



# DANIELLA

## VILLAMOSSÁG

Az elektromos világ szolgálatában!

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Dear Reader,

There is an inevitable question today for us, business owners and managers: what actions do we take to ensure that future generations can enjoy the remarkable gifts of our planet and the well-functioning social structures developed over time, like we do now?

Amongst others, this sense of ownership is the reasons why we embarked on our sustainable business practices journey last year marked by the publication of our first ESG report as a key milestone. We took the first step in our sustainability communication in 2021 and decided to report on our company's sustainability efforts and indicators on an annual basis.

In 2022, the volatile market environment in Hungary brought new challenges for businesses, including Daniella Kft. The outbreak of war in a neighbouring country at the end of February, skyrocketing energy prices and exceptionally high inflation brought severe difficulties. Despite all the challenges, we managed to find the right direction, and closed last year with record sales and profits, which we are very proud of. We owe a great debt of gratitude to our staff, whose hard work and dedication was instrumental in achieving this remarkable result.

In addition to our outstanding business performance, the business had another significant milestone as we celebrated our 30<sup>th</sup> anniversary this year. This jubilee was a great opportunity to look back over the past three decades, and to celebrate our values and achievements over the years in a family event with all our people. It was heart-warming to feel the pride over everything we have unswervingly stood for and built, step by step, since the beginning.

While appreciating our achievements, it is important to be aware that as a leader in the electrical wholesale and retail trade in Hungary and the region, we are particularly responsible for setting an example for our partners and customers. With this responsibility in mind, and last year's report behind us, we began to prepare our second ESG report with more experience under our belt. We are confident that our report will provide a transparent picture of the actions we take every day to successfully implement our ESG strategy. We hope you join us now and in the coming years to gain an insight into our sustainable and future-proof operation.

Ernő Hadnagy  
*Owner, Managing Director*



**DANIELLA**  
**VILLAMOSSÁG**  
Az elektromos világ szolgáltatója!

# ABOUT THE REPORT

## Daniella Kereskedelmi Kft. ESG Report 2022

**Daniella Kereskedelmi Kft.**

Tax number: 10683424-2-09

Registered seat: 4031 Debrecen, Köntösgát sor 1-3.

**Reporting entity:**

Daniella Kereskedelmi Kft.

**Area of operation:**

Hungary

**Reporting period:**

The reporting period corresponds to the financial year between 1 January 2022 and 31 December 2022.

The data published in this ESG Report reflect the situation on 31 December 2022.

**Reporting frequency:** annually

**Standard:**

This report was prepared without the use of a standard or an external independent certification.

**Report publication date:** 29 September 2023

**Further information:** [esg@daniella.hu](mailto:esg@daniella.hu)

# ABOUT DANIELLA VILLAMOSSÁG

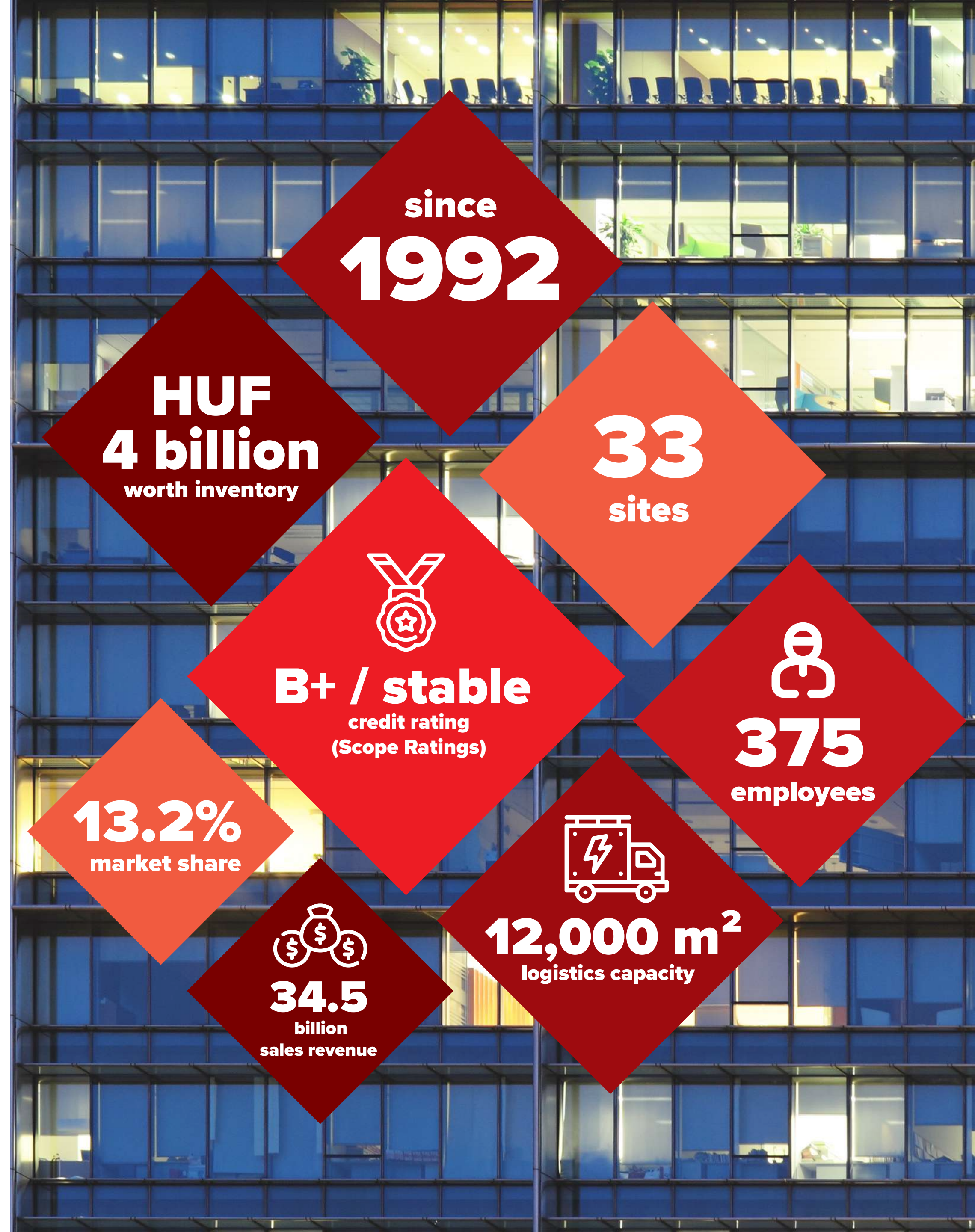
Daniella Villamosság celebrated its 30 anniversary in 2022. It started originally as a micro business with 4 employees and has become the leading family business in the Hungarian electricity wholesale and retail market by now. We are a large company now with approximately 350 employees, nearly HUF 35 billion annual revenue and a nationwide coverage through our 33 sites. We have constantly evolving wholesale and retail webstores to serve all our customers' needs.

The satisfaction and trust of our partners is paramount to us, consequently, we go the extra mile to contribute to their success in the long term by providing end-to-end professional support and a wide range of electrical products.

We leverage our domestic and our international experience and vast knowledge base to support our customers' success. We are members of the international FEGIME Group, a purchasing association for family businesses distributing electrical products, and founders of the corresponding Hungarian organisation, FEGIME Hungary Kft., which is linked to the international group of member companies and the circulation of the European professional elite through Hungarian family businesses.

we have preserved the advantages and values of a family business throughout our years of purposeful development, and we value a good work community highly.

Our group ventured outside Hungary a few years ago, and now we are present in some foreign markets. We have a subsidiary in Romania and have established partnerships with local businesses in other countries to drive our continuously growing export operations.



since  
**1992**

**HUF  
4 billion**  
worth inventory

**33**  
sites

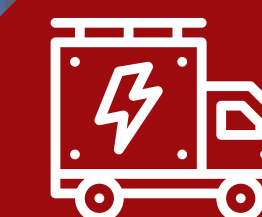


**B+ / stable**  
credit rating  
(Scope Ratings)



**375**  
employees

**13.2%**  
market share



**12,000 m<sup>2</sup>**  
logistics capacity



**34.5**  
billion  
sales revenue

### Our sales network

Our sales network has expanded massively since our foundation 30 years ago, when we were a small store in Debrecen. We have a multi-hub logistics network covering the whole of Hungary.



