



Human value  
is economic  
value



**bcsdh**

Magyarországi Üzleti Tanács a Fenntartható Fejlődésért  
Business Council for Sustainable Development in Hungary

# About the BCSDH

The Business Council for Sustainable Development in Hungary (BCSDH) is the national partner organization of the World Business Council for Sustainable Development (WBCSD). The organization is **a community of forward-thinking business leaders of companies**. The BCSDH's aim is to mobilize the business sector to create an economically, socially, and environmentally sustainable future, for which we seek to **identify constructive business solutions, and to encourage collaborative action**.



**147**  
companies\*



**40%**  
of Hungarian GDP\*



Member of the  
WBCSD Global Network

\*based on 15 September 2024 data

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# Executive summary

**One of today's most pressing challenges is the dramatic increase in social polarisation**

**The richest 1% of the world's population own 45.6% of global wealth, while the poorest 50% own just 0.75%.** This unequal distribution of income and wealth makes it a huge challenge to meet the basic needs of hundreds of millions of people.

While **income inequality between countries is falling**, income inequality **within countries has increased** in recent years.

**Inequality is a systemic risk**

**Inequality is an obstacle to social and economic progress;** unless immediate action is taken, it could worsen. It can also **weaken the results and impact of pre-existing measures aimed at tackling poverty, climate change and economic transformation.**

Inequalities also **affect the economic sphere** by decreasing productivity and tax revenue, reducing disposable incomes, **constraining development, destabilising supply chains, and creating political and economic uncertainty.**

Reducing inequality is also in the interest of economic actors as it mitigates these risks.

**Opportunities for business**

**The key to driving change is to ensure that people are treated as valuable parts of company value-creation processes.**

The latter's actions can impact four sets of stakeholders:

1. the workforce,
2. employees in the value chain,
3. consumers, and
4. communities.

The BCSDH has revised its 2017 recommendations in the area of employment and developed a new recommendation and related actions for the business sector in the field we call 'Own Workforce', taking into account current challenges. At the



same time, the actions that are formulated are relevant to the value chain, and we recommend that their implementation be assessed and extended to them.

**BCSDH recommendation and proposed action plan for the business sector for reducing inequalities - Own workforce and value chain**

## RECOMMENDATION

Providing a fair livelihood by creating and maintaining an inclusive, flexible, and safe work environment that proactively supports development

## PROPOSED ACTION PLAN

1. Pay a decent living wage
2. Provide a safe working environment, benefits and services that support the physical and mental health of workers
3. Design and implement flexible and inclusive employment systems adapted to living situations
4. Pro-actively support employees' lifelong development and meet changing expectations
5. Measure and extend the implementation of the above actions to the value chain

*Systemic change can only be achieved collectively, thus we continue to rely on proactive and meaningful action from businesses.*





**Attila Chikán Jr.**  
President, BCSDH

**Irén Márta**  
Director, BCSDH

# Time to Transform 2030: For systemic transformation

The world's most pressing challenges include **climate emergency**, **rapid biodiversity loss**, dramatically growing **social inequality**, and the focus on assessing corporate performance from an **economic perspective only**. **We are running out of time**, and these four areas require **immediate measures, action**, and **systemic change** alongside **commitment at the highest level**.

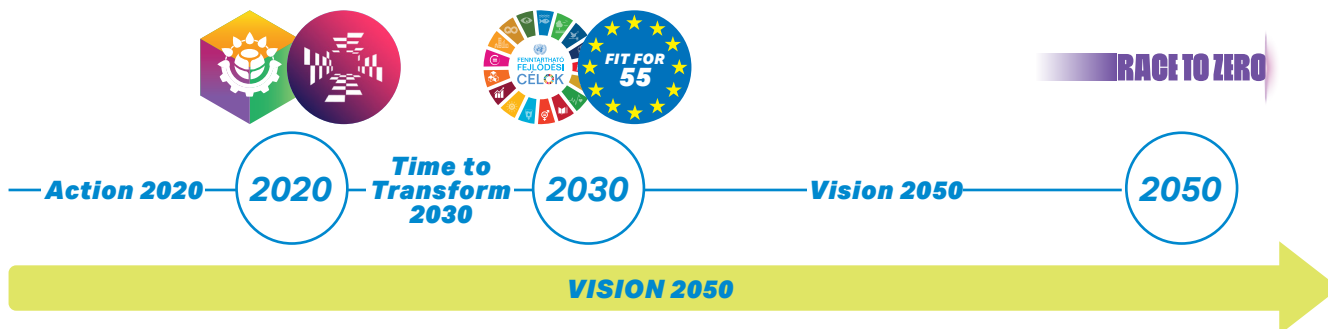
**Most pressing challenges**

 <p><b>Climate emergency</b> 1.48°C rise, we could reach 1.5°C by 2024.</p>	 <p><b>Rapid biodiversity loss</b> 69% of wildlife already lost, one million species expected to become extinct by 2050.</p>	 <p><b>Growing inequality</b> the richest 1% own 45.3% of global wealth. The poorest 50% own 0.75% only.</p>	 <p><b>Corporate performance assessed only on economic outcomes</b> Simplified traditional finance and economic theory does not reflect or respond to the complex challenges of our time.</p>
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## 2024: FOCUS ON HUMAN VALUE

Our world is characterised by **severe social inequalities**, and the situation is now at a **critical point**. High levels and patterns of inequality have become a **systemic risk** at the global level, threatening entire economies and societies. However, **inequality is a consequence of our systems**, and we can change it.

BCSDH's **Time to Transform 2030** programme aims to achieve **systemic transformation** through concrete **actions and collaborations** that support companies in taking action within the very limited window of time available.





## Time to Transform 2030

a tight timeframe for the fundamental and immediate transformation of our systems, with companies playing a leading role.



Members of the Business Council for Sustainable Development in Hungary Status – September 15, 2024

# Inequality is an economic risk

In the autumn of 2015, the UN adopted the Sustainable Development Framework and its 17 related goals (SDGs). Signatory countries expressed their commitment to, among other things, **ending poverty and hunger everywhere by 2030 and working to reduce inequalities within and between countries.**

” *As we embark on this journey together, we pledge to leave no one behind.*  
(Transforming our world: 2030 Agenda for Sustainable Development, UN)

**However, income and wealth inequalities have grown dramatically in recent decades.**

If current trends continue, by 2030, 575 million people, around 7% of the world's population, will still be living in extreme poverty, and only one-third of countries will have halved their national poverty levels (UN, 2023).



The richest **1%** now own **45.6%** of global wealth,



and the poorest **50%** just **0.75%**.

source: Oxfam, 2023

## WHY REDUCE INEQUALITIES?

Inequality **undermines human dignity and hinders social and economic development.** A **decent life** ensures that people can become productive members of society, learn and educate themselves, take up decent work, and contribute to the building of society (Institute for Equality, 2021). Economic recovery can only be successful if it builds on a strong social and economic basis. Poverty reduction is, therefore, **in the interest of society as a whole.**

### How does inequality affect the economy?



It reduces productivity,



lowers tax revenues,



decreases disposable income,



limits development,



destabilises supply chains, and



causes political and economic instability.

**The business case for reducing inequality is about mitigating these risks** while contributing to the **long-term sustainability of the economy.** Reducing inequality requires **concerted action** by all actors (government, companies, NGOs, workers, etc.).

The key to driving change is ensuring that **people are treated as valuable parts** of value-creating processes.

