

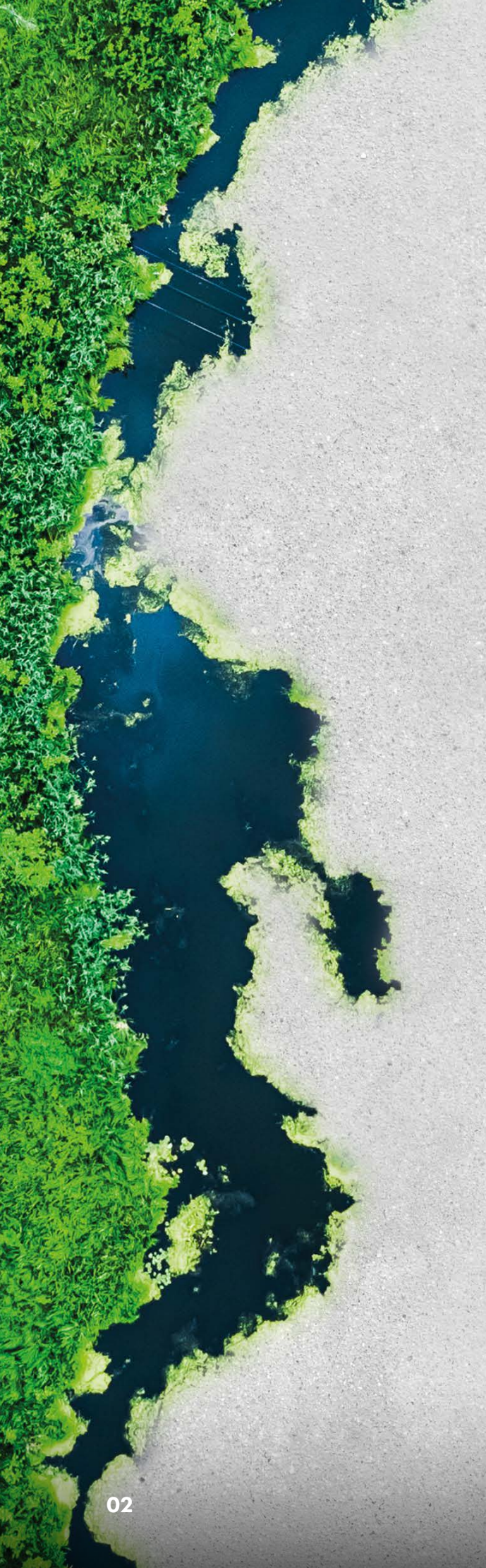


PREbeton Zrt.

