

SolvElectric Technologies Ltd.
SUSTAINABLE DEVELOPMENT STRATEGY
(SME ESG aspects)

Valid from January 1, 2023 to December 31, 2024

Preamble

SolvElectric Technologies Ltd. treats sustainability as a priority and is committed to sustainable development.

Sustainable development serves to improve the quality of life in a broad sense, therefore social justice and equal opportunities, as well as the sustainable management of natural resources, must prevail together with economic development that promotes the achievement and maintenance of social well-being.

The English abbreviation ESG is an abbreviation made up of the words Environmental, Social and Governance, which covers a framework for examining environmental, social and corporate governance criteria.

The purpose of creating our Sustainability Strategy is to define the steps we take to implement, comply with, and maintain individual aspects.

With the adoption of this strategy, our organization takes the steps taken to achieve sustainable development into consideration and ensures compliance with the ESG guidelines.

ENVIRONMENTAL FACTORS

1/ Climate change

Today, everyone can perceive the significant climate change, the continuous warming of our earth. According to our company's creed, every individual is just as responsible as an organization, institution, or production unit for the sustainability of our environment and how to slow down or possibly reverse global warming.

Therefore, each of our new employees receives training on the personal tasks and responsibilities that they must personally comply with, based on the company's environmental aspects. However, each of our employees is also given the right to submit proposals for the introduction of more environmentally friendly technology, materials, and procedures, which we provide to everyone, regardless of position, once a month.

2/ Natural resources

From the very beginning, energy efficiency has been a very important aspect of our company and the aspect of obtaining part of our energy needs from green energy and using it to run the company, thus reducing our carbon footprint.

We have been using solar collectors since 2014, which not only provide our hot water supply, but also help with our central heating during the transition period, significantly reducing our gas consumption.

Likewise, in 2014, our 17kW solar park was installed on our roof, which reduces our electricity consumption. We are currently planning to expand this system so that we can make maximum use of the available roof surface.

Thanks to our 20 cm wall insulation and our modern doors and windows, we have been able to continuously reduce our electricity and gas consumption at our site.

We have provided our employees with water purification equipment, with the help of which tap water can also be safely consumed, thereby eliminating the purchase of PET bottled mineral water.

We started the transition of our car fleet to electric drive in 2023. our goal is to gradually replace our commercial vehicles with electric transporters. This year, we will make one exchange. We replaced our sold diesel-powered vehicle with a hybrid.

3/ Energy efficiency

In our company, energy efficiency starts at the design table. In the case of all our product designs, we do not consider the design aspects to be the most important, but the energy efficiency aspects:

-during the production of the product, we should produce as little waste as possible.

-the energy consumption of the equipment should be as low as possible

-minimizing the use of chemicals during production and operation.

4/ Waste management

Our company is well ahead of its time, because we started collecting waste selectively in 2008, long before doing so became widespread in Hungary. Since then, we have regarded all waste generated during production as valuable.

However, we not only treat waste generated during production responsibly and selectively collect packaging and other waste, we also hand over non-repairable devices left in our service for recycling. Every year, more than 1 ton of electronic waste goes to recycling companies.

TÁRSADALMI TÉNYEZŐK

1/ Equal opportunities – human rights

We pay special attention to equal opportunities and human rights, which is why we are preparing a separate Equal Opportunities Plan, in which we have defined our equal opportunities plan in the light of sustainability and which vulnerable group we will pay special attention to in the coming period. Every year, we evaluate the implementation of the plan and whether it is necessary to incorporate other aspects or to modify the existing aspects.

2/ Social sustainability

Social sustainability already includes the individual as part of the community, but the role of the individual should be given priority. Society can only be stable if the lives of individuals are sustainable.

If we consider these points, we will see that they form a closely related system - in fact, they cannot be separated from each other. It follows from this that the individual, the society built from individuals, the management of the individual and the society, and the system of relations with the environment must all be sustainable in order for the system to be functional in the long term.

However, the issue of individual responsibility is always central. This is the point on which everything else depends. If individuals do not recognize and do not accept their responsibility in creating social, economic and environmental sustainability, then the entire system will collapse.

That's why at our company, for the sake of social sustainability, we prioritize the individual and the employees.

For the sake of sustainability, we hold annual trainings for our employees, where we prioritize the responsibility and needs of the individual, i.e. the individual employees, so that development is real and, above all, sustainable.

During the development of products and services, we also take into account their impact on the environment, and we implement the developments taking this aspect into account.

When purchasing components, materials or goods, in addition to the expected technical compliance, the eco-effect of the given device on the environment, if any, should also be considered. In other words, all department managers should take into account aspects that protect the environment during procurement.

We can also extend the responsibility of the individual to our customers by accepting used batteries and non-repairable equipment that is classified as hazardous waste from them. On the one hand, we prevent environmental pollution, and on the other, we set an example!