# Growing inequalities within countries

## AN INTERNATIONAL PERSPECTIVE

” *If 2022 was the year of uncertainty, 2023 is the year of inequality.* (World Bank, 2024)

10% of the world's population still **lives in extreme poverty** on less than \$2.15 a day. (World Bank, 2024)

Between 2019 and 2022, **60% of humanity became poorer.** (Oxfam, 2024)

Globally, 19% of all workers earn less than they **need to escape poverty.** (BCTI, 2023)

The **positive impact** on global GDP of **closing the living wage gap** would be \$4.5 trillion. (BCTI, 2023)

UN data shows overall global inequality (inequality among individuals worldwide) has fallen since the 1990s. Income inequality between countries has fallen, but **income inequality within countries has increased.** The latter is a form of inequality that people experience every day.

The **effects of inequality go far beyond** income and purchasing power. **Inequalities affect people's life expectancy and access to basic services.** **Artificial intelligence**, related new technologies and automation may further increase inequality within countries.

### People do not have equal access to:



Healthcare,



Education,



Access to services, or



Digital knowledge.

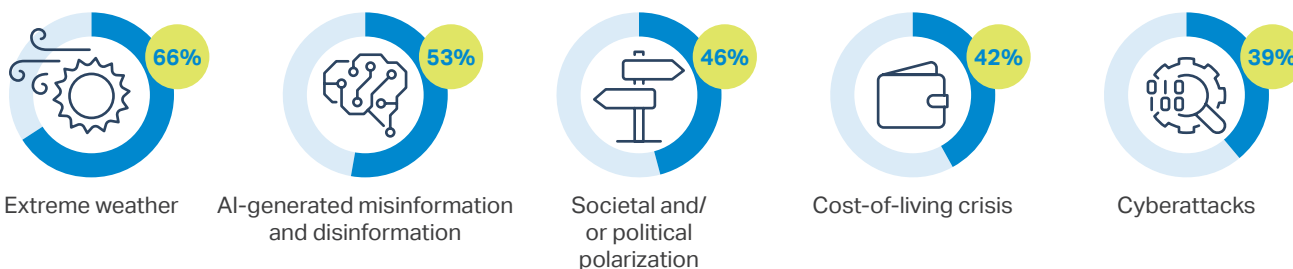


” *There is no sustainability without a decent level of social capital. Without people, there is no **efficient** economy and no **successful** business, the focus of responsible corporate governance is on people as a value. The rewards of **credible** corporate governance are predictable operations and business continuity for sustainability, and a positive environmental and social perception from stakeholders that reinforces market recognition.*

**Gréta Nagy**, CEO, Dandelion; Time to Transform 2030 Theme leader, 2024

# Global processes: polarisation and loss of trust

We live in an age of polarisation: societies are divided in their political affiliations and perceptions of reality. According to the latest World Economic Forum survey, 46% of respondents believe that **social and/or political polarisation** is one of the factors that could trigger a **global crisis** in 2024. This risk is ranked third in terms of its potential impact over the next two years.

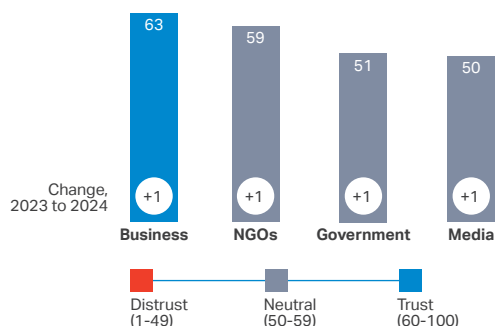


Source: World Economic Forum, 2024

Another negative effect of the polarisation process is a **loss of trust**: people are less and less trusting of each other and less willing to take action to improve the living conditions of others, making collective action for sustainability even harder.

Edelman Trust Barometer research has also measured low levels of trust in business, government, NGOs and the media across society in recent years.

## Business Remains Only Trusted Institution



“ In our **increasingly polarised world**, companies, in addition to detecting and managing market developments, are having to **take on more and more traditional public tasks**, such as education and health care, **from their own resources**. For **sustainability and long-term success**, it is important that **organisations are strong, resilient and flexible**.

**Attila Kelemen**,  
CEO, ProSelf;  
Time to Transform 2030 Theme leader, 2024

The 2024 report also revealed a new social paradox. Accelerated innovation processes could promise a new era of prosperity but may instead exacerbate trust problems, leading to further social instability and political polarisation.



# WBCSD Action Plan to tackle inequality

The **Business Commission to Tackle Inequality (BCTI)** was launched in 2021 by the World Business Council for Sustainable Development (WBCSD).

In 2023, the organisation launched its landmark report, **Tackling Inequality: An Agenda for Business Action**. The document, developed with stakeholders, makes a **compelling case for business efforts** to tackle inequality and proposes a **10-point action plan for business**.

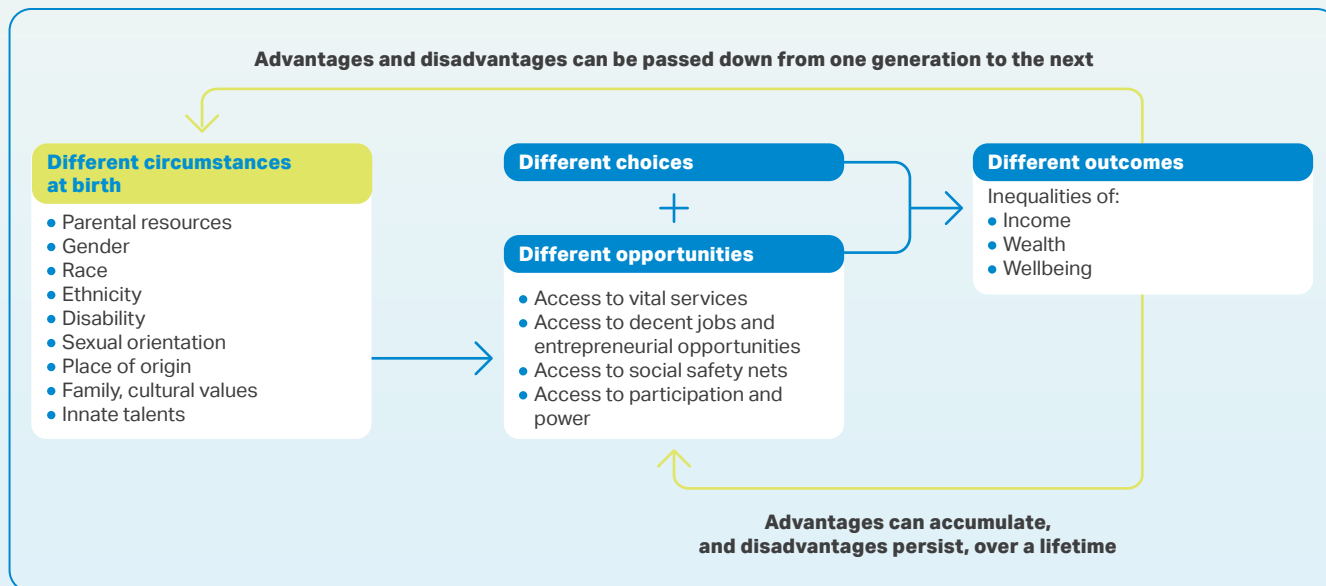


## INEQUALITY IS A SYSTEMIC RISK

The report also states that **income, wealth, and well-being inequalities have become a source of systemic risk** that threatens the political and economic conditions in which businesses operate, innovate, and grow.

## INEQUALITY IS THE RESULT OF DIFFERENT BIRTH CIRCUMSTANCES AND CHOICES

**Birth circumstances** and **different choices and decision-making (social mobility)** are crucial in determining the income, wealth, and well-being people achieve over their lifetimes. These factors also interact.