SUSTAINABILITY REPORT

2023





04

Introduction

06

The history of PREbeton

08

Sustainability
strategy

10

PREbeton's contribution to
achieving the objectives

11

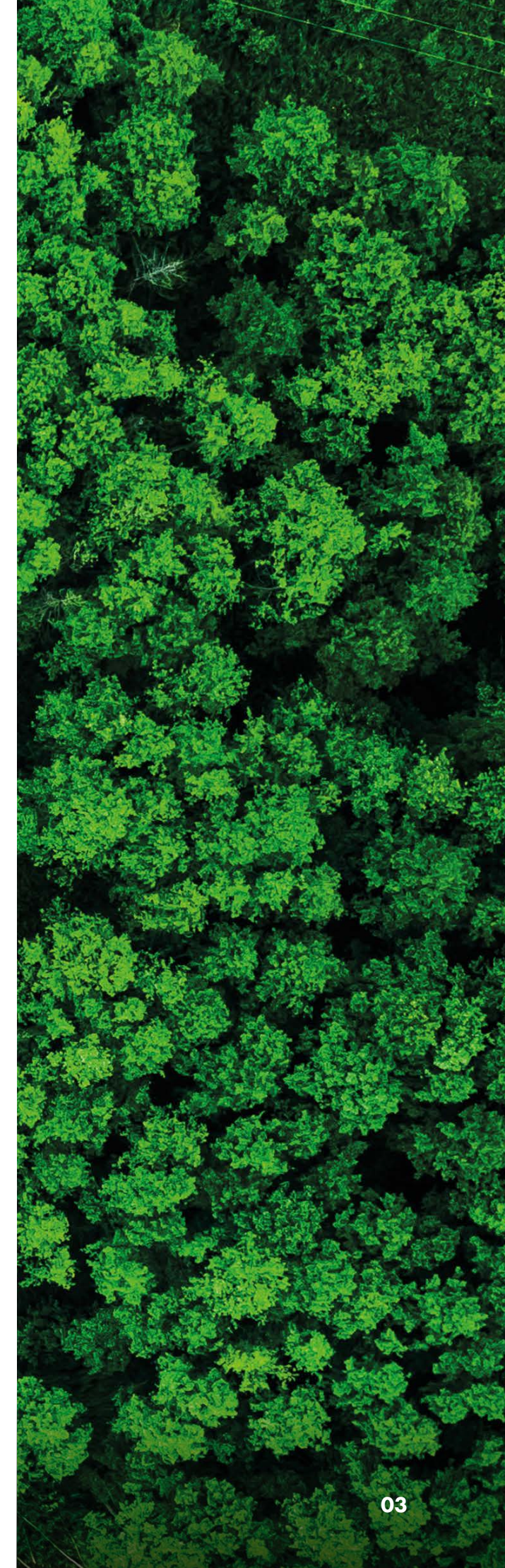
E - Environment

16

S - Society

20

G - Sustainable Corporate
Governance



WE WILL NEVER ALLOW QUALITY TO BE SACRIFICED ON THE ALTAR OF PRODUCTION VOLUME

PREbeton Zrt. started active operations in 2020 at the Erdőtelek manufacturing plant, as a subsidiary of the 100% Hungarian-owned Market Építő Zrt. The Erdőtelek plant was implemented as a greenfield investment. Initially, a 10 000 m² production hall was built, which was extended to 20 000 m² more than a year ago, and in a second phase storage and logistics areas were also completed.

The developments and expansions do not stop there; for example, the construction of a new, additional concrete mixing plant is currently underway. By the operation of these two plants the company will be able to produce more than 4 000 m³ of concrete products per month - that is in addition to the volume of structural slabs.

PREbeton always focuses on quality. The high quality of the cast-in-place concrete is ensured by the use of the modern Construx formwork fleet, which can be selected with great flexibility in a wide range of sizes according to the customer's needs or the specific characteristics of the building.

As a member of the Market Group, PREbeton follows the Group's strategic and sustainability objectives, continuously improving its contribution to their successful achievement. In addition to that, its own objective is to achieve in its production processes: **0 waste, 0 customer complaints and 0 accidents at work.**



THE HISTORY OF PREBETON

PREbeton Zrt., a member of the Market Group, is engaged in the manufacture and assembly of prefabricated reinforced concrete structures and reinforcing steel cutting and bending. Services provided include design, production, transportation and assembly, in order to offer high standard execution of a full range of structural construction projects. The products have conformity marks, licenses and certificates according to the Hungarian laws. The company operates according to the MSZ EN ISO 9001 quality management system, thus ensuring consistent high quality. With its technological machinery and wide range of products, the company is able to fulfil orders flexibly and at short notice.

