



ESG REPORT 2023



HAFNER Pneumatika Ltd.

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Executive Greeting

Dear Colleagues, Business Partners, and Stakeholders!



As the CEO of Hafner Pneumatika Ltd., it is a great honour for me to share with you our first-ever ESG report. This document is a milestone for our company, summarizing not only the sustainability efforts and achievements of recent years but also conveying a clear message: we are committed to making a positive impact on the environment, society, and our corporate governance practices.

Our commitment to sustainability and social responsibility is not a recent development; its roots run deep in our corporate culture and values. However, as the world increasingly grapples with environmental challenges, social justice, and the necessity of ethical corporate governance, we felt it was time to formalize and expand upon these efforts.

Our ESG report is not just a summary of our activities; it's also a compass that helps us and our stakeholders track our progress and assess where there is still room for improvement. We believe that sustainability is not merely a destination but a journey, during which we continuously learn, adapt, and strive to become better.

During the preparation of this report, we engaged in numerous discussions with our employees, business partners, and stakeholders to understand what truly matters. This dialogue was crucial in helping us identify areas where we can make the greatest impact. I am pleased to report that these interactions were not only informative but also inspiring as we witnessed the passion and commitment that our employees and partners bring to our sustainability endeavours.

In the following pages, we will guide you through the key areas where we have focused our efforts: environmental conservation, social responsibility, and governance. In each of these areas, we will present our achievements, the challenges we have faced, and the steps we plan to take for ongoing improvement.

Before delving into the details, however, I would like to express my gratitude to each and every one of our employees, without whom these achievements could not have been possible. Our success is a collective one; it is the result of our collective efforts and commitment.

With respect,

A handwritten signature in blue ink, appearing to read 'Gergely Ujváry'. The signature is fluid and stylized, with a long horizontal stroke at the end.

Gergely Ujváry
General manager, Hafner Pneumatika Ltd.

1. About the report /GRI 2-2, 2-5/

This document is the first simplified report of HAFNER Pneumatika Ltd. The report demonstrates our commitment to sustainability and transparency by presenting stakeholders with an overview of the company's annual activities.

Following the completion of the first report, we aim to review and update it annually, with the goal of producing a more comprehensive report in the future. HAFNER Pneumatika Ltd. strives to conduct its operations in an environmentally conscious manner. It is a fundamental requirement of our management system to prioritize environmental protection. In order to summarize these activities and continuously improve upon them, we produce an ESG report.

The reporting organization:	HAFNER Pneumatika Product Manufacturer, Trader and Service Provider Limited Liability Company Registered office: 9228, Halászi Püski Street 3.
Reporting period:	Results for the year 2023
Reporting cycle:	Annual
Content:	The report presents the ESG-related activities and results of HAFNER Pneumatika, as well as sets measurable goals for the next period.
Considerations taken into account:	The report was prepared with reference to the GRI standard (2021).
External validation:	The report has not been externally validated by a third party.

2. Who we are

2.1. Basic information /GRI 2-1/

Company name:	HAFNER Pneumatika Product Manufacturer, Trader and Service Provider Limited Liability Company
Date of Establishment:	1991.
Tax identification number:	10579785-2-08
Number of Employees:	95
Main Activity:	Manufacturing of pneumatic equipment

2.2. Who we are and what we do? /GRI 2-4/

Our company specializes in the development and manufacturing of pneumatic valves, cylinders, and the trading of additional components required for pneumatic systems.

HAFNER Pneumatika Ltd. was founded in 1991 by Erik Hafner with Hungarian partners. Prior to domestic production, the company was involved in the development and manufacturing of pneumatic valves in Germany for nearly 30 years.

Leveraging on its experience, expertise, and the technical skills of Hungarian employees, the company established domestic production. The HAFNER brand symbolized the status of "German quality, Hungarian product" in the industry.

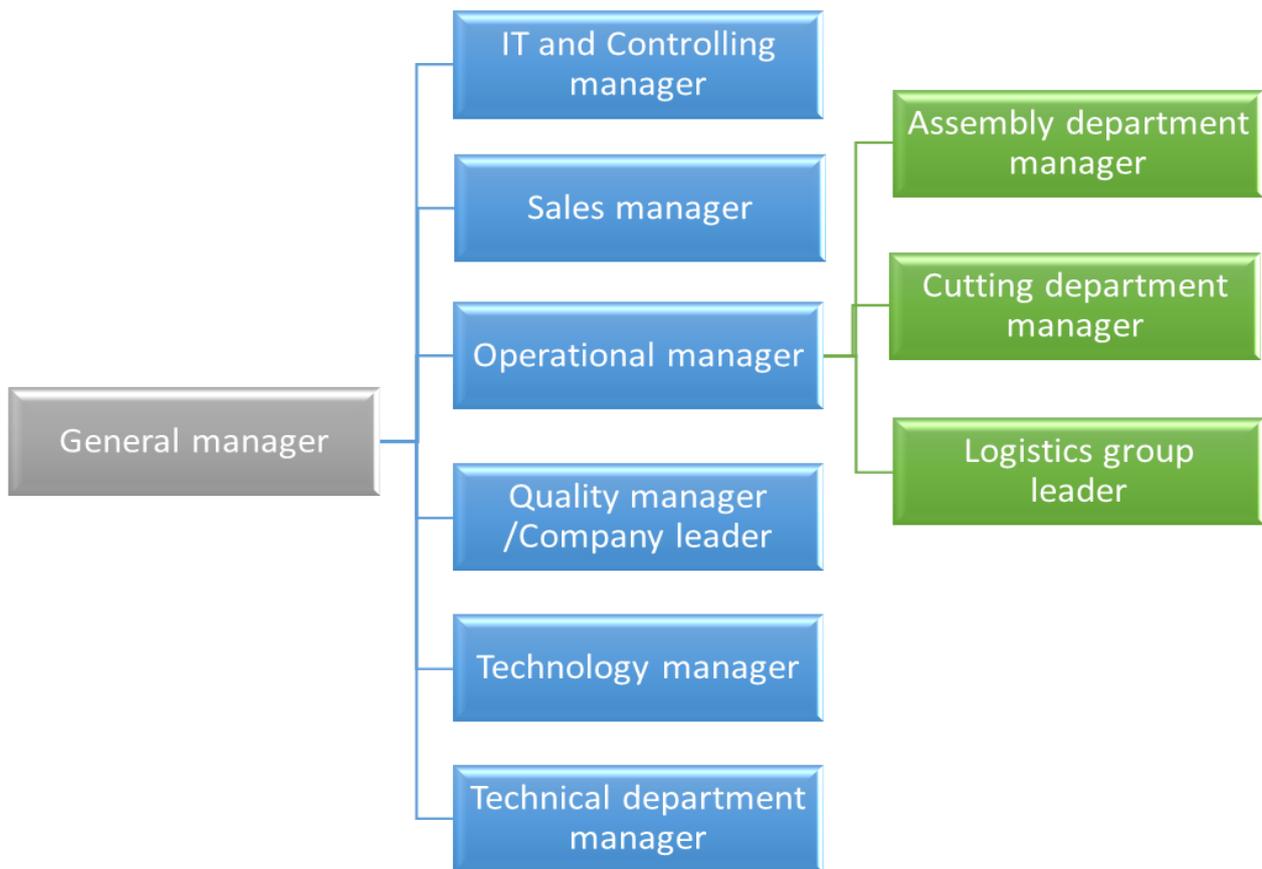
From the beginning, HAFNER Pneumatika has been exporting domestically manufactured valves to Germany. Thanks to continuous development, our products now reach an additional 40 countries around the world.