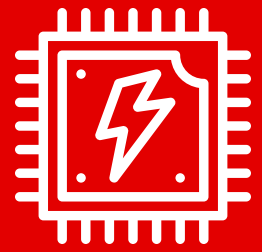
### Our business model

Our company distributes the whole range of electrical products through our expansive sales network and our online platform. Online sales are growing constantly. Customer satisfaction is a key factor for our company, and we are proud that 90% of our partners are regular, recurring customers.

### Service channels:



# OUR SERVICES



## DESIGN

Highly qualified electric consulting and design services



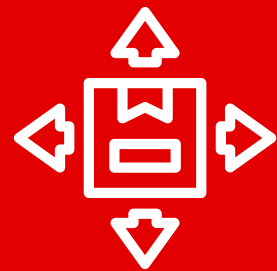
## EXPERT CONSULTING

Expert support, detailed product advice



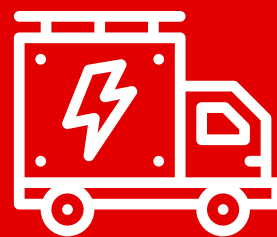
## CURRENT INVENTORY

HUF 4 billion worth inventory, over 12,000 m<sup>2</sup> logistics capacity



## SPECIAL PURCHASING

Reliable network of several hundred suppliers, fast, custom purchasing and delivery



## FAST AND ACCURATE DELIVERY

Proprietary fleet of over 100 vehicles, more than 30 permanent logistics partners, fast delivery within 24 hours

# PRODUCT PORTFOLIO



# MEMBERSHIPS, RECOGNITIONS

## Memberships

It is important for us as a market leader to be open for cooperation with all main actors in matters of the trade and logistics sector. Accordingly, we are members in numerous non-profit organisations. The associations listed below are typically advocacy and professional organisations offering excellent opportunities for professional development, advocating our interests and broadening our business network.

Association	Start date of membership	Purpose of membership
National Electrical Entrepreneurs Association (VVE)	2011	Promote training, professional and scientific activities related to the field of electric industry
Association of Hungarian Logistics Service Centres (MLSZKSZ)	2018	The organisation coordinates professional partnerships, also providing professional advocacy for us
Hajdú-Bihar County Chamber of Commerce and Industry	1999	Advocacy, strengthening local relations
Ecommerce Hungary Association	2018	The association assists the development of e-commerce in Hungary and the operation of companies in the sector
National Association of Electrical Private Contractors (EMOSZ)	2019	The association represents the economic interests of its member at every forum where it can have a material influence on decisions
Club of Logistics Directors (NLV Klub)	2022	The club promotes the development of the logistics profession, inspiring and supporting professionals working in the field of logistics

# AWARDS, RECOGNITIONS

We have won numerous professional awards during our long years of operation, however, we are exceptionally proud of receiving two MagyarBrands awards in the Excellent Business Brand and Innovative Brand categories in 2022, and we were also honoured with the Business Superbrands award in the same year. These recognitions are feedbacks on our business operations and opportunities for us to express how proud we are of our employees and their excellence at work every week.



**MagyarBrands Award – Excellent Business Brand, 2019, 2020, 2021, 2022**  
MagyarBrands – Brand Content Kft.



**MagyarBrands Award – Innovative Brand, 2022**  
MagyarBrands – Brand Content Kft.

MagyarBrands recognises Hungarian brands that can be respectable representatives of Hungarian enterprises both domestically and abroad and carry values in both the Hungarian and foreign markets that convey reliability and quality for customers. Daniella Villamosság received a MagyarBrands award for the fourth time (following 2019, 2020 and 2021) in 2022.



**Business SuperBrands Award 2022**  
Superbrands Hungary

Daniella was given the Business Superbrands award in 2022.



**KKV TOP100 2019**  
KKV TOP100

Based on the assessment of an independent professional jury, Daniella received the KKV TOP 100 certification in Commerce category in 2019.



# CERTIFICATES

One of the most important sustainability events of 2022 was attesting our operations by obtaining the ISO 9001 Quality Management and ISO 14001 Environmental Management certifications, a major step for our company in both business and sustainability terms.



Certificate  
MSZ EN ISO 9001:2015  
MSZ EN ISO 14001:2015

Commercial and logistics operations

Start and end date of validity  
14.11.2022 – 13.11.2025

# VALUES AND STRATEGY



## Publication of the first ESG report

The company first sustainability report for 2021 was published in September 2022 marking the official launch of our sustainability communication.

## Introduction of our quality and environmental policy

We implemented an integrated management system based on the MSZ EN ISO 9001 and MSZ EN ISO 14001 standards in the second half of 2022.

## All time high revenue and profit after tax

Despite all aggravating factors we produced outstanding results in 2022 as we realised all time high sales revenue (HUF 34.5 bn) and profit after tax (HUF 2.5 bn) in the history of our company.

## Internal employee satisfaction survey

We conducted our very first employee satisfaction survey in our history with the participation of 182 respondents. The survey helped us to know and understand the opinions and needs of our employees, hence it is a key organisational milestone in our history.

## War and inflation compensation benefit for all employees

Based on the findings of the internal employee satisfaction survey, all our employees received a one-time benefit of HUF 200,000 to assist them and increase their security in response to the uncertain circumstances caused by war and soaring inflation.

## 30<sup>th</sup> anniversary family event

We celebrated the 30<sup>th</sup> anniversary of our company in the scope of a family event in line with our corporate culture and background. We announced the one-time monetary support for our personnel at the event.

## Establishment of Daniella Talentum Foundation

We brought to life Daniella Villamosság Talentum Foundation this year with the goal to support and promote technical vocational training and knowledge transfer. The Foundation has reached thousands of students in the first year of operation.

## Our stakeholders

The company management team identified our relevant stakeholders in terms of sustainable operations and our quality management system, and who have an impact on our ability to ensure a steady quality of service. Compliance with the requirements of our stakeholders is a key focus area for management team during the strategic planning and implementation processes.

Stakeholder	Expectations for our company
Owners	<ul style="list-style-type: none"> <li>– Profitable operation,</li> <li>– Increase the market share,</li> <li>– Stability</li> </ul>
Investors	
Credit rating companies	<ul style="list-style-type: none"> <li>– Stability</li> <li>– Good financial indicators</li> </ul>
Stock exchange	
Customers	<ul style="list-style-type: none"> <li>– Accuracy</li> <li>– Reliability</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>– Cooperation</li> <li>– Continuous improvement</li> <li>– Payment accuracy</li> </ul>
Partners	<ul style="list-style-type: none"> <li>– Compliance</li> <li>– Fulfilment of obligations</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Salaries and benefits</li> <li>– Working conditions</li> <li>– Treatment</li> <li>– Stability</li> </ul>
Authorities	<ul style="list-style-type: none"> <li>– Compliance</li> <li>– Fulfilment of obligations</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>– Support</li> <li>– Operation with no negative impacts</li> </ul>

### FOR OUR CUSTOMER PARTNERS

The primary purpose and focus of our operation is to ensure our customers' satisfaction. We aspire to be a part of their success in the long run through our outstanding competence and fair business conduct.

### FOR OUR PEOPLE

We see our employees as our partners, offering them permanent development opportunities and secure livelihoods in exchange for their customer focused approach and up-to-date proficiency in their field.

### FOR OUR PARTNERS AND SUPPLIERS

We offer transparency, business integrity, predictability and flexibility in our operations. Furthermore, we seek to lay the foundations of stable, long-term, successful operation by way of purposeful and continuous development.

### OUR SOCIAL ENVIRONMENT

As a responsible Hungarian market player and employer, our social environment is important for us, and the respect of people is our core value. We also communicate our business philosophy and core values in our social commitments, as well as charity and training initiatives.