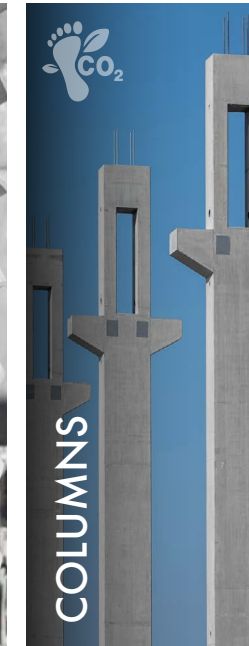
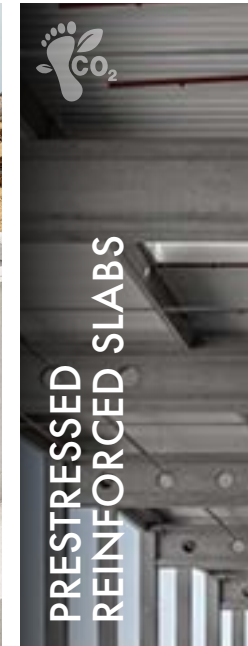
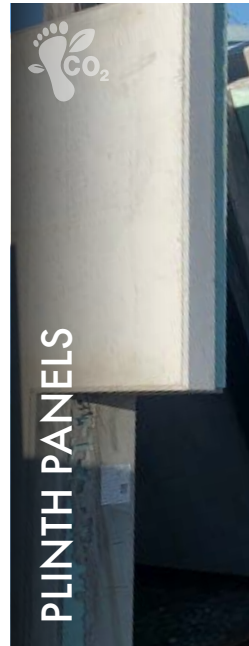
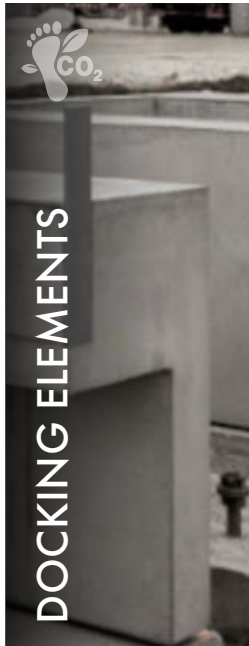
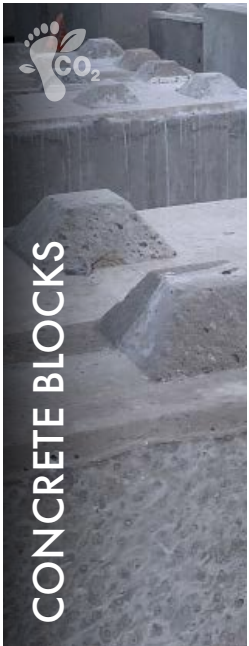
The summer of 2019 was a milestone in the life of the company, founded in 1996, when PREbeton Phase 1 was opened and, at the same time, the construction of the premises and the work began.

In 2019, the company started with 4 employees, and in 2020, already 81 employees started the production. Phase 2 of PREbeton was opened in May 2022, which brought with it growth and expansion, and by 2023 the number of full-time employees had already reached 141.

As the number of employees increased, so did the company's product range. Currently, precast reinforced concrete elements are manufactured in 11 product categories on a 6-hectare plant site in Erdőtelek. Production is carried out in two heated, winterised production halls with the most modern technologies. The elements are manufactured according to the shop drawings with the help of a customised steel template park and an in-house concrete plant, with a hybrid formwork of wood and steel for bespoke products, for which an in-house joinery and locksmith plant is dedicated.

The economic value of PREbeton

| million HUF | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------|------|------|-------|-------|--------|--------|
| Total income | 1 | 0 | 1 074 | 5 211 | 11 204 | 13 958 |
| Operating costs | 20 | 21 | 1 172 | 5 401 | 10 155 | 10 659 |
| Employee wages and benefits | 0 | 40 | 315 | 712 | 1 007 | 1 615 |
| Payments to the state treasury | 1 | 0 | 9 | 34 | 106 | 122 |
| Earnings | 5 | -78 | -232 | -381 | -800 | 674 |





SUSTAINABILITY STRATEGY

During 2021, Market Group's management approved the focus areas of its first sustainability strategy, which aims to ensure that sustainability principles are applied in decision-making and in day-to-day operations.

The internal corporate sustainability team broke down the strategy into **34 action plans**, whose progress is reviewed on a quarterly basis, and the annual results are presented on **page 21 of the Group Sustainability Report**.