Our quality management system and quality policy include following:

- We manufacture our products using high-quality materials, employing modern solutions while considering efficiency and reliability for intended use.
- Customer satisfaction is at the forefront of our activities. We strive to meet the needs of our customers fully. We consciously develop our products, technology, and operating systems and are committed to continuous innovation.
- Quality management is a priority task and responsibility for our company's management and every employee. Each of our employees is responsible for the quality of their work, continuous improvement, and works to contribute to the satisfaction of our customers and business partners.
- We consider it important to establish and maintain mutually good relationships with our suppliers. We expect and demand the delivery of consistently high-quality products and continuous improvement of their own quality management system.
- We are committed to a clean and orderly work environment and the protection of environmental values.

2.3 The structure of company management and ownership /GRI 2-3/



A HAFNER Pneumatika Ltd. is primarily a privately-owned German enterprise.

OWNER	Ownership stake
Andreas Krämer	45%
Christine Krämer	35%
Ernő Novák	5%
József Ricsányi	5%
Tibor Kovács	5%
Sándor Heincz	5%

Authorized Signatory:

Gergely Ujváry	General manager
Ákos Zorkóczy	Company Leader

2.4 Product Portfolio /GRI 2-6/

The main product groups we distribute are as follows:



CYLINDERS

HAFNER offers a wide of single-and double acting pneumatic cylinders.



HAFNER VALVES

HAFNER offers a wide range of pneumatic valves and pneumatic control systems. Besides our wide standard range, Hafner is also specialised in customer -specific solutions.



FRL – units

HAFNER offers a wide range of air preparation units, consisting of filters, lubricators and pressure regulators.



OTHER VALVES, ACCESSORIES

Ball valves, manual and pedal-operated valves

Technological valves, Römer valves

GAMMA, MINI, SIGMA, EDV-EBV valves



FITTINGS

HAFNER offers a wide range of tube for pneumatic applications made from PU, PA and PTFE.



TUBES

HAFNER offers a wide range of tube for pneumatic applications made from PU, PA and PTFE.



VACUUM TECHNOLOGY

Vacuum cups, Vacuum ejectors, Vacuum filters

3. The HAFNER Pneumatika Ltd. and the ESG

The management of Hafner Pneumatika Ltd.:

- has always prioritized the company's environment and its values,
- ensures the well-being of its employees and safe working conditions,
- strives to preserve and improve its market position through conscious corporate decisions.

Due to increasing demands within the supply chain, our company has begun to categorize activities according to the ESG principles, which were previously part of our daily routine.

The management of HAFNER Ltd. is committed to meeting the ESG-related needs of our partners and implementing practical techniques to reduce negative environmental impacts from our operations while positively affecting societal groups and the well-being of our employees.

HAFNER Pneumatika Ltd. scored an 8 on the ESG index according to the OPTEN questionnaire, where 10 represents the highest rating. Additionally, the E, S, and G aspects are individually rated on a scale of 1 to 10.

We use the above ESG index as a guideline to formulate new goals, especially in areas related to sustainability, to ensure improvement in every segment.

The company's senior management ensures the integration of ESG requirements into the organization's processes.

ESG index



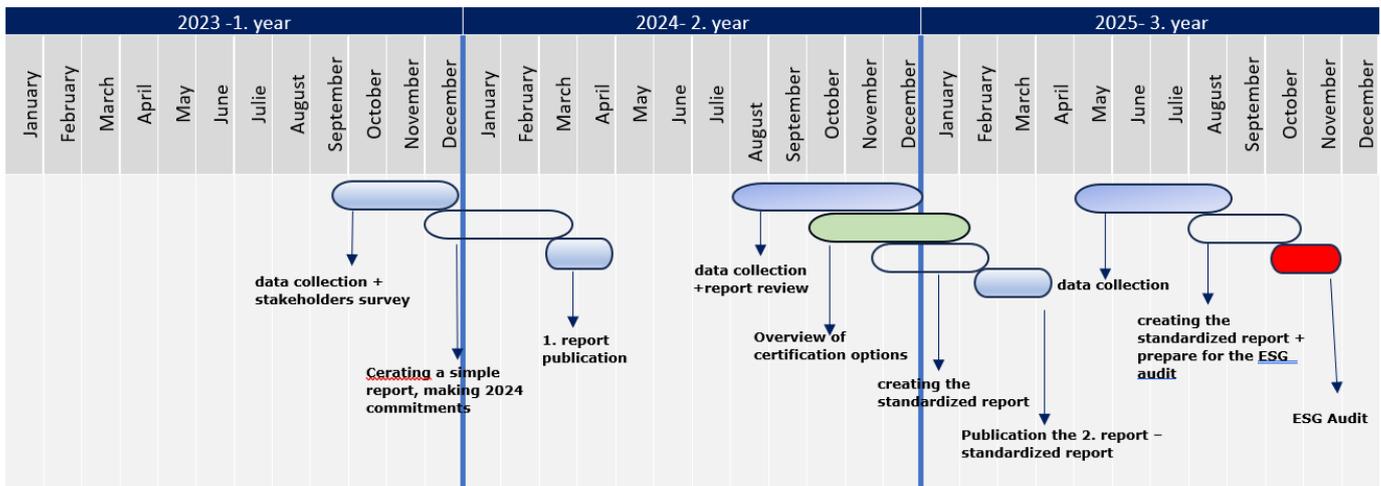
3.1 The ESG topics at HAFNER Pneumatika Ltd. /GRI 3-1/

The management of HAFNER Pneumatika Ltd. is committed to sustainable operations. The company has been operating according to the ISO 9001 management system since 2013, which helps integrate sustainability aspects into daily routines.