# MATERIAL TOPICS

In the course of identifying our material topics, we circulated a materiality questionnaire among our internal and external stakeholders requesting their feedback and opinion on the most relevant sustainability topics for Daniella Group. There were a total of 131 respondents, including 55 internal and 76 external stakeholders. Our materiality assessment also took into account the current trends, economic and regulatory environments, industry benchmark analysis and ESG experts' advice.

The large number of responses confirms that our stakeholders also find it important to evaluate Daniella in terms of sustainability.

We present the 12 topics identified as the result of our analysis in this report.



**E**

Energy efficiency
Waste management
Supply chain management
Use of sustainable solutions



**S**

Human capital management
Safety and health at work
Employee satisfaction



**G**

Ethical operation
Partnerships
Legal compliance
Complaint management
Quality assurance
Data security

# SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) are the compass for the daily operations of our company. Sustainability and social responsibility are high on our priority list, consequently, we focus on several SDG related areas to contribute to the promotion of sustainable development. For creating our sustainability strategy, we identified the sustainability goals most relevant to our operations, which then became the basis of our sustainability strategy. These goals are presented in the figure below.



# ESG GOALS

One of the most important sustainability events of 2022 was attesting our operations by obtaining the ISO 9001 Quality Management and ISO 14001 Environmental Management certifications, a major step for our company in both business and sustainability terms.

Our goal **by 2025** is to be able to accurately calculate our Scope 1 and 2 emissions by implementing the **necessary data supply processes and systems**.

We also aim to increase the proportion of **e-invoices** to 25% compared to all invoices by **December 2023**.

We organise **ESG themed training courses** for our employees **by 2024**.

We introduce **risk analysis and supplier rating processes** for our key suppliers **by 2025**.

# ENVIRONMENTAL PROTECTION

Climate change has made environmental protection an imperative matter today. The environmental damage caused by the activities of companies worldwide is incomparable to the environmental load of individuals. We are aware of this responsibility at Daniella and take every possible action to reduce our company's carbon footprint.

## Energy management

As a leading company with 33 sites in Hungary, energy management is one of the most important topics in our sustainability report. Due to our commercial profile, our purchasing and logistics operations account for a significant share of our energy consumption.

We are aware that we need to make changes to reduce our impact on the environment. We engaged E2 Hungary Zrt. to prepare our Annual Energy Report for 2011 and 2022 so that we can keep track of our energy efficiency.

## Consumption data:

Description	Unit	Value
Water consumption	m <sup>3</sup>	1,452.5*

\* Data from our Nagytarcsa and Debrecen sites

Energy carrier	Unit	Value
Purchased electricity	MWh	490.22
Natural gas	thousand m <sup>3</sup>	115.59
LPG	tonne	5.85
Petrol	litre	9,200
Diesel oil	litre	308,500
LPG auto gas	litre	187

Our goal by 2025 is to be able to accurately calculate our Scope 1 and 2 emissions by implementing the necessary data supply processes and systems.

Waste management plays a key role in our company’s environmental load on account of the nature of our operations. Our priority is to reduce and make our waste output more sustainable through various solutions in the scope of our waste management, such as the use of flush-mounted boxes manufactured by OBO Group, which are made of 80% recycled materials.

We have collection bins at our sites for recyclable waste, which are emptied regularly by external recycling companies. Iron waste is sold, batteries and metal pipes are also removed from our sites for disposal by an external partner.

In 2022, a total of ~167.1 tonnes of waste was generated from our activities, 99.7% of which was non-hazardous waste and 99.6% was recycled.

100% of the hazardous waste generated was disposed with the involvement of the relevant partners.



Waste	Waste code	Hazardousness	Quantity (kg)	Proportion
Cartridge, toner	080318	non-hazardous	124	0.07%
Cardboard waste	150101	non-hazardous	46,430	27.78%
Nylon film	150102	non-hazardous	11,070	6.62%
Wooden cable reel	150103	non-hazardous	18,590	11.12%
Cable reel waste	150106	non-hazardous	86,130	51.54%
Discarded electronic equipment	160214	non-hazardous	510	0.31%
Other discarded products	160304	non-hazardous	1,210	0.72%
Waste iron	170405	non-hazardous	1,980	1.18%
Waste fluorescent tubes	200121*	hazardous waste	470	0.28%
Batteries	200133*	hazardous waste	25	0.01%
E-waste	200136	non-hazardous	570	0.34%
<b>Total</b>	<b>167,109</b>	<b>100%</b>	<b>167,109</b>	<b>100%</b>
Non-hazardous waste			166,614	99.70%
Hazardous waste			495	0.30%
<b>Total</b>			<b>167,109</b>	<b>100%</b>
Recycled waste			166,490	99.63%
Waste directed to disposal			619	0.37%
<b>Total</b>			<b>167,109</b>	<b>100%</b>



# E-INVOICE SYSTEM

We introduced the e-invoice system in March 2021, and e-invoices have become increasingly widespread in our invoicing operations. Electronic invoicing is a major aspect of waste management as we avoid the generation of large volumes of paper waste by ramping up the utilisation of the e-invoice system.

The table below clearly illustrates that e-invoices issued by our central warehouse reached almost 40% in Q4 2022, and the share of e-invoices among our total invoices is also around 20%.

	2022 JANUARY		2022 DECEMBER
Number of e-invoices	3389	➔	4895
Percentage of e-invoices among all invoices	12.21%	➔	19.53%
Percentage of e-invoices in the central warehouse without stores	25.96%	➔	39.43%

We also aim to increase the proportion of **e-invoices** to 25% compared to all invoices by **December 2023**.



### Purchasing

We source significant volumes of products from both Europe and the Far East. We seek to use the most concentrated sourcing channels in all our dealings to avoid unnecessary emissions:

- for European purchases, the manufacturer typically delivers the products directly to our logistics hub in Nagytarcsa;
- when we order from the Far East, we organise transport engaging a company with complex forwarding services in most cases, and sometimes with groupage.

### Materials handling

We use 100% electric forklifts to carry out indoor logistics activities in our warehouses in compliance with the regulations in force. This year we had 9 such forklifts.

### Deliveries

We predominantly deliver our products to our customers with our own fleet. The automation of routes – and the associated fuel savings – is ongoing. Opening our logistics hub in Nagytarcsa, which will significantly improve our stocking policy and freight coordination, has been a major step forward.

### Our fleet

	2021	Proportion	2022	Proportion
Passenger cars	50	42.4%	54	41.9%
of this: electric	2	1.7%	2	1.6%
Box vans	25	21.2%	25	19.4%
Lorries under 3.5 t	34	28.8%	41	31.8%
Lorries over 3.5 t	9	7.6%	9	7.0%
<b>Total</b>	<b>118</b>	<b>100%</b>	<b>129</b>	<b>100%</b>

### Fuel consumption of the fleet

Energy carrier	Unit	Value
Petrol	litre	9,200
Diesel oil	litre	308,500
LPG auto gas	litre	187





## Products sold

Our commercial activities involve a great responsibility concerning the type of products we sell to our customers. With this responsibility in mind, we have a range of products in our portfolio that offer a significantly better sustainable alternative to outdated solutions that often have a higher environmental load.

We market a large selection of ECO Friendly lamps by Ledvance GmbH, one of our top 5 suppliers in 2022, such as the products of the new OSRAM brand, which we also sell great quantities of, having 80% recycled material (PCR plastic) packaging, and are 100% recyclable, thus superior to previous packaging solutions.

We sell a large number of interconnectors and terminal blocks of our partner Wago GmbH, whose plastic components are made from recycled or plant-based industrial and household waste, and are also supplied and sold in grass paper packaging.

Schneider Electric Zrt. has been one of our key suppliers for many years, hence we have a high proportion of their Green Premium products in our range. The Green Premium category guarantees us and our customers that the products we buy have been produced and inspected with a number of sustainability aspects considered.