# Social and economic risks of inequality



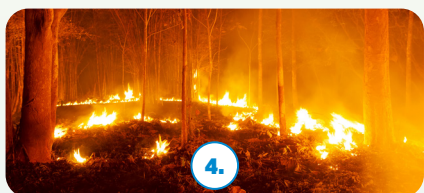
Eroding trust in our political and economic systems



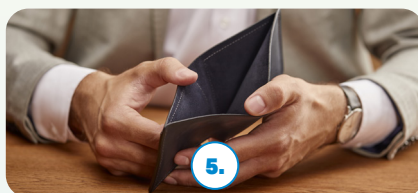
Unraveling the social fabric



Fueling civil and political unrest



Increasing the damage that crises cause



Constraining economic growth



Undermining our collective capacity to realize sustainable development

**These social risks can very easily turn into ECONOMIC RISKS, such as the following:**



**An increasingly volatile operating environment:**

An operating environment associated with political, social and economic instability is emerging, which is also more susceptible to new types of crises.



**Regulatory and compliance risks:**

Many governments worldwide are facing demands to take decisive action to tackle inequality. Meanwhile, major reforms of the international tax system are underway, and governments are tightening labour market regulations.



**Supply chain insecurity:**

When workers in supply chains are unable to meet basic needs, the operating environment can become insecure, leading to supply shortages and price volatility.



**Reputational risk:**

Businesses that do not make visible efforts to tackle inequality may find it difficult to attract and retain talent and may be held to account by consumers.



**Productivity and innovation erosion:**

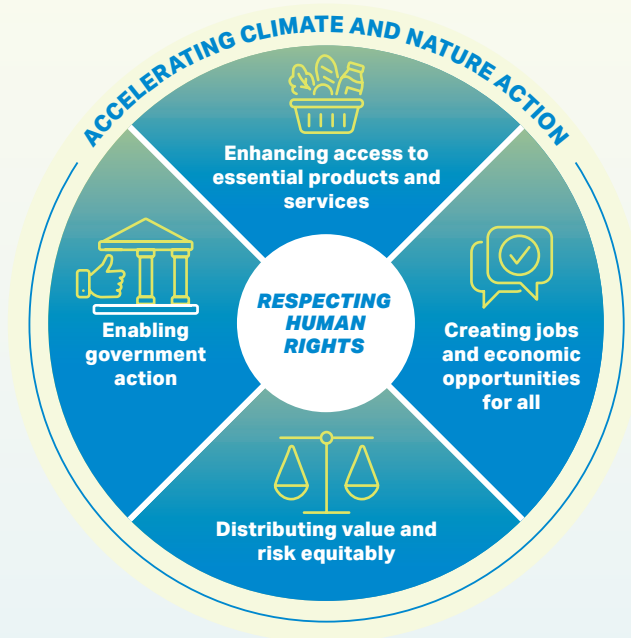
Differences in income and wealth affect workers' motivation while limiting access to education and skills, reducing labour productivity and contributing to significant skills shortages.



**Access to capital:**

Investor attention to the 'S' (social) element of ESG has increased significantly in recent years. Issues such as fair wages, diversity, equal opportunities, and inclusion are increasingly becoming key areas of shareholder focus.

# Business can do more to reduce inequalities



The report identified **six areas** where businesses **have scope for action** to reduce inequality.

## THE FOCUS FOR ACTION IS ON:

1. **making a commitment to respect human rights**, in line with the UN Guiding Principles on Business and Human Rights,
2. making an effort to **improve access to basic goods and services**,
3. **creating jobs and economic opportunities**,
4. **fairly distributing value and risk**,
5. **supporting and encouraging governments** to play their role effectively,
6. **halting climate change and natural loss** and **mitigating their impact** on the most vulnerable.

# BCTI's 10-point business action agenda

Further breaking down the six identified areas, BCTI has identified a 10-point business action agenda. It is important to note, however, that these recommendations could impact members of four stakeholder groups (own workforce, value chain workers, consumers, and communities).

Action	Scope 1 (Own workforce)	Scope 2 (Workers in the value chain)	Scope 3 (Consumers)	Scope 4 (Communities at large)
1 Implement the UN Guiding Principles on Business and Human Rights	X	X	X	X
2 Make essential products and services more accessible and affordable			X	X
3 Create a diverse, equitable and inclusive workplace and value chain	X	X	X	X
4 Prepare people for the future of work	X	X		X
5 Provide safe, secure and sufficient work	X	X		
6 Pay and promote living wages and incomes	X	X		
7 Support and respect worker representation	X	X		
8 Support effective public policy				X
9 Adopt responsible tax practices				X
10 Realize the just transition to a net-zero and nature positive economy	X	X	X	X

For a more detailed presentation of each proposal and related case studies, please consult the **BCTI publication**.



# Poverty reduction is also an objective of the European Union

In Europe, the richest 10% earn twice as much as the poorest **50%** of the population. (Eurostat)

In 2022, median disposable income in the EU will increase by **20%** in real terms compared to 2010. (Eurostat)

Average incomes in Eastern Europe are close to the European Union (EU) average, but **significant inequalities** remain between countries. (World Inequality Database, 2023)

Although Europe remains the least unequal region globally, inequalities are still present.

According to Eurostat data, in 2023, 94.6 million people in the EU were at risk of poverty or social exclusion, equivalent to 21.6% of the EU population. Of these, around 5.5 million lived in a household at **risk of all three of the following factors at the same time:**

- 1. POVERTY AND SOCIAL EXCLUSION,**
- 2. POVERTY RESULTING FROM LOW WORK INTENSITY,**
- 3. SEVERE MATERIAL AND SOCIAL DEPRIVATION.**

Across countries, Romanian citizens (34.4%) are at the highest risk of poverty or social exclusion, while those of the Czech Republic (11.8%) are at the lowest. Hungary is associated with a lower risk of poverty and social exclusion (18.4%) than the EU average (21.6%).

## EU targets for 2030



### EMPLOYMENT

At least **78%** of 20-64 year olds in employment



### TRAINING

At least **60%** of adults in education and training each year



### POVERTY REDUCTION

At least **15 MILLION FEWER** people at risk of poverty or social exclusion

# Growing inequalities are also a serious problem in Hungary

In Hungary, the top 10% earn 40% of all income and 90% of capital income. ([Labour Market Review, 2022](#))

Severe material and social deprivation still affects almost one in every ten Hungarians, the fourth largest proportion in the EU. ([NFFT, 2023](#))

The share of people living in extreme poverty increased from 2013 to 2020. ([Labour Market Scoreboard, 2022](#))

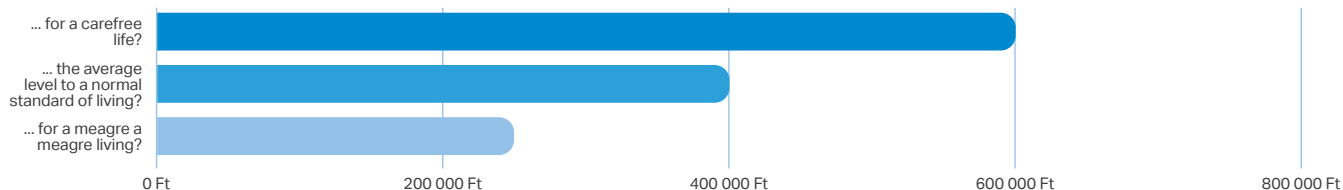
Since April 2023, the proportion of people who have moderate or great difficulty in covering their household's normal expenditure has fluctuated between 21% and 24%. ([Institute for Balance, 2024](#))

**According to poverty-related indicators, Hungary has made significant improvements** since the adoption of the National Sustainable Development Framework Strategy. Relative income poverty and poverty resulting from low labour intensity now affect a smaller share of Hungarian society than the EU average. However, **severe material and social deprivation still affects almost one in every ten Hungarians** ([NFFT, 2023](#)).

