



WING

BUILT FOR BUSINESS

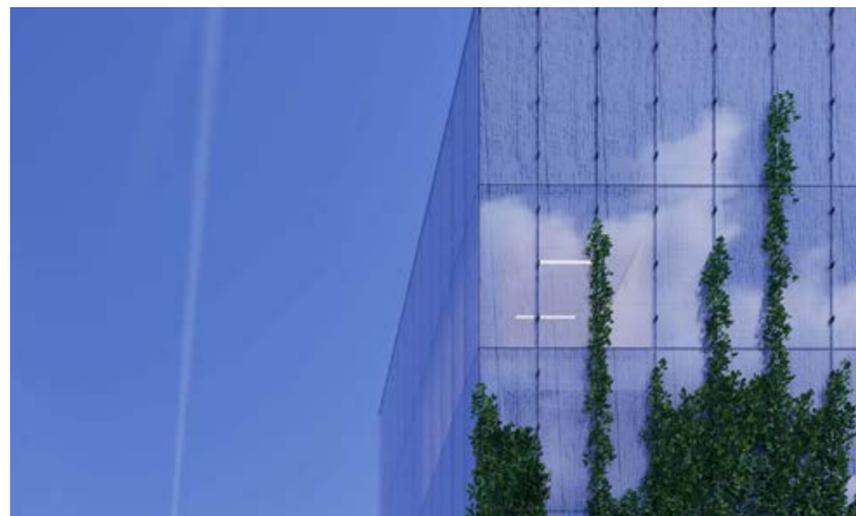
ESG REPORT

2022

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01



Introduction

1.1 LETTER FROM THE CEO



Dear Reader,

I am pleased to present the second Sustainability (ESG) Report of WING, which summarises our key environmental, social and corporate governance activities and achievements for the financial year of 2022. This report also entails our future ambitions and sustainability objectives.

Global challenges of the last year had turned our attention on the continuously changing corporate environment, where companies' ability for adaptation is becoming more vital. Sustainability aspects represent essential components of the resilient operation, since they focus on the assessment of environmental, social risks and impacts, while enhance corporate governance practices that support ESG initiatives. Besides, we have also considered that regulators, financial institutions, investors and tenants turn with higher expectations to our operation in the field of sustainability.

As one of the leading investors and real estate developers in the region, our Company is committed to integrate the sustainability approach into strategy and day-to-day operation. Therefore, we have great emphasis on representing human values and environmental awareness, besides the company's economic viability. WING's objective is to deliver projects with high architectural quality that create long-term value, and to develop the built environment in a sustainable way. Our motto is „Building a Liveable Future“.

We are constantly working on to ensure that our developments meet the highest environmental and sustainability standards. Accordingly we implement available, modern solutions to enhance the buildings' energy efficiency and develop the connected areas, green spaces. As part of our

corporate responsibility approach, we are actively supporting organisations and initiatives that empower young people and students. Besides, we connect with local communities and support their social initiatives through various CSR activities. The core values of our Company, such as reliability, mutual respect, professionalism and transparency, are summarised in the corporate Code of Ethics, that was adopted in 2022.

WING aims to continue sustainable initiatives and improve business operations along the ESG dimensions, thus contributing to a more sustainable future.

In the second ESG Report we provide a comprehensive overview about our progress and also present the next steps that are building blocks of our sustainability path.

I wish a pleasant reading!

Best regards,

A handwritten signature in blue ink, appearing to read 'Noah Steinberg'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Noah Steinberg

Chairman and CEO of WING

1.2 THE OBJECTIVE OF OUR SUSTAINABILITY REPORT

ESG – the abbreviation of Environmental, Social and Governance - as a sustainability approach considers the assessment of environmental impacts and social issues, while also provides principles of ethical governance and managerial decision-making. It aims to provide an objective framework for the evaluation of organisations' non-financial performance, and for the assessment of sustainability related risks and opportunities, which is an emerging expectation from external stakeholders (like regulators, financial institutions, investors, and the society).

Our ESG commitment, as WINGHOLDING Plc. (hereinafter referred to the Company, WING, WING Group or the Group) dates back more than 10 years, when we decided to enhance transparency, accountability and comparability on corporate responsibility and to incorporate sustainability goals into our business strategy. Accordingly the Company issued its sustainability report for 2021, that presents non-financial performance in detail to all interested parties.



1.3 ABOUT THE REPORT: STRUCTURE, SCOPE AND COVERED PERIOD

It is the second time for WING to report on the company's sustainability progress and achievements. This report presents the initiatives and results of the Company for the financial year of 2022. The scope of the ESG report covers the Hungarian entities and sustainability activities of WINGHOLDING Plc. Our entities with minority interests are not presented in this report, nor the changes of interests during the year.

COMPLIANCE WITH GRI STANDARDS

GRI (Global Reporting Initiative) provides commonly used sustainability reporting standards, as an interconnected modular system. The GRI framework enables the quantification of complex and often hardly comprehensible operational attributes of corporates. Thus, by following the GRI reporting standards, WING can increase transparency on the economic, environmental and social impacts of the company. Therefore, the Group is committed to prepare publicly available annual ESG reports to present its sustainability achievements relying on the GRI standards.

This report follows the approach of 'with reference' to GRI standards, and it is not subject to external verification by an independent auditor. In the future, we aim to publish an audited sustainability report that is comprehensively compliant with the GRI requirements (follows the approach of 'in accordance with' GRI standards).

As a subtitle of each chapter, the relevant GRI indicators are presented and further explained in that section of the report. These indicators are summarised in the [GRI Content Index](#) at the end of the report, mapped with the associated page numbers.

The report contains detailed information about ESG themes that were identified by the company's materiality assessment. As part of the assessment process interviews and questionnaires were conducted with internal and external stakeholders from different operational fields. Material topics were prioritized by the perception of external (industry players, corporate partners) and internal (employees, managers) stakeholders. For further information about the ESG report, please contact us at esg@wing.hu.



1.4 OUR STAKEHOLDERS



As a first step to prepare our ESG report, we have determined external and internal stakeholders, who are in connection with the Group or could be affected through our operation.

We have selected the most important participants from the listed external and internal **stakeholders**, who potentially have high impact on our operation, thus can provide key insights to develop our ESG strategy. Besides, we assumed that the selected stakeholders have sufficient information to form objective opinion about the company's activities. Accordingly, the identified stakeholder groups participated in the materiality assessment in order to determine the core ESG topics of the report.

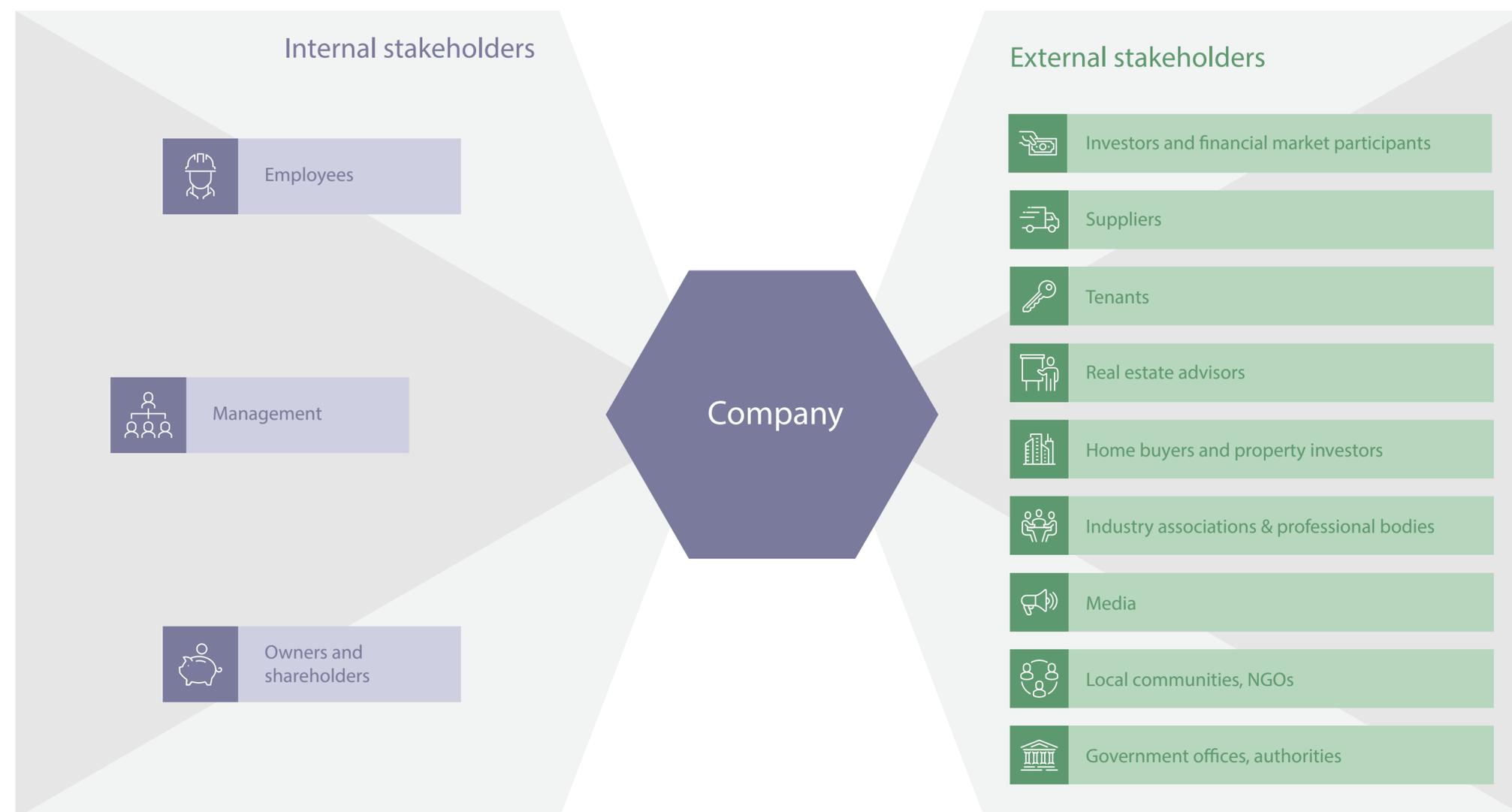
The identified key stakeholders and their involvement was the following:

Regular communication with **employees** through internal communication channels, like meetings or emails, as well as via intranet. Our intranet was introduced in 2021 to replace the previously sent HR newsletters. It is also a useful platform to onboard our new employees. Currently, it is a one-way communication channel.

Investor and shareholder relations are mainly focused on high-level financial activities and bond issuance. We inform them by publishing our financial reports and plans, or also by press releases or BSE (Budapest Stock Exchange) announcements.

The general assembly of the Company is regularly convened also to communicate with shareholders, and other occasions are organized to inform bond investors. In accordance with legal requirements, official notices and reports for bond investors are available on the company website ([Homepage - Wing](#)).

We regularly inform the **media outlets** about the completed or newly launched real estate developments and projects. This occurs mainly through electronic channels, with occasional or ad hoc press releases, publications or press events.



1.5 MATERIALITY ASSESSMENT



We have published our first **Sustainability (ESG) Report in 2021** which presented the company's sustainability initiatives. The identification of material topics, in the scope of the report, was conducted through a structured materiality assessment process in a form of questionnaires and interviews. The assessment method included the following steps:



01

Assessment of the Company's environmental, social, governance-related and economic impact:

we have identified and prioritised areas where WING's value chain could have direct or indirect, positive or negative impact. The assessment took into account various international trends, industry practices, legislative requirements and guidelines from voluntary organisations.



02

Stakeholder analysis:

we determined the group of external and internal stakeholders, then prepared an online survey to select the most relevant ESG topics from their perspective. In the identification process, it was important to select a wide scope of representatives from various operation areas.



03

Preparation of the materiality matrix:

the material topics were assessed by relevance to stakeholders and by economic, environmental, and social impact of the organisation. The results were structured in a matrix and the key material topics were further validated by WING's senior management. Accordingly, the determined material topics are part of the ESG report in detail.

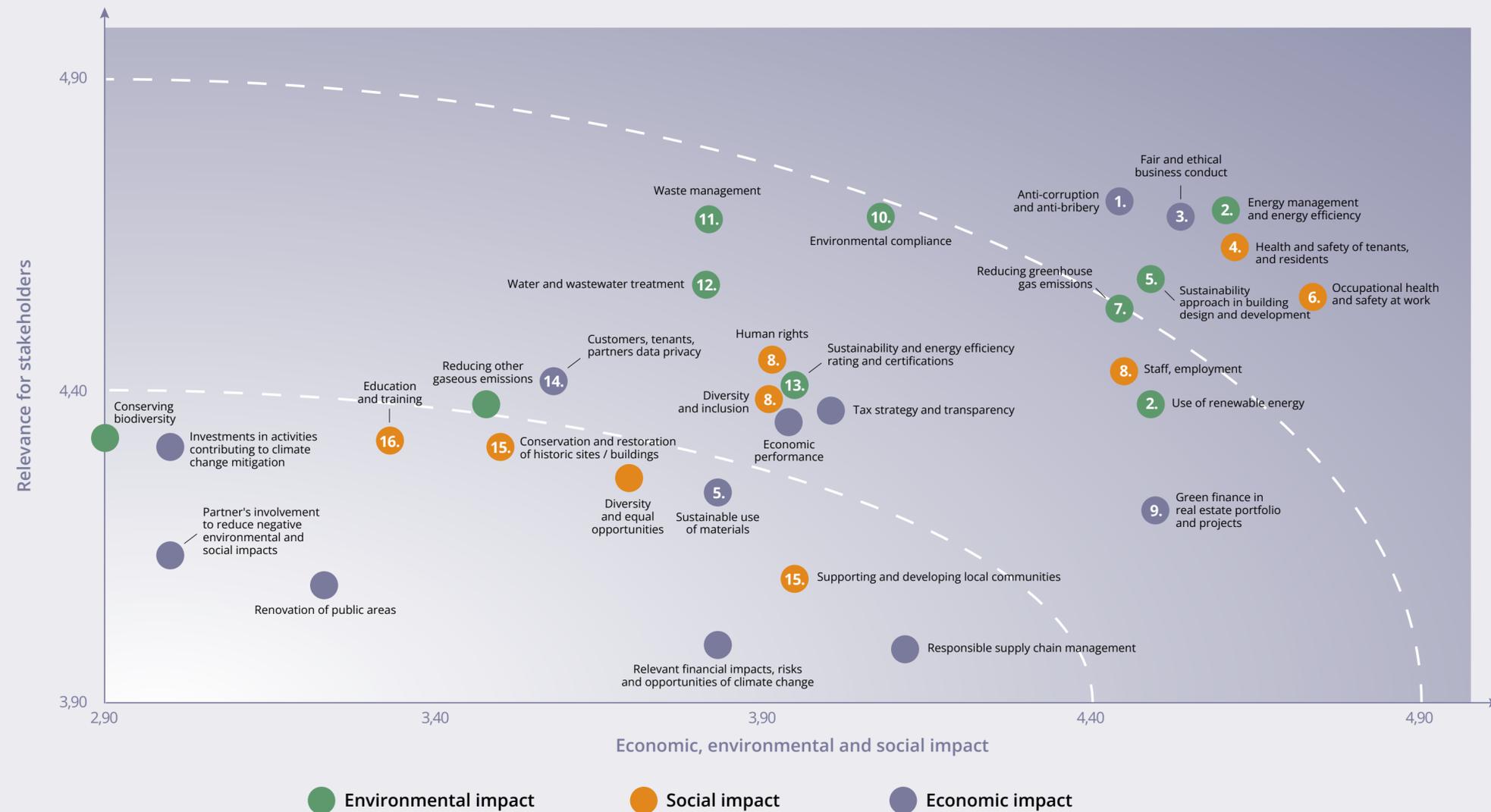


The identified material topics are presented in the **materiality matrix** based on relevance to external and internal stakeholders and on the organisation's environmental, social, governance-related and economic impact.

As a result of the **materiality assessment** the following topics were identified material. These can be ranked according to the average score of the two dimensions of the materiality matrix:

Material topic

- 1. Anti-corruption and anti-bribery
- 2. Energy management and energy efficiency / Use of renewable energy
- 3. Fair and ethical business conduct
- 4. Health and safety of tenants and residents
- 5. Sustainability approach in building design and development/ Sustainable use of materials
- 6. Occupational health and safety
- 7. Reducing greenhouse gas emissions
- 8. Employment, human rights, diversity and inclusion
- 9. Green finance in real estate portfolio and projects
- 10. Environmental compliance
- 11. Waste management
- 12. Water and wastewater treatment
- 13. Sustainability and energy efficiency rating and certifications
- 14. Customers, tenants and partners data privacy
- 15. Supporting local communities and economy, Conservation and restoration of historical assets/buildings
- 16. Education and training





Main results in 2022



WING closed a successful year in 2022, as we could expand our activities in real estate development and investment as well particularly in the industrial and residential segments in Hungary. The Company was also financially successful since our operational income increased and we completed several asset disposals in Hungary and by ECHO Investment in Poland.

The Group's international market presence has also increased, as one of our indirectly owned subsidiaries (Wingwert-GCP GmbH) signed the acquisition contract for a 60% stake in the German Bauwert AG.

1.6 ECONOMIC AND SUSTAINABILITY PERFORMANCE

WING's two core activities are different in size and are differently present in our two markets. Our investment activity is focused on the Hungarian market, while we develop real estate in Hungary and in Poland. In Hungary we are active in all market segments, while in Poland we mainly focus on the residential and office segments.

In the past year, we completed several important projects, that are considered significant investments in the Hungarian commercial real estate market. As part of these domestic developments, we completed Kassák Passage and Terrace, as well as Phase I of Park West in 2022. Besides, we finished our retail (re)development of GOBUDA Mall.

In the industrial segment we completed the first two halls of East Gate PRO, as well as the last hall of Airport City Business Park.

In 2022, WING's ongoing projects were the HOP Passage Office Building in Hungária Office Park, the Liberty complex, which is an office and hotel mixed-use development, and the Liget Center and Liget Auditorium, which will serve as the main office for RTL Hungary from 2024. In the industrial segment, the development of the third hall of East Gate PRO was started. Besides, we began more residential projects in that year, like the second and third phases of the Park West residences, the Le Jardin, and the Római Park project in Buda.

As a result of our achievements in 2022, we in total have developed 1,704 apartments for sale in Hungary, from which more than 800 were already handed over. In the Polish market ECHO Investment - our majority-owned subsidiary - completed the development of 1884 apartments and sold 1515.

As part of our transactional activity, we sold two buildings in 2022 in Hungary: the Family Center strip mall in Szombathely and the Máriássy House office complex in Budapest, which serves as our headquarters. In addition, 176 apartments were sold in Park West Phase II and also 262 apartments in Kassák Passage.

01 ONGOING DEVELOPMENTS



Commercial real estate:

- Liberty office and hotel complex
- Liget Center Classis and Auditorium
- HOP Passage Office Building
- EAST Gate PRO Business Park Phase II. (industrial)



Residential real estate:

- Park West Phase II. and III. (Residential)
- Le Jardin (Residential)
- Római Park (Residential)



02 COMPLETED DEVELOPMENTS



Commercial real estate:

- GOBUDA Mall
- Airport City Business Park
- House of Hungarian Basketball



Residential real estate:

- Kassák Passage and Terrace
- Park West Phase I.



03 TRANSACTIONS



Commercial real estate:

- Family Center (Szombathely)
- Máriássy House



GREEN BOND ISSUANCE AND BORROWING

Since 2020 the green bond market is expanding in Hungary as well and follows the guidelines of international green financial standards. The aim of green financing activities is to support environmentally sound projects for climate change mitigation. In 2021 we published our Green Bond Framework, which summarizes the Company's green investment principles and commitments in alignment with climate protection goals. In 2021 WING issued green bonds with a nominal value of HUF 25.3 billion under the Funds for Growth Scheme (NKP) of Hungary's central bank (MNB). These funds are exclusively used to finance projects and assets, which are supporting sustainability initiatives.



The criterion of sustainable investments for new property development is a minimum rating of BREEAM “Very good” or LEED “Gold”, or “BB” or “AA” energy efficiency (EPC) level.

In 2022 the Company reviewed its Green Financial Framework in order to expand its scope for residential buildings and also for green borrowing activities in the future. Please find further information on green financing and green building certification system, in chapter 3.1 (Our ESG approach).



1.7 MARKET RECOGNITIONS AND AWARDS



WING is proud that from among the most prominent Hungarian real estate companies we won the “Company of the Year” award in the retail and the office developer subcategories at the **CRE Real Estate Awards**.

With this the GOBUDA Mall shopping center and three other ongoing office developments (Liberty office and hotel complex, Liget Center, HOP Passage office building) were recognized. With the project of GOBUDA Mall we also won the “Project of the Year” award in the “Renovation/Expansion Project” category.