The question of packaging solutions we use for sales and delivery are essential for our core business. OBO Group's innovative flush-mounted boxes made from 80% recycled production by-products, has been instrumental in helping us to improve the sustainability of our operations.

## WEBSTORES

Online sales are increasingly important in serving our customers, and we intend to continue growing their share in the future. The development of our webstore is ongoing: it offers customised functionality for pricing (discount management), combinations of delivery dates and locations, and links to automated warehousing.

This kind of digitalisation naturally drives the efficiency of our operations. It also offers a number of advantages for customers and buyers, who can search for products faster on the website, and have access to product parameters and information that were previously only available in a printed catalogue. This is of course also environmentally beneficial, being another step towards minimising paper use.

Daniella has recognised that digital evolution and online ordering via our webstore and the continuous development of this platform is an increasingly important demand from the new generation of customers. Recent years have also shown that a strong online store presence can greatly contribute to mitigating the social impacts created by Covid and other potential future extremes, as well as reducing the environmental impact of the network of brick-and-mortar stores.

## Our team

	2021	2022
<b>Employee headcount (persons)</b>	<b>361</b>	<b>375</b>
women	87	102
men	274	273
<b>New employees (persons)</b>	<b>65</b>	<b>75</b>
women	17	31
men	48	44
<b>Number of employees leaving (persons)</b>	<b>83</b>	<b>65</b>
women	11	18
men	72	47
<b>Turnover</b>	<b>23.7%</b>	<b>17%</b>
<b>Employees with the company for at least 5 years (persons)</b>	<b>79</b>	<b>153</b>
<b>Employees with the company for at least 5 years</b>	<b>21.8%</b>	<b>40.8%</b>
women	-	32
men	-	121
<b>Employees with the company for at least 10 years (persons)</b>	<b>30</b>	<b>74</b>
<b>Employees with the company for at least 10 years</b>	<b>8.3%</b>	<b>19.7%</b>
women	-	12
men	-	62
<b>Employees with the company for at least 15 years (persons)</b>	<b>29</b>	<b>33</b>
<b>Employees with the company for at least 15 years</b>	<b>8.0%</b>	<b>8.2%</b>
women	-	7
men	-	26

	2021	2022
<b>Employees under 30 on the last day of the year (persons)</b>	<b>58</b>	<b>56</b>
<b>Employees under 30 on the last day of the year</b>	<b>16.1%</b>	<b>14.9%</b>
women	-	20
men	-	36
<b>Employees between 30-50 on the last day of the year (persons)</b>	<b>215</b>	<b>230</b>
<b>Employees between 30-50 on the last day of the year</b>	<b>59.5%</b>	<b>61.5%</b>
women	-	61
men	-	169
<b>Employees over 50 on the last day of the year (persons)</b>	<b>88</b>	<b>88</b>
<b>Employees over 50 on the last day of the year</b>	<b>24.4%</b>	<b>23.6%</b>
women	-	21
men	-	67

**There were several positive changes concerning our team between 2021 and 2022:**

- Improved efficiency: with a nearly 30% increase in revenue, our headcount increased by only ~4%.
- Diminishing turnover: we reduced our turnover rate from 23.7% to 17%, mainly due to our strong retention strategy, and a more conscious recruitment and selection system.
- Improving loyalty: the number of employees who have been with the company for at least 5 and 10 years has also roughly doubled.

As a market leader, it is of paramount that our employees like working for us and that we provide an attractive work environment for both white- and blue-collar jobs. Accordingly, we strive to be flexible in managing our employees' needs. Accordingly, we offer our employees a range of atypical forms of employment, such as simplified employment, part-time work, student work and multi-employer contracts.

We aspire to be a prominent player in the Hungarian market both as an employer and a company. In the following, we present the internal human capital focus of our company through the main areas of strategic importance.

## Recruitment and onboarding

We seek to fill vacancies both through internal referrals and external recruitment, and we use unique, progressive methods for our job advertisements. The key shift from the former method is that the selection process is no longer based primarily on professional skills but on personality traits. This is also due to the fact that we can confidently rely on our internal orientation programme and training scheme.

The training scheme is called the Daniella Academy, which provides comprehensive professional background knowledge to all our new hires. One of the first steps in the recruitment process is to create a personality for the vacancy with all the qualities that make them suitable for the given position. A job advertisement of typically personal tone is then published, specifically targeting people who resemble the previously created persona. This enhances the candidate experience and the success of the selection process, as we can articulate the key qualities, we are looking for early in the process.

Our experience until now and our turnover rates confirm the effectiveness of this shift in approach. Our positions are filled sooner than before and retention has also improved, as we put the right people in the right positions.

The onboarding process and package (documents, equipment, etc.) are standardised across the company, although the onboarding programme may vary from one area to another. The exact process is determined in each case by the relevant manager.

## Employee training and development

Our management is committed to supporting the personal and professional development of our employees, consequently, our employees attend a wide range of in-house and external training courses.

We foster **talent management** and to enable our young colleagues to gain practical experience in trainee or part-time positions already during their studies. Our priority is to ensure that they learn and develop as much as possible during this period, so that they can take the first step in their career at Daniella once they will have completed their studies, and we are ready to welcome them. People who complete their probationary period will receive a Probationary Diploma at the end of the period, to drive their integration and motivation.

We also have an **annual training plan** in place with the first phase of GINOP (Economic Development and Innovation Operational Program) funded full training completed this year. There were diverse training opportunities in the training plan for our people to choose from, such as leadership, IT, language and soft-skill development courses. We requested our employees' feedback on each of the training courses and acted on them during the design of the second phase, which is delivered in 2023. The total of 207 employees attended training in 2022, and there was a total of 327 internal and external training hours.

Mention must be of **Daniella Academy**, our in-house training programme that was previously developed on the coattails of knowledge sharing initiatives and is mainly aimed at employees working in sales. Besides transferring professional and lexical knowledge, the training also provides participants with a deeper understanding of the company's operations. Training materials available offline and online. In-person training was delivered at 5 locations in 2022 with over 100 participants.

We organise **ESG themed training** courses for our employees by 2024.

We have developed a comprehensive remuneration system in addition to salaries to maintain employee satisfaction and to improve the employee experience, consisting of the following elements:

- An extensive cafeteria package
- Performance based bonus
- Loyalty bonuses
- End of year bonus
- Company car for all people at board and management level, and for the team leaders of the store network

However, there are many other drivers of employee satisfaction besides financial recognition, and the general atmosphere and familiarity in the company are critical factors. Accordingly, we take all efforts to provide the broadest possible range of non-financial incentives and benefits.

We have the following fringe benefits complemented with incentives to foster employee loyalty and satisfaction:

- Home office once a week for office personnel
- Regular training courses
- Employee of the quarter award
- Employee satisfaction survey
- Standard onboarding package
- Regular team building and company events
- Internal TAO (corporate income tax) applications
- Internal job applications

Moreover, we organise a great number of small-scale occasions of high social relevance for the community that strengthen our corporate culture, such as the annual Christmas ugly sweater day, birthday greetings, retirement farewell parties, sports day, impromptu ice cream sprees especially popular in the summer, and many others. In our opinion, these small details and programmes make us a real family company and strengthen the engagement of our employees.

## FAMILY DAY



EMPLOYEE OF THE QUARTER – LOGISTICS



CHRISTMAS UGLY SWEATER DAY



# LONG-TERM EMPLOYER APPROACH

The employer approach of our managers is in line with the family culture above, as we are fully committed to our employees and seek to work with all of them in the long run. We believe that this kind of attitude is increasingly rewarding, as in view of the labour market trends competitive companies like us in 2022 see less and less mutual loyalty and commitment between employers and employees. For this reason, we experience the departure of each and every employee as a loss, whether or not it is based on mutual agreement. Since the renewal of our recruitment and selection strategy above, we have paid even greater attention to finding people with the right personality and attitude for the right positions. That is why we celebrate it as a notable achievement that we managed to reduce our turnover rate between 2021 and 2022, and the number of employees with over 5 and 10 years of service almost doubled. These results we celebrate as great accomplishments.