PREBETON'S CONTRIBUTION TO ACHIEVING THE OBJECTIVES



E ENVIRONMENT

Climate and environment protection

Reducing emissions and energy efficiency is one of the priority areas of Market Group's sustainability strategy. Between 2022 and 2023, PREbeton Zrt. increased the volume of renewable energy used in its operations sevenfold. Since 2022, the company has been steadily expanding its own solar panel system and using green electricity certified renewable energy to make its electricity consumption more sustainable. As a result, in 2023, 73% of its total electricity needs were covered with renewable energy.

In the future, PREbeton Zrt. plans to install more solar panels and operate a battery storage system to develop a working process for storing the solar energy it produces. The storage will enable the company to ensure the energy supply required for its technologies in the event of a power outage and, as the use of certain machines du-

ring the production process results in spikes in consumption, the storage units will also help to mitigate such spikes.

In the medium term, PREbeton Zrt. aims to cover 100% of its electricity needs with renewable energy.

Like the Group, PREbeton is monitoring the composition of its fleet and the local and national infrastructure opportunities for the switch to electric and hybrid vehicles. To support that, 11 electric car chargers have been installed on the factory site.

In addition to climate protection, the promotion of biodiversity and sustainable water management are also important aspects for PREbeton. The PREbeton plant in Erdőtelek is located near the Hevesi Plain, which is classified as a Natura 2000 area, and therefore PREbeton, as a member company affected by it complies with and enforces the regulations and instructions of the competent (nature conservation) authority during its construction and production processes in order to preserve biodiversity.

Recognising that the manufacturing processes involve a high water load, PREbeton was looking for a solution to reduce the water use of potable quality water. The company draws the water used for the prefabrication of concrete products from a drilled well. In addition to the continuous improvement of water management, PREbeton Zrt. is also doing its part in the Group’s tree planting project.

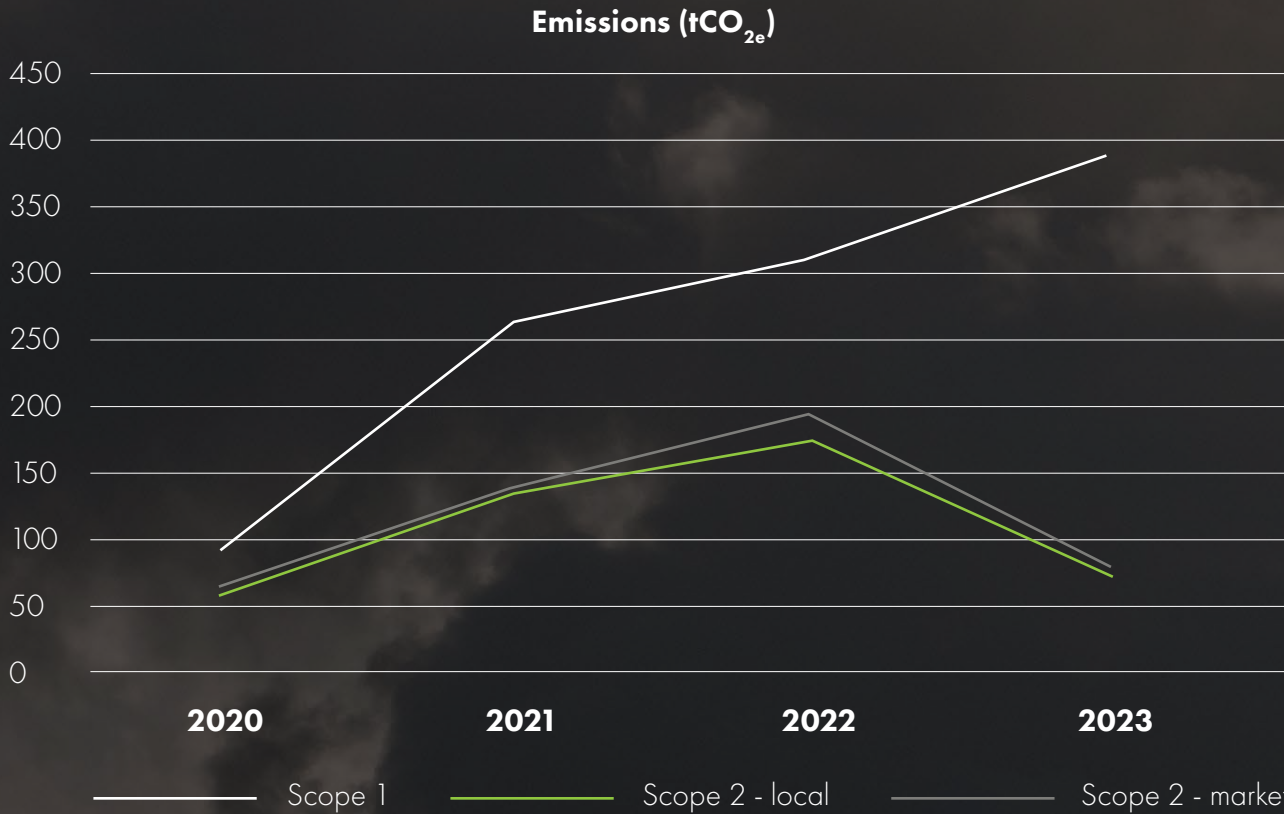
As the next milestone in its climate protection efforts, PREbeton Zrt. plans to start using carbon negative raw materials in 2024. In connection with this, the carbon footprint of the products was defined in 2023 for the process from raw material procurement to the manufacturing of the finished product.