Moreover, five of our projects were honored by one of the most traditional professional awards in the region, **the Construction & Investment Journal (CIJ) Awards Hungary**. Based on our achievements in 2022 we won the “Best Retail Development” by GOBUDA Mall, the “Best Residential Development” by the Le Jardin and “Best Office Development” by the Liget Center. Also, the Liberty long-term lease contract with eMAG-Extreme Digital was appreciated and won the “Best New Office Lease Transaction” award, while the Company was rewarded in the „Best Developer” category.



Furthermore, the ibis Styles Budapest Airport Hotel was the winner of the “Hotel of the Year” title in the **MSZÉSZ tender**.

CRE “Company of the Year category”				“Project of The Year”
Retail Developer GOBUDA Mall 	Office Developer HOP Passage office building 	Office Developer Liget Center and Auditorium 	Office Developer Liberty office & hotel complex 	Refurbishment/ Extension Project GOBUDA Mall 

CIJ Construction & Investment Journal Awards Hungary				
Best Retail Development GOBUDA Mall 	Best Residential Upcoming Development Le Jardin projekt 	Best Office Upcoming Development Liget Center projekt 	Best New Office Lease Transaction Liberty mixed-use complex 	Best Overall Developer For the Group’s long-term operation and achievements in the real estate market 

MSZÉSZ “Project of The Year category”

Hotel of the Year 2022

ibis Styles Budapest Airport Hotel





02



About Wingholding



2.1 GENERAL COMPANY INFORMATION

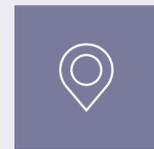
There were 52 operating Hungarian entities of the Group covered by this report for the year 2022. According to the activities' nature, these entities can be classified in five categories: **property ownership, corporate shareholding, investment fund, service company, and architectural bureau.**

Among the (owned) business entities of our Company property ownership had the highest share. In 2022 the Group had 30 property owning entities, most of which held offices, residential schemes, development areas for office buildings, for warehouses or for hotels. Warehouse, retail and hotel ownership represents a lower proportion.



Name of the Organisation

WINGHOLDING Plc
(WINGHOLDING Ingatlanfejlesztő és Beruházó Zártkörűen Működő Részvénytársaság)



Company Headquarter

1095 Budapest, Máriássy u. 7.



Ownership

Joint stock company for profit (main shareholder DAYTON-Invest Kft.)



Share Capital (Thousand HUF)

5 000



Turnover (Thousand HUF)

160 172 604



Number of employees in majority-owned hungarian entities of the holding

236 employees



Number of entities covered by the consolidated financial statement

There were 52 operating entities of the Holding in active role (as property owner or with interest or service company), in the financial year of 2022.



2.2 OUR BUSINESS ACTIVITY

WING is one of the leading privately owned real estate companies in Hungary. Our Group is committed to conduct projects with high architectural quality that create long-term value and develop the built environment in a sustainable way.

Our company has invested more than HUF 339 billion in the Hungarian real estate market, and the project portfolio of developments cover approximately 1.2 million squaremeter of floor space. We are active participants of the residential and office segments in Hungary as well as in Poland. Over the years we have built numerous headquarters for international companies in a high quality. We aim to maintain our outstanding achievements in the future as well.

In 2022 the Hungarian investment market was weak due to the negative expectations of recession, rising inflation, energy crisis and the war. We could however continue our ongoing and new developments in this uncertain environment by overcoming potential difficulties.

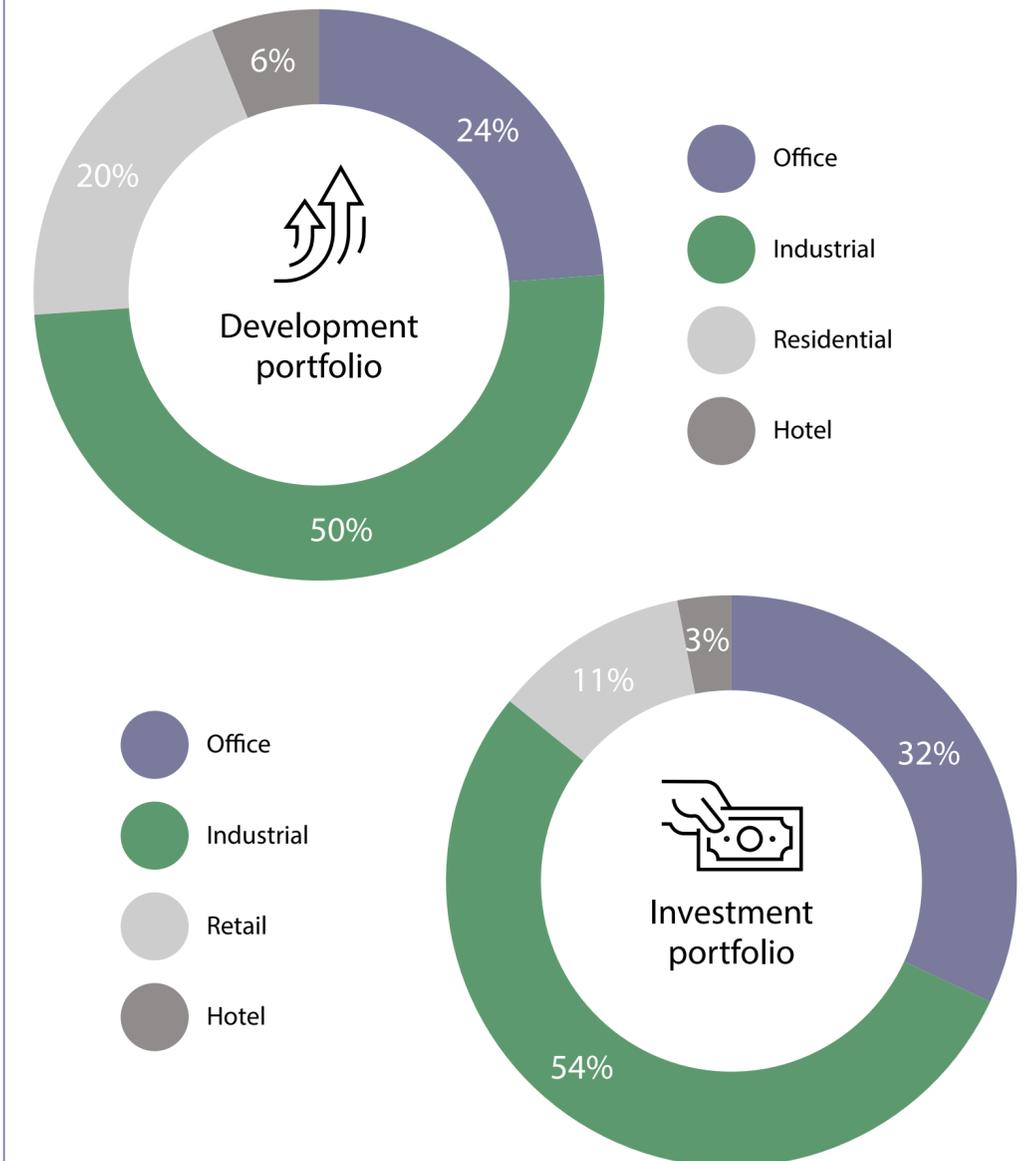
We achieve our business goals based on own resources. Generally we carry out the development and investment activities with 100% WING-owned project companies, while we also cooperate in long-term partnerships with domestic and international partners. In partnerships we firmly represent our interest and also exploit opportunities of synergies.

2.2.1 FIELDS AND MARKETS OF OUR ACTIVITY, PRODUCTS AND SERVICES

Our company is active in all real estate market segments, mainly located in Budapest. Our field of operation covers **residential and office buildings, industrial and logistics properties, shopping centres and hotels.** The **core activities are property development**, management and leasing, that are supported by portfolio management, fund management and architectural design services.



Our real estate development and real estate investment portfolio for 2022:



The real estate development activities, like strategic planning, site selection, project management, cooperation with tenants, relationship management, etc., are carried out by our own management team.

These projects are realised on pre-lease, or on speculative basis, or as a built-to-suit (BTS) solution to serve specific tenant needs. Our experts can also provide in-house solutions for challenges that arise besides the tenants' daily operation. Moreover, we provide financial and marketing services, fund management, analysis and leasing as complementary activities of our core operation.

Since its establishment in 1999, WING has gained extensive experience to provide world-class solutions that reflect to the need of Hungarian market participants and international corporations as well. We have particular expertise in the implementation of special solutions for individual needs, that resulted in becoming Hungary's leading headquarter developer. We have worked together with several multinational corporations such as Magyar Telekom, Allianz, E.ON, Ericsson, Siemens-evosoft to build and lease their headquarter. RTL's new headquarters in Liget Center and Auditorium will soon join this prestigious list. WING is also experienced in the industrial real estate market, to serve complex needs with tailormade solutions. The warehouse and assembly halls in **East Gate Business Park** provide excellent examples for that.



Liget Center, Budapest



Magyar Telekom Headquarter, Budapest



Siemens-Evosoft and Ericsson Headquarter, Budapest



GOBUDA Mall, Budapest



ibis Styles Budapest Airport Hotel, Budapest



Liberty, Budapest

Our hotel division was launched in 2019 relying on more than 20 years of expertise.

The Company's name is now closely associated with ibis Styles Budapest Airport Hotel, Hungary's first hotel with direct connection to the airport, as well as to the first Hungarian unit of B&B Hotels, located in the centre of Budapest. These are followed by the ibis-Tribe hotel component of our latest mixed-use development, the Liberty project.

WING has also a significant role in the retail property development market, with numerous remarkable projects.

One of these is the Hegyvidék Shopping Centre in Buda, Hungary's first green shopping center with BREEAM "Very Good" certification. Other examples are the Agria Park in Eger, and two refurbishment projects: MOM Park and GOBUDA Mall.

In the recent years environmental and energy efficiency considerations are becoming more important requirements for multinational and local tenants. BREEAM or LEED certification is a particularly common requirement for office buildings (like Telekom, or Ericsson headquarters), but there is also growing expectation for residential buildings and warehouses. In order to meet these requirements, WING incorporates state-of-the-art technologies.



In residential developments, our aim is to create modern, energy-efficient urban homes that improve the quality of residents' life by people-oriented services and smart solutions. The Company's expertise, outstanding references, financial stability and commitment to continuous innovation are guarantee for high quality and reliability.

LIVING represents our specialized brand for residential property, which was the first in Hungary to bring to the market residential developments offering community services like shared lounge areas, DIY rooms, children's playrooms, a community car-sharing service and an automated express mail service. All the apartments are smart homes allowing all residents to enjoy the benefits of "smart living" services. The SMART Home package includes services such as smart devices controlled by a central unit, thermostats that continuously and individually measure and regulate the temperature of the rooms.

In addition, smart homes can be further enhanced with SMART+ services (air quality meter, smart lock, smart blinds).

As part of our "LIVING Solutions", we offer our clients additional assistance from the fit-out, through the rental, to the actual utilization of the apartment. We can also support the maintenance, the renovation, the leasing or the resale of the apartment, we are available throughout the whole process. In our real estate investment activity, we focus on opportunities where we can add value to the acquired properties.

In cooperation with our financial and real estate co-investors, we have achieved good results and various awards, which are presented in the chapters „Main results in 2022" and „Market recognition and awards".

The primary objective of our property management activities is to maximise long-term value by ensuring a stable and sustainable cash flow generation. In addition, we aim to improve our operation and increase long-term energy efficiency.



Római Park, Budapest



Kassák Residence, Budapest

2.2.2 WHERE WE OPERATE: HUNGARY AND POLAND

WING's dynamic growth objectives focus on the exploitation of national and international real estate market opportunities. In 2022 the locations, where we had operation were in **Hungary** (Budapest and the agglomeration, Eger, Székesfehérvár, Győr) and in **Poland** (Warsaw, Wroclaw, Poznan, Lodz, Krakow). Compared to the previous year, WING sold its interests of two companies (acquired in 2018) that own office buildings in Sofia, Bulgaria

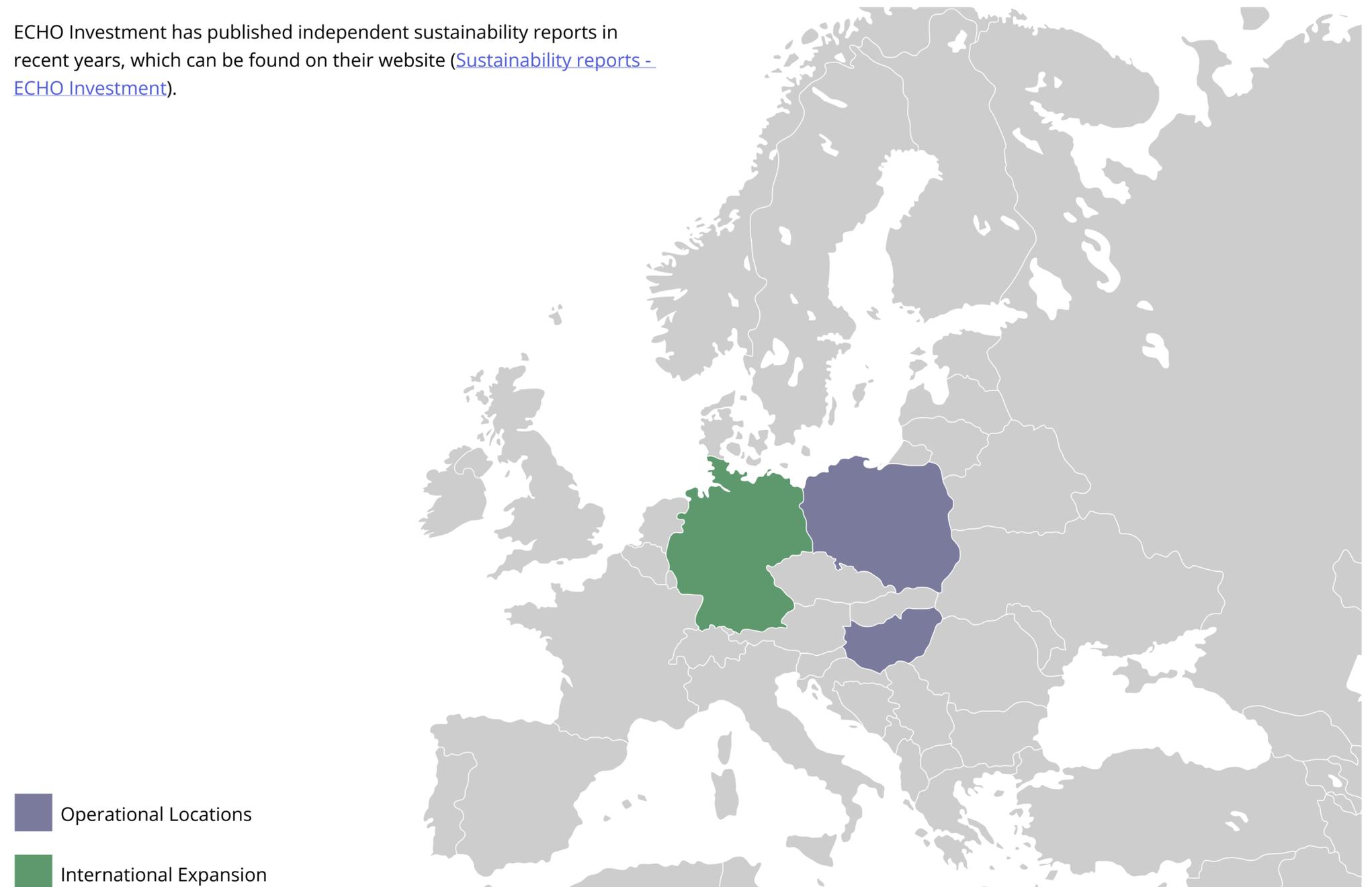
The Group's international real estate market operation is organized under WING International Holding Company (WING IHC), which is currently active in Poland. In addition, we are in close contact with foreign real estate investors and financial institutions. We are constantly looking for real estate investment opportunities in the international scene.

In this year we have continued our international expansion by a **transaction in Germany**. Our indirectly owned subsidiary (Wingwert-GCP GmbH) acquired 60% interest in the German Bauwert AG. With this acquisition we took another step towards achieving a prominent role in the Central European real estate market, strengthening our presence in the residential and retail segments.

Already due to our previous expansion in Poland – which occurred also via acquiring a majority shareholding - we are considered a leading market participant in the region. WING has been the majority owner of ECHO Investment, a leading Polish real estate developer, for 4 years now. ECHO Investment is one of the largest residential property developers in Poland with significant experience in the office and retail markets. As a responsible real estate company ECHO has city-forming, multifunctional “destination projects”, that improve the living conditions of people and support the proper development of urban areas.

Since its foundation ECHO has developed around 2 million m2 floor area altogether in around 200 projects. It has been listed on the Warsaw Stock Exchange since 1996.

ECHO Investment has published independent sustainability reports in recent years, which can be found on their website ([Sustainability reports - ECHO Investment](#)).



2.3 VALUES, VISION AND MISSION

The core company values include among others, ethical behavior, consideration of owners' interest, fair cooperation and mutual respect with partners, and high quality work of our services.

We act in a reliable, fair manner, with professional expertise in all market segments where we get involved. Our aim is to create and operate world-class, iconic buildings for pioneering companies. In addition, stability, modernity and inspiration have been cornerstones of our operation in the last 20 years, and contributed to become a successful and well-known player in the Hungarian real estate market. We are committed to maintain high professional and ethical standards in all our activities.

Our corporate philosophy puts also emphasis on sustainability: taking responsibility along the environmental, social and corporate governance dimensions. The impact of climate change and the increasing ecological pressure require a conscious and responsible approach from all actors involved in the investment and operational processes (from the design of buildings to the construction and management of the built environment). We believe that there is future only for designing and constructing sustainable buildings, so our goal is to reduce the negative environmental impacts of the Company's activities. We are committed to improve our sustainability achievements, to reach BREEAM or LEED certification in developments, as it becomes an important aspect for investors and tenants as well. WING represents a good market example by conscious operation, as environmental and social aspects are getting more relevant in the real estate segment.

To provide continuous professional training and mentoring of our employees in junior position is an important element of WING's internal operation. A key point in our strategy is to keep employee turnover ratio at a lower level by increasing employees' satisfaction and engagement through internal incentives and remuneration.



Ethical behaviour

In our everyday work we always act according to our ethical principles. Employees and partners are required to respect and behave in line with the principles and rules set out in our Code of Ethics and internal policies.

Focus on quality

Ensure the high quality of our properties and related services by implementing the best available technical solutions.

01

02

Owners' interest

All members of the Company have to contribute to efficient operation and competitive market position.

03

04

Cooperation with partners

Seeking fair, mutually beneficial and stable cooperation with partners, to provide products and related services in a reliable way, with high standard.

2.3.1 2.3.1 COLLABORATIONS, PROFESSIONAL MEMBERSHIPS AND INITIATIVES

WING is a member of the following important national and international professional organizations, including industry associations:



Hungarian Chamber of Engineers

Founded in 1989, the Chamber's primary role is to represent the interests of the engineering professionals (including knowledge, working conditions and remuneration). It has an important role in developing the professional and ethical standards of engineering, of technical regulations, standardization and quality assurance systems, and in organizing professional training.

It also assesses, authorizes and registers the professional qualifications of its members nationwide. Our company has the professional authorization of Responsible Technical Manager (FMV), and we also delegate members to the Chamber's management.

[Go to the website](#)



Real Estate Developers Round Table Association (IFK)

The Real Estate Developers Round Table Association is Hungary's leading, internationally recognised, joint representative body of 19 real estate development companies, of which WING is a founding member. The current president of IFK is a senior manager of WING.

The association promotes, among other things, the application of a clear, transparent and predictable set of rules for building authorities. It also encourages its member companies to act in a socially responsible way, i.e. to take into account environmental and social factors in addition to economic aspects in their activities if they wish to operate in a socially responsible way.

[Go to the website](#)



Hungarian Green Building Council (HuGBC)

The Hungarian Green Building Council (HuGBC) was founded in 2009, as a professional platform and community covering all areas of the construction industry. It provides professional advocacy on current and future issues aimed at achieving a sustainable built environment. The council is involved in the professional development of architectural regulations that promote environmentally conscious and sustainable construction and in the enforcement of environmental awareness. The HuGBC contributes to the promotion and dissemination of green certification systems (LEED, BREEAM, DGNB, WELL) and to the training of professionals.