## Internal communication

We have also produced a quarterly **HR report** since 2022, where we present the major HR events of the past three months (salary increases, training courses, promotions, hires and exits, etc.) to the management, thus strengthening internal communication and the flow of information within the company.

Our company also has an intranet as an internal communication platform whose content is managed by the Marketing and Communications function. The platform gives access to employees to all important information pertaining to the company and its employees, and a weekly newsletter is circulated as an internal electronic summary. In addition, all major functions have their dedicated platform on the intranet to publish information relevant to their function.

# SAFETY AND HEALTH AT WORK

We are committed to supporting our employees and their families, and we believe it is important to promote sports and a healthy lifestyle.

We have also launched an internal application to promote the health of our employees and their children. We support the sports clubs of both parents and children who play spectator and/or team sports and apply for funding.

We pay health fund contributions for our employees and – for certain jobs – health insurance. We also seek to provide financial security for our retired employees by offering them a range of retirement savings options.

Employee safety is critical, demonstrated by the 91 total health and safety training hours we provided in 2022. The number of workplace accidents decreased from 10 in 2021 to 8 in 2022. A total of 181 working days were lost due to workplace accidents in 2022. There were no lethal or serious accidents in connection with our operations, and we take all efforts to avoid them in the future.

Year	Number of accidents	Working days lost
2020	3	94
2021	10	99
2022	8	181

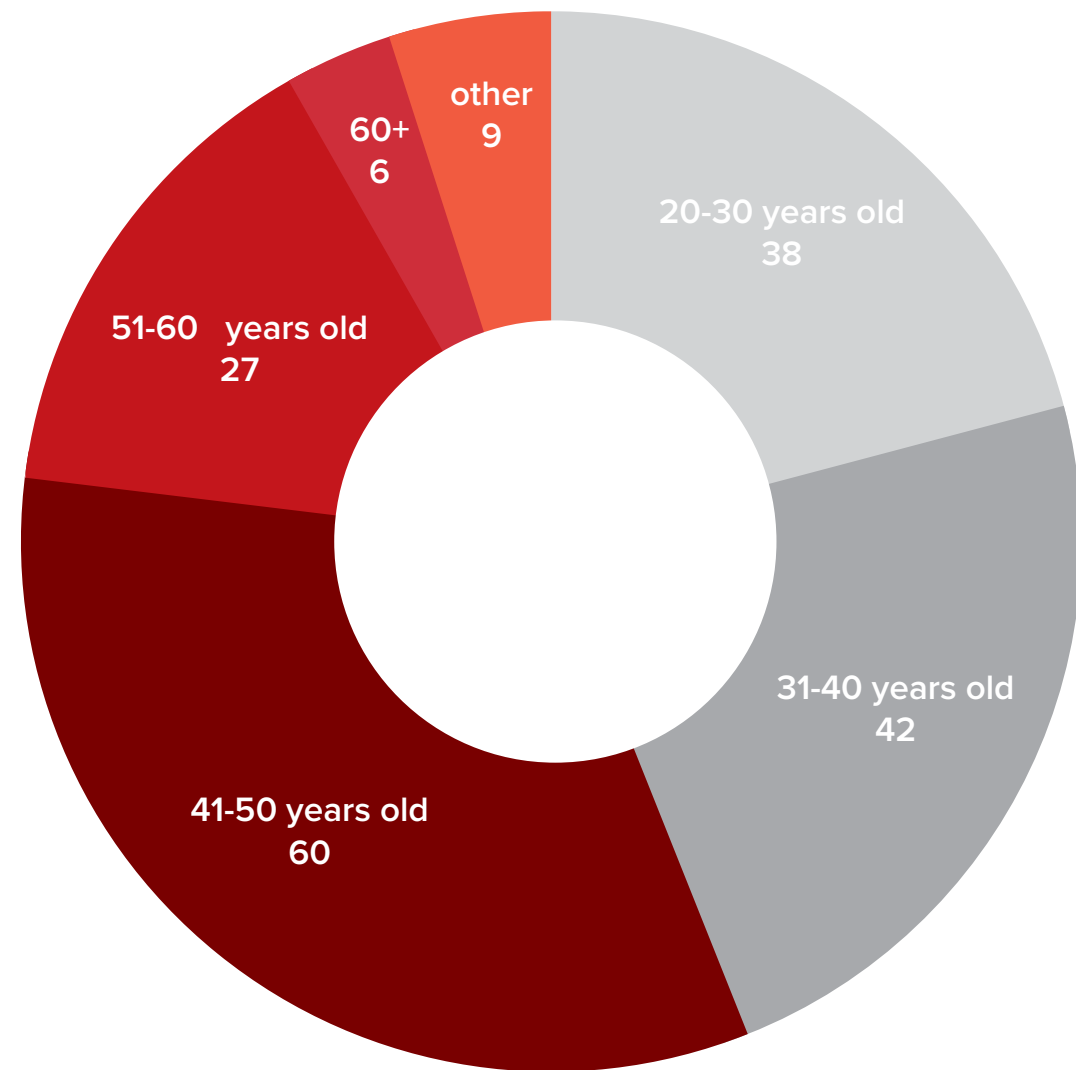
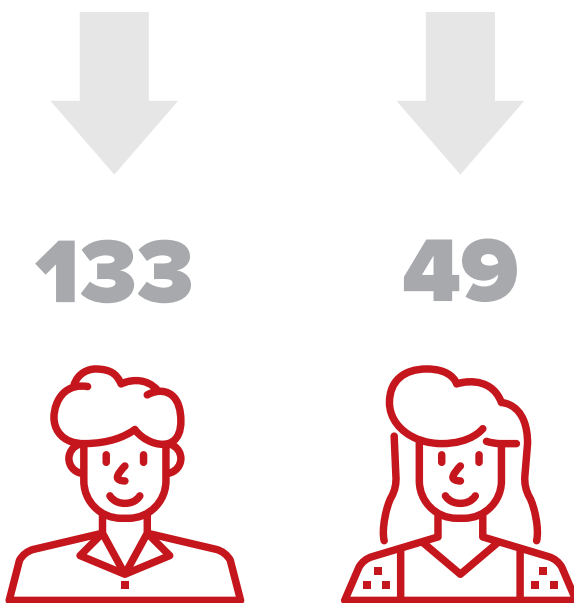
In order to fully ensure safety in the workplace, we created the **Workplace Risk Assessment** of Daniella Kft. in 2021 that presents the comprehensive assessment and management of workplace safety risks in detail. The document provides a thorough analysis of potential hazard sources, details the methodology for identifying and assessing risks as well as the risk mitigation process. We are committed to ensuring the safety of our employees, therefore, we regularly update and develop our risk assessment practices to comply with the highest safety standards and laws.