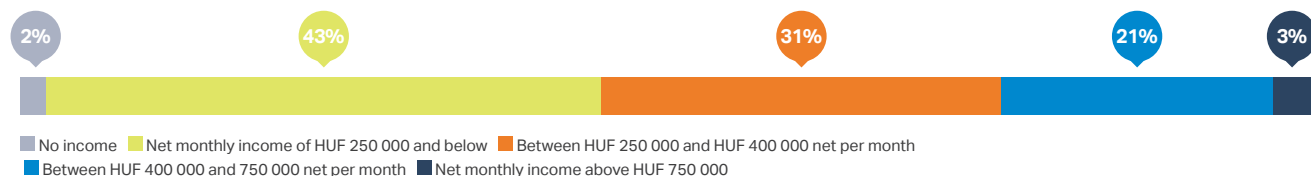
According to the May 2024 Poverty Survey by the Institute for Poverty Equality, **the average Hungarian today needs a net monthly income of 400,000 forints to live a life that may be considered ordinary.**

However, 76% of Hungarians have an income below this threshold, and 45% do not even have the net monthly income of HUF 250,000 needed to make ends meet. At the same time, only **31% of those who were surveyed feel insecure about their financial and material situation.**

## You alone would need how much money...



## How much is your net income (salary/pension/grant) per month? (as a percentage of respondents)



# Non-equal access to different services

Hungary's education system is one of the most unequal among all European countries. ([Labour Market Scoreboard, 2022](#))

The health status of lower-status groups in society is persistently and severely below that of higher-status groups. ([Labour Market Scoreboard, 2022](#))

In 2021, 22% of the population and 24% of internet users in Hungary had above-average digital literacy skills. ([KSH, 2022](#))

The National Sustainable Development Council's Progress Report 2021-22 found that **changes have been made in education and health**, but these two dimensions of sustainability are still far from contributing to and underpinning sustainable and high levels of well-being.

**The selectivity of the domestic education system has not improved significantly**, and family background continues to be a significant factor in explaining students' performance.

The **health status** of the Hungarian population continues to be **characterised by significant inequalities**. For example, health status is strongly correlated with level of income.

In regions **without adequate access to digital infrastructure**, the population is unable to participate in digital society, which deepens the social crisis and leads to the further marginalisation of disadvantaged regions. In Hungary, the gap in digital development between the capital and rural areas is also larger than the EU average ([Eurostat Regional Yearbook 2021](#)).



“ This year, OTP Bank celebrates its 75th anniversary and will continue to be a market-leading financial service provider in Hungary and even in the Central and Eastern European region in the coming decades. To ensure that we can achieve success together with our customers, we are making significant efforts to **improve the financial culture**. Our programs have a **meaningful impact on future generations, shaping the mindset and interests** of thousands of young people each year, **resulting in awareness, knowledge, and high standards in managing their own finances**. It is in our common interest that today's students become citizens who are willing and able to take care of their financial well-being, and OTP Bank is taking a leading role in this mission as well.

**Sándor Csányi Dr.**, CEO, OTP Bank Plc



“ Roche is committed to **supporting Hungarian healthcare**. We have donated **our Digital Patient Pathway Management web application** to Hungary, which is now an **important part of our country's e-health system**. The app offers a comprehensive and integrated solution that **accompanies the patient throughout the entire patient journey**: providing early treatment, enabling prevention, avoiding unnecessary therapies and continuously evaluating the effectiveness of treatments.

**Raffaella Bondi**, CEO, Roche Hungary

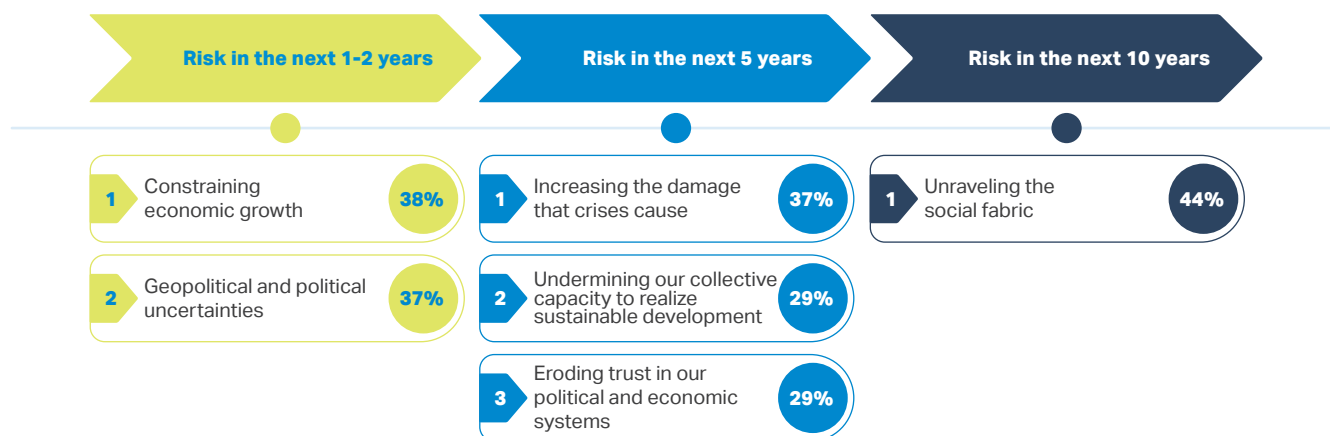
# Hungarian companies are already facing the consequences of inequality

In our 2024 **Sustainability Maturity Survey**, we looked at the sustainability performance of BCSDH member companies in **88 companies**.

Our work was supported by our member company, **IFUA Horváth & Partners Kft.**

Our survey also examined how processes and new business risks arising from inequality can impact companies' business practices.

## Expected risks of emerging processes as a consequence of inequality



Almost **40% of respondents already identify** a slowdown in economic growth and the emergence of **geopolitical and political uncertainties**, closely linked to rising inequalities, as risks for the next 1-2 years. However, in the short term, business leaders are **less concerned about a loss of confidence in institutions or the weakening of our collective capacity to achieve sustainable development**.