[Go to the website](#)



Royal Institution of Chartered Surveyors (RICS)

The London-based International Association of Real Estate Professionals has been responsible for promoting and enforcing ethical and professional standards since 1868 and offers one of the world's most recognized qualifications. The main goal of the activities of the internationally recognized professional body is to achieve positive changes in the built and natural environment. Accordingly, RICS is committed to establish and enforce the highest standards of excellence and integrity. Its Hungarian member organization was founded in 1997, and supports the practical application of standards in five areas: professional ethics, real estate standards, the construction industry measurement system, land area measurement and valuation.

[Go to the website](#)



The Association of Chartered Certified Accountants

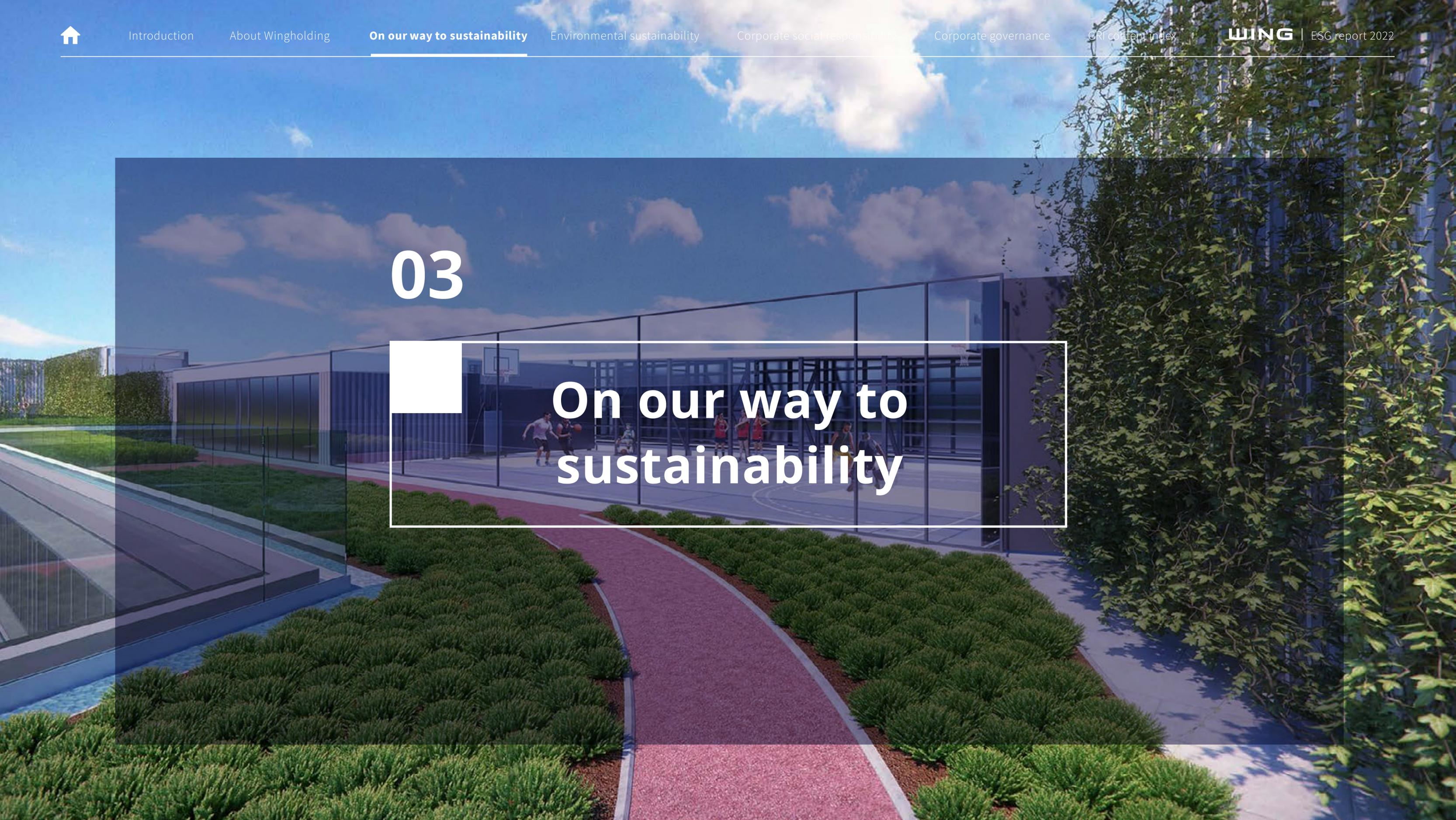
ACCA is a global professional accountancy body working to improve the accounting profession worldwide and make society more fair and transparent. The headquarter is in London, and ACCA is in daily contact with small and large businesses, governments, educational institutions and opinion leaders. The organization pays particular attention to having up-to-date information on current or emerging trends, legislation and legal requirements, as it has influence on it.

[Go to the website](#)



03

On our way to sustainability



3.1 OUR ESG APPROACH

Multinational and also domestic tenants already expect that our properties meet the BREEAM and LEED requirements. It is an emerging market trend that ESG aspects should take into consideration the growing respective needs of tenants besides the focus on energy efficiency and environmental requirements (e.g. green initiatives, green roofs, gardens, rainwater recycling etc.)



In the Group's operation sustainability appears in four core areas: real estate design and development, energy efficiency and management, emission reduction and waste management.

Our Company follows the **UN Sustainable Development Goals (SDGs)**, which addresses universal and relevant objectives that support the prosperity of our society, such as sustainable cities and communities or tackling with climate change.

WING primarily considers the following UN Sustainable Development Goals (SDGs) in its operation.



Green buildings

7.3 by 2030, double the global rate of improvement in energy efficiency



Energy efficiency

7.3 by 2030, double the global rate of improvement in energy efficiency



Renewable energy

7.2 by 2030, increase substantially the share of renewable energy in the global energy mix



Ecological values, promoting biodiversity and organic farming

12.2 by 2030, achieve the sustainable management and efficient use of natural resources

While in other sectors GHG emissions have stagnated or decreased in recent years, we can see that the emission of the construction sector has been gradually increasing since 2012. As a result, the construction sector has the largest carbon footprint in Hungary based on data by the Hungarian Central Statistical Office (KSH).

In addition, we spend almost 90% of our lives indoor, therefore it is important how the built environment affects our well-being as well as the direct and global natural environment. In order to minimise the negative impacts of buildings, it is essential to proceed in line with the Sustainable Development Goals and strive for sustainable use of raw materials and for conservation of resources throughout the whole life cycle (construction, operation, and demolition).

To promote more sustainable construction practices, in 2021 we published the Company's Green Bond Framework for sustainable investments, that support environmental and climate protection goals. Accordingly, we issued our green bonds in the autumn of 2021, based on the defined set of green criteria of the framework. The bond revenues are directly used for green investments. We worked with the Norwegian CICERO Shades of Green, as an independent rating agency, in order to obtain the credit rating on the green bonds, that is in line with international standards and accepted by the Hungarian Financial Supervisory Authority. The Green Bond Framework was developed in alignment with the International Capital Market Association - Green Bond Principles (GBP) 2021, that is officially approved by the Hungarian Central Bank.

We have further reviewed our green financing options in 2022 and started to develop a more comprehensive Green Finance Framework, that also includes green lending. It also refers to the requirements of EU Taxonomy Regulation, as a selection criteria of green investments. Besides, the Green Finance Framework was developed in accordance to the guidelines of the Loan Market Association - Green Bond Principles (GBP) 2023 and Green Loan Principles (GLP) 2021.

The main aim of issuing **green bonds** and obtaining **green loans** is that our Company can increase its investments in green and sustainable projects. These projects mainly focus on the use and improvement of advanced energy efficiency solutions in our new and existing buildings, while ensure our alignment with best market practices.

In the Green Finance Framework, WING has defined green investment categories in the following areas:



Green Buildings

New real estate development, acquisition or renovation of buildings which meet recognized standards:

- Hungarian EPC rating is at least „BB“ (properties with requirement of nearly-zero energy buildings, at least 25% renewable energy consumption produced locally or nearby)
- BREEAM, minimum Very Good (the third highest of the six different BREEAM certification levels)
- LEED, minimum Gold (the second best rating, score between 60-79 out of 100 is required)



Energy Efficiency

Renovation and refurbishment of existing buildings, resulting 30% lower GHG emissions or improvement of EPC level by two grades.



Renewable Energy

Application of air-to-air or air-to-water heat pump systems using renewable energy in new investments and refurbishment of existing buildings, where there is an available technical and cost-efficient solution.



Clean Transportation

Availability of public transport, installation of the highest number of electric vehicle charging stations and adequate number of bicycle storages in new real estate developments.



Environmentally sustainable use of living natural resources

Promoting ecological value and biodiversity, for example through green roofs, green facades and roof gardens.





East Gate PRO Business Park, Fót



Our Company is committed to allocate green funds only to projects that were evaluated and selected in accordance with the pre-determined eligibility criteria. Until now, we have started two developments financed through green bond issuance: the Liberty office building and hotel; and a warehouse at the East Gate Business Park logistics.

In order to ensure compliance with the Green Finance Framework, it was inevitable to specify our internal procedures and practices in corporate policies. Organizational development was also necessary to ensure the proper selection and evaluation system of future green projects with positive environmental impact. Thus, we have established the **Green Committee**, which has a key role in developing, coordinating, and managing the Company's green strategy and initiatives. The Green Committee has five members from our employees, plus the chairman and the secretary. All members have representation, proposal and voting rights that are valid for committee meetings as set in its work plan (at least four times a year). The members are delegated from the following departments: finance, risk management, property management, development, and legal. The chairman is elected by the members from among themselves and has a role to lead the meetings. The Company aims to increase the role, members, and responsibilities of the Green Committee in the future as a result of our expanded green financial commitments.

Our sustainability commitment entails the Company's efforts to contribute to climate change mitigation and adaptation through property developments. In line with national regulations based on EU legislation, it is an important consideration for us in building design to be resilient to extreme weather conditions, flooding and earthquake. In addition to our newly constructed and certified buildings, we are making upgrades of the existing infrastructure in our earlier buildings as well in order to meet higher energy efficiency standards. The design and construction practices for green buildings are adapted in a way to be sustainable with lower operational costs, while contributing to a better working and living environment. This not only preserves our environment and natural resources, but also improves the quality of the built environment.



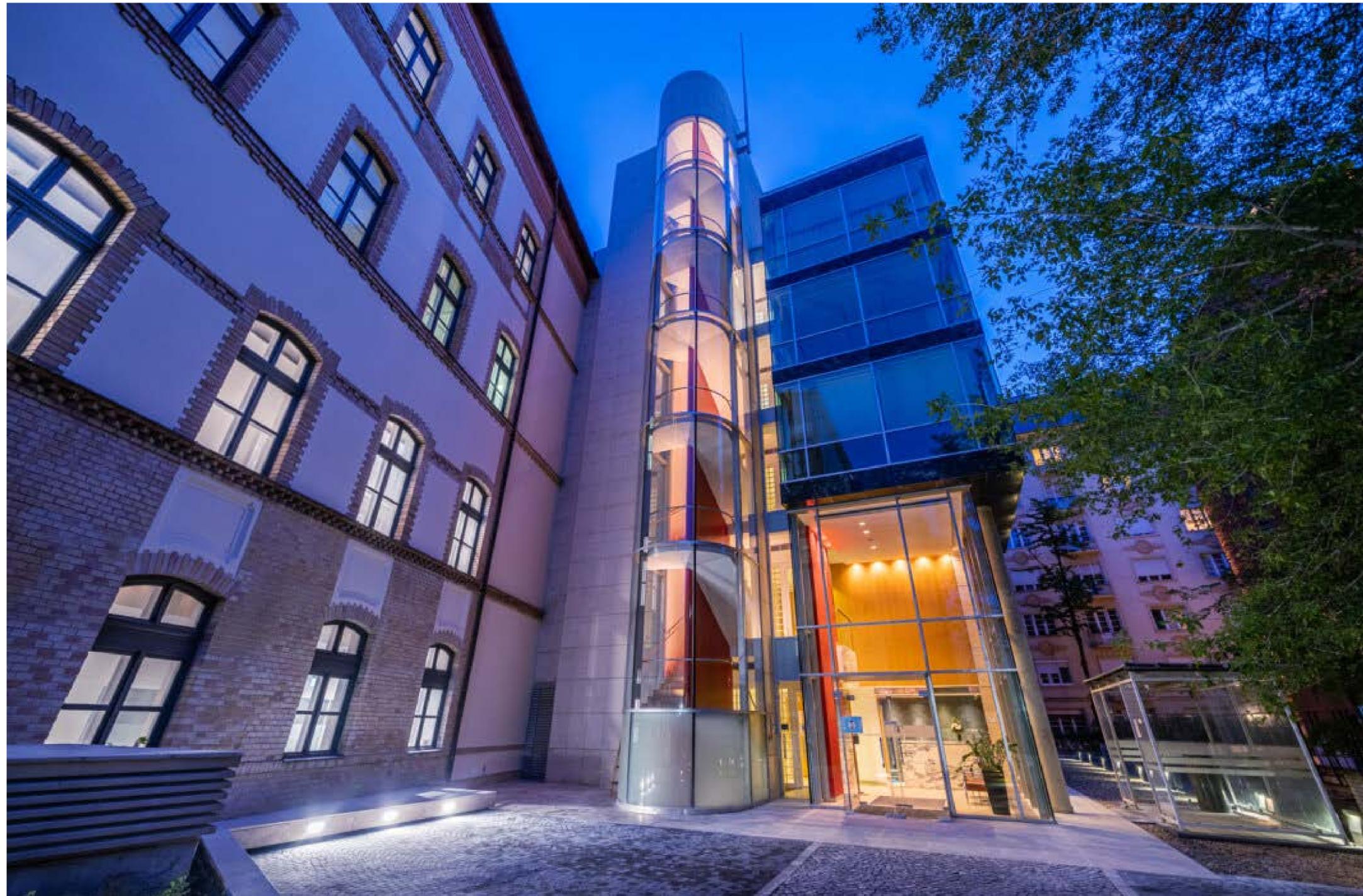
Liberty, Budapest

Our Company is also developing e-mobility infrastructure by continuously installing electric vehicle charging stations in new and existing properties as well. Moreover, we are installing more electric car charging stations in newly built office and residential buildings than required by legislation or for building certification. In our retail buildings at least 2% of the parking spaces have electric chargers. Recent surveys show that charging stations are highly utilized. The availability of public transport is a key consideration in our investment decisions, because it is also an important aspect of building certifications (BREEAM/LEED).

The EU Taxonomy compliance assessment of our activities is in progress. The EU Taxonomy Regulation represents a unified classification system for environmentally sustainable activities. Therefore it provides a criteria system that defines how economic activities could be considered sustainable, and to have significant contribution to one of the six environmental objectives. The Regulation supports market participants, especially financial institutions, to have a transparent guide on **sustainable investment decisions**. The Company is committed to contribute to the EU environmental objectives and align activities and policies with the Taxonomy.

For **selecting partners**, we prefer to choose companies that have ISO 50001 or ISO 14001 certification. WING has its commitment that purchased energy for new property developments and future refurbishments is originated from certified green sources.

A more comprehensive ESG strategy is in development, which has started in 2023. As part of it specific ESG objectives and targets will be defined which will guide the future sustainability progress of our Company.





04



Environmental sustainability

4.1 SUSTAINABLE BUILDINGS: DESIGN AND DEVELOPMENT, ENVIRONMENTAL COMPLIANCE, BUILDING CERTIFICATION SYSTEM

The real estate sector is getting more committed to environmental protection and sustainability. Newly constructed buildings have lower energy consumption compared to real estate in previous decades. The new construction methods, that exploit the potential of modern technologies, implement nature-based solutions, use local materials, and rely on less resources, could significantly reduce the built environment emission and negative impacts. To further support sustainable initiatives new investments are often certified by building rating companies, who evaluate environmental and social aspects.

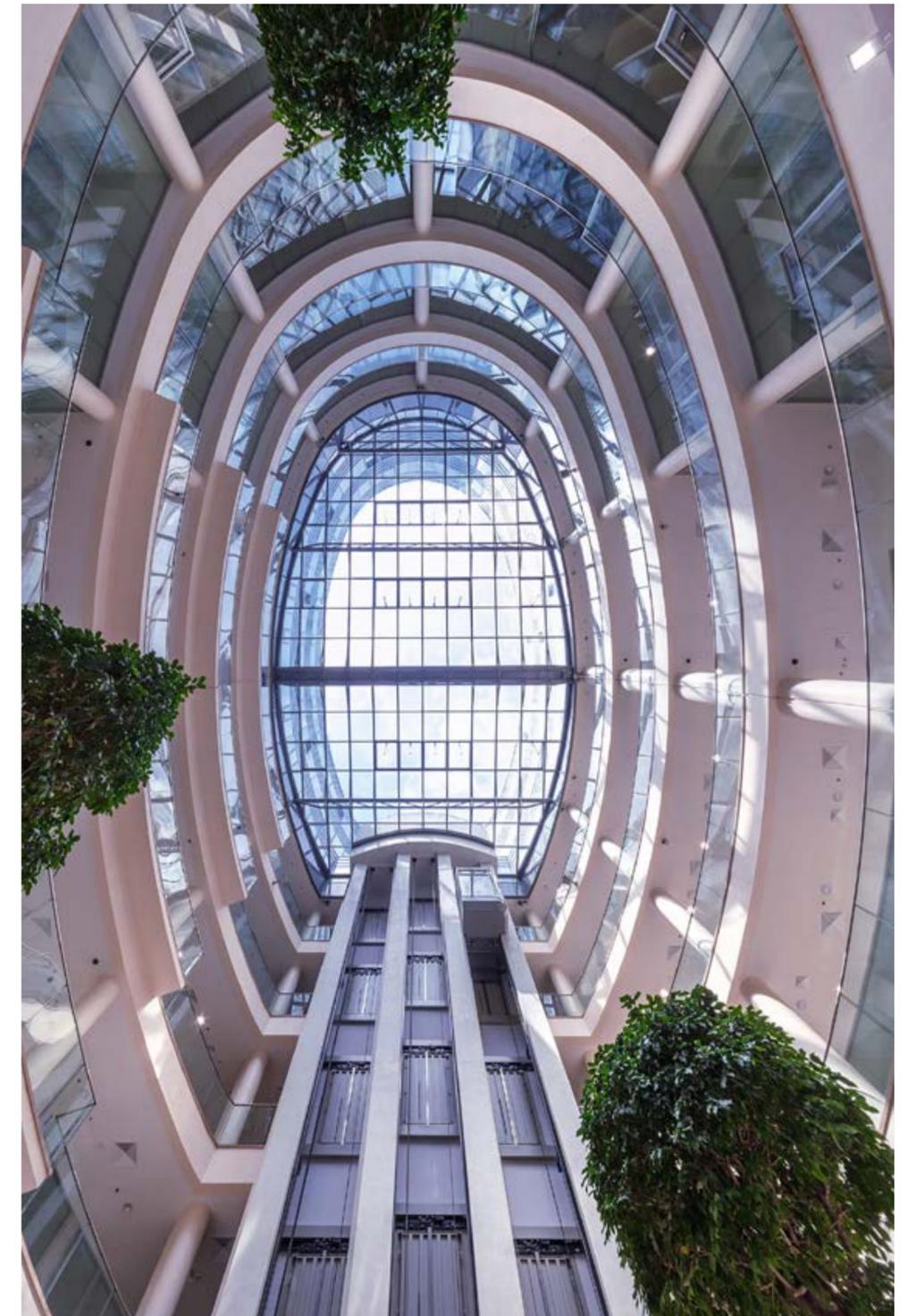


As one of the leading real estate companies in Hungary, we pay particular attention to sustainability, to mitigate negative environmental impacts of our activities. For more than ten years, our property development projects have focused on sustainability issues, which is evidenced by the building certifications we received. Additionally we are continuously upgrading our existing buildings, to reach higher levels in certification ratings.

4.1.1 ENVIRONMENTAL COMPLIANCE AND BUILDING CERTIFICATION SYSTEM IN THE REAL ESTATE SECTOR

At WING we place great emphasis on **environmental protection and environmental awareness. Moreover, we must comply with the continuously strengthening European Union and Hungarian regulations, while we intend to exceed these legal expectations with our sustainability initiatives.** In the recent years there were no sanctions arising from environmental non-compliance at the Company, nor any complaints received from any other source.

Waste management, controlling of erosion and sedimentation, as well as pollution prevention have high importance in our development work, **in order to reduce our environmental impact on construction sites.** For this reason we also prioritise materials that are delivered from relatively short distances (up to 200 km). Moreover, we also strive to avoid chemicals and materials that have harmful effects on humans and on the environment or which effects are unknown. During renovation works we remove materials that contain asbestos, lead and PCBs. In new developments, we avoid hazardous materials, such as mercury and lead. We act in accordance with relevant regulations for the recyclability of built-in materials.