## Internal satisfaction survey

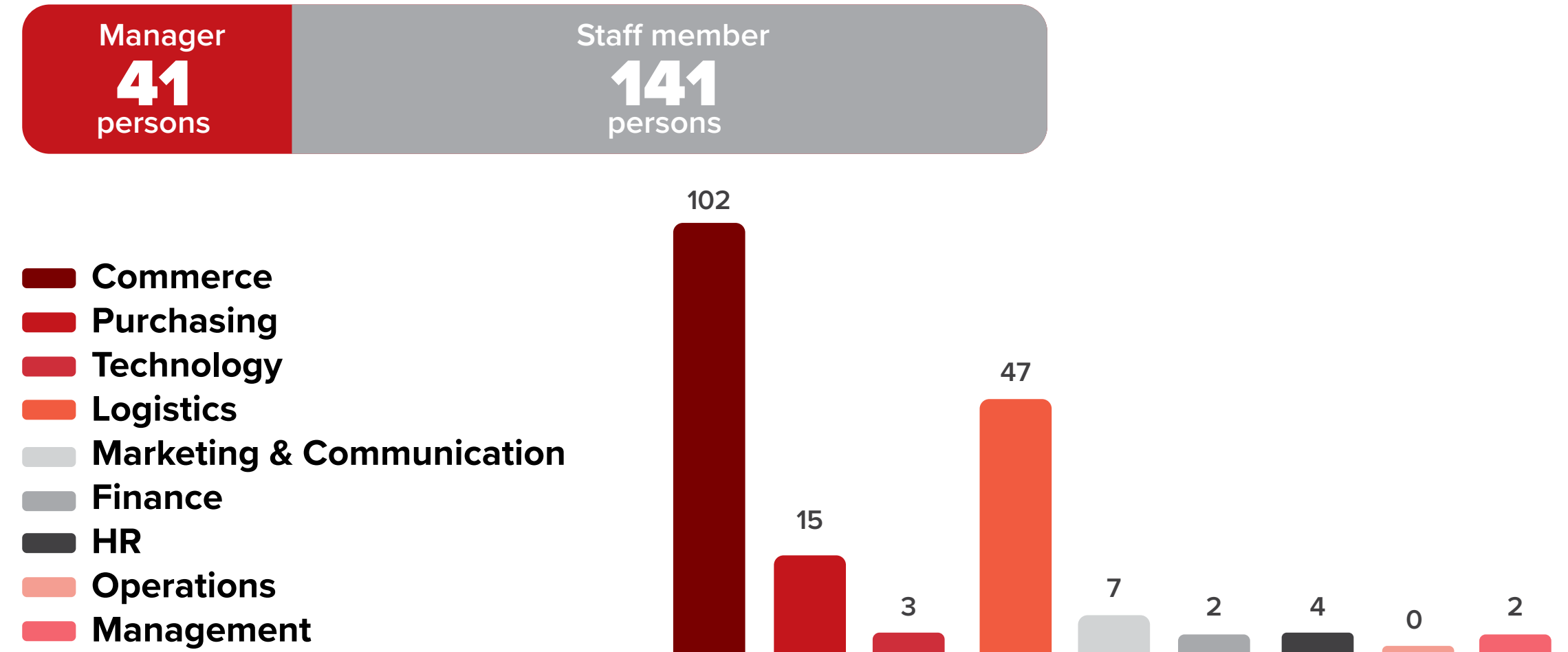
2022 presented multiple considerable challenges for the management what with the war breaking out in Ukraine in February and the ensuing unfavourable inflationary environment overrode our previous expectations and plans in many respects. We recognised that our actions towards the lives of our people and their families are even more important in the uncertain macroeconomic situation brought about by these events. We sought to provide a secure background and stability for our people, thus we held our first employee satisfaction survey with a high turnout (182 respondents), which was one of our organisational highlights for 2022. We received a lot of feedback from the survey that helped us understand our employees' needs, views and motivational preferences better. As a result of the internal satisfaction survey, the management decided to pay a one-off extra bonus of HUF 200,000 to all employees delivering tangible results of the survey, while strengthening the unity of the organisation.

The key findings of the survey are shown in the figure below:

**182**  
**RESPONSES**



## Per Function



### Which statement describes your work best?



### Can you identify with your present job?



### On a scale of 1 to 10, would you recommend Daniela to your friends as a workplace?



As market leaders, we have a major role in leading by example in corporate social responsibility as well. Our social partnerships and project typically focus on supporting the future generations, because helping and developing children and youth are high on our agenda.

## Daniella Villamosság Talentum Foundation – For the professionals of the future

Daniella Villamosság Talentum Foundation was established in 2022 to support technical vocational education, research, development and knowledge transfer in Hungary and internationally. The Foundation was created to address the pressing issues of the growing shortage of professionals in Hungary, workforce migration and the unpopularity of the profession. Since we have the necessary expertise and resources as a leading company in our field, we believe it is important to do our utmost to solve the problems we have identified.

The Foundation partners with the Vocational Training Centre of Szerencs (SzSzC) and Brassai Sámuel Vocational School in Tiszaújváros, among others, in a cooperation exemplary in the electrical industry sector, to help train the future electrical industry professionals. Building on the professional foundations and experience gained through this partnership, the collaboration between SzSzC and Daniella Villamosság Talentum Foundation went national in the second half of 2022 and reached more than 7,000 students by the end of the year. The Foundation’s mentoring scheme opened up the opportunity for all educational institutions in the country that are active in the field of electricity to join.

Respect for people has always been at the heart of our business, and we have always treated our customers, partners and employees with understanding and respect. Recent worrying events around us – such as the COVID19 epidemic, war conflicts and the emerging migration crisis – prompted us to act on these values also within the company and focus more on corporate social responsibility as a responsible corporate citizen. In this spirit, in the summer of 2022, we entered into a long-term partnership with UNICEF, which has been active in Hungary for 45 years. As a result, we actively support their work and ultimately children in difficult circumstances with our donations.



Other notable non-profit partners:

- **PAX Media Foundation**
- **KCA – Roma Outreach Mission Foundation**

Total amount donated by Daniella Kereskedelmi Kft. in 2022: **HUF 52,400 thousand.**

Social responsibility extends beyond donations and includes **volunteer work** by many of our staff who help out with the activities of Daniella Villamosság Talentum Foundation.

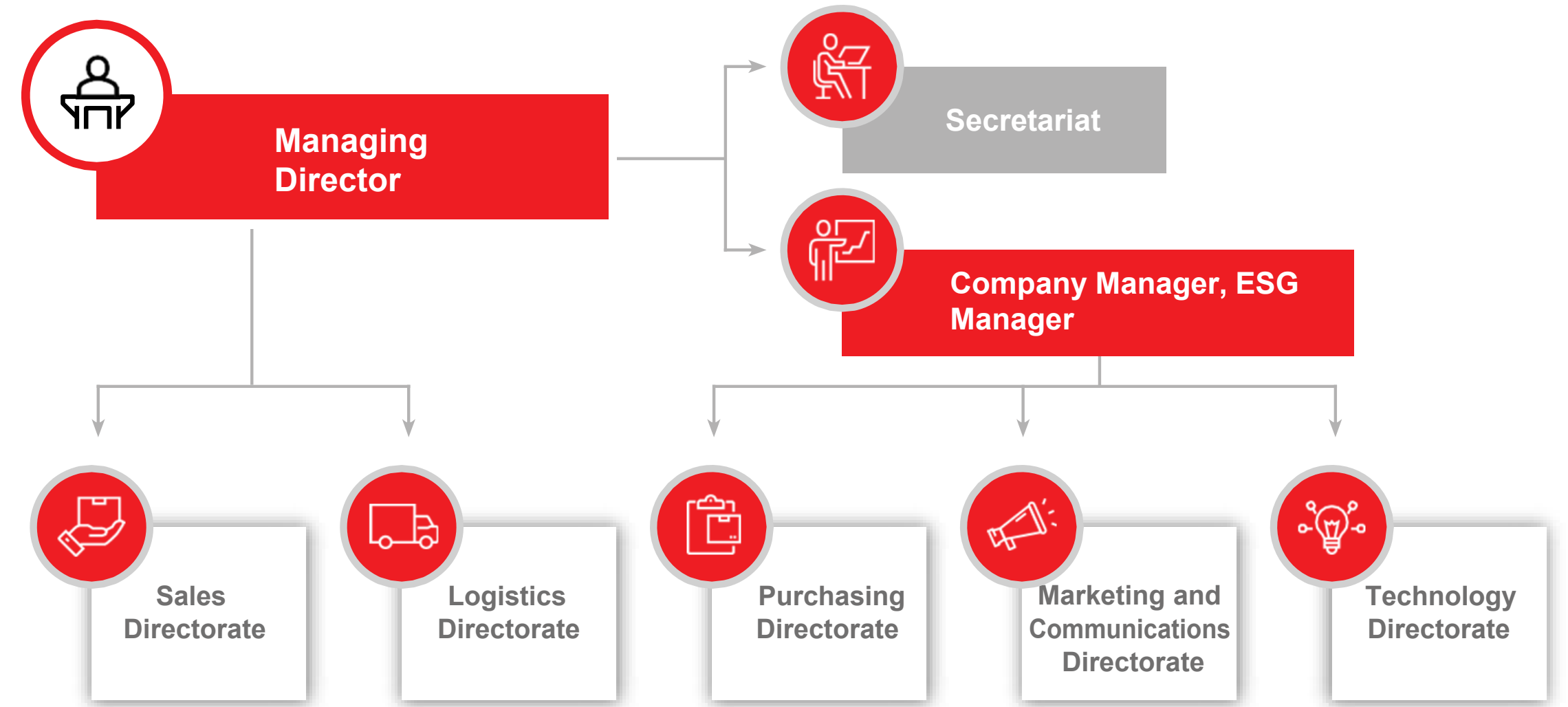
On top of donations and volunteering, we are also active in other **professional organisations**, such as Ecommerce Hungary Association, National Electrical Entrepreneurs Association (VVE) and EMOSZ. In this context we deliver **professional talks** in higher education and various events.