| Energy consumption | unit | 2020 | 2021 | 2022 | 2023 |
|---------------------------|------|--------|----------|----------|----------|
| electricity consumption | MWh | 236,9 | 17 | 694,8 | 881,97 |
| of which renewable energy | MWh | | | 89,8 | 642,31 |
| gas consumption | GJ | 514,46 | 2 188,79 | 1 887,51 | 2 384,97 |

| Fleet composition | 2021 | 2022 | 2023 |
|-------------------------------------|--------|--------|--------|
| petrol powered (units) | 5 | 11 | 17 |
| diesel (units) | 11 | 13 | 14 |
| hybrid (units) | 0 | 0 | 1 |
| electric (units) | 0 | 2 | 2 |
| total | 16 | 26 | 34 |
| fuel consumption – petrol (litres) | 14 457 | 20 903 | 36 932 |
| fuel consumption – litres of diesel | 42 351 | 56 690 | 55 060 |

| Emissions (tCO _{2e}) | 2020 | 2021 | 2022 | 2023 |
|--------------------------------|-------|-------|-------|-------|
| Scope 1 | 87,8 | 270,1 | 306,9 | 385,5 |
| Scope 2 - local based | 59,8 | 135,4 | 177,3 | 70,2 |
| Scope 2 - market based | 65,3 | 137,9 | 193,6 | 76,7 |
| Scope 1 & 2 - local based | 147,6 | 405,5 | 484,1 | 455,7 |
| Scope 1 & 2 - market based | 153,1 | 408,0 | 500,4 | 462,2 |



| Water intake and discharge (m³) | 2020 | 2021 | 2022 | 2023 |
|---------------------------------|-------|-------|--------|-------|
| Communal water consumption | 1 639 | 2 432 | 11 406 | 5 026 |
| Waste water | 1 639 | 2 432 | 11 406 | 5 026 |

Use of raw materials

PREbeton Zrt. uses mainly cement and limestone powder, gravel additives, admixtures and water for the production of its prefabricated reinforced concrete products. In addition, formwork material, reinforcing steel and locksmith assemblies are used in the structures, sometimes supplemented with insulating material and other consumables. The concrete plant uses machine grease, transmission oil, hydraulic oil and gearbox oil in its operating process and does not package the manufactured products. All materials used in the production process are purchased from external suppliers.

