Human rights
- Document registration, reporting, and financial integrity
- Conduct outside the workplace, internet usage
- Non-discrimination
- Working conditions
- Health, safety, and environmental protection
- Reporting and handling of violations



We expect ethical behaviour from both our internal and external partners and stakeholders.

We place special emphasis on equal opportunities, and non-discrimination, and reject all forms of corruption.

If any of our employees experience misconduct based on the above points, we provide them with the opportunity to report it and handle the case confidentially, taking the necessary measures.

With these measures, we aim to meet the expectations of our partners, the legal environment, and our own internal drive to operate as an impeccable and professional company in the long term, ensuring success and sustainability.



E - Environment

Environmental Indicators¹

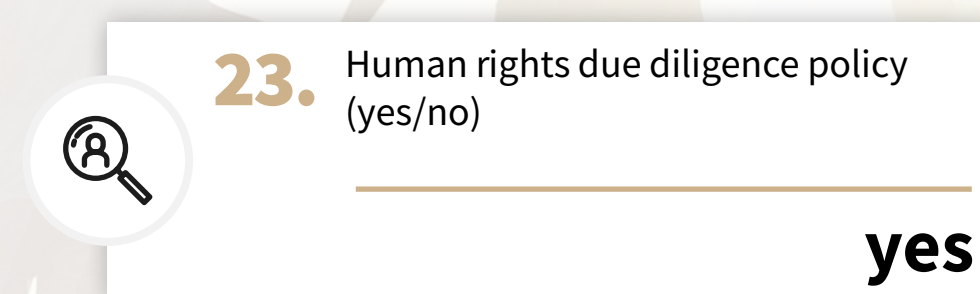
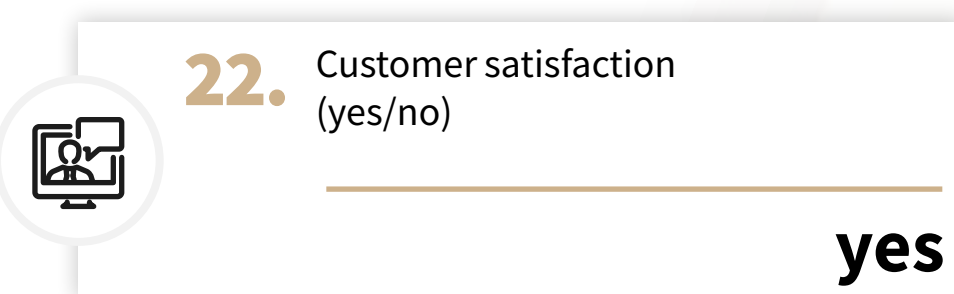
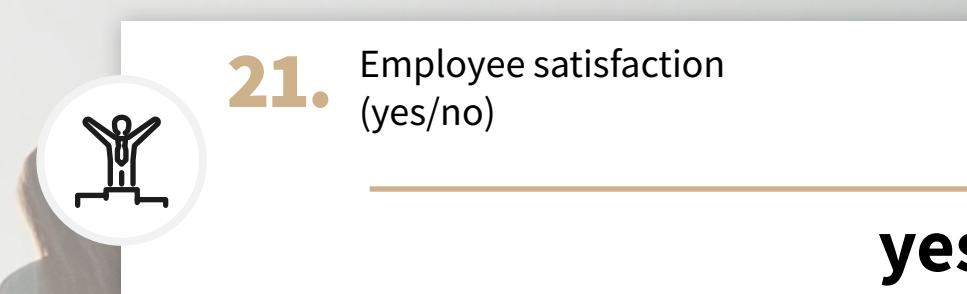
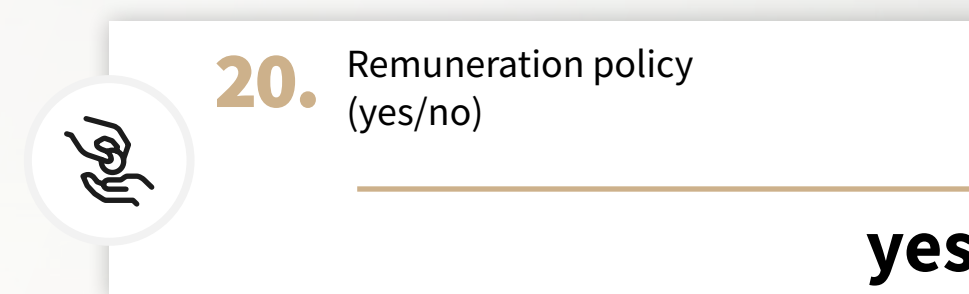
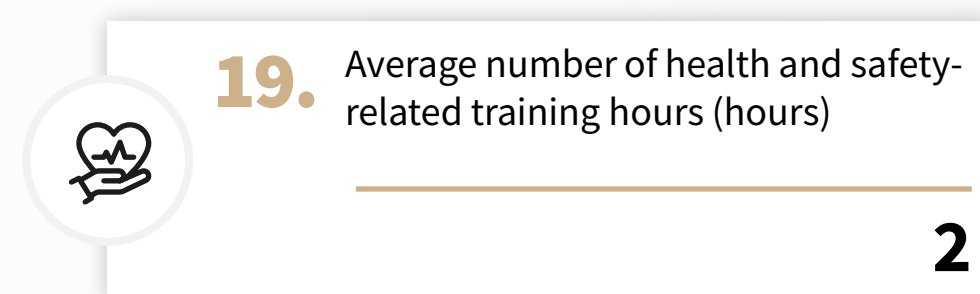
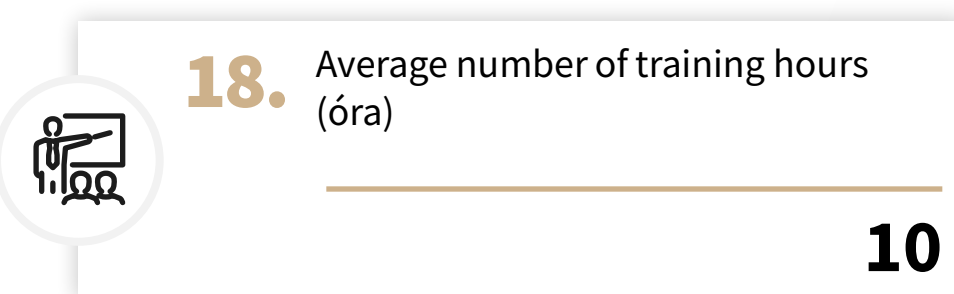
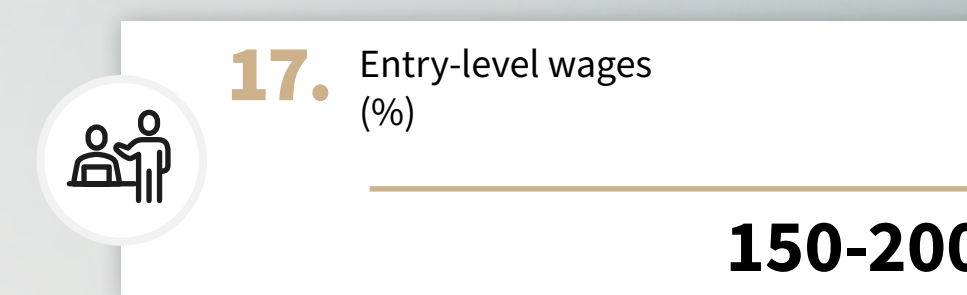
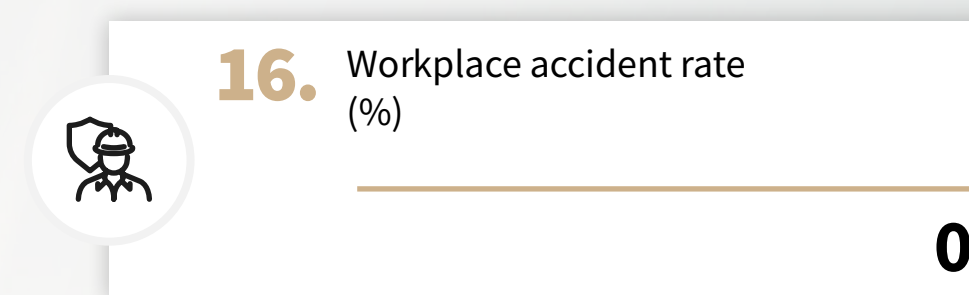