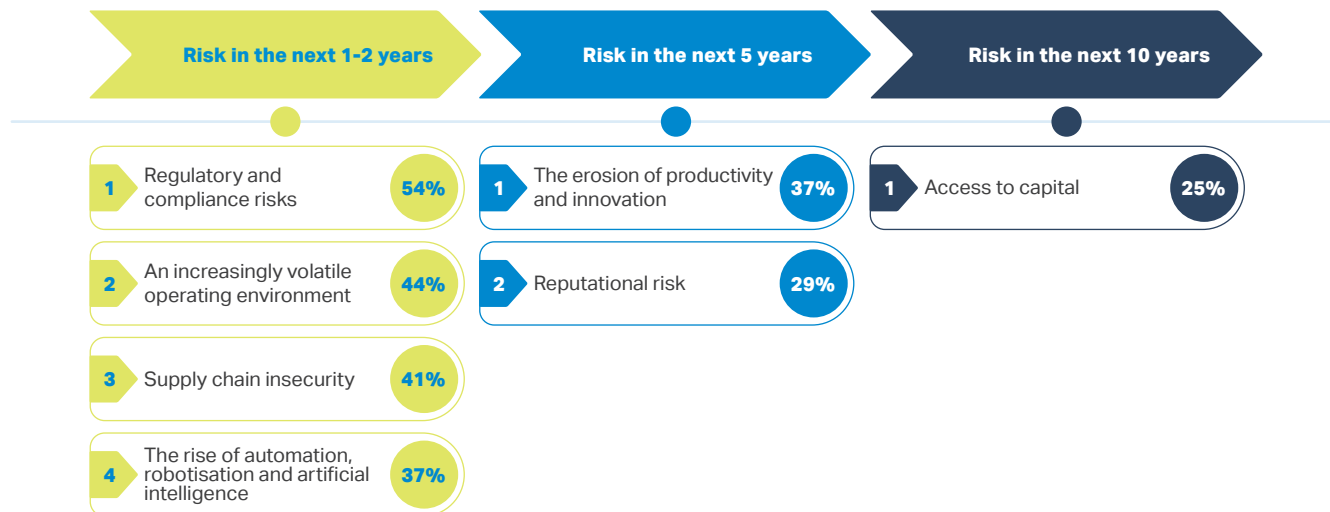


“ I believe in a **stakeholder economy** that is **generative and not extractive**, where **companies design their own processes** in a way that **profit, people and planet collaborate** towards a **better way of doing business**. We need to put **human values back into the equation** as my father quoted: **"be human!"** ”

*Izabella Zwack, Member of the Board, Zwack Unicum Plc.*



# New business risks emerge as inequalities increase



Looking at business risks, the outlook is less positive. More than half of respondents expect the regulatory environment to **change in the next 1-2 years** to reduce inequalities. More than 40% also expect a **volatile operating environment with political, social, and economic instability in the following 1-2 years**. **Supply chain insecurity – involving workers and farmers in supply chains being unable to meet their basic needs and being vulnerable to unexpected, drastic challenges, leading to supply shortages, price volatility, and other disruptions – is also expected.**



“ UniCredit believes in young people. With Re-Power Your Future!, we want to **help Europe's next generation to fulfil their potential**. As part of our commitment to a fairer and more equitable society, we offer young people the opportunity to participate in **educational opportunities** that can help them **succeed in school, choose the right career and build a prosperous future** as the next generation of our continent.

*Balázs Tóth, CEO, UniCredit Bank Hungary*

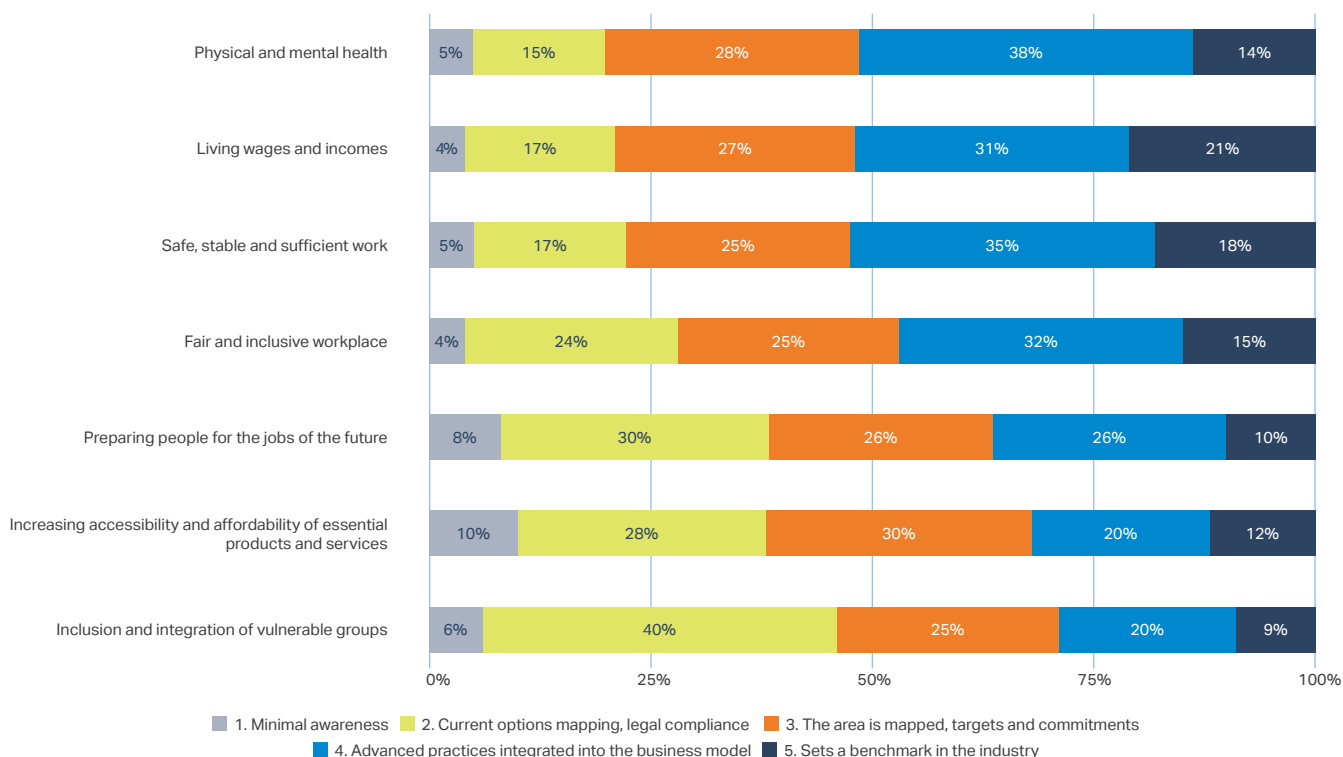


“ An important objective of our sustainability strategy is to ensure a **safe working environment** and to **protect and promote the health of our employees**. We see this as a **responsibility** to each individual employee and a prerequisite for the **long-term success** of the company. As part of this, we pay particular attention to **health promotion programmes within the company**.

*László Veres, CEO, Knorr-Bremse Hungary*

# Focus on improving the physical and mental health of workers

The survey also focused on the **level of integration of social issues** into company operations.



**Half of the respondents are already dealing with most of the issues mentioned in the survey at a systemic level.**

**Several are already characterised by using advanced practices**, and there are already examples of addressing issues in a way that goes beyond compliance, being integrated into core activities (levels 4-5).

Promoting employees' physical and mental health is the most prominent theme for the companies we surveyed. Providing a **living wage and a safe working environment** are also high on company agendas.

**However, there is still considerable scope for improvement in terms of the inclusion and integration of vulnerable groups.**

# BCSDH's Recommendations and proposed actions for the business sector to reduce inequalities

## OWN WORKFORCE AND VALUE CHAIN

The WBCSD Vision 2050 programme outlined a vision in which the well-being of more than 9 billion people is assured within our planet's carrying capacity.

BCSDH's Action 2020 programme 2015-2020 looked at how this could be achieved in Hungary and the role of business in this. In 2017, our key theme was employment, and **we made three recommendations**.

The follow-up to Action 2020, **Time to Transform 2030, focuses on translating the recommendations into action**. By 2024, BCSDH will have revised the existing recommendations, taken into account the current challenges, and **developed its recommendations and related actions** for the business sector in the area of 'own workforce'.

It is recommended that companies begin to assess and extend the implementation of the actions that are outlined to the value chain, especially as a key focus of the CSRD and CSDDD guidelines is to assess and address companies' impact on workers in the value chain.

The recommendations and actions were formulated after extensive professional work, including discussions at the BCSDH Business Breakfast and Forum, company management roundtables, **and numerous technical meetings with experts**.