Since we also deal with vocational education, waste management at our company is also important for social sustainability because we can introduce our students to selective waste collection, as well as the various ways of properly handling waste and how to hand it over to the recycling and processing organizations. **This also sets an example for the new generation to behave responsibly and protect the environment for future generations.**

3/ Occupational health and safety

In addition to individual responsibility, a healthy working environment and safety are very important. That's why we prepare an annual action plan after analyzing the satisfaction questionnaires filled out anonymously by our employees, in order to realize the objectives that our colleagues consider the most important. We monitor the implementation of the annual action plan and evaluate at the end of the year whether we have succeeded in achieving all objectives. Every year, all our colleagues can comment on this anonymously, and the new action plan is prepared taking these aspects into account.

4/ Data security and data protection

As a responsible company, we pay special attention to data security and data protection.

Our company has a data management policy in accordance with the legal regulations, in which we describe in detail how we regulate and apply the management of personal data at our company, as well as the rights and legal remedies of our employees, customers, and partners. We ensure the legality of data management. We also regulate and control data management related to the employment relationship, filters, and the website. In addition, we also regulate the data security and data management related to outsourced work. We sign a data protection and data management policy with all of our subcontractors. We ensure the notification and management of possible data protection incidents. We check our data security annually, especially taking into account the aspects listed below:

Unauthorized access
Prevention unauthorized access
Damage to the computer or data carrier

Prevention of physical injuries, reliable data storage
Viruses
Protection against viruses
Overvoltage, power failure
Protection against overvoltage and power outages
Actions to be taken if data breach occurs
Reset reserve stock

5/ Product safety and quality

Since 2002, our company has been certified according to the ISO 9001:2015 standard for all activities carried out by the company: electronic product design, electronic manufacturing, trade and servicing of electronic products. Our quality management system is reviewed annually and a renewal audit is performed every 3 years by the CERTOP certification organization.

In addition, our corporate management system ensures proper documentation and traceability of the processes of our entire activity, from planning to sales.

In addition, the operation of our service is supported by a self-developed software STM (Service Team Manager), so that all equipment received for repair can be tracked by serial number in our system and we can constantly follow up to date where the repair is at. In this way, we can provide our customers with accurate information at any time.

MANAGEMENT FACTORS

As a small business, we should not focus less on management factors, even if we are not subject to the strict regulations applicable to joint-stock companies and the control of the stock exchange supervision. However, it is easier for SMEs to limit the factors that we have to deal with. From these, we highlighted 3 important principles:

1/ Purely transparent and ethical operation

We regulate not only the operation of our company, but also its management, and we also give our employees space to have a say in decisions. Our managers ensure safety and reliability by applying the "open door policy". When colleagues get stuck or need support at any time, managers are always available and they can count on their help. It is very important as leaders, as in terms of management, to incorporate innovations into our daily lives, to deal flexibly with problems, and to manage changes, because this way we can ensure adequate mental freshness and protection against burnout.

And what is most important is that the management takes into account the rules of ethical behavior in every decision, even regarding our own employees, customers or a contract.

2/ Remuneration and incentive programs

Currently, 2 very important things are necessary for the operation of our company. One is data; transparency, analysis and its protection. We have touched on these previously in this document when discussing social factors.

The second is the well-trained workforce. That is why our management not only pays a lot of attention to mental health, but also to adequate financial compensation for excellent work. We are proud of the fact that for more than 10 years in our company, all our employees, regardless of position, have received benefits above the current minimum wage. In addition, we support the further learning and development of our employees financially and with flexible work schedules. And our loyalty bonus ensures employee retention. In addition, we organize team-building trainings, where the management can talk to all colleagues in a more informal way.

3/ Fair taxation

During the operation of our company, we follow the laws and their changes. If necessary, our management also employs consulting companies to fully comply with the regulations that apply to us and to ensure our employees comply as well.

We have been included in the reliable taxpayer and public debt-free database for several years, because it is a very important cornerstone of our operation to demonstrate ethical behavior not only towards our employees and customers, but also towards the institutions to which we have to pay taxes, contributions or other fees on time.

Our company has also had the Bisnode A certificate for several years, which indicates that establishing a partner relationship with us entails a very low financial risk.

In summary:

Sustainability can only be successful if it is not only a concern of the management, but also of all colleagues. Therefore, the goal is not to make big promises, but to have all employees of our company responsibly participate in ensuring sustainable development, because this program can only be successful if it is part of our everyday life and not a task to be completed.

Since we have been involved in vocational education since 1996 and dual training since 2015, during the sessions with our students, we not only teach young people the profession, but also show them how they can protect their environment and make our world more livable. We have a very big responsibility in this, and therefore it is important to prioritize these aspects in our company, because then we don't just talk about it, we also set an example! And setting an example is the most convincing form of education!

30 December 2022, Szeged

Anikó Kaszás, CEO