In 2023, PREbeton Zrt. used the following raw materials in its production:

| | |
|--------------------------|----------------------|
| Gravel aggregate: | 12 471 tonnes |
| Cement: | 244 tonnes |
| Additive: | 5 945 tonnes |
| Limestone powder: | 4 621,53164 tonnes |
| Reinforcing steel fibre: | 2 345 tonnes |
| Reinforcing steel coil: | 307 tonnes |
| Reinforcing steel mesh: | 12,9 tonnes |
| Trigon grid: | 562 tonnes |
| Strand: | 983 m ³ |
| Insulation material XPS: | 727,4 m ² |
| Rockwool: | 316 tonnes |

Concrete waste is stored in an external container and used oils related to maintenance are stored in a hazardous waste container. Most of the waste generated during production is communal waste, scrap, and iron and steel products that can no longer be used. The total weight of those in 2023 was 786.5 tonnes. Washing water is recycled and the remaining concrete is used to make products for internal use or for sale.

PREbeton Zrt. has set two main goals for the year 2024. One is to reduce rebar waste by 10% and the other is to implement selective waste collecti-

on, which is monitored on a weekly basis to give the company a better overview of its processes. In the production area, waste is collected separately into 10-11 categories by fellow workers and subcontractors, so that they can identify the exact causes of waste generation and then effectively reduce the volume of waste produced.

The targets also include returning wood and heat insulation waste to the manufacturer for further recycling, which will also increase the recycling rate.

| Waste management ¹ | 2021 | 2022 | 2023 |
|-------------------------------|------|------|-------|
| non-hazardous waste (tonnes) | 559 | 993 | 786 |
| recycling rate (%) | 0% | 67% | 88,4% |

¹ Hazardous waste generated by Market Group at Group level was less than 1 tonne in 2023.

SOCIETY

Staff training

According to a study published by the National Federation of Hungarian Building Contractors (ÉVOSZ) in June 2021, the most significant obstacle to the post-crisis operation and economic growth of the construction industry is the shortage of skilled workers, which the industry has been struggling with for years. The reasons for that are, on the one hand, the expatriation of workers, turnover and ageing and, on the other, the lack of labour supply due to the shortcomings of the vocational training system.

Construction is a knowledge-intensive sector. And today, the constant incorporation of new technologies into everyday work places even greater demands on professionals in the industry. In addition to professional skills, a high level of adaptability is essential, as is the ability to solve problems quickly.

PREbeton Zrt. has developed and is continuously improving a complete training system to deal with the industry's succession problem internally. In addition to the mandatory training, the company supports the participation of its fellow workers in professional training courses according to the needs of the employees. Within the Market Group, PREbeton is actively involved in the development of a centralised training plan. That includes in-house training for managers to familiarise themselves with the construction works during site visits. Industry succession is essential in the field, and PREbeton staff work with training institutions and universities to support that.



Diverse and inclusive employer practices

For PREbeton Zrt., the number of full-time employees nearly doubled between 2021 and 2023. The gender distribution also shows a moderate improvement, with 16.5% of employees being female in 2021 and 20% in 2023. Not only the gender ratio but also turnover has improved, with a steady decrease since the start of PREbeton Phase 2, reaching 30% in 2023.

PREbeton Zrt. believes that family-friendly approach and inclusive employer practices are values. The company pays great attention to work-life ba-

lance, so in addition to offering home-office opportunities and flexible working, employees can also approach managers with specific problems.

Workforce appreciation is also supported by a quarterly performance review bonus, a reward system and also a loyalty programme starting in 2024.

² Own staff is 30%, subcontractors 70%. Distribution of subcontractors: almost 100% men.

Occupational health and safety:

In the construction industry, it is essential that management pays special attention to the health and safety of workers. It is the basic principle of PREbeton Zrt. to provide all necessary working conditions for employees and subcontractors. It does this by providing occupational safety equipment, supporting screening tests and launching other health protection campaigns.

Production processes require workers to keep their work area tidy, thereby avoiding also minor accidents. In addition, PREbeton Zrt. carries out a zero tolerance alcohol test for all persons entering and leaving the factory premises.