### BCSDH RECOMMENDATION AND PROPOSED ACTION PLAN FOR THE BUSINESS SECTOR FOR REDUCING INEQUALITIES - OWN WORKFORCE AND VALUE CHAIN

#### RECOMMENDATION

Provide a fair livelihood by creating and maintaining an inclusive, flexible, and safe work environment that proactively supports development

#### PROPOSED ACTION PLAN



Pay a decent living wage



Provide a safe working environment, benefits and services that support the physical and mental health of workers



Design and implement flexible and inclusive employment systems adapted to living situations



Pro-actively support employees' lifelong development and meet changing expectations



Measure and extend the implementation of the above actions to the value chain

# ACTION 1



## Decent living wage

According to the Global Living Wage Survey 2023, 24% of the surveyed companies pay a fair living wage to all their employees worldwide. (PwC, 2023)

Only 0.4% of the world's most influential companies have publicly committed to paying a fair living wage to their employees and support the payment of a fair living wage across their value chain. (Oxfam, 2024)

Currently, nearly two-thirds (64%) of Hungarian households can only afford to finance their daily expenses with little or no effort. (Poverty Survey, 2024)

There is currently a significant pay gap of 13% between men and women for the same jobs in the EU. (European Commission, 2023)

Workers should not have to work more than 48 hours a week; they should be able to cover the costs of food, water, housing, education, health insurance, travel and clothing from this wage, and even save something.

**Paying a decent living wage is increasingly becoming a priority for organisations** and an important aspect of creating a sustainable business. Offering a decent living wage (fortunately, the minimum wages are already at this level) contributes to:



ensuring fair competition,



encouraging productivity improvements,



promoting economic and social development, and



reducing the gender pay gap, as more women than men receive the minimum wage.

## WHAT IS A DECENT LIVING WAGE?

A decent living wage, as defined by the UN as a human right, guarantees a decent standard of living for workers and their families.

### What is the difference between a minimum wage and a decent living wage?

#### Minimum wage



It is not easy to get enough nutrients. Often the same thing is on the plate every day: pasta, bread, potatoes. Meat or fruit is too expensive. It is common to skip a meal and end the month with less food.



A crowded living space, several people sharing a room, often without comfort. Buildings in poor condition and often unsafe neighbourhoods.



Even prescription medicines, menstrual products are not always available. Paid medical care is affordable in very urgent cases. Health problems due to lack of sleep, poor nutrition and hygiene are common.



The financial situation may not allow for professional training or further education, even for children. Thus, it is very likely that they will not be able to get out of poverty either.



The family may not necessarily have clothing appropriate to the weather. They are rarely able to buy new clothes of the right size.



High risk of indebtedness. Unpaid bills are common, living from day to day.

#### FOOD



There is enough income to provide the family with a healthy, varied meals at least three times a day.



Safe environment, comfortable housing with family.



There is no problem in obtaining basic health care items, menstrual products, painkillers, vitamins and even medicines such as insulin. There is income set aside to buy paid medical care if needed.



Further education or training can be afforded by the family. It is thus possible to shape one's own opportunities for advancement and children's future.



Good quality clothes and shoes of the right size for the season can be bought for the whole family.



It is possible to save money from salaries to cover unexpected expenses, providing some security in the event of a crisis.

#### ACCOMMODATION

#### HEALTH

#### EDUCATION

#### CLOTHING

#### SAVINGS

Source: [fashionchecker.org](https://www.fashionchecker.org/) / BCS DH

## ACTION 2

# Ensure a safe working environment and provide benefits and services that support workers' physical and mental health



In 2021, the **number of years spent in good health** in Hungary was 63.5 years for women and 61.6 years for men. (Eurostat)

59% of Hungarian workers would prefer to say no to a job offer if it was likely to adversely affect their work-life balance. (Randstad, 2023)

Well-being (at work) leads to **three times more creativity and innovation**. (WellBeing Association, 2023)

Although there is no universally agreed definition of well-being, there is consensus that it is a multi-factor concept that describes a dynamic state that changes over time. People include **physical, psychological and psychosocial factors**, as well as the **work environment**, in the concept of well-being (Pataki-Bittó-Kun, 2021).

BCTI proposes that companies move away from addressing traditional occupational health and safety concerns and adopt a more **holistic approach** that includes the physical, mental, social and financial dimensions of well-being.



### Occupational health and safety

Occupational health and safety focuses on preventing injuries and negative health impacts that can result from the tasks that employees are performing in the workplace and from the quality of their work environment.



### Physical

Physical health relates to the overall wellbeing of the body. The significant amount of time that employees spend in the workplace means that their working life, habits and environmental quality of the spaces they work in interact closely with their physical wellbeing.



### Mental

Mental health is defined as a state of mental and psychological wellbeing in which every individual realizes his or her own potential and can cope with the normal stresses of life. Work-related stress, a lack of work-life balance and the quality of workplace interactions can all aggravate or cause mental health problems like anxiety and depression.



### Social

Social wellbeing encompasses the extent to which employees feel a sense of belonging, social inclusion and social stability.



### Financial

Financial wellbeing is the state of mental and physical wellbeing that derives from a set of finance-related conditions and capabilities. It can be largely influenced by the economic security provided by employment.

## FROM OCCUPATIONAL SAFETY TO MENTAL HEALTH - SUPPORTING TOOLS

### OCCUPATIONAL SAFETY AND HEALTH

Deploying **occupational health and safety programmes** has been common practice for decades, and the latter are subject to **strict regulation in the Member States of the European Union**. However, in addition to accidents at work, the impact of **occupational diseases** may be growing as more and more employers are setting up in Hungary whose technologies are particularly dangerous and whose employees, despite all precautions, are working in conditions that are harmful to their health.

### HEALTH PROTECTION

In 2019, around half of all deaths in Hungary were attributable to **lifestyle risk factors** (OECD, 2023). Raising health awareness is important, and companies can help, for example, by providing screening programmes.

### MENTAL HEALTH

Recent events, including the COVID-19 pandemic, Russia's war against Ukraine, the climate crisis and other social and economic impacts have **further worsened the already poor mental health of the European population** (Eurobarometer, 2023).

In Hungary, the most common mental health disorders are anxiety and depressive disorders, both estimated to affect 4% of the population (OECD, 2023). **Stress at work** can also trigger such disorders, so **improving mental health** is becoming an increasingly important issue in the workplace.



“ **Employee engagement and satisfaction, and understanding organisational culture** are our priorities. Our **My Voice Pulse** survey is conducted every four months among employees to **get an accurate picture of how they experience the processes that affect their company and the resulting directions for improvement**. The project is led by a **team of volunteers** within the company, who also **define and implement new actions based on the results**.

*Valentin Póka, Country Manager, Coface Hungary Services*



“ For the first time in the history of dm drogerie markt, the company implemented an **international initiative for employees** across all 14 countries at Group level: a 25-day programme to promote **physical, mental and social health** took place between October and November in 2023.

*Gertrud Csoknyainé Horváth, CEO, dm drogerie markt Hungary*

## ACTION 3

# Design and implement flexible and inclusive employment systems adapted to living conditions



**Half of all workers who identify themselves as minorities** report that their identity creates **barriers to career progression**, compared to only a quarter of non-minorities. (Randstad, 2024).