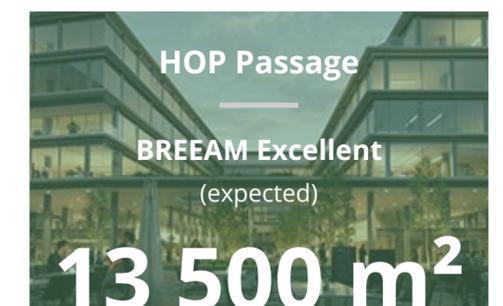
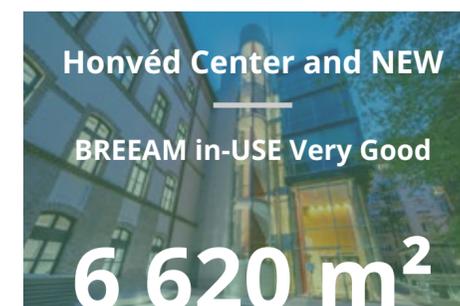
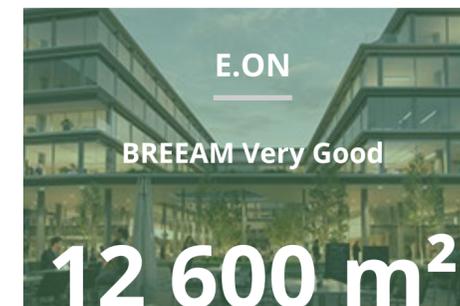
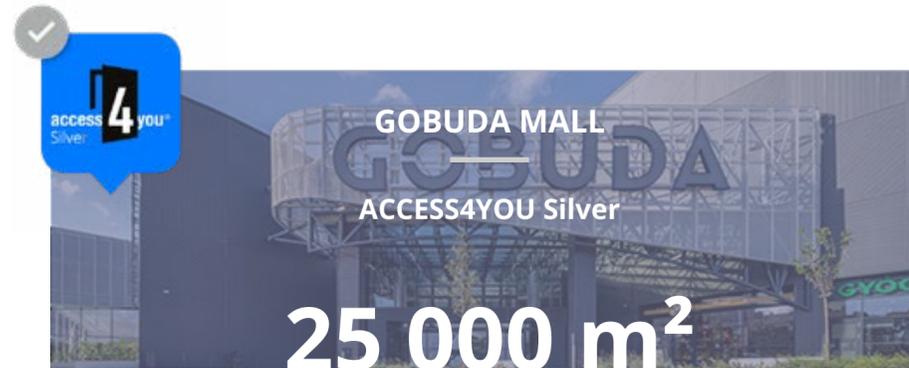


Biodiversity conservation is also a key priority for sustainability. Thus, we prefer planting native species with low-water-demand instead of invasive or exotic species which have higher water necessities. Where we need to interfere with the ecosystem, we substitute the felled trees at the end of the project. We pay particular attention to create as much green space as possible and plant trees, even if that is addition to the replacement requirements.

From environmental perspective, it is a requirement for new buildings to meet with the highest energy standards, to be surrounded by green spaces, to have electric car charging stations, bicycle storage and to have recyclable waste collection facilities. Building certification systems rely on similar criteria set as well, while covering additional social and environmental requirements.

In Hungary, the most popular and widely used sustainable building rating system is **BREEAM**, which was developed by the British BRE (Building Research Establishment) in 2008. Besides, there is **LEED** rating system, which was developed by the U.S. Green Building Council, and more commonly used outside of Europe. The two systems differ mainly in the audit methodology required for the certification. However, similar categories are taken into consideration at the real estate development and construction processes.

For our new real estate developments, we set a minimum target of **BREEAM Good** and/or **LEED Silver** rating. In the future, we would like to comply with the criteria system of the **EU Taxonomy** for new construction as well.



Since 2017 all our newly developed **office buildings** possess BREEAM and/or LEED certifications. The Le Jardin **residential complex**, the construction of which has been started in 2021, is one of the first BREEAM-certified green residential developments in Hungary. The final certification will be available in 2023, and our expectation is that the complex will become the greenest residential project of LIVING (WING's brand) so far. In this project we implement engineering solutions based entirely on renewable energy, as well as focus on environmentally conscious choice of materials, selective waste management, environmentally conscious water consumption, rainwater recycling, and wall surface cooling and heating. With the application of triple-glazed plastic-framed windows and doors, effective thermal and acoustic insulation can be achieved compared to conventional designs, thus the annual cooling and heating costs are to become much lower.

In addition to residential properties, East Gate Pro's BREEAM certified **warehouses** offer environmental and health-conscious solutions. These buildings are designed for manufacturing, assembly and warehouse activities, where smart services, such as smart meters and number plate recognition equipment are going to be available for future tenants.

Apart from new residential and **commercial** properties (BREEAM International New Construction), BREEAM also offers the possibility to certify **existing commercial** properties (BREEAM In-Use International). BREEAM-In-Use is a sustainability-based assessment method for existing buildings which covers eight sustainability criteria. Accordingly, we focus on efficient energy and water management, selective waste collection and on the improvement of green environment, while it is equally important to increase well-being and to ensure healthy living conditions for tenants. Besides, acting on other aspects, like preserving buildings' condition and ensuring the adaptability for the future, also enabled us to achieve BREEAM-In-Use certifications.

In the last years from among our properties, Infopark B, C and I buildings, as well as the Honvéd Center received the BREEAM-In-Use green building certification. The office buildings have been rated "Very Good" under this sustainability framework. In 2022 efficiency and greening improvements were implemented in our ongoing projects. In Liberty, heat pump and district heating connection were established which contribute to the intended BREEAM Excellent certification. In the Liget Center complex, heat pump and solar installation plans were developed to achieve the same rating. In order to improve energy efficiency and increase renewable energy use at our existing buildings, continuous calculations and consultations are in progress with our tenants.

We pay special attention to opportunities and developments to guarantee sustainable operation for our partners. We put great emphasis on certain areas of the above-mentioned activities, as well as electromobility possibilities.

In property design, it is important that public transport, alternative means of transport and further services are easily accessible. Besides, the protection of ecological areas and brownfield developments are also key considerations in the BREEAM/LEED rating of buildings.

Sustainability and environmental expectations are continuously increasing in the real estate market. In recent years there has been a growing need from both domestic and international tenants to achieve net zero carbon emission of our buildings. Moreover, they also expect to generate electricity from renewable sources. The same trend is arising in the social dimension, as tenants are opting for larger outdoor and indoor spaces which are suitable for both social and work-related activities. In addition, there are significant changes in the design and construction processes: 3D and BIM (Building Information Modelling, which is a software for linking workflows, teams, and data) models are enabling energy efficiency improvements already on the „drawing board“.

As a result, design accuracy is increasing, while construction time is decreasing and more time can be used on prefabrication.

EPC classification of residential property developments:





4.2 CLIMATE PROTECTION AND ENERGY MANAGEMENT

Our Company is continuously monitoring the material and energy flows, as well as the use of other resources as we are seeking to reduce the related environmental impacts.

The Company's greenhouse gas emission is generated through property development and property management activities and also are produced by our general everyday operation since the majority of our buildings' energy consumption (natural gas, electricity and district heating mix), our vehicle fleets and subcontractors' equipment are powered by fossil fuels.

In order to monitor buildings' emission, energy consumption data of our managed and used properties are collected on a monthly basis and frequently evaluated, although a significant share of emissions and reduction efforts are beyond the company scope in the leased properties. Furthermore, **energy audits** are carried out every four years in accordance with the relevant legislation.

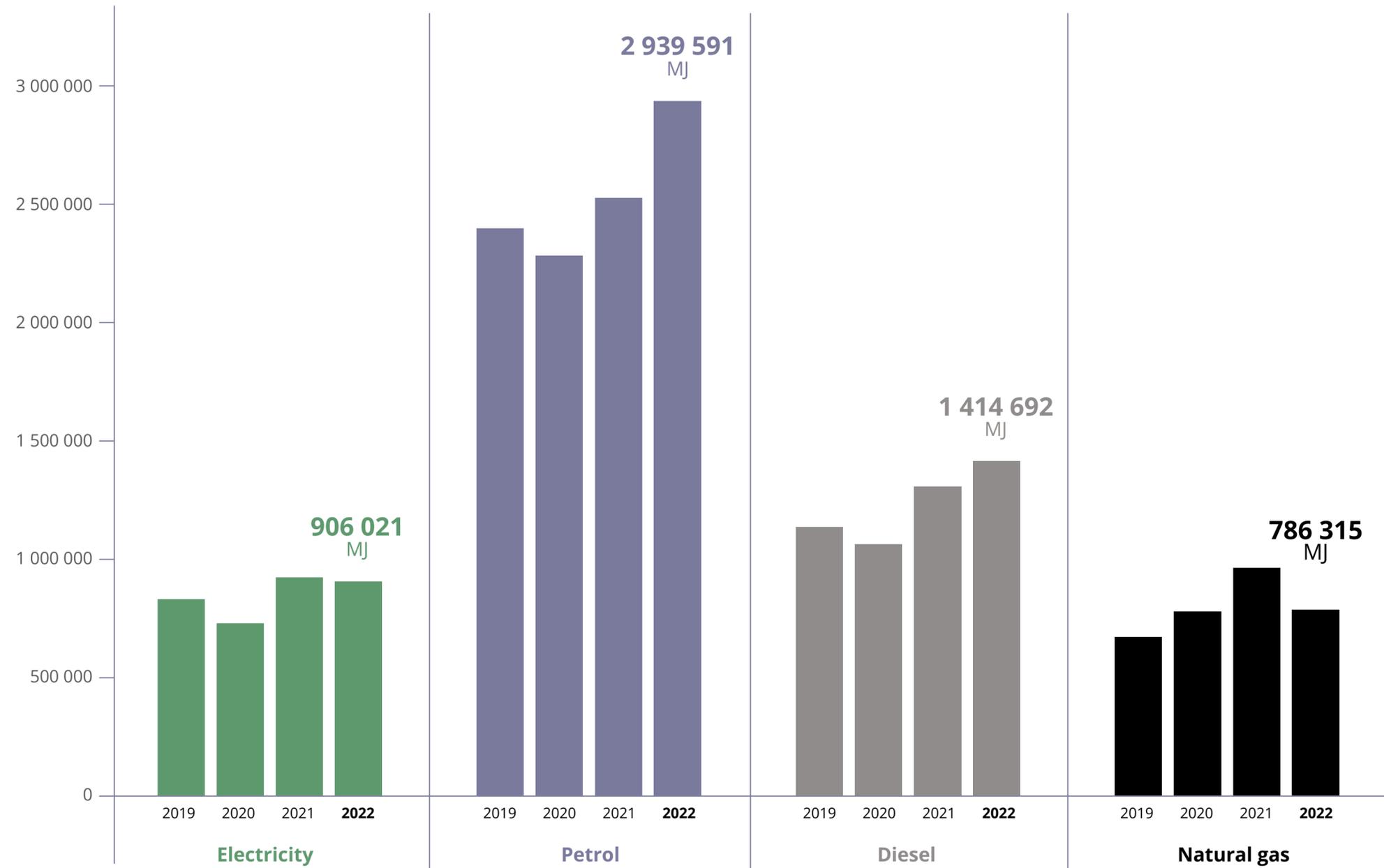
We also apply various solutions to reduce the use of natural resources. Our Company's work is supported by the **simulation and optimisation of building design and construction processes using comprehensive digital models** (BIM). BIM offers significant advantages over traditional design methods, as it provides detailed information on any components of the building for property management. These technologies and solutions can improve energy efficiency, thus reduce emission.

Building Management Systems (BMS) are used to connect and to support smart operation of mechanical equipment (heating, ventilation and air conditioning, lighting, CCTV, intrusion detection and fire alarms) in an office building. These solutions are often based on artificial intelligence which help the system to learn and optimise. In this way, "the building itself" can monitor the processes and can intervene if necessary. Currently, we do not use these solutions in all our developments; however, we aim to incorporate them in future projects.

Energy efficiency aspects have already been included in WING's certified projects (BREEAM, LEED). All new developments, that were financed by the green bond issuance, have achieved at least BB energy (EPC) level, while some residential developments even reach higher (AA and AA+). Improving energy efficiency is a key objective in all projects (e.g. wider use of heat pumps), with a related aim to increase the share of renewable energy sources in the total consumption (e.g. installation of solar panels).

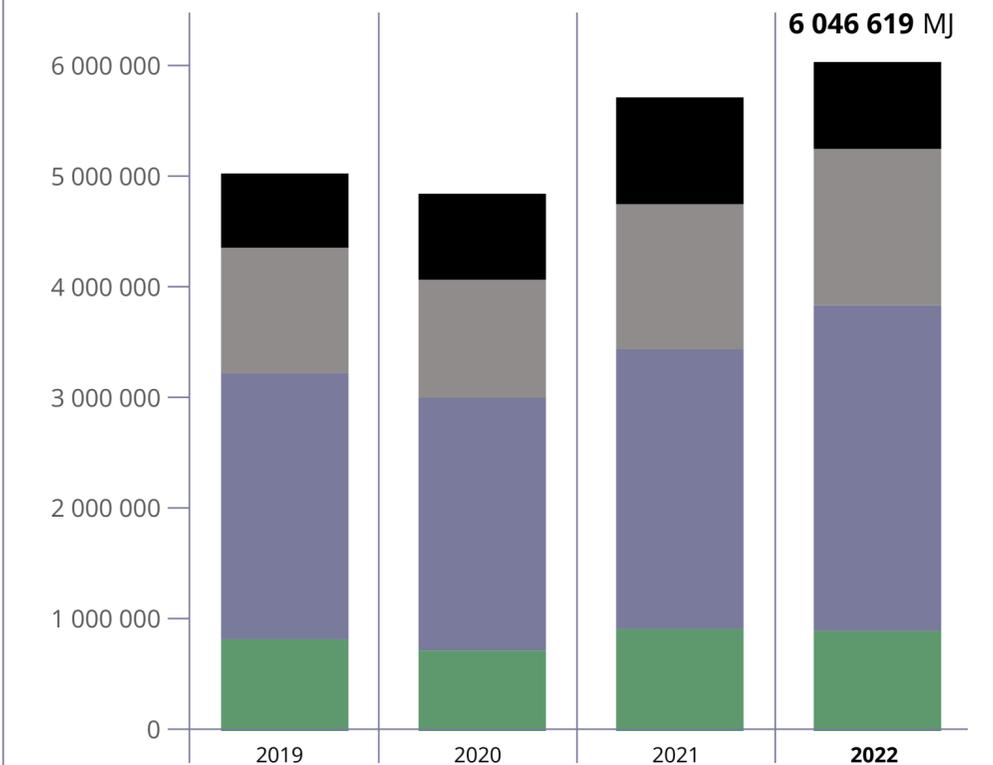
More energy efficiency enhancements, such as smart meeting room reservation systems, parking apps and smart electric car chargers will be integrated in our new investments as well.

WING has been continuously monitoring energy use, connected to our employees' activities (when using corporate properties and vehicles). It has developed over the last four business years as follows:



Electricity used in our properties is not purely from renewable sources. The growth of fuel and electricity consumption is due to the increasing number of our employees. In the last year, the natural gas consumption has dropped, which was mainly resulted by good weather conditions, although we also improved our operational settings in order to reduce energy consumption for heating. In 2022 WING's energy intensity was 2 122 MJ per square meter of used area.

Total energy consumption (2019-2022), MJ



The energy consumption of properties in our portfolio (our company HQ excluded) were aggregated by building categories (logistics, office and commercial buildings) using the the currently available data. The table below presents information for the year 2022 and does not fully cover the consumption of all properties: data were collected in 4 out of 8 office buildings, in 4 out of 5 logistics buildings, and in all 3 retail buildings.

Category	Net area for rent (m ²)	Consumption Equivalent (kWh)	Energy intensity (kWh/m ²)
Logistics, industrial	195 975	8 316 507	42
Retail	67 966	16 891 953	249
Office	73 656	17 705 616	240
Hotel	5 200	1 138 404	219

Energy consumption, that is generated outside of the organisation, although we have influence on it, such as purchased goods and services, business travel, employees' travel to work, transport and distribution in the supply chain, investments, etc., is not fully monitored yet. We are continuously working to reduce energy consumption in our buildings that could be supported by our smart energy management platform (whose development is in test phase).

Our further ambition is to organize the collection of data that are required for monitoring based on invoicing or by remote data provision and/or by direct reading of meters by the service provider. Our plan is to set up a comprehensive data collection and management system in 2023.

The development of the smart energy management platform started in 2021 with the deployment of online meters for individual measurement of consumption at metering points. This new platform will allow data aggregation of the company's energy consumption, while it also enables the automation of the most significant energy management processes like tracking, planning and optimizing energy consumption, cost control, financial and regulatory reporting and carbon emission monitoring. We expect that the implementation of the system will lead to more transparent energy management, will make possible live consumption monitoring, as well as the identification of savings potentials and their locations, and the up-to-date measurement of carbon and greenhouse gas emissions.

Besides, specific data [kWh/m²] collection will be available via the platform, which will support energy efficiency improvements, optimize operation and achieve about 30% greenhouse gas emission reduction in our portfolio. In order to reach this target we are also in active cooperation with our tenants, make process optimisation and rely on favourable weather conditions. WING's additional goal is to replace the vehicle fleet by procuring hybrid and/or electric vehicles and to deploy electric charging stations in our existing and new buildings as well.

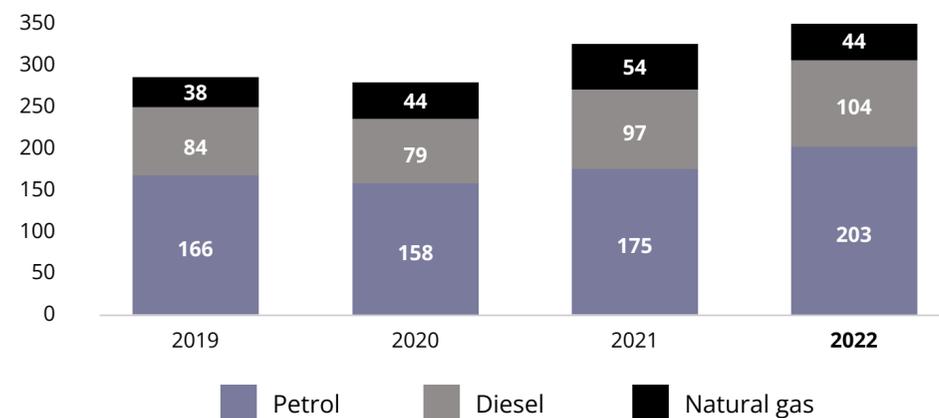


4.2.1 EMISSION REDUCTION

One of our important objectives is to reduce emissions from our operation, which has been reflected in developments throughout the years. The major part of our greenhouse gas emissions is generated by our energy consumption. To measure and monitor emissions, we introduce the smart energy management platform in the HQ office buildings by 2023 as well. The platform will be able to track emission sources and also to calculate and monitor the GHG emissions from the collected data.

The currently measured direct (Scope 1) emissions are released by direct combustion from resources owned and controlled by WING. These kinds of emissions are generated by the consumption of fossil fuels, by company owned or used vehicles or by using certain types of construction materials and technologies, while can also arise as a result of design, construction, and operation processes. Regarding Scope 1 emissions, we have historical data on emissions from natural gas and fuel consumption, that are presented in the figure below.

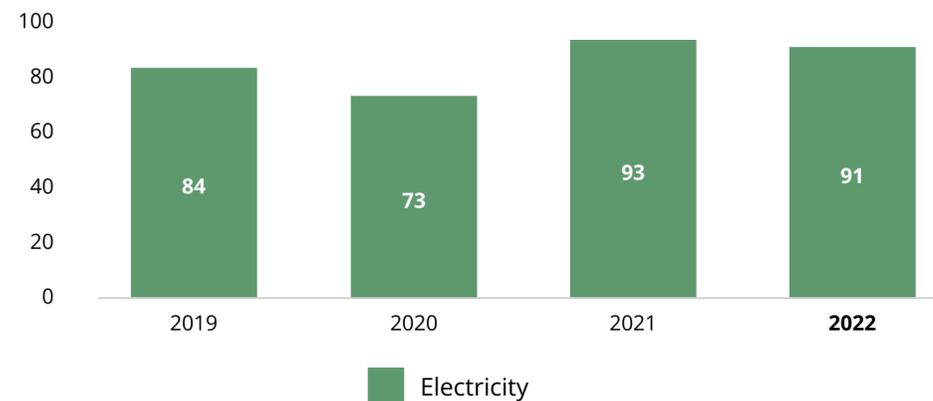
Scope 1 - Emissions by energy type (2019-2022), (tCO₂e)



We can see a rise in emissions over 2021 and 2022, which relates to the increasing number of employees, as it was also described in the energy management chapter. However, the replacement of our Company's vehicle fleet with green alternatives (procurement of electric and hybrid cars) has already started.