PREbeton Zrt. requires all that also of its subcontractors and checks it daily throughout the entire plant site. The management also expects completeness in the detection and handling of discrepancies and irregularities and in the investigation of possible accidents.

PREbeton Zrt. is ISO 45001 certified. The company regularly renews the standard and compliance is audited annually by a third party.

| | 2021 | 2022 | 2023 |
|---|--------|--------|--------|
| headcount (persons) | 85 | 123 | 141 |
| male (persons) | 71 | 102 | 113 |
| female (persons) | 14 | 21 | 28 |
| turnover (%) | 50,26% | 43,45% | 30,08% |
| number of training hours per person (hours) | 2,5 | 12,3 | 12,91 |
| number of accidents at work (number) | 2 | 5 | 7 |
| working time lost due to work-related injury (days) | 20 | 208 | 75 |
| number of sick days (days) | 1 289 | 1 871 | 1 788 |





SUSTAINABLE CORPORATE GOVERNANCE

Lean methodology for a more sustainable construction industry

The constant changes in the construction industry segment have led to the recognition of the need for and the usefulness of Lean as a management methodology. In the vast majority of construction projects, problems arose that could not be solved by the methods known and used until then, and a solution was needed to achieve optimisation, efficiency gains and waste minimisation. As in many Market processes, in PREbeton's plant for the production and assembly of prefabricated reinforced concrete structures was also set up in early 2024 the governance based on Lean management principles. In the case of PREbeton Zrt., the methodology was first implemented in its waste management process.

The aim is to monitor production, increase efficiency, review the operational processes of the service units and define standard times. In addition to them, the introduction of visualisation tools and 5S-based systems in the production departments.

It is also of paramount importance for the company to involve its employees. Daily production meetings throughout the production process support the company in dealing with difficulties and problems in a much shorter time, almost as soon as they arise.



Supplier relations

For PREbeton Zrt., it is important both from an economic and sustainability point of view that the raw materials are procured in the right quality, on time and from the nearest possible source. As a result, in 2022 and 2023, the value ratio of local suppliers was – as in the case of the Market Group – very high, exceeding 99%.

Choosing local suppliers is an important step, but it is not in itself sufficient to make a real difference in reducing transport-related emissions. PREbeton strives for the most efficient transport possible, with a strong focus on optimisation in logistics planning, making the best use of the vehicles that transport the material.

Although the suppliers of PREbeton Zrt. have not yet been involved in the full data provision, the related data collection from the most important suppliers has already started in connection with the determination of the carbon footprint of the products.

The next step will be to inform and educate suppliers. PREbeton plans to do this along the benchmarks and best practices it has established to support suppliers' transition to sustainable operation. In addition, the Market Group Partner Programme will also raise awareness of sustainability issues among the Group's key partners and suppliers.

In the long term, the company aims to incorporate ESG indicators into its procurement processes and to incorporate expectations regarding the use of more environmentally friendly alternatives into procurement practices.

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|-------|-------|-------|-------|-------|
| Value share of local suppliers (%) | 79,2% | 71,0% | 89,0% | 99,1% | 99,3% |

Services for a more sustainable future

PREbeton Zrt. plays a role in industry-related research and development, with the committed support of Market Group’s management and owners.

In the field of R&D, PREbeton’s experts cooperate with universities, launching joint projects to test new raw materials, material compositions and technologies across the country. PREbeton’s experts are also involved in the training of successors for the industry in the framework of cooperation with educational institutions.

As a member of the Hungarian Association of Concrete Element Manufacturers (MABESZ), PREbeton Zrt. is actively involved in the promotion of concrete, related education and standardisation processes.

Currently, the main project in PREbeton’s R&D area is aimed at replacing cement.

Further results and sustainability indicators of PREbeton Zrt. can be read in Market Group’s independent third-party audited report. The Group’s standardised (GRI 2021) reports published between 2021 and 2023, in which it also reports on relevant material topics at member company level, are available [on the Market Zrt. website.](#)

Featured projects



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Siemens



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Debrecen
Inpark



Fót
NFI



Székesfehérvár
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