Half of people aged 15-64 with a **disability** had a job in 2022. (Value you!, 2023)

The share of **part-time employment** in Hungary is very low by European standards, at 3.3% for men and 7.1% for women in 2022. (KSH)

The share of **people working regularly or occasionally from home** was 10.8% in 2022, also less than the EU average (22.5%). (KSH)

**The opportunities of certain groups are inherently more limited in the labour market.** This may be due to a reduced capacity to work, age, or minority status, but also if they are in a situation that only **allows them to work flexibly**. Vulnerable groups are defined by law as minors, pregnant women, mothers, the elderly and people with disabilities.

However, the number of those who have special needs because of their living situation, although their situation is not recognised by law (e.g. people with long-term illnesses and those who are carers), is also increasing.

The employment of vulnerable groups can be achieved through **flexible employment schemes adapted to their life situation**.



“ **More than 20 years ago, our company established a network of lottery ticket retailers exclusively for disabled workers.** We employ a high proportion of people with disabilities **who would find it difficult to find work elsewhere.** We are proud that our company wins the Best Employer Award year after year and that we have been at the forefront of **promoting the social inclusion of people with disabilities for two decades.** ”

*Andrea Mager, President-CEO, Szerencsejáték Zrt.*



“ **I believe that the greatest value is people.** That is why social responsibility is a very important commitment for our company. By **employing people with disabilities,** we can not only make their lives better, but also help **reduce social inequalities.** ”

*Viktória Lucenko, CEO, Auchan Hungary*



## FLEXIBILITY IS NOT ONLY REQUIRED BY VULNERABLE GROUPS

According to Randstad's 2024 survey, **workers continue to demand flexible working hours that fit around their personal lives.**

### Respondents would not accept a job that:

37% / 34%

would not provide flexibility in terms of where they work

41% / 33%

would not provide flexibility in working hours

57% / 56%

would not provide flexibility in terms of work-life balance

■ global ■ Hungary



“ **Employers will continue to have a competitive advantage in providing employment schemes that are adapted to life situations. Flexibility continues to be an important part of the employer value proposition, so managers need to find a workable balance between attracting and retaining staff and strategic interests.** ”

**Sándor Baja**, CEO, Randstad Hungary; Time to Transform 2030 Theme leader, 2024

Prior to the COVID-19 epidemic, the labour market was observed to be flexible to companies' expectations. However, the process seems to have reversed since then, with **companies having to adapt to the needs of their employees.** However, there are still barriers to flexibility on the part of employers such as:



Few part-time jobs,



limited scope for internal movement within companies,



working time organisation not always adapted to the living situation of employees,



limits to the facilitation of migration within Hungary.

Based on the findings of the BCSDH Professional Forum of 26 March 2024.

## ACTION 4

# Proactively support the lifelong development of workers and their ability to meet changing expectations



Hungarian **labour efficiency** (GDP per hour worked) is very low. (ILO, 2023)

6 out of 10 workers will need **training** by 2027, but only half of all employees currently have adequate training opportunities. (WEF, 2023)

**20% of Hungarian firms already use AI solutions**, and 18% more plan to use them within two years; 29% are not yet actively involved with AI. (EY, 2024)

**Labour productivity has increased 4.8-fold** in sectors heavily affected by the spread of AI. (PwC, 2024).

The future of work, workers, and jobs was high on the agenda of the World Economic Forum 2024 Annual Meeting in Davos. The key message of leaders was that **industrial investment cannot succeed without investment in people**.

We are witnessing radical changes in the labour market, partly due to **digitalisation and automation**, the **impact of which is not yet understood**. A major fear is that artificial intelligence will replace human labour, leading to mass unemployment and, potentially, social unrest.

We are seeing a **shift towards teamwork** in work processes, often involving the creation of **virtual communities** with colleagues in other countries. **The number of years spent at work is also increasing**, with a growing number of generations working together.



“ **We see artificial intelligence primarily as an opportunity.** We can use it to **automate tasks that previously required significant human resources.** The freed-up manpower can be redeployed to other tasks with higher added value and appreciation. But I believe **AI is much more than just about automation of human tasks.** It is also about harnessing the power of data to give us insights into client behaviour that will allow us to **give them a better customer experience** than before. That way it is not only about allowing employees to focus on more valuable tasks but also augmenting their ability to better serve customers.

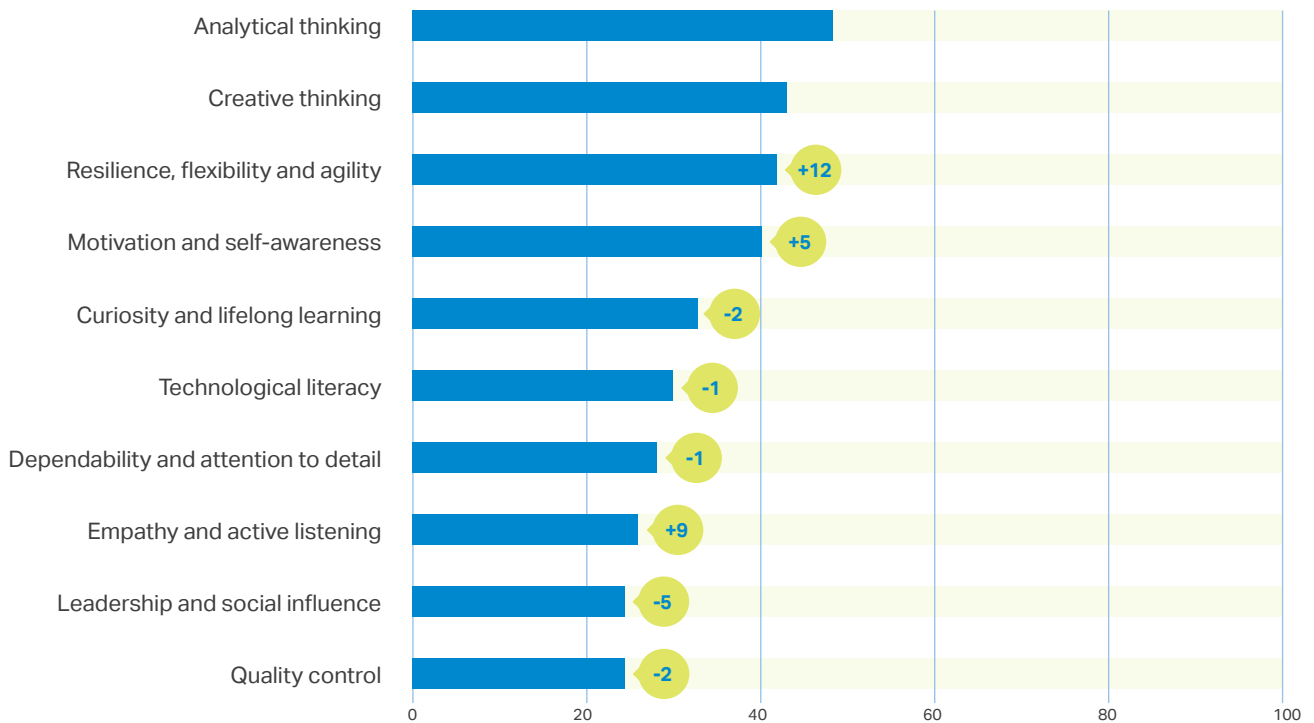
**Guy Libot, CEO, K&H Bank**

## WHAT SKILLS AND COMPETENCES WILL BE MOST NEEDED WITHIN THE NEXT FIVE YEARS?

These changes will require **workers to develop new or different skills and competencies and take a new approach to lifelong learning and development.**

**Companies must help their workers prepare for the challenges of the future by upskilling them for higher-value-added jobs.**

According to the World Economic Forum's **Future of Jobs 2023** study, the top priorities will be to foster **analytical and creative thinking and train workers to use AI and big data.**



Source: Future of Jobs Report, 2023

## ACTION 5

# Evaluate and extend actions to the value chain



**Companies are only as resilient as the ecosystems, communities, economies and societies in which they operate.**

When workers in supply chains are unable to meet their basic needs and are vulnerable to the unexpected, companies face the risk of supply shortages, price volatility and other disruptions.