WING can also determine its indirect (Scope 2) greenhouse gas emissions, by monitoring the consumption of electricity, steam, heating and cooling energy purchased from utility providers. Among these, emissions only occurred from purchased electricity in the previous years as follows:

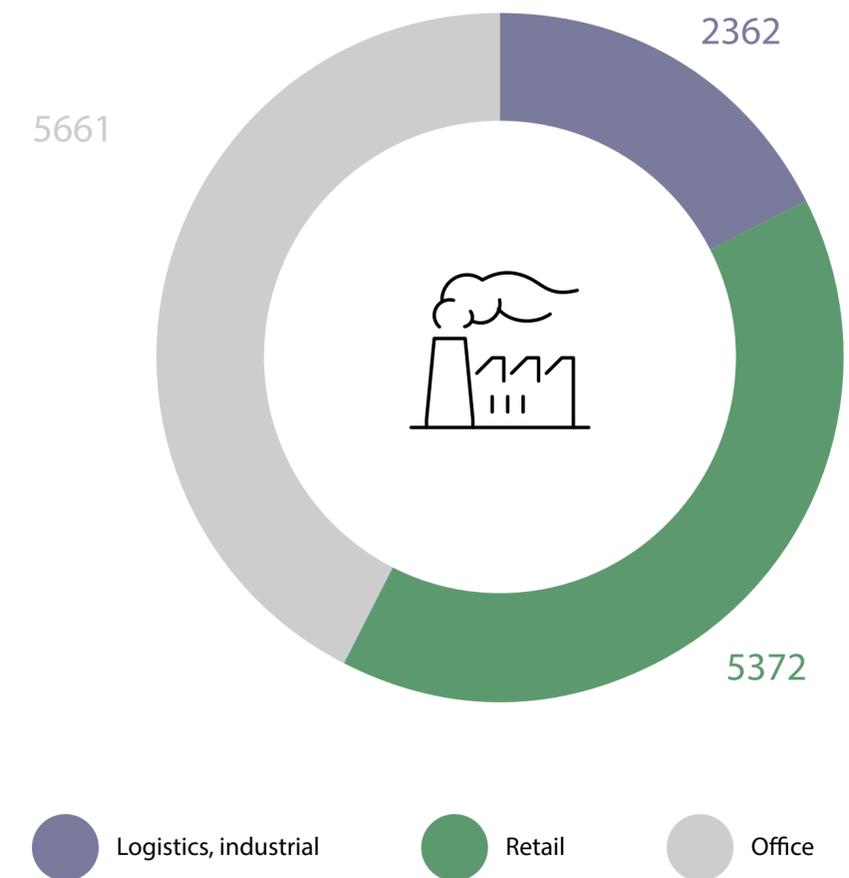
Scope 2 - Purchased electricity (2019-2022), (tCO₂e)



A Scope 3 emissions include all indirect emissions that occur in the Company's value chain. These emissions are indirectly linked to our operation, thus it is more difficult to measure and monitor them. In order to assess and keep track of our Scope 3 emission sources we will need to broaden our data collection and monitoring practices.

Currently, emissions are calculated based on the energy consumption of properties (not for own use) in our portfolio, the related data are presented in the chart below for 2022. The data were recorded in 4 out of 8 office buildings, 4 out of 5 logistics buildings, and in all 3 commercial buildings.

Scope 3 - indirect emissions of properties in our portfolio (company HQ excluded), tCO₂e





We consciously seek and apply energy-efficient, sustainable, and innovative technologies for design and refurbishment. We had a strategic decision to avoid the installation of gas boilers in the last ten years, and most of our office buildings are connected to the district heating network. Emissions could be further reduced by using regenerative rotary drum heat exchanger, which preheat, or pre-cool fresh air; or by implementing “free cooling system”, that is used to cool internal heat-generating rooms with external air. We use integrated LED light sources, which energy consumption is significantly lower, than the conventional ones, thus could result up to 80-90% energy savings.



Liberty Building's

The entire heating and cooling system is based on heat pump technology.



At Telekom headquarter

waste heat is recovered. The residual heat from cooling server rooms is used to heat the kitchen-dining area.

In terms of compliance with energy efficiency regulations WING strives to go well beyond the required standards in its own developed buildings. Therefore, in new properties we install more electric car chargers (the exact number depends on the building type) than its required. As for refurbishments, we equip fifty parking spaces with chargers instead of the expected twenty.

We have defined emission reduction targets, in order to minimize impacts arising from our employees' activities in relation to the use of properties and vehicles. Besides, we aim to determine and provide guidance on emission calculation method and introduce sub targets and action plans in relation. The planned development and implementation should cover each emission scopes (Scope 1-2-3). Furthermore, management reporting and decision-making tools regarding consumption, energy costs and greenhouse gas emissions are also under implementation:

- **Daily, weekly, and monthly CO₂ emission monitoring in relation to energy consumption**
- **Detailed periodic, monthly evaluation at site and company level**
- **Annual target-setting and monitoring**

4.3 WASTE MANAGEMENT



We consider proper waste management to be another important aspect of sustainable operation. Therefore we pay particular attention on minimising waste generation.

For projects with BREEAM and LEED certification we specifically include waste management aspects in the construction and operational processes. During construction works we focus on promoting resource efficiency through professional project management and waste reduction. In facility management we aim to encourage recycling by providing dedicated storage facilities. Additionally WING also promotes proper waste management, reduction and separate collection of waste in the office buildings as this philosophy is now embedded in the day-to-day operations of the organisation. This is supported by internal initiatives in the WING HQ like selective collection of office waste, the provision of filtered water instead of bottled mineral water, as well as the use of recycled paper and biodegradable cutlery at events. At the office sludge from restaurant oil traps (which is hazardous waste) as well as paper and cardboard packaging are collected separately.

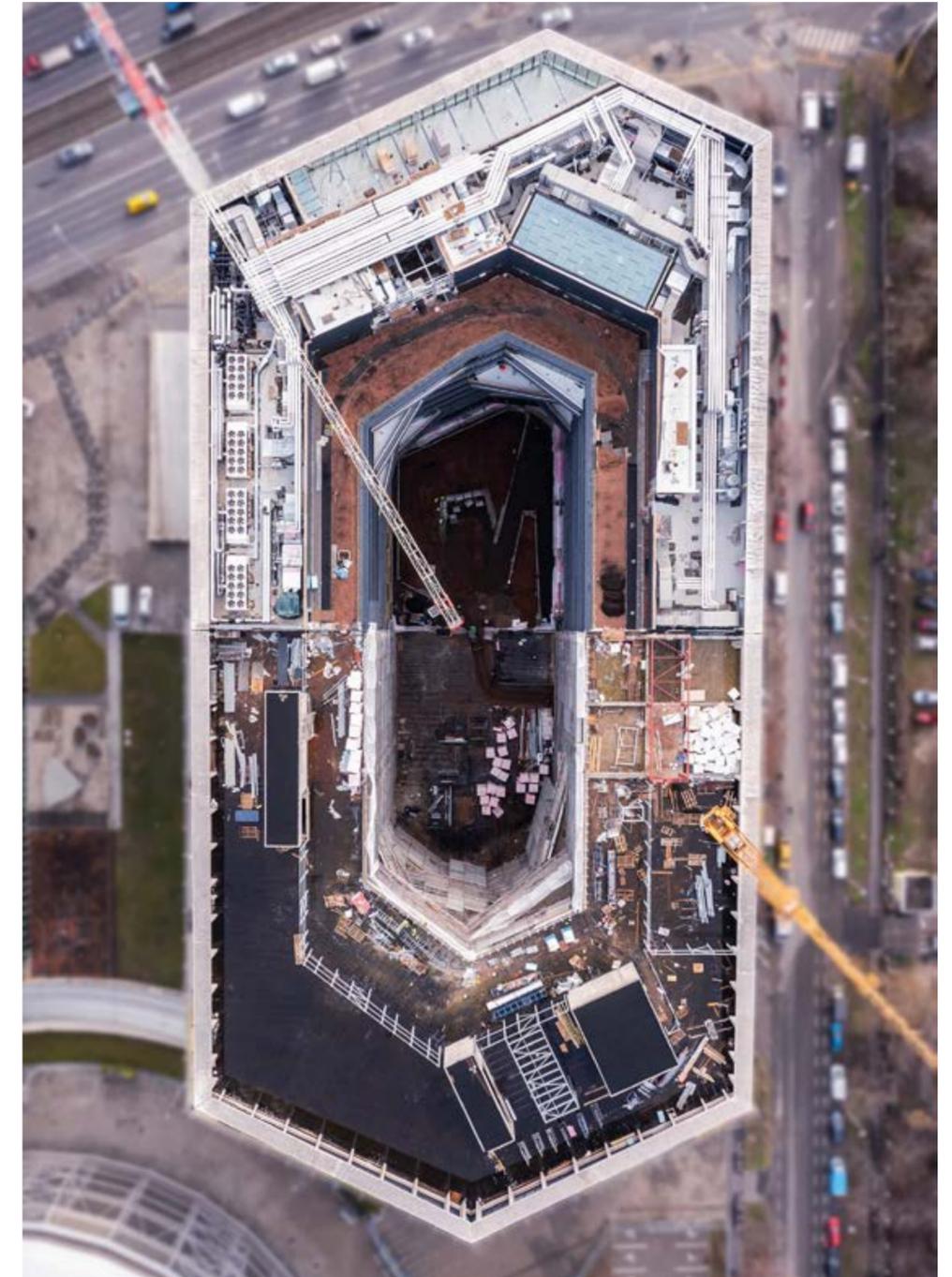
Data on the amount of waste generated and treated are presented on a pro-rata basis due to the shared use of our office buildings.

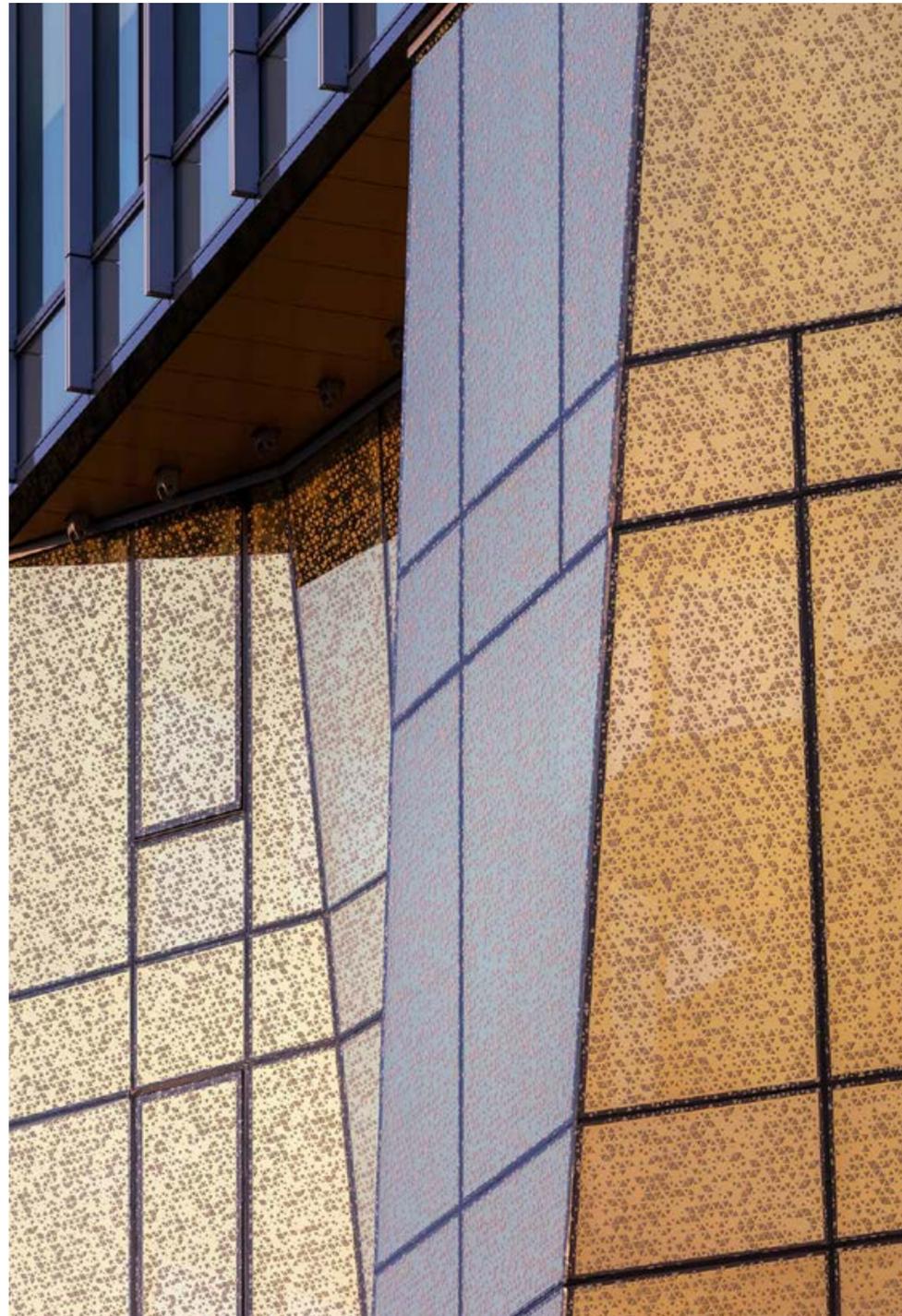
Accordingly, the amount of waste collected and treated by 2022 was the following:

Collected and treated waste (t)	2021	2022	Difference
Hazardous waste (t)	0,009	0,034	280,00 %
130508* mixtures of wastes from grit chambers and oil/water separators	0,009	0,018	100,00 %
200121* * fluorescent tubes and other mercury-containing waste	-	0,016	-
Non-hazardous waste (t)	0,620	0,515	-16,90 %
150101 paper and cardboard packaging waste	0,523	0,433	-17,08 %
150106 other, mixed packaging waste	0,097	0,082	-15,93 %

Based on the available data from 2021 and 2022, we could compare the amount of waste generated by our employees and further utilized. The results show the reduction of paper waste

Utilized non-hazardous waste (t)	2021	2022	Difference
150101 paper and cardboard packaging waste	0.523	0.433	-17,08 %
Recycled	0.523	0.433	-17,08 %





The non-utilized waste was disposed or handed over for external disposal by our Company in the following way:

Total off-site disposal (t)	2021	2022	Difference
Hazardous waste (t)	0,009	0,034	280,00 %
Incineration (with energy recovery)	-	-	-
Incineration (without energy recovery)	-	-	-
Landfilling	0,009	0,018	100,00 %
Other disposal operations	-	0,016	-
Non-hazardous waste (t)	0,097	0,082	-15,93 %
Incineration (with energy recovery)	-	-	-15,93 %
Incineration (without energy recovery)	0,029	0,025	- 15,93 %
Landfilling	0,068	0,057	- 15,93 %
Other disposal operations	-	-	-

Recycling is also a priority in our managed properties and in construction sites. Buildings are equipped with the necessary infrastructure for selective waste collection, such as labelled containers, adequate storage spaces and facilities and the possibility for compostable waste where it is requested.

We avoid banned substances in our investment projects and also the use of substances containing volatile organic compounds (VOC). Hazardous waste is managed in accordance with legal regulations. The growth in the amount of hazardous waste disposal was caused by '200121* fluorescent tubes and other mercury-containing waste' as it was not collected in 2021.

As part of our ESG objectives we plan to prepare a waste management plan, which contains the assessment of recycling and also defines targets of generated waste (m3 or t/100 m2 built-up area), which will be part of monthly monitoring. Our aim is to reach at least 75% in weight or 65% in volume of the generated construction waste to be recycled in a verifiable way. This requirement will be specified in contracts to ensure compliance in future projects; however, it has already been in practice at the development of Liberty project.

Municipal waste is removed by the public service provider. Currently we do not collect data in relation to the total weight of waste sent for disposal by composition. We aim to include in the waste management plan the relevant data collection and also the regular monitoring.

4.4 WATER AND WASTEWATER TREATMENT

While striving to reduce emissions, to increase energy efficiency and to manage waste properly, it is equally important to focus on conscious water consumption and to apply proper technological elements in our investments and also in our daily operation. In our operation we confront the negative impacts of water consumption, like indoor or outdoor waste of used water by inefficient equipment or old pipes, or the strain on the wastewater system from the amount of water run-off.

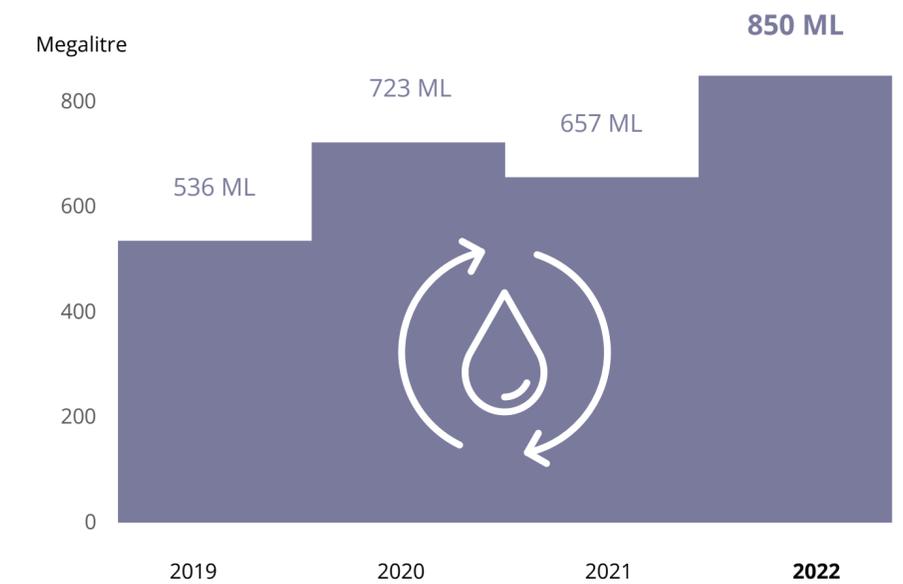
In some of our projects we have developed a system for greywater recovery. In most of our leased properties water consumption and its reduction is beyond our Company's scope, since the design of architectural elements that affect water use is influenced by our customers' needs.

In 2022 the nearly 30% rise in consumption is mainly resulted from the elevated demand for irrigation and from the increase of occupancy.

WING strives to actively reduce the water consumption in the buildings and in the maintenance of the external green areas. BREEAM and LEED certified projects already incorporate water efficiency considerations. The use and integration of water-efficient equipment (water-saving taps and fittings), rainwater harvesting, as well as the measurement and analysis of water consumption also contribute to sustainable property development. Green roofs and gardens with low irrigation requirements, solutions to retain rainwater for irrigation or firewater, and initiatives to reuse greywater all contribute to this initiative.

Due to the nature of our activities only municipal wastewater is discharged, technological wastewater is not generated. The amount of water used can be measured with installed water meters.

In previous years our Company's water consumption was the following:





4.5 BIODIVERSITY



Preserving biodiversity and protecting native species are significant aspects of our sustainable strategy. Because our projects are often greenfield investments they imply substantial interference with the natural environment. Therefore by reducing greenfield investments we reduce our impact on natural ecosystems. Accordingly, two-third of our residential buildings have already been constructed on brownfield sites by 2022.

In line with customer needs and local regulations in the development processes, we can implement further activities which support biodiversity protection.

Due to the impact of our work, we often interfere with the habitats of native and endangered species, temporarily obstruct and/or reduce habitats and migration, transport routes of wildlife in the area. In order to compensate these negative impacts we create green environments around our buildings in line with the BREEAM In-use requirements. In addition we seek to replace the lost green spaces with the establishment of green roofs, green facades and roof gardens. We also construct or renew green areas and plant native species with low irrigation requirements. In 2022 1140 m² area of green roof has been established in one of our project, and 11 000 m² of green spaces were developed in 3 different projects.

Felling of trees and other vegetation is the most serious and visible intervention into the ecosystem. Therefore our Company pays special attention to minimize its impact on the environment. Even in the initial phase of a project we begin to analyse the possibilities of preserving and re-using the existing stock of trees in the construction site and we try to avoid to remove valuable, native trees. If it is not possible, the felled trees are replaced and we compensate with green spaces and tree plantings after the construction is completed. During 2022 69 trees were planted in 3 projects (at the developments of residential buildings Park West and Kassák as well as at GoBUDA Mall) and also 60 Leyland cedars and 6 Thujas in an other project.