In 2023, the company began addressing the topic of ESG, for which we reached out to consulting firms and participated in conferences.

Although the current Act *CVIII of 2023 on sustainable financing and the promotion of unfiled corporate social responsibility encourages environmentally conscious, social, and societal aspects*, * does not apply to HAFNER Pneumatika Ltd., we believe that among our long-term goals, it is essential to have our ESG-related processes audited by an external certifier.

With the publication of this report, we aim to progress from entry-level ESG to advanced ESG within a maximum of 3 years, following the outlined schedule:



Our main goal is to fully meet the needs arising in the supply chain of our key customers, followed by increasing our market share and acquiring new customers. Beyond financial objectives, however, our primary aim is to develop the company's sustainability practices in a regulated form.

Among our plans is for at least one colleague to attend an ESG training in 2024 to designate a responsible person for ESG-related tasks within the company. The Quality Assurance department's designated employee is responsible for organizing ESG topics within our company.

The responsibilities of the designated colleague include, among others:

- Keeping ESG reports up to date
- Summarizing information related to the topics from the data owners,
- Continuously monitoring frameworks and regulatory background,
- Supporting the implementation of commitments made in this report
- Planning and coordinating their execution

3.2 Essentiality Assessment /GRI 3-1, 3-2/

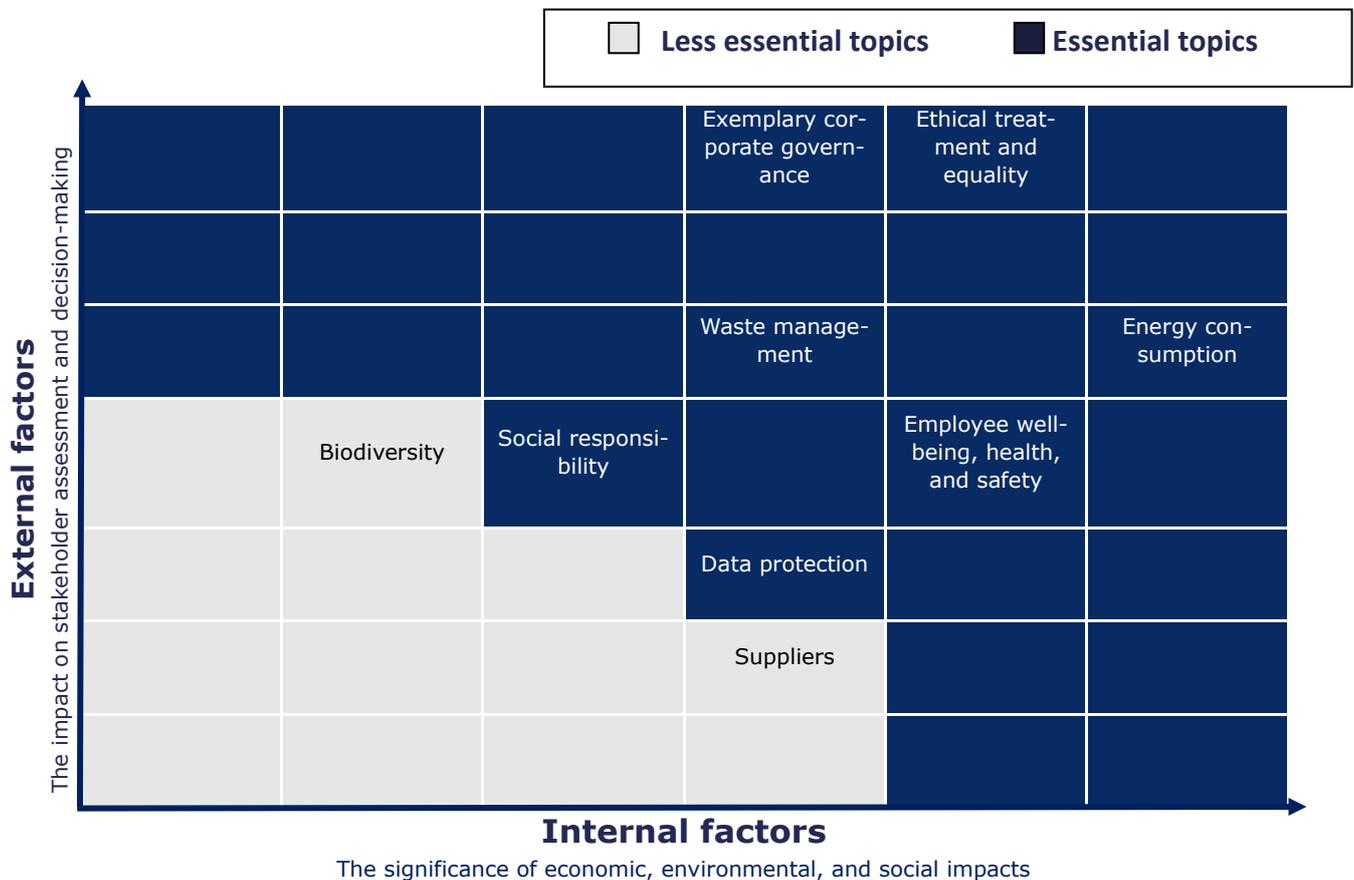
The company's management and ESG-focused employees discussed the key areas of significance during the development of the mindset.

At HAFNER Pneumatika Ltd., financial significance receives less emphasis compared to social and environmental topics. We take great pride in the financial independence of our company. We do not plan to utilize external financial resources either now or in the future.

We aim to use ESG to bring greater attention to environmental and social material topics within our company.

When determining our own materiality, we primarily examined factors that influence the opinions of our stakeholders and their decisions, as well as the additional environmental and social impacts of these issues.