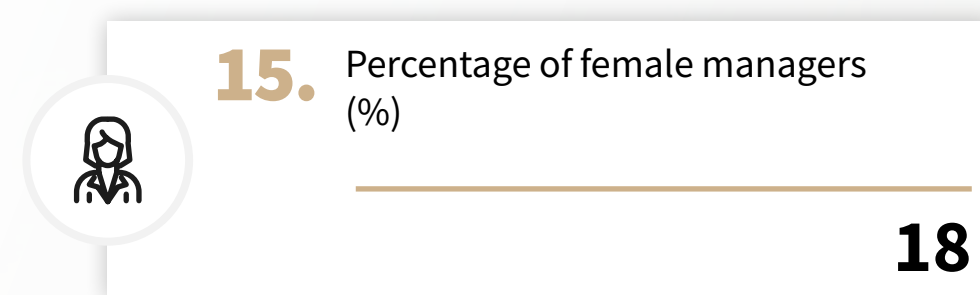
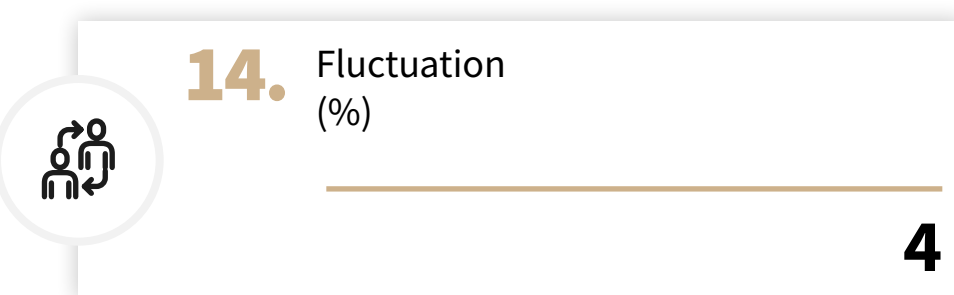


¹ The values and answers were provided based on the BÉT SME ESG evaluation methodology, considering the company's relevant business activities as of December 31, 2022, with the number of employees specified.



S - Social

Social Indicators¹




¹ The values and responses are based on the BSE SME ESG valuation methodology.




G - Governance


Corporate Governance Indicators¹

 **24.** Anti-corruption policy (yes/no)


yes

 **25.** Responsible sourcing policy (yes/no)


yes

 **26.** ESG organizational responsibility (yes/no)


no

 **27.** Protection of whistleblowers (yes/no)


yes

 **28.** Data security (count)

0

 **29.** ESG competency development (yes/no)

yes

 **30.** Stakeholder engagement (yes/no)

yes

¹ The values and responses are based on the BSE SME ESG valuation methodology.

² Number of substantiated complaints about breaches of customer privacy and loss of customer data.

Credits:

The ESG report has been prepared in the framework of the ESG Pilot - Consultancy Programme (GINOP-1.1.7-17-BÉT-6). Credit Management Group / FinSofTech Ltd.

www.linkedin.com/company/credit-management-group-esg-solutions/



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