05



Corporate social responsibility

5.1 OUR EMPLOYEES

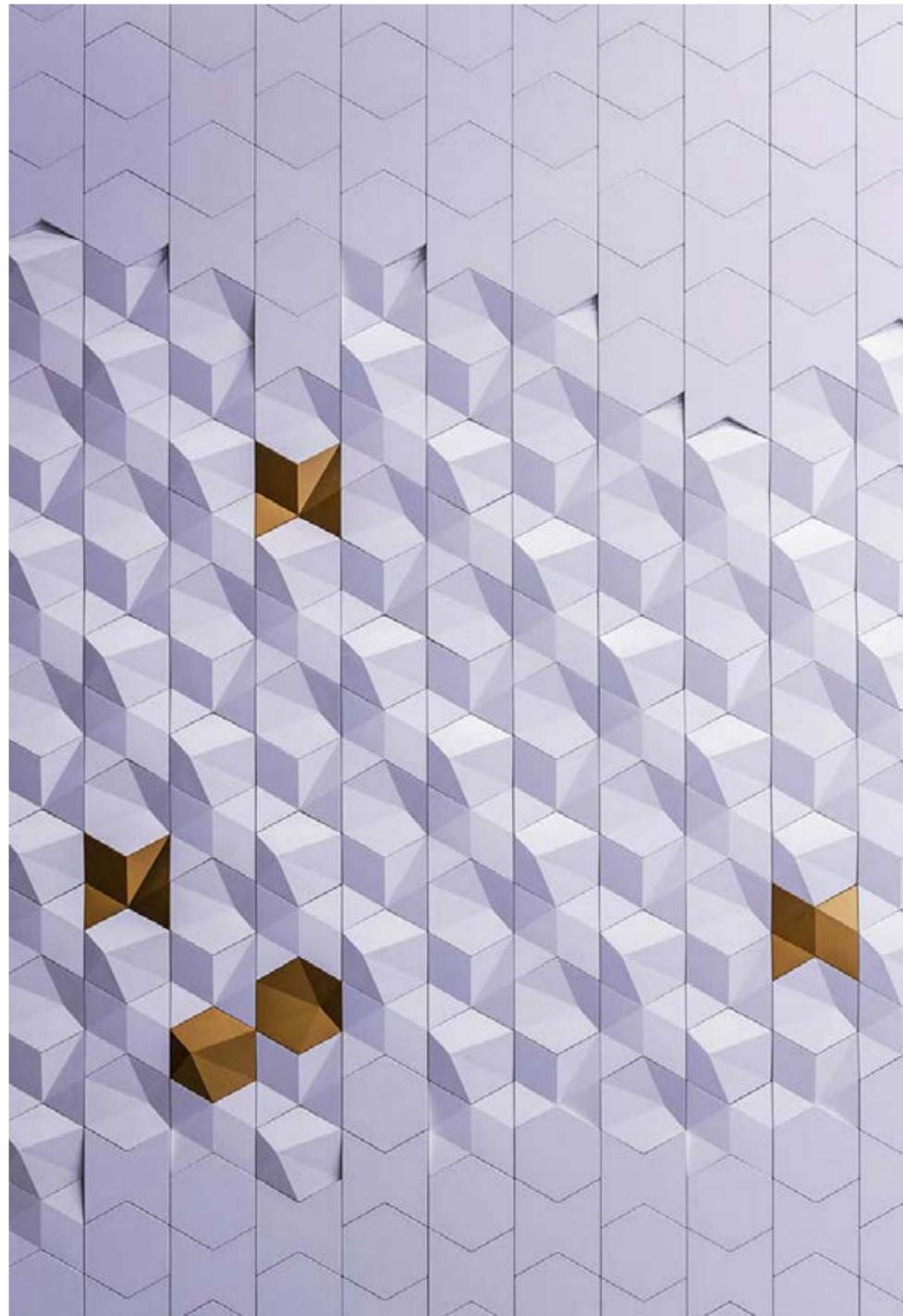
WING considers the relevance of sustainability from a social perspective as well, since the Company's everyday operation has influence on our employees and on our wider community. Accordingly, we put focus on the adequate working conditions, health and safety questions, education and training, promote diversity and equal opportunities, as well as employees' and tenants' well-being. Our corporate philanthropy activity has more than two decades long tradition, particularly in supporting local communities.

Our employees and their professional experience, knowledge and working methods are the key drivers of WING's success. In order to support them, our human resource strategy focuses on developing employees' skills and competencies. We believe that diversity enhances creativity, flexibility and openness which can lead to better decision-making. Nonetheless, our experience is that a diverse workplace can efficiently understand and synthesise different needs of customers and partners. We consider these qualities essential for our adequate operation and further growth. The Company's Code of Ethics was published in 2022, which summarises our core values and behaviour principles expected from our employees in internal and external relations as well. Besides, it includes our commitment to promote diversity, equal rights and opportunities for all employees. Our philosophy is that a diverse and inclusive community has a positive impact on both living and working conditions.

Despite the challenging times, our workforce has nearly doubled from 2017 to 2021 and continued to grow by 18% in 2022. On average we had 236 employees in 2022 which number is based on the average statistical headcount of the reporting period.

Number of employees by location and gender (2019-2022)

Regions and locations	2019	2020	2021	2022
Wing Zrt.	119	131	136	153
Male	48	54	56	63
Female	71	77	80	90
WPR Port Kft.	51	47	41	50
Male	23	20	18	19
Female	28	27	23	31
Aspectus Architect Zrt.	21	19	12	16
Male	11	10	7	7
Female	10	9	5	9
Gladiátor Alapkezelő	3	2	7	7
Male	2	1	2	2
Female	1	1	5	5
Living Service Kft.	1	3	3	9
Male	1	2	2	6
Female	-	1	1	3
Wing IHC Zrt.	-	1	1	1
Male	-	1	1	1
Female	-	-	-	-
In total:	195	203	200	236



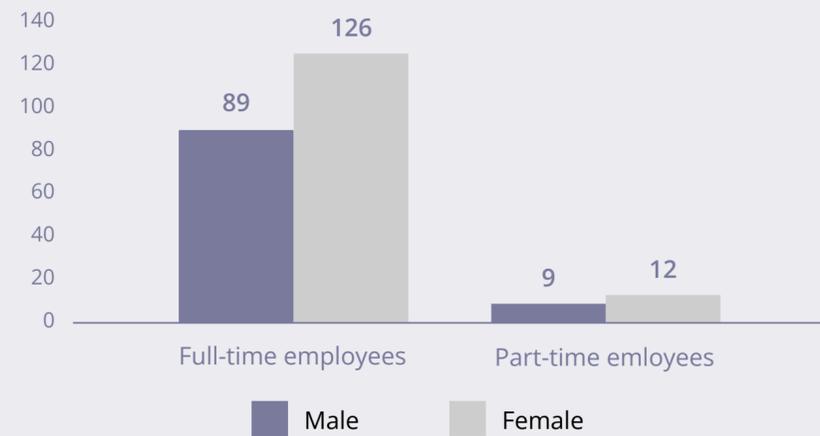
Number of full-time employees by gender between 2019 and 2022:

Regions and locations	2019	2020	2021	2022
Wing Zrt.	110	123	126	143
Male	45	52	54	60
Female	65	71	72	83
WPR Port Kft.	47	15	38	48
Male	22	7	18	19
Female	25	8	21	29
Aspectus Architect Zrt.	19	18	12	14
Male	8	9	7	6
Female	11	9	5	8
Gladiátor Alapkezelő	-	-	5	4
Male	-	-	-	-
Female	-	-	5	4
Living Service Kft.	-	-	-	6
Male	-	-	-	4
Female	-	-	-	2
Wing IHC Zrt.	-	-	-	-
Male	-	-	-	-
Female	-	-	-	-
In total	176	156	182	215

Number of part-time employees by gender between 2019 and 2022:

Regions and locations	2019	2020	2021	2022
Wing Zrt.	9	8	10	10
Male	3	2	2	3
Female	6	6	8	7
WPR Port Kft.	4	32	2	2
Male	1	13	-	-
Female	3	19	2	2
Aspectus Architect Zrt.	2	1	-	2
Male	-	-	-	1
Female	2	1	-	1
Gladiátor Alapkezelő	2	2	2	3
Male	1	1	2	2
Female	1	1	-	1
Living Service Kft.	1	3	3	3
Male	1	2	2	2
Female	-	1	1	1
Wing IHC Zrt.	-	1	1	1
Male	-	1	1	1
Female	-	-	-	-
In total	18	47	18	21

Total number of employees by employment type and gender in 2022



In the last year, the number of our full-time employees has increased by 18% and we had more part-time employees than in 2021. The current number of our part-time employees is about the tenth of full-time employees. Considering the total number of our employees in 2022, we had 89 male and 126 female full-time employees, while 9 male and 12 female part-time employees were in contract with WING.

We feel proud that the representation of our female colleagues is continuously increasing at director and senior management level.

At director level, the ratio of female employees is 37.5%, and also a colleague is in senior management position since 2021. Despite the characteristics of the real estate sector, we have a high proportion of female employees who feel valued at WING.

Total number of employees by employment contract (permanent and temporary) and gender (2019-2022):

Employees with permanent contracts

Regions and locations	2019	2020	2021	2022
Wing Zrt.	119	131	136	153
Male	48	54	56	63
Female	7	77	80	90
WPR Port Kft.	50	46	39	47
Male	23	20	17	18
Female	27	26	22	29
Aspectus Architect Zrt.	21	19	12	16
Male	11	10	7	7
Female	10	9	5	9
Gladiátor Alapkezelő	3	2	7	7
Male	2	1	2	2
Female	1	1	5	5
Living Service Kft.	1	3	3	9
Male	1	2	2	6
Female	-	1	1	3
Wing IHC Zrt.	-	1	1	1
Male	-	1	1	1
Female	-	-	-	-
In total	194	202	198	233

Employees with temporary contracts

Regions and locations	2019	2020	2021	2022
Wing Zrt.	1	-	-	-
Male	1	-	-	-
Female	-	-	-	-
WPR Port Kft.	1	1	2	3
Male	-	-	1	1
Female	1	1	1	2
In total	2	1	2	3

In 2022, our company employed 97 male and 136 female colleagues with permanent contract, while only 1 male and 2 female employees had temporary contract at Wing Plc. and at WPR Port Ltd.

Number of employees with non-guaranteed working time (2019-2022)

Regions and locations	2019	2020	2021	2022
Wing Zrt.	4	10	15	14
Male	1	3	6	4
Female	3	7	9	10

The number of employees with non-guaranteed working hours at WING is low, compared to the total number of our employees. Currently, we have been employing 14 graduate trainees at Wing Plc.

Number of workers who are not employees at WING (2019-2022)

Regions and locations	2019	2020	2021	2022
Wing Zrt.	4	10	15	14
WPR Port Kft.	35	18	42	56
In total	39	28	57	70

We also employ workers who are not employees in our Budapest sites: Wing Zrt and WPR Port Kft. They are mainly participate in dedicated assignments, employees in simplified employment (EFO) or trainees. Their number increased by 22% in 2022.

Current challenges of the labour market in the real estate sector (e.g. shortage of professionals) have affect on our Company in terms of employee turnover. We consider it important to recruit, train and retain the motivated and highly skilled workforce, thereby reducing our turnover ratio. Our aim is to ensure that employees can achieve excellence through continuous professional development, thus improve their satisfaction and engagement.

Employee turnover increased from 21% to 35% between 2021 and 2022. Besides, the ratio of new hires has also increased from 27% to 48%, as presented in the following tables:

Employee turnover	2019	2020	2021	2022
Number of employees leaving	39	44	41	84
Total workforce	195	203	200	236
Ratio of employee turnover	20%	22%	21%	35%

New hire ratio	2019	2020	2021	2022
Number of new hires	68	36	53	112
Total workforce	195	203	200	236
Ratio of new hires	35%	18%	27%	48%



Number of new hires by age group, gender and region/location (2019-2022)

	Number of new hires	2019	2020	2021	2022
Wing Zrt.	Male	11	10	6	19
	< 30	2	2	4	5
	30-50	7	7	2	10
	50 <	2	1	-	4
	Female	20	15	17	31
	< 30	5	6	11	12
	30-50	14	9	6	16
	50 <	1	-	-	3
	In total	31	25	23	50
WPR Port Kft.	Male	5	1	11	14
	< 30	3	1	6	6
	30-50	2	-	4	6
	50 <	-	-	1	2
	Female	24	7	15	37
	< 30	10	4	10	18
	30-50	11	1	4	16
	50 <	3	2	1	3
	In total	29	8	26	51

	Number of new hires	2019	2020	2021	2022
Gladiátor Zrt.	Male	3	-	-	-
	< 30	-	-	-	-
	30-50	3	-	-	-
	50 <	-	-	-	-
	Female	2	1	2	-
	< 30	1	-	-	-
	30-50	1	1	1	-
	50 <	-	-	1	-
	In total	5	1	2	-
Living-Service Kft.	Male	1	1	-	4
	< 30	-	-	-	1
	30-50	-	1	-	3
	50 <	1	-	-	-
	Female	-	-	-	2
	< 30	-	-	-	-
	30-50	-	-	-	1
	50 <	-	-	-	1
	In total	1	1	-	6

	Number of new hires	2019	2020	2021	2022
Aspectus Zrt.	Male	1	-	1	1
	< 30	-	-	-	1
	30-50	1	-	1	-
	50 <	-	-	-	-
	Female	1	1	1	4
	< 30	1	-	1	3
	30-50	-	1	-	1
	50 <	-	-	-	-
	In total	2	1	2	5

Total number of new hires	68	36	53	112

Number of employees leaving by age group, gender and region/location (2019-2022)

	Number of employees leaving	2019	2020	2021	2022
Wing Zrt.	Male	2	3	9	13
	< 30	1	2	3	5
	30-50	1	1	5	4
	50 <	-	-	1	4
	Female	6	11	10	18
	< 30	-	6	3	8
	30-50	5	5	6	9
	50 <	1	-	1	1
	In total	8	14	19	31
WPR Port Kft.	Male	8	6	8	15
	< 30	4	5	3	4
	30-50	4	-	5	8
	50 <	-	1	-	3
	Female	20	17	9	32
	< 30	7	9	3	17
	30-50	12	4	4	12
	50 <	1	4	2	3
	In total	28	23	17	47

	Number of employees leaving	2019	2020	2021	2022
Gladiátor Zrt.	Male	-	-	-	-
	< 30	-	-	-	-
	30-50	-	-	-	-
	50 <	-	-	-	-
	Female	-	2	-	-
	< 30	-	-	-	-
	30-50	-	2	-	-
	50 <	-	-	-	-
	In total	-	2	-	-
Living-Service Kft.	Male	-	1	-	3
	< 30	-	-	-	-
	30-50	-	1	-	1
	50 <	-	-	-	2
	Female	-	-	-	2
	< 30	-	-	-	-
	30-50	-	-	-	1
	50 <	-	-	-	1
	In total	-	1	-	5

	Number of employees leaving	2019	2020	2021	2022
Aspectus Zrt.	Male	2	2	2	1
	< 30	-	-	1	-
	30-50	2	1	1	1
	50 <	-	1	-	-
	Female	1	2	3	-
	< 30	-	-	1	-
	30-50	1	1	2	-
	50 <	-	1	-	-
	In total	3	4	5	1

Total number of employees leaving	2019	2020	2021	2022
	39	44	41	84



At WING, both male and female employees are entitled to parental leave, however usually our female colleagues are taking this opportunity.

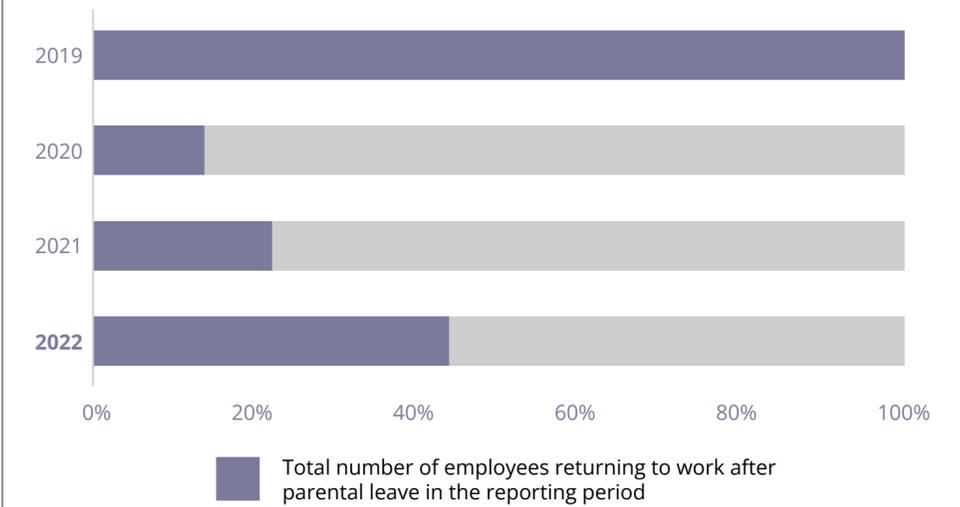
The total number of employees returning to work after parental leave has increased in the reporting period. We also experienced a positive trend in the number of employees who remained in contract after 12 months returning to work from parental leave. Due to the above-mentioned facts, both indicators, return to work rate and retention rate, increased in 2022.



Taking parental leave (2019-2022) in the last period:

Taking parental leave	2019	2020	2021	2022
Total number of employees entitled to parental leave	10	8	8	10
Male	1	1	1	-
Female	9	7	7	10
Total number of employees taking parental leave	5	7	7	10
Male	-	-	-	-
Female	5	7	7	10
Total number of employees returning to work after parental leave in the reporting period	1	1	1	4
Male	-	-	-	-
Female	1	1	1	4
Total number of employees returning to work after parental leave and remained employed after 12 months returning to work	1	1	1	2
Male	-	-	-	-
Female	1	1	1	2

Return to work rate in the period of 2019-2022



Retention rate of employees after parental leave in the period of 2019-2022





Our Company's human resources management is carried out by WING, as employer.

Besides the adequate salary, WING provides the following benefits, which are defined according to employees' responsibility and contract:



management and professional trainings, events and conferences (as required)



team-building events



mobile phones, notebooks for personal use as well



free fruit and hot drinks



company car for authorised employees which they can use for personal purposes as well



sports day for certain divisions



travel to work benefit



financial support for glasses



bonuses



parental leave



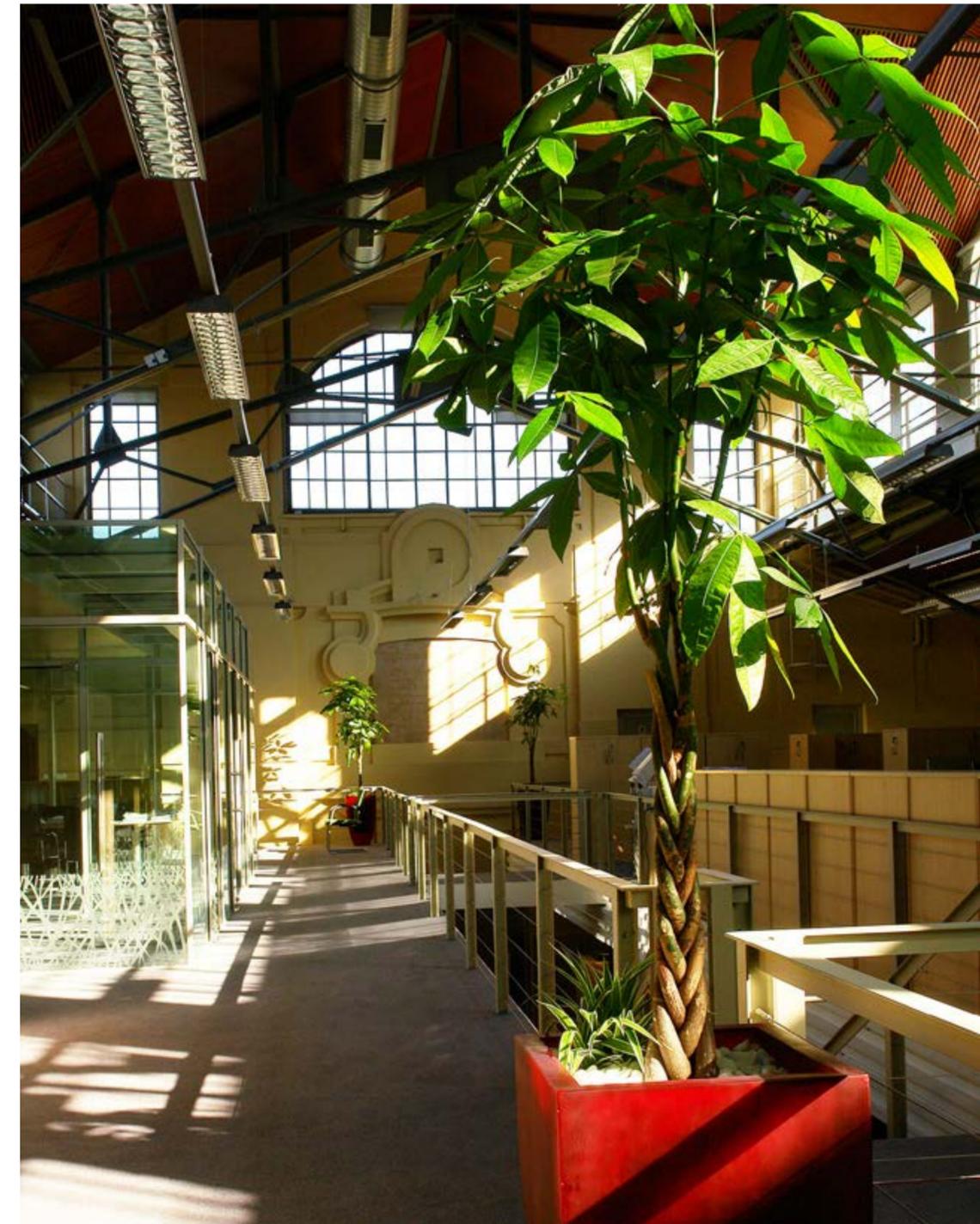
discounted purchase of products and services from contracted partners



funeral benefit

After 23 years of successful operation, WING has become a large, regional company with diversified and complex activities. Consequently it is our priority to develop HR processes. The Company's operational systems are constantly adapted to the changing business and market environment. Our HR Strategy and HRmaster system were introduced in September 2022 to enable more effective data collection, management and communication of employee-related activities. We will also publish our Labour and Employee Policy, which contains all relevant information on employee and employer rights and responsibilities in line with the Hungarian Labour Code. This internal policy will also include the defined benefit plan of our employees and our ethical standards and principles for a responsible business conduct, similarly as in the Code of Ethics.