The management has identified the following material topics, which are addressed in this report:

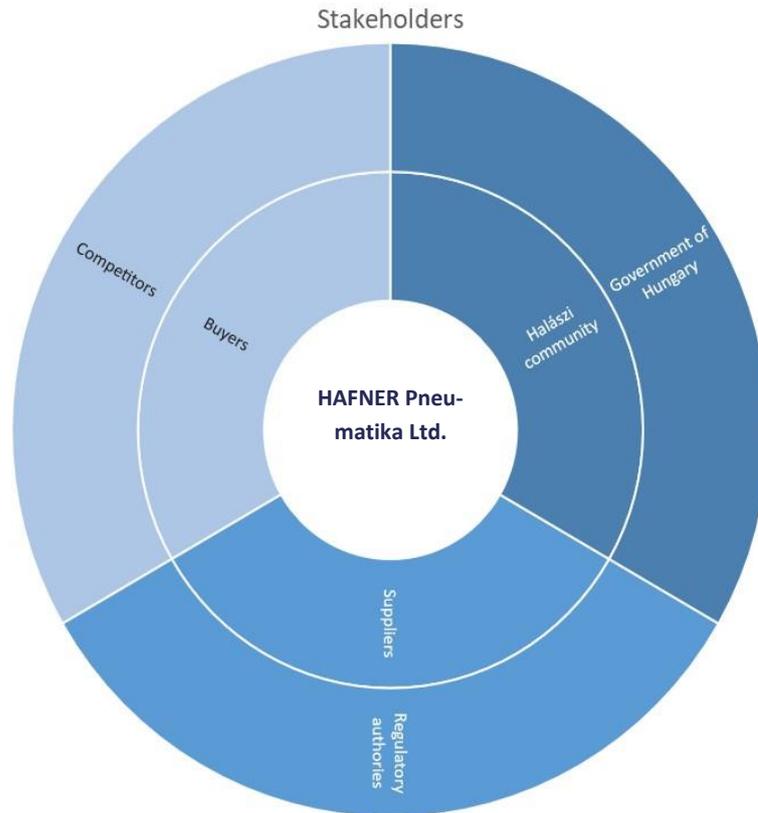


The company's management holds meetings at least once a year to discuss ESG material topics and their components.

3.3 Stakeholders

After mapping out the material topics, identifying stakeholders is an important task in the realm of ESG. We assess the stakeholders within the company's micro and macro environment, including those who have an impact on our operations and those whom the company can influence.

With these considerations in mind, we define the stakeholders as follows:





Environmental

4. The environmental impacts of HAFNER /GRI 2-22, 413-2/

The Hafner Pneumatika Ltd. is located in the Szigetköz region specifically within the town of Halász. Although the area is particularly important for protected species, the company does not have a significant negative impact on its environment. It does not pose risks of soil contamination or other environmental hazards. Moreover, its energy and water consumption are not considered significant.

The company categorizes its environmental impacts into two groups:

Direct environmental impacts:

- Emission of harmful substances from energy use
- Emission of harmful substances from the transportation of raw materials, from partners
- Emission of harmful substances from the transportation of finished products to customers
- Generation of solid and liquid waste (municipal waste+ sewage+ non-hazardous technological)
- Generation of hazardous waste

Not typical- indirect environmental impacts:

- risk of soil and groundwater contamination
- Environmental noise and vibration load
- Negative impact on biodiversity

4.1 Energy consumption /GRI-302-1, 303-5/

The HAFNER Pneumatika Ltd. used the following amounts of energy carriers in 2023:

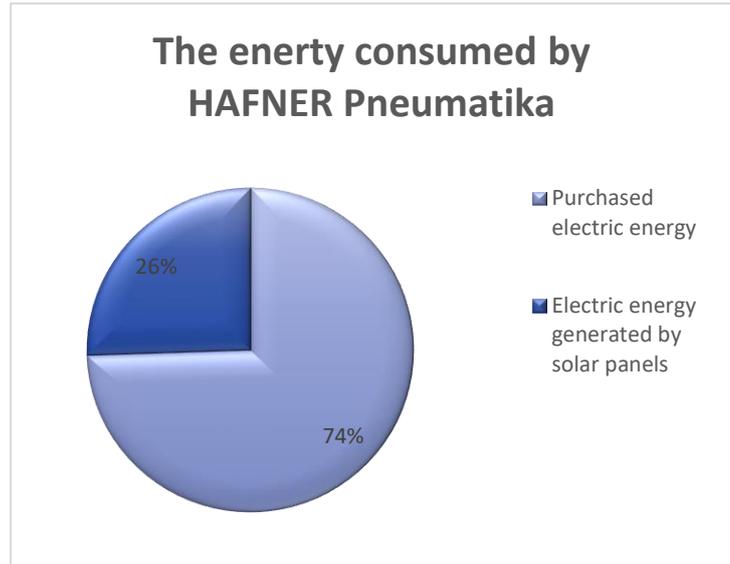
	Total electric energy:	323 988 kWh
	Total natural gas:	4 854 m³
	Total water:	778 m³

Our company's total purchased electricity is sourced from non-renewable sources. We have our own solar panel system.



The amount of energy used from renewable sources by the company in 2023 :

111 000 kWh/year



In 2023, the company purchased a total of 778m³ of water, which represents the annual water consumption of the company. The company does not use additional water from living or rainwater sources.

During our operations, we have developed our own technology to recycle water for our water-intensive processes. Our company was able to recycle 9m³ of water back into the used water quantity.

4.2 Waste management /GRI 306-3/

The quantity and types of waste generated from production by HAFNER Pneumatika Ltd. in 2023.:

	The amount of waste generated:	12 550 kg
	The hazardous waste generated from this	5340 kg
	The selectively collected waste from this:	12 550 kg

The types of non-hazardous waste generated from the company's activities include:

- paper and cardboard packaging waste
- wood packaging waste
- other mixed packaging waste
- Disposed electrical and electronic equipment

Hazardous waste generated from the company's activities includes:

- Toner cartridges containing hazardous substances
- Halogen-free refrigerant-lubricating emulsion and solution
- Packaging waste hazardous substances as residues or contaminated with them



- Hazardous packaging waste made of metal containing a solid porous matrix, including empty pressurized gas cylinders.
- Absorbents, filter materials, wipes, and protective clothing contaminated with hazardous substances
- waste containing oil
- fluorescent tubes and other mercury-containing waste
- batteries and accumulator,

Our company strictly adheres to the selective collection of waste generated during production. Unfortunately, due to technology constraints, we cannot completely eliminate the use of hazardous materials. Waste generated from operations in production departments is selectively collected.