Our management team

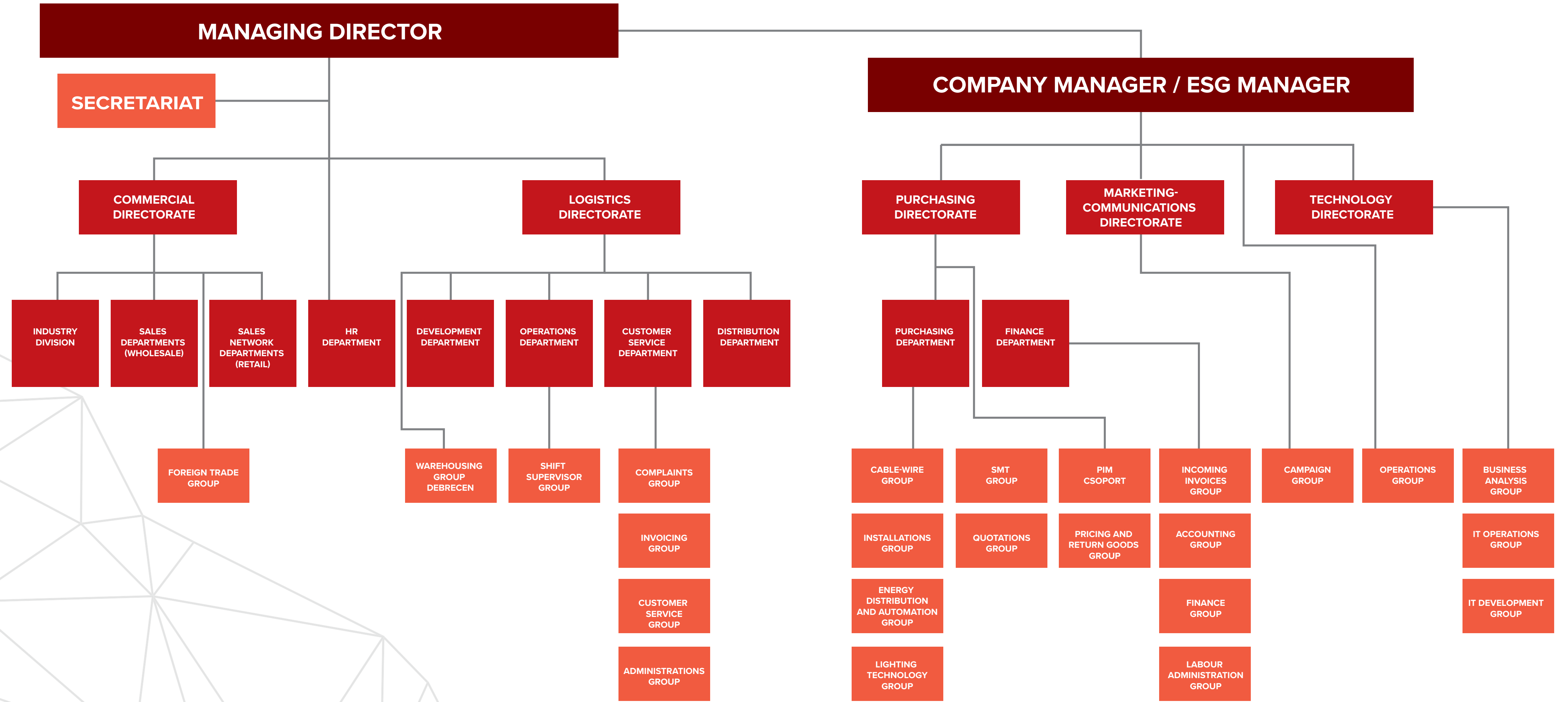
Member of the Board	Position	Year of entry
Ernő Hadnagy	Managing Director	2004
Péter Szabó	Company Manager	1992
László Bicza	Director of Purchasing	2004
Dávid Maleskovits	Chief Technology Officer	2010
Csaba Luczy	Commercial Director	2018
Tamás Nagy	Director of Marketing and Communications	2018
Bálint Sas	Logistics Director	2021

Board of Daniella Kft.



# Organisational Chart

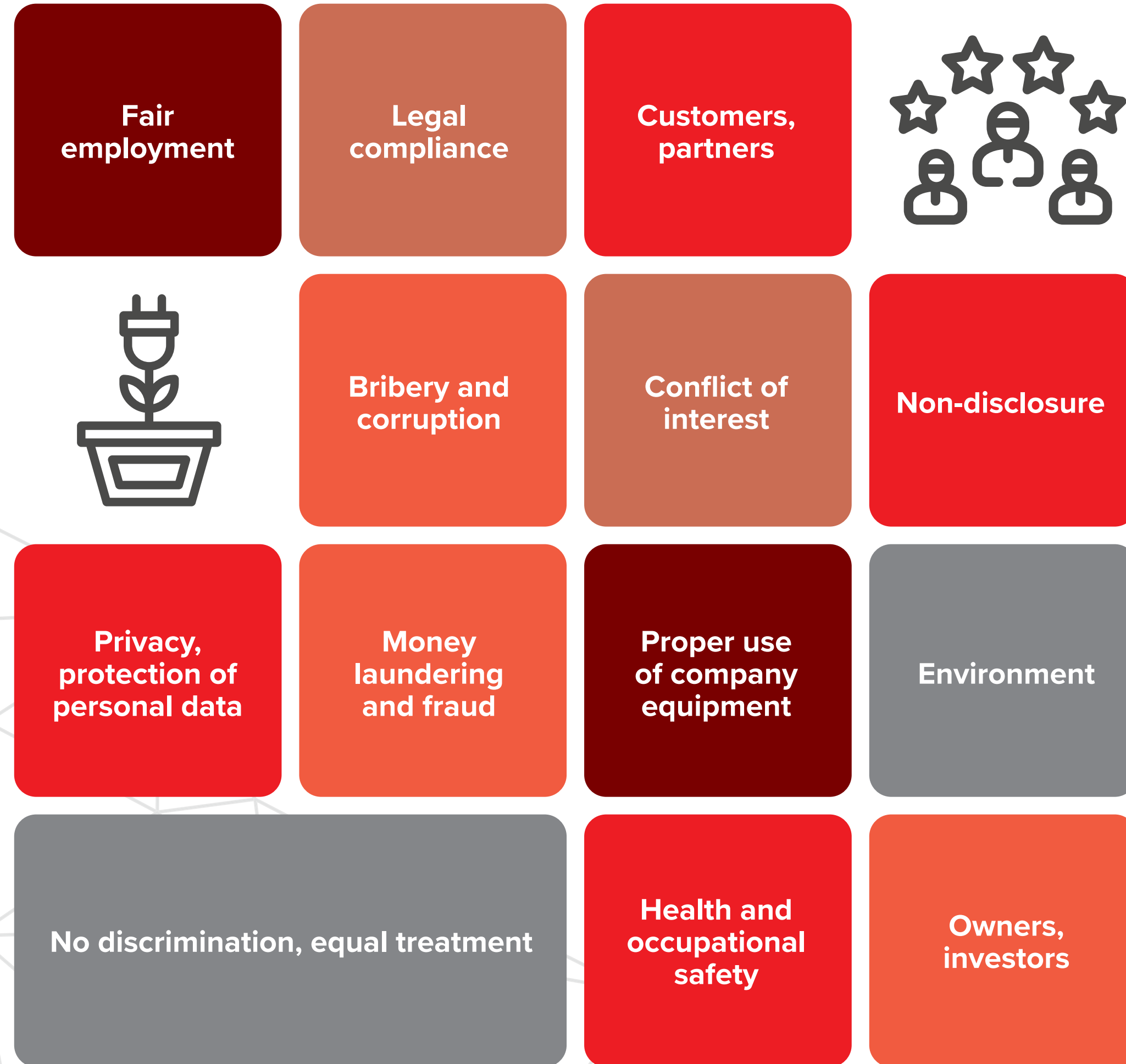
The figure below shows the organisational structure of our company. The secretariat, HR, and Commerce and Logistics directly report to the managing director. The Finance, Operations, Purchasing, Marketing and Communications, and Technology function report indirectly to the managing director through the company manager. The centralisation of our organisation ensures the appropriate flow of information.