In addition, the **CSRD regulation** expects companies to map their value chains according to human values, including according to the 'S' (Social) component, to conduct risk analyses, and, if their processes are of concern from this perspective, to find ways and channels to report this and correct them, where possible.

Creating and maintaining a decent living, inclusive and safe working environment should be a goal that is pursued throughout the value chain.

### **PARTNERSHIPS FOR EXPANDING IMPACT**

Companies can exercise more direct control over their own employees, but they must also engage in **meaningful partnerships** to achieve impact across the value chain. In particular, actions that help communities achieve better outcomes will depend on efforts to build close and dynamic collaboration across sectors and with governments.



“ **Continuously updating and developing the skills of employees is key** to the success of a company, as **skilled and motivated workers perform better**. We have been **working with our key supplier partners** for several years to ensure that our colleagues can **learn first-hand how to use the new tools or systems they offer and provide feedback on their experience**. This **collaborative approach** delivers mutual results in the environmental, social and economic areas of sustainability.

*János Mészáros, Chief Financial Officer, Budapesti Közművek Nonprofit Zrt.*



“ We are proud to have **established IFUA Nonprofit Partner, a non-profit management consultancy, in 2009** as part of IFUA Horváth's commitment to social responsibility. **Its aim is to develop organisations, thereby increasing their efficiency, effectiveness and social impact, and strengthening their sustainable operation**. On projects, they work closely with IFUA Horváth consultants, who typically work on a **voluntary basis**.

*Viktória Bodnár Dr., CEO, IFUA Horváth&Partners Kft.*



“ We care about the **mental and physical wellbeing of our employees**, and our programme has **3 pillars - body, mind and spirit**. Throughout the year, we organise **presentations and health screenings as part of the TestŐr programme**, so our colleagues have a variety of options to choose from. And through our **Számíthatsz Ránk programme**, we offer **free on-call legal, financial, mental health and health advice**, complemented by a range of convenient face-to-face meetings.

*Tamás Schwarczenberger, CEO, Güntner-Tata Hungary*



“ We are proud that our company has **been awarded the Family Friendly rating**, which includes an assessment of employment practices, employee benefits and support, company community building and measures to support physical and mental health. **A key factor in achieving this certification was the opening of MFB's Aprófalva crèche in autumn 2022**, and the Bank's **internal use of a 'Maternity Guide' to help parents returning to work**.

*Ildikó Zátrok, Deputy CEO, MFB Bank*

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**Commitment and responsibility**

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**Communication and collaboration**

# Solutions that go beyond individual companies

Doing business to achieve net-zero, nature-positive results will have social and economic impacts that go beyond **employees: on suppliers, consumers, and communities. Companies must, therefore, act consciously and collaboratively to mitigate negative impacts and help ensure a just and inclusive transition.**

This includes ensuring that any investment in infrastructure or new operations creates **safe, high-quality jobs, respects labour rights, provides a decent living wage and guarantees worker security** in order to ensure that:

1. jobs are created when and where they are needed;
2. workers have the skills they need to thrive;
3. opportunities are created for the inclusion of disadvantaged groups; and
4. consumers have reliable and affordable access to essential goods and services, and the resilience of the supply chain and local communities is promoted.

Companies that create such jobs in underdeveloped areas and help communities or other vulnerable groups to catch up, build resilience, or make greater efforts than usual to educate consumers are on the right track to responsible product development. They are going beyond compliance to contribute to a more humane world and reduce inequalities, thus contributing to creating a sustainable future.



“ We're committed to championing social causes, so we're delighted to **work with the Skilly team to help them make their work visible and get their mission known to more companies. Skilly's primary goal is to break down stereotypical thinking in the public mind and show that a person with a disability can be a successful and useful member of society if given the opportunity.** ”

*András Iljicsov, CEO, Spreadmonitor*



“ As part of Nestlé's global initiative, the **"Alliance for YOUth"** partnership programme was launched in Hungary in 2013, a **cross-sectoral partnership between business, government and education to equip young people with the right knowledge and skills to enter the world of work. Nestlé is backed by a number of companies and educational institutions, as we can only achieve our common goals through effective cooperation.** ”

*Péter Noszek, CEO, Nestlé Hungary*

# Leading by example

Human values must be reflected in one's leadership. The qualities of a responsible leader must include empathy and care to break through indifference and build a committed top management team that recognises how to promote a fair and inclusive transition.

## Why is leading by example important?



Boost employee moral



Build trust and respect



Fosters a positive work culture



Increases productivity

Source: [betterup.com](https://betterup.com)



“ There are many styles of leadership, but I believe in a **people-centred approach**. Also, it is **clear intent and predictability**, as well as **transparency, that gives credibility**. I see and experience in the organization that **this approach translates into effectiveness, making it not only humanly but also business-wise worth and rewarding**.

**Zoltán Gazsi**, CEO,  
eisberg Hungary



“ We often ask what a company should do to be sustainable, but what is our own responsibility as **first line managers is just as important**. I believe in **personal commitments and leading by example, making conscious choices** to protect the climate and **changing personal habits can have a positive impact on our individual lives as well as on the culture of the organisation**.

**Gábor Arató**, CEO,  
Manupackaging Hungary



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# *Creating opportunities*

Óvoda

It is particularly important for children and families participating in aid and assistance programs to receive the support and stability they can rely on in the future. This predictability is also a strategic goal for humanitarian organizations that assist them, as it is the strongest foundation for social integration. E.ON and the Hungarian Interchurch Aid have been working together for almost 20 years in various crises and educational programs. Building on this, we have signed a four-year-long strategic cooperation agreement, within which E.ON provides a total of HUF 200 million to ensure the continuity of HIA's programs and, through this, to increase the opportunities of those in need.



# Business solutions for human values



*ALTEO Academy*



*Inclusive employment*



*ESG services*



*Corporate partnerships for the introduction of new technologies*



*My Voice Pulse*



*Continental Health Index (CHI)*



*International Health Week*



*Human value as a pillar of a sustainable organisation*



*TestŐr and Count on Us! programs*



*IFUA non-profit consultancy*



*IWAY, IKEA's Supplier Code of Conduct*



*Upskilling and artificial intelligence*



*MFB Aprófalva Workplace Nursery*



*Interactive ESG and sustainability training*



*Nestlé Needs YOUTH*



*Developing financial culture*



*Digital Patient Pathway Management Web application (BetMen)*



*Employment of people with disabilities*



*Tesco Angel program*



*Re-Power Your Future education program*

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needs  
**YOU<sup>th</sup>**<sup>TM</sup>



## In 2013, Nestlé launched the *Nestlé Youth Employment* initiative in Europe

The company's ambition is to help 10 million young people around the world access economic opportunities by 2030 through employment and employability and entrepreneurship. In 2023, a dual vocational training program was also

launched in Szerencs, where young students can learn the basics of the electrician profession. In the Szerencs factory training center, the interns can practice on the most modern equipment.

**WE HEREBY EXPRESS OUR GRATITUDE TO THE FOLLOWING EXPERTS WHO HAVE PERSONALLY CONTRIBUTED TO THE BCSDH'S TIME TO TRANSFORM 2030 PROGRAM IN 2024:**

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**Sonja van Lieshout,**  
President, World Employment Confederation Europe

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