Waste collection is mandatory practice within the company however, the process is not yet fully implemented in the office department. Therefore, in these segments and in the communal areas (such as the cafeteria and changing rooms), we are installing selective waste bins. This is aimed at ensuring that we not only separate industrial waste generated during production but also pay attention to the segregation of municipal waste.

Our company receives commercial materials from suppliers on a daily basis, primarily in paper and plastic packaging. WE strive to reuse cardboard packaging materials and paper or bubble wrap uses as filler in our own packaging. This helps us reduce waste and supports the implementation of a circular economy.

4.3 The operation and environment of the company /GRI 304-1/

The company owns its own property, the dimensions of which are outlined in the following table:

The total size of the property:	18677 m²
The size of the built-up area:	5036 m²
Total size of the offices:	303 m²
Total size of other operational areas:	2544 m²

The energy classification of the entire building: DD - approaching modern standard

Biodiversity:

73% of the company's total area is green space, which includes trees and fruit trees. In 2023, the company planted bushes and fruit trees. To preserve biodiversity, we plan to install insect hotels in the green areas of the company and place bird feeders on the trees, thereby supporting the maintenance of native insects and birds in the Szigetköz region. The management of HAFNER Pneumatika Ltd. is committed to preserving protected species. The company does not directly endanger the wildlife in its surroundings.

4.4 The company's vehicle fleet data /GRI 302-1/

Fuel type	Pc.	The amount of fuel consumed in 2023
➤ Petrol:	8	16 302,82 l
➤ Diesel:	6	4520,37 l
➤ Electric:	2	2999.7 l
➤ Hybrid:	2	

4.5 Greenhouse effect /GRI 305-1/



The carbon footprint of HAFNER Pneumatika Ltd. in 2023 based on the provided consumption data is: 184.64 t CO2

5. Responsible employment

5.1 Ethical treatment and equality /GRI 2-7, 202-1, 202-2,401-1, 405-1, 405-2, 406-1/

HAFNER is committed to upholding fundamental human rights and labour rights. Our aim is to provide a healthy, safe work environment free from discrimination and harassment, where professional advancement for employees is ensured. To achieve this, we have established our Corporate Code of Ethics, which all employees are required to be familiar with and adhere to in their work.

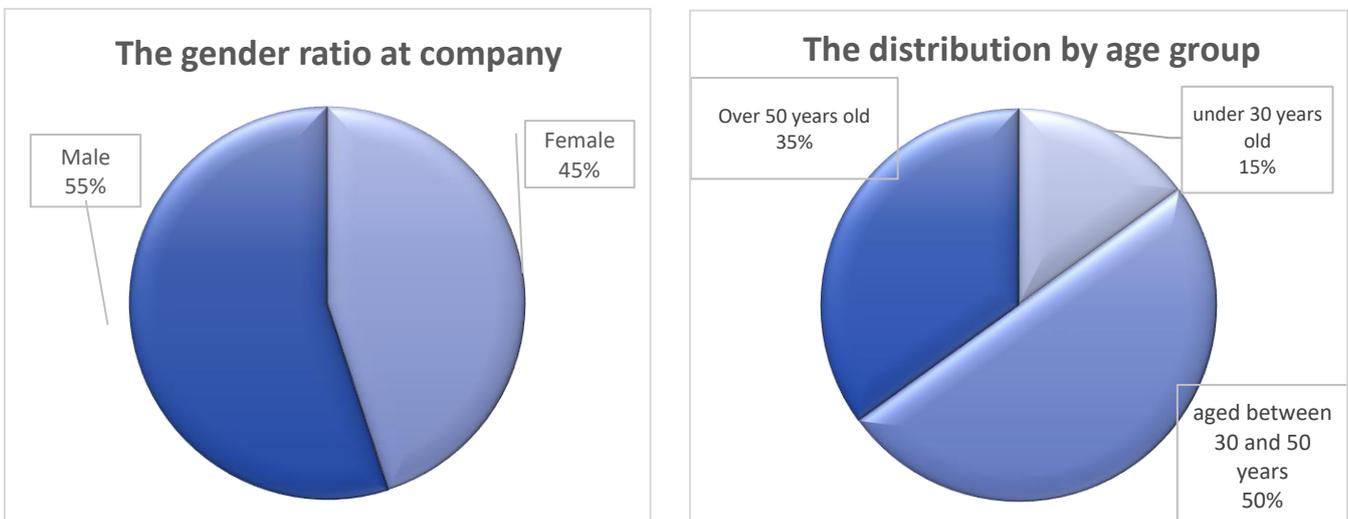
The Code includes the anti-corruption rules applicable to the company's operations, as well as guidelines for ethical behaviour for employees and senior management positions.

Our company is committed to promoting equality of opportunity, recognizing that everyone has the right to be treated with respect and dignity. We do not discriminate against anyone based on race, skin color, gender, age, religion, political beliefs, or any other status. There have been no incidents of discrimination that required action at the company.

In terms of compensation, there is no difference between the salaries of male and female employees occupying the same position. We select the appropriate individuals for each position based on knowledge, qualifications, and experience.

All employees:	95 head
➤ Female	43 head
➤ Male	52 head
➤ Senior executives	10 head
➤ Employees working in indirect areas	57 head
➤ Employees working in direct areas	38 head

The gender ratio and distribution by age group are illustrated in the following diagrams:



	Employee with changed work capacity/retiree	3 person
	Employee returning after childcare leave	2 person

In the current management of HAFNER Pneumatika Ltd., there are currently no female representatives. However, the company does not exclude the employment of female leaders. When vacancies arise, male and female and female applicants have equal opportunities. to reduce turnover we strive to provide an attractive environment and competitive compensation for our employees.

All employees:	95 head
New employees in 2023:	9 head
Female:	5 head
Male:	4 head
Under 30 years old:	3 head
Aged between 30-50 years:	3 head
Over 50years old:	3 head
Proportion of new employees:	9%
The number of departing employees:	11 head
Female:	6 head
Male:	5 head
Under 30 years old:	0 head
Aged between 30-50 years:	4 head
Over 50 years old:	7 head
Proportion of departing employees:	11%

5.2 The well-being, health, and safety of the employees /GRI 403-9/

HAFNER Pneumatika Ltd. is dedicated to preserving safety and health of its employees by providing fair working conditions and ensuring a safe and healthy work environment as required by law and regulations. Our colleagues can carry out their daily tasks in an exceptionally clean, organized, and air-conditioned environment. To identify workplace hazards and conduct risk assessments, our company employs external occupational health and safety experts and fire protection specialist. We are delighted to report that in 2023, there were no workplace accidents or injuries. The Ltd. considers the physical and mental well-being of its employees to be utmost importance, and therefore strives to do everything possible, not only in compliance which relevant regulations but beyond as well. Every Wednesday, our company holds a fruit day.