# ETHICAL OPERATION

Our Code of Conduct was renewed and approved in October 2022. The policy discusses several themes whereby the company defines the standards of ethical conduct and approach for all employees.

The Code of Conduct lists and expounds the following ethical standards and key themes:



# PARTNERSHIPS

Partnerships are pivotal for the success and growth of our company. 2022 was hallmarked by a special focus on tending existing relations and exploiting new cooperation opportunities. We are proud that the customer event organised for the 30th anniversary of the company was a prominent occasion providing a venue for direct dialogue and advance business relationships. We also attended the annual Construma Fair showcasing our latest innovations and tightening our relations with our existing and potential partners. These events strongly contributed to strengthening our partnerships and our long-term success.

## 30 year partner event





# LEGAL COMPLIANCE

We are committed to observing laws and other regulations. We are conversant and comply with the laws and regulations required for legitimate business operations, and with our contractual obligations. Accordingly, we expect our employees to adopt the same approach in their daily work.

We also developed a document this year entitled “Internal Regulations Publication Procedure”, which helps with our operations and to enforce our organisational framework better. The document clarifies the precise meaning and significance of the Policy, various instructions, the Manual, the Information and other terms and all the legal obligations they entail and provides guidance on the principles for drafting future regulations, and the other considerations for drafting and implementation. This was another significant step towards even greater transparency in operations.

## Complaint management

In 2022, we also created a whistleblowing system of our own design, which is easily available on our website. We created the Whistleblowing System Policy to provide the legal background. Its primary purpose is to ensure that our company complies with its obligations under the Complaints Act and to set out the precise terms and framework for the operation of the system.

## Quality assurance

Delivering the best quality products to our customers at each site and every day of the year is essential for strengthening our market position and our long-term strategic goals. To achieve our objectives and to raise quality management to an organisational level, we established an integrated management system based on the MSZ EN ISO 9001 and MSZ EN ISO 14001 standards. We are committed to maintain and see to the continuous improvement of the system. This commitment is reflected in our Quality and Environmental Policy, and the associated Quality and Environmental Management Manual, which was introduced in 2022, in line with the regulatory renewal.

## Construma Fair

Besides strong and reliable partnerships, sustainability is also on the top of our agenda. We decided to conduct the risk analysis of our key suppliers and introduce supplier rating as part of our ESG strategy by 2025. This is to ensure the transparency and sustainability of our supply chain, and reinforce the reliability of our cooperation with our partners.

**We introduce risk analysis and supplier rating processes for our key suppliers by 2025.**

Data protection had always been important for our company, but privacy has become a priority topic since the inauguration of our webstore. We respect the personality rights of all legal entities, and we recognise the demand of our customers, employees and other partners to be certain that their personal data are processed appropriately and only for business purposes. We are committed to complying with privacy regulations, and we collect and process only necessary personal data, and we appropriately inform data subjects of our processing activities. We take adequate information security measures to ensure the confidentiality, entirety and accessibility of personal data. Our employees are required to observe the relevant legal obligations and comply with the procedures ensuring the lawfulness of processing. We update our policies regularly to ensure the highest level of security and to be au fait with the current processing and cybersecurity guidelines at all times.

## Risk analysis

The management of Daniella Kereskedelmi Kft. takes into account the exposure of corporate value creation to uncertainties in the creation of value, the factors affecting the success of the achievement of its objectives and the threats to it, as well as the occurrence of unexpected events that could potentially jeopardise people, assets, the environment or the company's reputation.

We hold regular management meetings where we not only identify and assess potential business and other risks, but also take management decisions on how to manage them. Strong digitalisation focus is a key element of our risk management strategy. Exploiting the potential for contactless customer interaction, our webstore has contributed significantly to increasing online sales and thus avoiding the severe economic impact of the COVID-19 pandemic.

Our analyses show that the negative impacts of climate change do not pose a direct physical risk to our operations, since we do not pursue activities that would be exposed to higher than usual risks of extreme weather events due to climate change. However, even we are not immune to the indirect effects of climate change. In our view, climate change could indirectly affect our financial performance and long-term sustainability, making the preparation for and response to climate change to be one of the most important strategic moves towards competitiveness and lasting stability.

The following climate change driven events could have an impact on our operations:

### MARKET RISKS: :

Besides global and regional economic fluctuations, changing consumer preferences are also affecting our business, as the growing awareness of climate change drives consumers to increasingly opt for environmentally friendly and energy efficient products, which can be a challenge in shaping our product offering and marketing strategy.

### REGULATORY RISKS:

New laws and regulations introduced to combat climate change – such as carbon emission caps and energy efficiency requirements – can have a significant impact on the company's operations and costs.

### OPERATIONAL RISKS:

Energy supply disruptions and fluctuations in energy prices ensuing from the effects of climate change could increase operating costs and cause disruption to the company's operations. In addition, the vulnerability of stores, warehouses and other facilities to extreme weather events, such as flooding or storm damage, could cause significant financial losses and operational disruptions.

### SUPPLY CHAIN RISKS:

Extreme weather events, such as storms, floods and heat waves can disrupt supply chains, causing delays and shortages in the procurement of raw materials and products. These disruptions can lead to increased transport costs and delays in the delivery of products.

# GLOSSARY

## **SDG (Sustainable Development Goals)**

World leaders committed to sustainability at the historical UN summit in 2015 adopting the sustainable development goals. In brief, this means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

## **Compliance**

The goal of compliance (with a rule, guideline or requirement) is to ensure the conformity of the internal and external activities of a company or other organisation with the applicable legal, organisational and ethical/social rules.

## **UNICEF**

The United Nations Children's Fund (originally known as the United Nations International Children's Emergency Fund). UNICEF was established by the UN General Assembly on 11 December 1946 to provide emergency food and healthcare to children and mothers in countries that had been devastated by World War II.

## **EMOSZ**

National Association of Electrical Private Contractors

Website: <https://emosz.hu/>

## **Complaints Act**

Act XXV of 2023 on complaints, notifications of public interest and rules on the notification of abuse (whistleblowing).

Further information: <https://njt.hu/jogszabaly/2023-25-00-00>

# KEY PERFORMANCE INDICATORS



**E**

Performance indicators	Value / Response
Waste generation (tonne)	1671
Water consumption (m <sup>3</sup> )	1,452.5
Electricity consumption (MWh)	490.22
Natural gas consumption (thousand m <sup>3</sup> )	115.59
PB gas consumption (tonne)	5.85
Fuel consumption (litre)	Petrol: 9,200 Diesel oil: 308, 500LPG (auto gas): 187



**S**

Number of employees	375 persons
Number of female employees	102 persons
Employee turnover	17%
CSR activities	+
Remuneration policy	+



**G**

Code of Conduct	+
ESG officer	+
Quality assurance system	+

IMPRINT

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**DANIELLA**  
**VILLAMOSSÁG**

Az elektromos világ szolgálatában!