Our performance management system is continuously implemented as a result of our HR target in 2021, and we intend to extend the system to all employees in the next years. As a first step, the job description and classification system was introduced at the end of 2022, while the performance evaluation system is expected to be finalized in 2023.



5.1.1 HEALTH AND SAFETY OF OUR EMPLOYEES

Health and safety considerations of our employees are essential for us. The majority of our employees is working in an office environment, which reduces the possibility of any work-related accidents and occupational diseases. Nevertheless, all of our employees are subject to occupational health and safety standards and benefits, as it is required by relevant legislation. Our company performs occupational risk assessment, and safety and fire trainings are carried out in accordance with national regulations.

We are also responsible for employees working on construction sites. As the risk of injuries or accidents is much higher than in the office buildings, it is essential to ensure proper safety measures. Personal protective equipment such as safety vests and jackets, hard hats, and shoes are provided to our employees. Moreover, compliance with OHS (Occupational Health and Safety Management) regulations and related trainings are mandatory, that are ensured by our contracted OHS coordinators. In addition our project managers monitor construction sites at least three times a week and our technical inspectors also have daily visits.

The enforcement, monitoring and sanctioning of health and safety rules are specified in contracts. We perform continuous risk assessment on health and safety impacts of our properties and services, and any non-compliance case is investigated. Only two minor reportable workplace accidents happened in 2022, involving a female and a male employee. There were no serious or fatal accidents or work-related illnesses in the reporting period. In conclusion, our Company has a low rate of workplace accidents.

Our employees participate in annual occupational health examination in accordance with legal requirements.

5.1.2 WELL-BEING OF OUR TENANTS AND RESIDENTS



WING is highly committed to provide healthy and safe environment, that improves tenants' and residents' well-being as well. At our recent development, Liberty, we have introduced unique solutions in the Hungarian office market regarding these aspects. In the office and hotel complex health and well-being of employees and visitors are considered as key design elements.

For large-size facilities it is important to ensure sufficient quality of fresh air, which is even more vital in pandemic periods. Therefore ventilation systems that guarantee users' safety are essential. For that purpose we install antibacterial filters, disinfect fresh air supply with UV light and make regular preventive disinfection of air ducts.

In addition to modern air ventilation systems, Liberty has optimised access routes and lift use as well. Enhanced building decontamination and a range of touch-free features are also applied.

The modern operation of the facility has been enhanced with "smart" solutions: occupancy indicator system provides information on the availability of the office and the restaurant, while a mobile app assists in tracking parking spaces.

WING takes social aspects into account as well especially at our certified buildings, which are in line with international standards (e.g., BREEAM, LEED). We place particular emphasis on ensuring that these standards are maintained in the operation. In addition, Access4you audits were carried out of the accessibility plans related to our developments, which all achieved Gold certification.

In 2022 the Company did not identify any non-compliance with legislation and/or voluntary policies in relation to health and safety impacts of our products and services.

In the recent years we also had to adapt to the effects of COVID-19 pandemic. A number of healthy measures were introduced to protect our employees. These solutions are described in detail in our 2021 Sustainability Report. Some of the safety measures (e.g. enhanced disinfection solutions, hand disinfection stations) implemented in all our properties are still in use, since these are useful after the pandemic as well.

5.1.3 TRAINING AND EDUCATION

Employees' continuous development is at the core of our HR strategy, thus we offer the possibility of various training courses. In 2022 132 employees (98 female and 34 male) participated in 14 different courses at Wing Plc. There were eight mandatory and six general trainings, which covered topics such as IT, accounting, MS Office, marketing, time management, internal communication and culture development, as well as sustainability. The programs resulted in total 1078 training hours (798 training hours for female and 280 training hours for male employees).

In the reporting period, our employees attended on the following trainings and conferences:

Training and conference in 2022					
Type	Topic	Duration, hours	Male participants	Female participants	
Marketing training - UNICEO Leaders Forum	Awareness, digitalisation and empowerment	24 training hours	-	3	
IT training	Installation, operation and troubleshooting of Windows Server systems	5 days, 30 training hours	1	-	
Marketing training	Employer branding	5 weeks, 20 training hours (online)	-	1	
Time-management training	Time-management	1 day, 32 training hours	3	1	
Connect Conference	HR, marketing, internal communication and corporate culture	1 day, 24 training hours	-	3	
Hungarian Green Building Association Green Brunch	Sustainability, green buildings	1 day	2	-	
Business Fest professional conference	IT and HR	1 day	2	8	
Portfolio ESG Conference	Sustainability	1 day (online)	1	1	
MS Office training	Excel basic level	14 day, 728 training hours	22	69	
	Excel intermediate level				
	Excel advanced level				
	Excel Advanced (VBA)				
	Word training				
	Ppt training				
General and specific training in total		6 training types	14 training days	22 employees	69 employees

We put special emphasis on professional development of our colleagues and we also provide opportunities to gain practical experience. Not only external trainings are organised, but WING also offers internal education and training courses. In the next years, the performance management system will include training plan of our employees, which will provide guidance on the required and optional courses of each position. As part of it, employees can also indicate their preferences to their managers who will forward these requests to the HR department. In addition, further opportunities are also supported, such as Microsoft Office (Excel, Word) training, Chamber of Engineers training, mandatory training for accountants and tax advisors, or internal communication and culture through the Blue Colibri platform.

By introducing our performance evaluation system and the related training plan, we would like to ensure a more coherent relation between useful and necessary training in all positions. To further embed the sustainability approach into our daily operation, we are supporting bottom-up initiatives, like the Sustainability Ambassador programme, which aims to educate our colleagues in ESG topics.

In the reporting period, our employees attended on the following trainings and conferences:

Mandatory trainings				
Type	Topic	Duration, hours	Male participants	Female participants
Compulsory training for accountants and tax advisers	Chartered Accountant	1 nap	2	13
Chartered Accountant+ IFRS	Chartered Accountant+ IFRS	no data	1	1
Tax	Tax audit officer	no data	1	3
Tax	VAT Master's degree	no data	1	3
Tax	Tax University	no data	1	3
Finance	Billing administrator	no data	-	1
Advanced training for engineers	Facility management conference and exhibition, training in building services engineering, sanitary engineering, energy, electrical engineering and construction	1 day	1	-
	Compulsory training for engineers	1 day	1	-
Mandatory training in total	8 training types	3 training days	8 employees	24 employees
Training in total	14 training types	17 training days	34 employees	98 employees



5.1.4 HUMAN RIGHTS, DIVERSITY AND INCLUSION



Our values and principles regarding diversity and inclusion, respect for human rights and promotion of equal opportunities are included in the Company's Code of Ethics since 2022.

In 2022 WING did not yet have a whistleblowing policy, however we have always encouraged our employees to report any concerns or complaints. We are committed to conduct a prompt and objective investigation of any raised concerns, and to take all necessary interventions. Due to the size of our Company, the complaint process was not settled in a formal channel in the reporting period. However, we dealt with issues separately, in line with the Company's ethical principles and labour law. The Code of Ethics has always been a firm guidance for us, but we further developed our internal processes and the implementation of corporate whistleblowing system and policy is in progress.

The Company philosophy is to consider accessibility standards already in the design phase, since it is more efficient to plan with the requirements rather than to rebuild something later. We implement universal design, which follows standards, regulations and recommendations to create an accessible environment from the beginning of the project. In the final design stages of GOBUDA Mall Shopping Centre and Liberty Office Building and Hotel, Access4you (a national expert in the field) evaluated the accessibility design of our buildings in order to ensure the compliance with Gold certification. We ensure that all our properties comply with the accessibility requirements of the EU and with national legislation. We are also taking steps to provide employment opportunities for people with disabilities.

5.2 SOCIAL RESPONSIBILITY AND CHARITY, SUPPORTING LOCAL COMMUNITIES

WING believes that a liveable, sustainable social and built environment is essential for the future generations. Our ambition is to support well-being and professional development of our talented young employees, as well as to promote initiatives that empower young generations.

As a local company, we feel responsible for our surrounding environment and community, thus we actively contribute to development programs for children and young students.

In the past two decades we have been a stable supporter of the Madarász Street Children's Hospital and through our donations we contributed to the better recovery of children. We also have supported other child programmes in Millenáris and the renovation of its playground. We have been also the main sponsor of "Jövőbarát Foundation" for 10 years, of which objective is to enhance further education of children in need through a scholarship programme. During the COVID-19 pandemic we paid even more attention to the recovery of patients, thus we provided direct financial aid to South Pest Centre Hospital.

As part of our corporate responsibility strategy WING has been one of the main supporter to SOS Children's Villages Hungary (SOS Gyermekfalu Magyarország) Foundation since 2019. The mission of the foundation is to provide a caring environment for young people who can grow up with love and respect and become well-balanced adults. With our contribution we would like to achieve that children receive all the support and help they need.

As part of our collaboration with SOS Children's Villages, five of our colleagues took part in the final programme of Recode Your Life project, that was initiated to teach English and informatics to Ukrainian children.

Being Hungary's leading real estate developer one of our main goal is to support the professional education of the next generation in the industry. In line with that WING is for the fourth time one of the major sponsors of Hungary's most important scientific student fora, the National Scientific Student Conference (OTDK), which is the most comprehensive form of talent management. WING has a dedicated award to students who conducting research in the real estate sector.



Additionally, WING is a regular sponsor of the Future Hungary Conference as well, which is organised by Milestone Institute for university students. We believe that the Company is responsible to promote young people, as hopefully they become future leaders in our sector.

Our company also considers it important to promote Hungarian contemporary artists and raise awareness on cultural aspects. The other major pillar of our CSR activities is supporting contemporary art. In 2022 the Building on Art Programme was founded by Hungary's leading real estate market players, including us, to promote the integration of art in real estate investments. Since then we have displayed contemporary artworks in our developments.



We also strive to be “green” at our events. WING participates in the annual Green Walk organised by HuGBC (Hungarian Green Building Council). We also try to ensure to select sustainable gifts as well. We also aim to assess the ecological footprint of our website.

Real estate developments can be associated with significant actual and potential negative impacts on local communities. In particular, these are usually connected to construction activities such as noise, dust and land occupation. Our Company complies with legal requirements and continues to work with stakeholders to reduce any related effects.

Thus, in our projects we closely cooperate with local communities. According to national requirements we have environmental impact assessments carried out by independent third party and plan consultations with local or higher level authorities, mainly with municipalities.

Furthermore, we also promote corporate social responsibility through our real estate projects. Special initiatives have been introduced at Agria Park, such as opening a gallery, organising donation campaigns, and providing a venue for Rotary Club events. Furthermore ibis Styles Budapest Hotel provides free meals for children in cooperation with the “Csodalámpa Foundation”.

Similarly to previous years, we spent a total of **HUF 9 million** on social responsibility and charity initiatives in **2022**.



06



Corporate governance

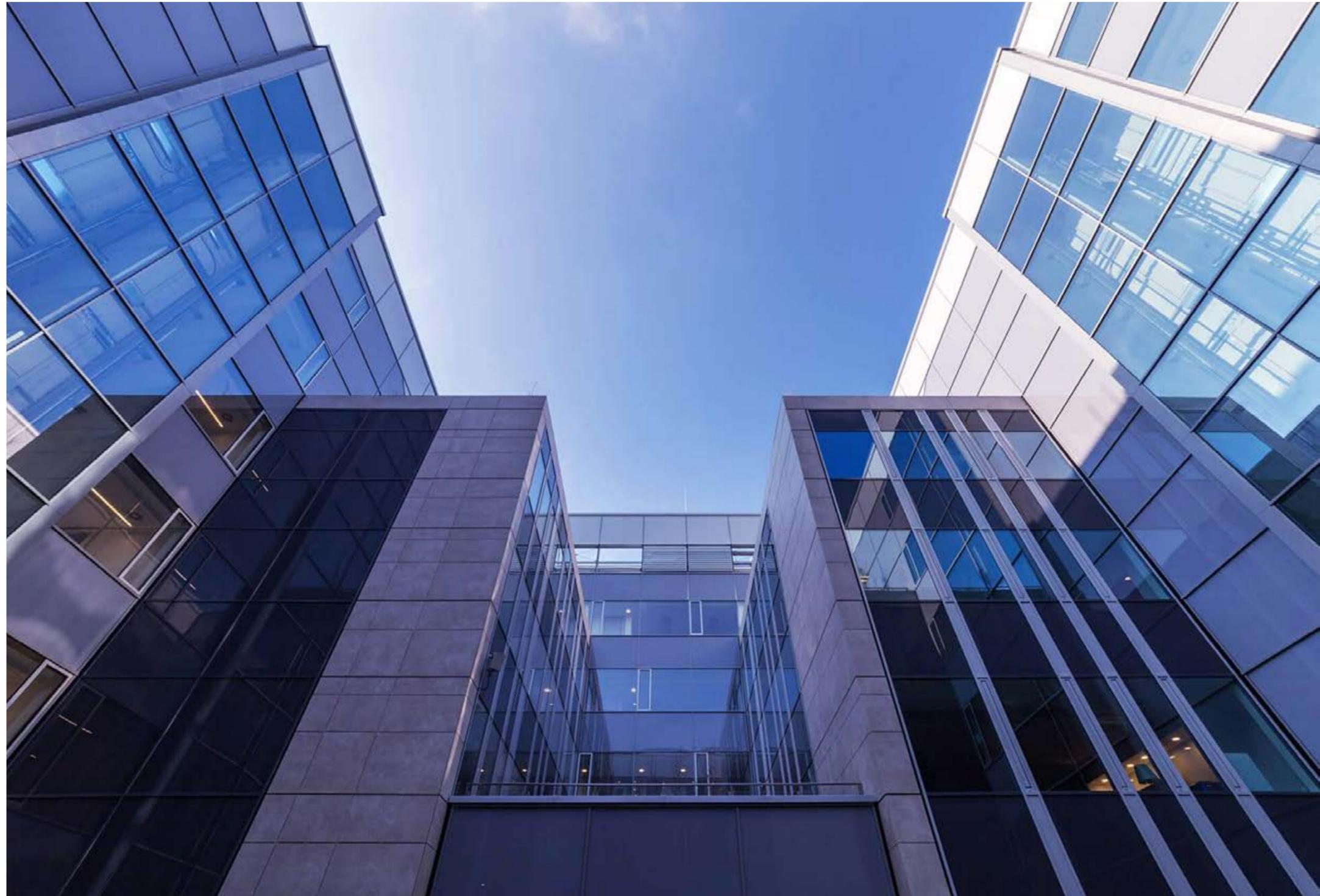
6.1 CORPORATE GOVERNANCE PRACTICES



Responsible business conduct is a core principle in our everyday operation by representing and aligning interests of our employees, investors and stakeholders, also by ensuring transparent, efficient market operation and regulatory compliance.

Like in 2021, our Corporate Governance Report was also published for the financial year of 2022. The report summarises our corporate governance practices and principles to our shareholders, investors and other external market participants. These principles are also valid in our subsidiaries.

WING operates in a matrix structure, which is determined by the combination of external and internal factors in line with different business lines and functions. The matrix structure is consisting of project companies and service units of the holding. Project companies are responsible for development activities, while service units are for supporting the operation.



MANAGEMENT ROLES AND RESPONSIBILITIES

The executive body of WING is the Board of Directors with four members, who are elected by the General Assembly for an indefinite term based on professional experience and qualification. Similarly, the General Assembly is responsible to elect the Chairman of the managing body. Detailed information regarding the current Chairman and members of the Board of Directors are publicly available in **WING 2022 Corporate Governance Report**. The actual members of the Board are Noah M. Steinberg (Chairman of the Board of Directors, CEO of WING), Gyula Ferenc Szűcs (Chief Financial Officer), Tibor Veres (Majority Owner) and Zsolt Müllner (CEO of Wallis Asset Management Ltd., Owner's representative). All members shall act with due care and are liable for any breach of their duties under the civil law. In case of conflict of interest against the Board members as senior executive officers, there is an immediate reporting obligation to the General Assembly. The Board of Directors shall meet at least four times a year but could have further meetings when they find it necessary. The meetings are convened by the Chairman or by two members of the Board of Directors (if the Chairman cannot be presented). The Board meeting is quorate if at least 2/3 of its members are presented, while the presence of the Chairman is required. Usually the company's legal counsel also attends on the Board meetings with consultancy purposes in order to guarantee alignment with legal requirements.

The responsibilities of the Board of Directors are defined in detail in WING's Articles of Association, that includes the business activities carried out by the Board. Our Company does not have a **Nomination and Remuneration Committee**, the relevant functions are completed by the Board members without constituting a formal body. The implementation of comprehensive performance evaluation system is in progress, which will provide the basis to formalise our remuneration policy.

The **General Assembly** is the main body of our Company and is composed of all shareholders. The General Assembly exercises employer rights over the members of the Board of Directors. An Annual General Assembly meeting is required to be held regularly, in every year, an exceptional meeting may be convened at any time. In the General Assembly shareholders of registered common shares exercise voting rights in the extent to their registered shares. Decisions are adopted by open ballot.

The **Supervisory Board of our Company** has five members. Their role is indefinite and they also elect a Chairman from among them. The Supervisory Board has duties to oversee the company operation and to control and to report management activities to the General Assembly. The Board also functions as an Audit Committee by legal mandate as we do not have a separate body. Therefore, the Supervisory Board assists the Board of Directors to review and control financial reporting, to select and cooperate with the auditor. The Committee's classic role of control is covering strategic and operational decisions.

In case the Supervisory Board considers that the activities of the Board of Directors are in conflict with the law, or with the provisions of WING's foundational documents, or with the resolutions of the General Assembly, or are against the interests of the Company, its shareholders, it convenes an extraordinary meeting of the General Assembly and proposes an agenda for that meeting.

The members of the Supervisory Board participate in the General Assembly meetings with the right of deliberation.





Decision-making rights

The decision-making rights of the General Assembly, the Board of Directors and the Supervisory Board are defined by the Articles of Association of the Company and by the provisions of the governing bodies that are in line with the respective legislation. Decision-making roles of our employees are determined by their position and responsibilities.



Representation

The person authorised to represent WING signs a given document below the pre-written, printed or pre-stamped name of our Company. The persons who authorised to represent WING are: the Chairman of the Board of Directors (independently) and any two members of the Board of Directors (together, excluding the Chairman).



Instruction system

The Chairman of the Board of Directors, who can also use the title Chief Executive Officer (CEO), carries out his management duties by instructions on matters concerning organizational activities, business operation, and employees. The related operational fields are finance and accounting, IT, statistics and data reporting.



Conflict of interest

Currently conflict of interest is defined on policy level only for Gladiator Investment Fund, while general principles for the governing bodies are set out in the Company's Articles of Association. Conflict of interest principles regarding our employees are specified in the Code of Ethics.