In addition to meeting regulatory requirements, our employees receive first aid training, so we organize first aid courses at the company level, which also cover the use of corporate defibrillators. The company remains committed to improving the well-being and comfort of its employees and continuously strives for it. In the future, we pledge to provide female employees with feminine hygiene products in the restrooms

We appreciate and recognize the work of our colleagues.

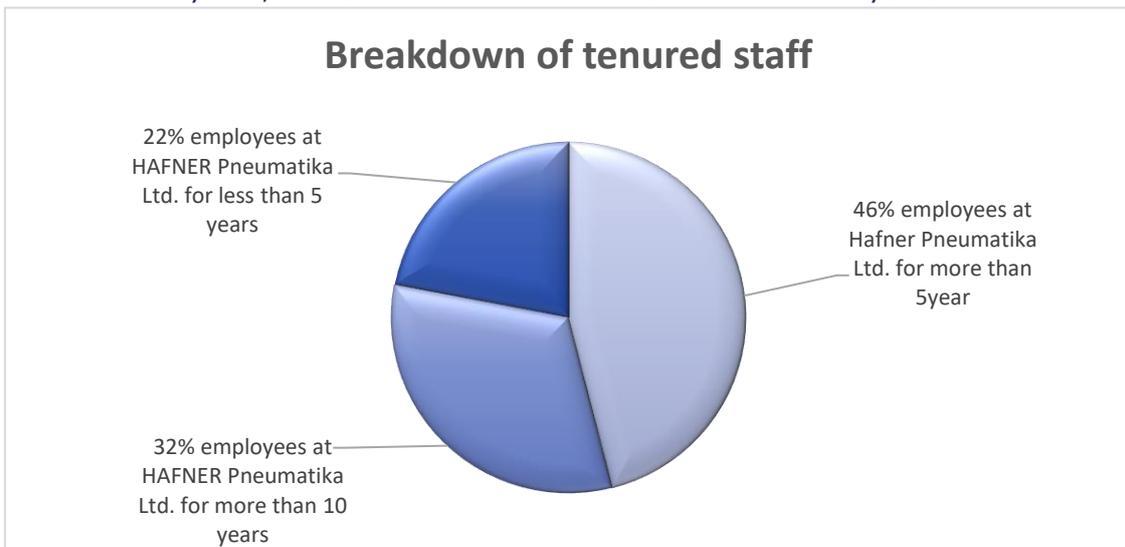
All our employees work as fully 'white-collar' workers, with their employment fully reported. In addition to providing an exceptionally clean and air-conditioned work environment, we strive to motivate our employees with additional benefits beyond their basic salary

- Shift differential at Hafner Pneumatika Kft. is 40% instead of the mandated 30%.
- After the first year of employment, employees receive tenure rewards in the form of a monthly financial benefit (starting from 2024, this will be incorporated into the base salary).
- In addition to the base salary, everyone is eligible for performance-based quality bonuses.
- Employees receive a referral bonus for recommending a new colleague, payable after the probationary period of the new employee ends.
- The company provides a monetary benefit for marriage or childbirth.

In addition to financial benefits, the company also provides other opportunities for colleagues:

- Discounted banking package at UniCredit Bank for Hafner Pneumatic Ltd. employees.
- Premium health insurance package.
- Regular training opportunities and support for further education.

We take great pride in the fact that 46% of our employees have been with Hafner for at least 5 years, and 32% have been with us for at least 10 years.



We work in a family-atmosphere.

Our company's management strives to create a pleasant and family-like atmosphere, taking full advantage of the small team size to facilitate this. Every year, we organize several events to unwind together.

We organize:

- family day,
- team-building activities,
- in December we conclude the year with a joint dinner.



In addition to our own organized events, the Hafner team regularly participates in major sports events such as the Ultrabálaton or the Voluta Dragon Boat Race in Mosonmagyaróvár. It has also become a tradition for the Hafner team to prepare inventive sausage-stuffing devices for the Mosonmagyaróvár Sausage Stuffer Festival every year.

5.3 Knowledge and talent management /GRI 403-5, 404-2/

Our company organizes training sessions on multiple levels.

Firstly, every year we conduct occupational safety and fire safety training sessions, which are conducted by an external partner company. Additionally, an external contractor provides updates on current GDPR regulations every year.

In addition to mandatory training sessions, we provide internal training for our physical staff to familiarize them with new or modified technologies/processes. If necessary, these training sessions are repeated.

On the other hand, employees have the opportunity to participate in professional as well as language training sessions. At the end of the year, we survey the educational needs among the staff, who then communicate their suggestions to their superiors. The final approval for the training is granted by the Managing Director and the Company Director.

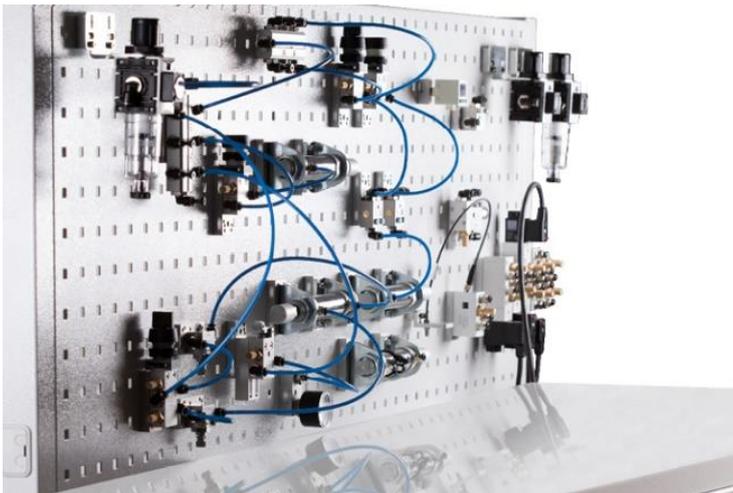
Any professional and language training sessions deemed necessary by the management for the employees are fully financed by the company.

In 2023, our employees participated in the following training session and workshops:

- FMEA training
- ISO 9001:2015 Internal Auditor training
- English and German language training
- AUKOM metrology training
- Leadership, individual, and group coaching sessions
- Lean Coffee
- Marketing course
- Soldering operator training
- Basic knowledge training for shift supervisors
- Pad printing training

In addition to training our own employees, we provide practical training for students within the framework of dual education. In 2023, a total of 6 students were employed by HAFNER Pneumatika Ltd.

Pneudactic Training Board



During the sale of products we've observed a demand for educational sessions to introduce the solutions offered by our company. For this purpose, we have developed our own educational board called the "Pneudactic Training Board," which can illustrate the theoretical knowledge of pneumatics in practice. Upon request, we provide both theoretical and practical training primarily for schools, universities, and companies where the safe and confident use of pneumatics is essential.

The composition of the training board can be individually customized. Our colleagues regularly participate as jury members in professional competitions. In 2023, Hafner Pneumatic Ltd. contributed to the annual pneumatics competition for high schools. The best-performing school also received a Pneudactic training board free of charge from our company.

5.4 Social responsibility /GRI 413-1/

The team of HAFNER Pneumatika Ltd. pays attention to supporting its broader environment.

Within the Halászi area, in 2023, we participated in a joint litter-picking action, and we strive to be represented in the local community life as well.

Our employees regularly participate in blood donations organized in Halászi and the surrounding areas. Many of our colleagues consider voluntary assistance to be close to their hearts. Blood donors are entitled of half a day off from work duties.

Our company regularly supports local and other associations and foundations.

In 2023, the company supported the following non-profit organizations:

- Lukács Public Benefit Foundation
- Fejes Józsefné Music Foundation
- Remény-Lak Animal Protection Association
- Youth Association of Technical University
- Szent Kristóf Ambulance Station

The Ltd. maintains close relationships with educational institutions, collaborates with them and supports them, thus sponsoring the education and career choices of the next generations.

We participate in public-interest social activities to support our environment.



6. Corporate governance

6.1 Financial status

	Taxable income:	555 857 000 Ft
	Owner's equity:	3 050 611 000 Ft
	Current assets:	2 391 675 000 Ft

HAFNER Pneumatika Ltd. operates as an independent organizational unit and does not have any affiliated branches.

The top management is committed to ensuring that the company does not rely on external financial capital. Therefore, it has no short-term or long-term obligations to any financial institutions.

Based on the assessment of the National Tax and Customs Administration (NAV), the Ltd. is classified as a reliable taxpayer.

6.2 Exemplary corporate governance

The company obtained ISO 9001 certification in 2013, which has been maintained and upheld ever since. We have built our quality management system based on this standard, but it also serves as assistance for corporate governance by regularly and systematically communicating our corporate goals, strategy, and vision.

In addition to providing updates on current events during regular monthly employee briefings, we regularly inform employees about corporate goals and their progress. This includes planned and actual financial objectives, as well as the ratio and significance of complaints.

Employee opinions are important!

At four points in the plant, we have placed suggestion boxes, which we check monthly. Anyone can submit their suggestions by filling out a form provided next to the box with their name. A designated committee processes these suggestions once a month.

Every idea that, if implemented, results in a measurable benefit qualifies as a suggestion. If a suggestion is implemented, the employee who proposed it will receive a reward. The company has defined reward levels. Suggestions aimed solely at improving employee satisfaction, even if positively evaluated, will not receive separate rewards. The realization of the suggestion itself is considered as reward.

In addition to collecting improvement ideas, we are also interested in the job satisfaction of our employees. We gather feedback through questionnaires to assess satisfaction with the work environment, colleagues, leadership, and morale.

At Hafner Pneumatika Ltd., we operate on the principle of an "open-door policy." The management does not shut anyone out, and anyone can approach even the managing director with daily questions and issues if they are competent in solving the specific problem.

6.3 Suppliers /GRI 408-1, 409-1, 414-1/

Good quality is a prerequisite for high-quality raw materials and components from external sources. Hafner sets strict quality standards. To summarize these rules, we have created a Procurement Manual.

Supplier relationships

Our company places great emphasis on nurturing and enhancing existing supplier relationships. To achieve this, we exercise appropriate caution when selecting potential partners. It is important for us to gather as much accurate information as possible when exploring new suppliers. This information includes:

- headcount
- duration of company operation
- references
- communication (response time, e.g., to requests for quotations)
- machinery fleet
- presence/absence of management system(s)

After collecting the data, we request quotations. From the companies offering the most favourable bids, we request samples, which initially must be approved by our quality assurance department for assembly. After assembly, we test the product, incorporating the components or materials from the new supplier.

Just as we expect honesty and ethical behaviour from our employees, we also expect it from our suppliers.

In addition to providing high-quality services and maintaining appropriate communication, we also consider other ethical aspects in our partner relationships.

- **The HAFNER Pneumatika Ltd. rejects corruption:** suppliers must not request, offer, or accept bribes for the purpose of cooperation.
- **Intellectual property rights:** the supplier must respect intellectual property rights and may only use them in accordance with the current terms of use and the provisions set forth in the mutual contract.
- **Protection of reputation:** the supplier should refrain from any expression that adversely affects the reputation and perception of HAFNER Pneumatika Ltd.
- **Fair competition:** the relationship with competitors should be characterized by fairness and a professional attitude.
- **Incompatibility:** suppliers must avoid any conflict of interest or even the appearance thereof.
- **Legality:** the supplier complies with the laws of the countries in which it operates and produces and delivers its products or services in accordance with the relevant regulations.
- **Fair cooperation and communication:** the supplier is obligated to provide truthful, accurate, clear, and courteous communication that is free from deception.
- **Respect for human rights:** HAFNER Pneumatika Ltd. expects its suppliers to ensure the human rights of their employees and to comply with employment laws. HAFNER Pneumatika Ltd. is also committed to treating its employees with equality and fairness, a standard that it also demands from its suppliers.
- **We reject all forms of forced labour and child labour!**

Our company codifies the above principles in the "Supplier Code of Ethics" and elaborates on them in detail.

Every supplier must familiarize themselves with the code of conduct, accept it, and serious violations may lead to termination of the existing business relationship by HAFNER Pneumatika Ltd.

We appreciate our suppliers!