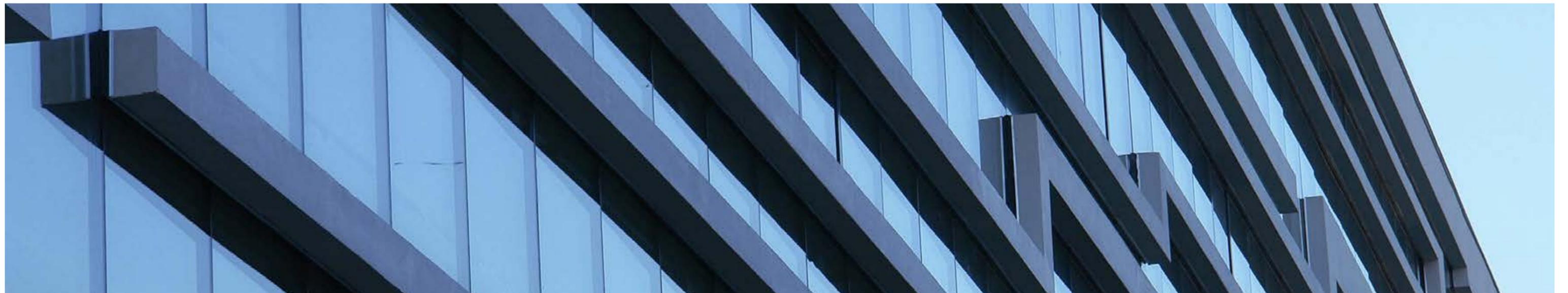
Appointment, employment

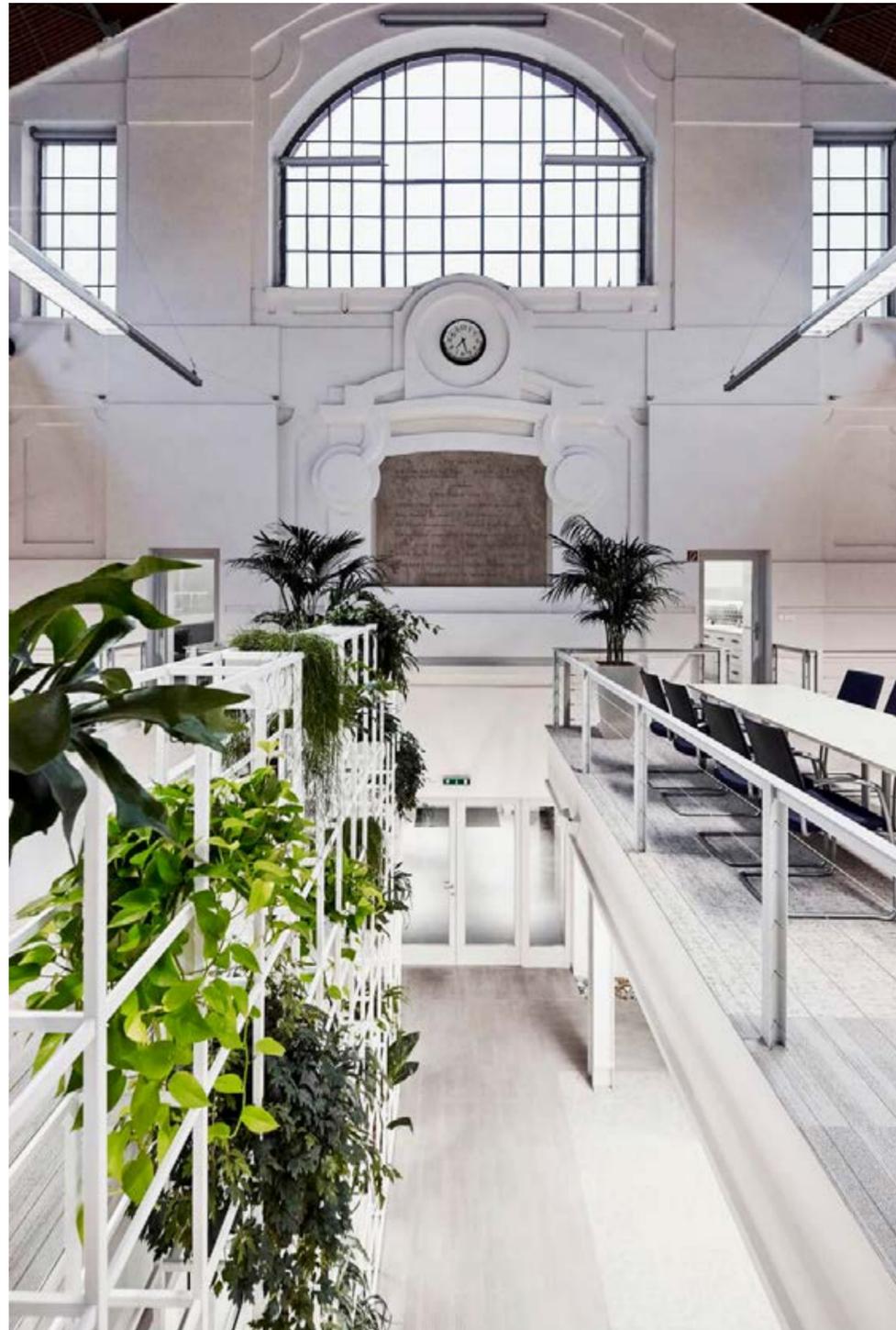
The Chairman of the Board of Directors is nominated as employer of Company's employees, while the General Assembly exercises the rights of employer over the Board of Directors.



Sustainability

WING's management, including the members of the Board of Directors, participated in the materiality assessment where our Company's material ESG topics were identified for the report (it was also validated by the management). Moreover, they were also involved in WING's ESG strategy development by participating in a thematic orientation workshop where future ESG directions and objectives were set out for the Group for the upcoming years.





6.2 ETHICAL BUSINESS CONDUCT

6.2.1 ANTI-CORRUPTION, ANTI-BRIBERY, FAIR AND ETHICAL BUSINESS CONDUCT



WING is committed to fair and ethical business conduct, whose principles and guidelines are defined in our Code of Ethics. We have summarised ethical and behavioural norms to our employees and partners in the Code of Ethics, that also includes information on the reporting procedure of ethical concerns. Thus it guides us to conduct our business in compliance with the relevant legal regulations and ethical standards. To respect and be in compliance with our ethical norms and rules is also expected from our contracted business partners.

Our Code of Ethics states that employees can not directly or indirectly offer, promise, request or accept any unfair advantages or benefits for business purposes. These anti-corruption principles contribute to promote fair business practices and to ensure consumers' rights against unfair market advantages. Compliance with the anti-corruption rules represents the cornerstone of our Company's corporate governance activities.

In the Code of Ethics WING also declares that it respects the principles of fair competition and acts according to legal provisions of fair market competition. Our Company has no intention to collect information (in any illegal way) about our competitors (or partners) beyond the generally acceptable business conduct. Besides, WING does not allow unfair competitive practices in bidding or tendering processes. We are committed to comply with any trading regulations, restrictions, sanctions and import-export embargoes. Our employees are responsible for ensuring fair business practices and for complying with all legal provisions of fair competition, consumer protection and advertising.

We also strive to improve internal policies and processes to ensure compliance with our ethical standards and prevent incidents of corruption or anti-competition. We consider this approach essential to promoting ethical business conduct, therefore, we make available our Code of Ethics through the internal online platform to all employees (including management and members of governing bodies).

In 2022 there were no legal incidents against our Company for corruption, anti-competitive behaviour, antitrust or anti-monopoly practices.

6.2.2 RISK MANAGEMENT

We are constantly assessing risk factors that could affect our activities. We have categorized them in the following way (ranking by the risk severity):

01 Tenant risk

A significant part of WING's revenue is generated from leasing out property in Hungary. Due to the size of our biggest tenants some of them may pose a significant threat to the future revenue and profitability of our Company. Thus, there is a risk exposure of non-payment by our tenants. Although we have long- and fixed-term contracts with our main partners, it is not guaranteed that they will renew their contracts after expiry. In order to mitigate this risk, we regularly review the expiry dates and contact our tenants 1 or 1.5 years prior to the expiry of the contract, which allows our Company to adequately prepare for new conditions.

02 Leasing risk

Our property management and sales teams continuously monitor the rental contracts within our portfolio, including new leasing and the renewal of expiring contracts. Our experience shows that more than three quarters of our tenants renew their contract, which means that on an annual basis a small proportion of contracts is at risk for extension. There is a decline in the market for new leases as tenants are looking for smaller places than before.

03 Construction related risk

In property development there is a constant risk of construction market. However, in the last years, we have experienced changes in construction and development trend in terms of more available constructor capacity. Besides, the previously high construction related costs have also slightly decreased as the demand is shrinking.

04 Exchange rate risk

The operational expenditures of our property portfolio, such as facility management and utility costs, are covered by the service charge paid by our tenants. Recently, the proportion of euro-based service charge income has decreased, as we gradually switched to HUF based invoicing for the majority of our tenants.

Some investments and construction costs (e.g. material costs) are also affected by the EUR/HUF exchange rate. We manage the exchange rate risk in development projects through fixed-price and term contracts, and with hedging transactions. Our residential development activities in Hungary and Poland are financed in local currencies.

05 Transactional (liquidity) risk

Real estate investments are considered quite illiquid assets due to the length of transactions and the high cost of due diligence. Liquidity risks tend to move in line with macroeconomic risks, such as recession or other economic shocks. This type of risk is also significantly affected by changes of the regulatory environment.

06 Risk of the residential development business line

Our residential development activities have performed exceptionally well in the last years. However the current economic environment (high inflation rate) has a negative effect on residential sales. The high level of uncertainty resulting from the rise in commodity prices and from the decline in real wages could also have an impact on our future sales.

07 Risk related to our operation and markets

WING's internal operating capacity (capital, workforce) is ensured, and also our external environment is considered stable and positive, just like our sales markets. The possible sales and rents of our development projects are expected to proceed as planned. Other risk factor in the Company operation could be the increase of prices in the construction market. In our current projects, we pay special attention on the identification and mitigation of arising risks in the medium term (3-5 years). Our Board of Directors is responsible for company wide risk management.

Additionally to our operational risks, we consider it important to also monitor ESG risks (as climate and human rights risks) in the future, that could have potential impact on our activities, mainly affecting our supply chain.

6.3 DATA PRIVACY

WING possess a publicly available data privacy policy which can be found on our official website. The purpose of our policy is to ensure that the Group is in compliance with data privacy obligations, like properly informing stakeholders and managing data in accordance with legal requirements.

WING's data privacy policy has been developed in line with the following European Union and Hungarian legislations:

- General Data Protection Regulation 679/2016/EU ("GDPR")
- Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information ("Information Act"),
- Act CVIII of 2001 on Electronic Commerce and on Information Society Services ("Act On Electronic Commerce and on Information Society Services"),
- Act XLVIII of 2008 on the Basic Requirements and Certain Restrictions of Commercial Advertising Activities ("Act XLVIII"),
- Act V of 2013 on the Civil Code ("Civil Code").

We do our utmost to ensure data security with different privacy and organisational measures. These are set out in our GDPR policy and related procedures. Our Company has a data protection officer and provides data management training for employees who are involved in data processes.

The following personnel has right to manage data in WING:

- HR employees regarding employment and other type of personnel documents, such as employment contracts and assignments; ;
- a dedicated HR or marketing employee regarding data of events and activities;
- HR, or IT employee, or the receptionist regarding data of company cars, garages and mobile phones;
- dedicated employees of the accounting department for invoicing system, and the IT security officer if necessary.

In necessary cases, the CEO can have access rights to the relevant data from authorized employees. The access rights for specified data and systems are limited for users.

There have been no complaints or notifications (from authorities, customers, etc.) regarding data privacy processes of the Company's operation.



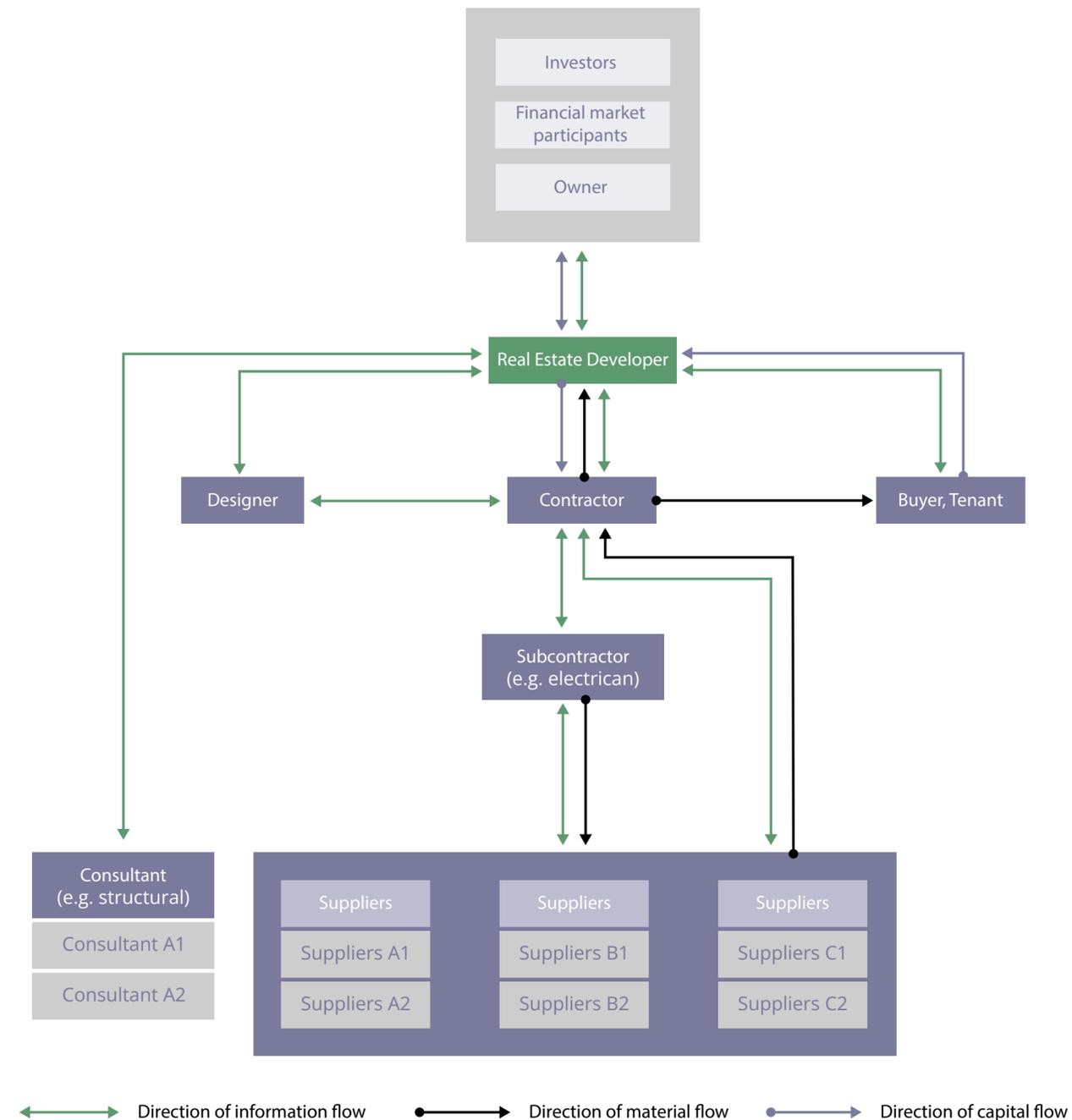
6.4 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

6.4.1 SUPPLY CHAIN

WING has been operating as a key actor in the Hungarian real estate market for more than 20 years. Over this time we have developed several long-term business partnerships based on mutual agreements. The volume and quality of our developments in the last years guaranteed our credibility for our partners. We aim to maintain and expand long-term, high-quality partnerships.

In our projects we collaborate with a large number of subcontractors such as architects, or constructors. Besides, legal advisors and other specialists are also involved in our daily operation as well as organisations for property selling, renting or rating agencies.

The following figure illustrates the involvement of partners in our supply chain and present the connection among the industry participants.



6.4.2 PRECAUTIONARY PRINCIPLES IN OUR OPERATION

WING only cooperates with organisations that comply with relevant legal requirements and respect anti-corruption principles. In case of new partners, we have due diligence process before contracting, which includes the review of the partner's legal compliance and solvency to ensure that they are not subject to criminal or any other legal proceedings (e.g. bankruptcy). Generally we work with a mostly stable group of companies, that went through the former evaluation process at least once. Most of our subcontractors in construction works are domestic companies, the ratio of our foreign suppliers is around 5%.

WING is also conscious about the developing EU regulatory landscape for assessing and mitigating human rights and environmental risks over their supply chain.



07



GRI content index

STATEMENT OF USE:

WINGHOLDING Plc. has reported the information cited in this GRI content index for the period 1st of January 2022 to 31st of December 2022 with reference to the GRI Standards.

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GRI 1: Foundation 2021

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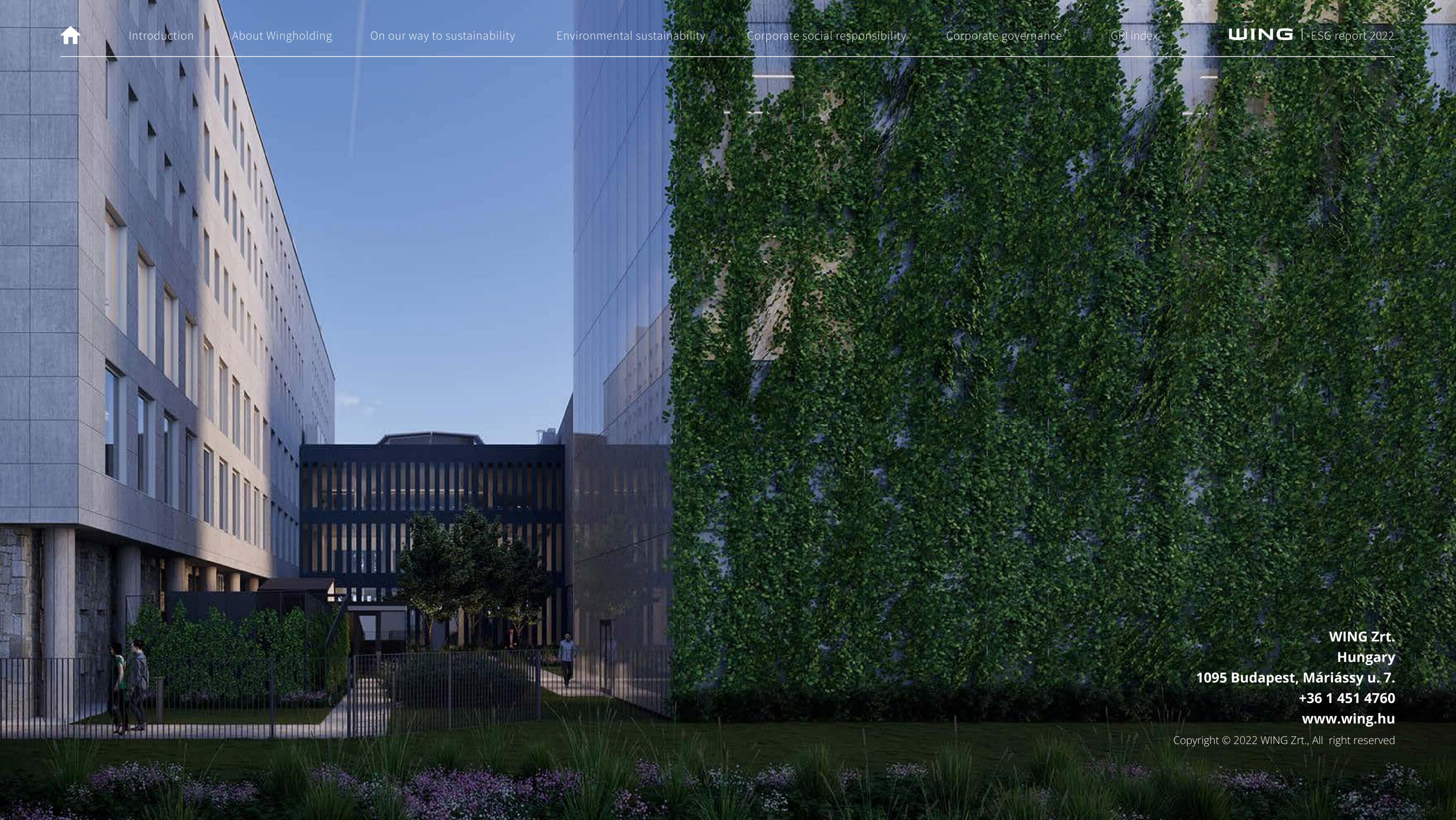
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WING | ESG report 2022



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