We review our supplier list at least once a year, prepare an ABC123 analysis, and we evaluate:

- the top 20 suppliers based on ABC analysis
- suppliers of components and materials integrated into our specialty products (e.g., explosion-proof or products used in extremely cold environments)

Based on the 2023 analysis, we purchased from 4% fewer suppliers compared to previous years. The number of suppliers in the A and B categories remained unchanged, while the proportion of suppliers in the C category decreased by 12%.

We take into account the following evaluation criteria:

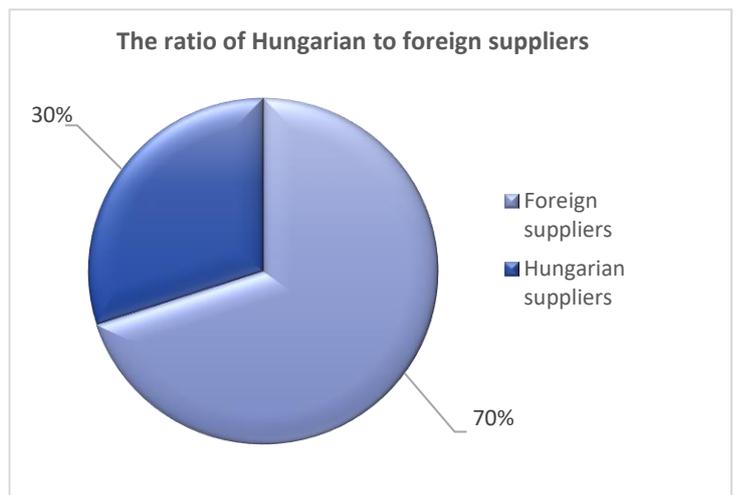
- general reliability
- quality of communication
- quality of services provided
- existence of certified management system(s)
- accuracy of deliveries and accompanying documentation

Since 2024, our company strives to consider ESG factors. Therefore, when selecting new suppliers, we will also take into account whether the supplier:

- Whether the supplier is domestic or foreign – with a focus on minimalizing transportation distances
- what is the level of pollutant emissions

Currently, Hungarian suppliers account for 30% of all of our suppliers.

From our current pool of suppliers, we are not aware of anyone publishing their pollutant emissions at this time. We hope that this will change in 2024. Our goal in this regard is to make it a selection criterion primarily for new suppliers.



6.4 Data privacy /GRI 418-1/

The HAFNER Pneumatika Kft. considers data privacy an important topic. To this end, and in compliance with the EU General Data Protection Regulation (GDPR) which came into effect on May 25, 2018, our company has established its own data protection policy.

The policy provides detailed information to our employees, customers, and partners regarding the handling of their data by our company. It applies to all employees as well as to those partners and customers who are in contractual relationships with HAFNER Pneumatika Kft.

At our company, personal data must be stored lawfully and fairly, for specified purposes, with data minimization, accuracy, limited retention periods, and confidentiality.

When establishing partnerships with suppliers, we enter into mutual non-disclosure agreements. The agreement covers any confidential information and data that is not known to a wider audience and is designated as confidential by the disclosing party.

In 2023, there were no incidents of data breaches or misuse of data.

The type of data security incidents	The number of data security incidents
The number of substantiated complaints regarding misuse of customers' personal data	0
The number of complaints received from external parties and substantiated by the organization	0
the number of complaints received from regulatory bodies	0
The total number of identified data leaks, thefts, and customer data losses:	0
The number of data leakage incidents	0
The number of data theft incidents	0
The loss of customer data	0

7. Objectives

Objective	What are we doing?
Expanding selective waste collection	Placing selective containers in office areas as well as in work areas where they are most easily accessible to employees (e.g., packaging areas in the workshop).
Reducing paper consumption. consumption. (Used in 2023: 350 packages, End-of-year target for 2024: max. 325 packages)	<ul style="list-style-type: none"> ➤ Training sessions on sensitivity regarding paper usage are necessary for office areas. ➤ Consolidating manufacturing instructions in production.
Reducing the amount of waste from PET bottles by 50%. (In 2023, purchased 0,5-liter bottles – 797 pcs)	Placing water filter jugs in the meeting rooms instead of PET bottled water.
Supporting biodiversity	Planting trees in the courtyard, placing insect hotels, and setting up bird feeders.
Increasing energy efficiency by replacing light blubs	Based on the quote from Óvárvill, modernization by the end of 2024. Definite goal: modernization of the assembly hall.
Sustainability-themed training sessions	Annual briefing provided by an external party.
Conducting training sessions on anti-corruption topics	At least 1 informative session per year by an external party.
Increased supervision of suppliers	We consider whether suppliers follow and disclose their emission data when selecting and evaluating them.
Customer awareness about sustainability practices	Communicating through the website.
Expanding ESG knowledge	Training sessions for designated ESG responsible.

8. Inclusion of GRI topics in the ESG report

GRI Standards 2021			
GRI Topic number	GRI Topic's name	The relevant section	Comment
2-1	Organizational details	2.3	
2-2	Entities included in the organization's sustainability reporting	1.	
2-5	External assurance	1.	
2-6	Activities, value chain and other business relationships	2.4	
2-7	Employees	5.	
2-22	Statement on sustainable development strategy		
Material Topics			
3-1	Understand the organization's context	3.1; 3.2	
3-2	List of material topics	3.2	
Topic-specific publications			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1	
202-2	Proportion of senior management hired from the local community	5.1	
301-3	Reclaimed products and their packaging materials	4.2	
302-1	Energy consumption within the organization	4.1, 4.4	
303-5	Water consumption	4.1	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.3	
305-1	Direct GHG emissions	4.3	
306-3	Significant spills	4.2	
401-1	New employee hires and employee turnover	5.1	
403-5	Worker training on occupational health and safety	5.3	
403-9	Work-related injuries	5.2	
404-2	Percentage of employees receiving regular performance and career development reviews	5.3	

405-1	Diversity of governance bodies and employees	5.1	
405-2	Ratio of basic salary and remuneration of women to men	5.1	
406 - 1	Incidents of discrimination and corrective actions taken	5.1	
408 -1	Operations and suppliers at significant risk for incidents of child labour	6.3	
409 -1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	6.3	
413- 1	Operations with local community engagement, impact assessments, and development programs	5.4	
413-2	Operations with significant actual and potential negative impacts on local communities	4	
414-1	New suppliers that were screened using social criteria	6.3	
418-1	Negative social impacts in the supply chain and actions taken	6.4	