

# Human Rights Risk Assessment - Summary

## Tisza CCGT – Environmental and Social Impact Assessment

## 1 Introduction and Context

This document presents a summary of selected findings from the Environmental and Social Impact Assessment (ESIA) prepared for the Tisza Combined Cycle Gas Turbine (CCGT) Project.

The ESIA is a comprehensive assessment undertaken to identify, evaluate and manage the potential environmental and social impacts associated with the construction and operation of the Project. It has been developed in accordance with Hungarian regulatory requirements and international standards, including the IFC Performance Standards and the Equator Principles, which are applied by the Project's international financing partners.

The purpose of the ESIA is to ensure that potential risks are identified at an early stage and that appropriate mitigation measures are put in place to avoid, minimise or manage adverse impacts. This summary focuses on the Human Rights Risk Assessment (HRA), which forms part of the ESIA and examines how the Project may affect the rights and wellbeing of workers, local communities and other stakeholders. The aim of this document is to provide a clear and accessible overview of the key findings for a wider audience.

## 2 Purpose and Approach of the Assessment

The Human Rights Risk Assessment was carried out to identify and evaluate potential adverse human rights impacts associated with the Project and its primary supply chain. The assessment follows internationally recognised frameworks, in particular the United Nations Guiding Principles on Business and Human Rights and the Equator Principles, while also aligning with the IFC Performance Standards.

In line with these frameworks, the assessment focuses primarily on potential adverse impacts rather than project benefits. Its main objective is to understand where risks may arise, how severe they could be, how likely they are to occur, and what measures can be implemented to prevent or mitigate them.

The assessment draws on multiple sources of information, including baseline environmental and social data, stakeholder engagement activities carried out as part of the ESIA, and a review of applicable legal and corporate frameworks. Through this approach, it provides a structured and evidence-based understanding of human rights risks linked to the Project.

## 3 Scope of the Assessment

The assessment considers human rights risks across all key groups that may be affected by the Project. These include local communities living in the Project area, vulnerable groups, workers employed directly or indirectly by the Project, and individuals involved in the supply chain.

A wide range of human rights topics has been assessed, including labour rights and working conditions, community health and safety, environmental and social impacts on local populations, supply chain risks, and issues related to security and human rights. In addition, the assessment considers the broader context of the energy transition, particularly the shift from coal-based generation to natural gas, and its potential social implications.

A key feature of the approach is its focus on “rights-holders”, meaning the individuals and groups who may be affected by the Project, rather than focusing solely on business risks. This ensures that the assessment reflects the potential impacts on people and communities in a comprehensive manner.

## 4 Methodology

The Human Rights Risk Assessment applies a structured methodology based on the evaluation of both the severity and likelihood of potential impacts. Severity is assessed by considering how serious an impact could be for affected individuals, how many people could be affected, and how difficult it would be to restore conditions to their original state. Likelihood is evaluated based on factors such as the local context, sector-specific risks and previous experience in similar projects.

The assessment distinguishes between inherent risks, which are present before mitigation measures are applied, and residual risks, which remain after mitigation measures have been implemented. This allows for a clear understanding of how effective proposed measures are in reducing risks.

Through this process, particular attention is given to identifying the most significant or “salient” human rights risks, which require priority action due to their severity or scale.

## 5 Legal and Institutional Framework

The assessment is grounded in a comprehensive legal and institutional framework that includes both international and national standards. Hungary has ratified a wide range of international human rights conventions, including core United Nations treaties and International Labour Organization conventions. As a member of the European Union, it is also bound by the EU Charter of Fundamental Rights and the European Convention on Human Rights.

At the national level, Hungary has established legal protections relating to labour rights, environmental protection and non-discrimination. While this framework provides a strong basis for the protection of human rights, the assessment also recognises that certain challenges remain in practice, particularly in relation to minority inclusion, governance and broader societal issues.

## 6 Local Context and Key Risk Drivers

Understanding the local context is essential for identifying human rights risks. The Project is located in a region with a long history of industrial activity and ongoing economic transition. While the Project is expected to contribute to economic development and energy security, certain socio-economic challenges are present, including relatively higher unemployment rates in some areas and issues related to energy poverty.

Particular attention is given to vulnerable groups, including the Roma population, who may face social exclusion and economic disadvantages. Gender representation in the energy sector is also relatively low, although there are ongoing efforts to improve diversity.

The Project is part of Hungary’s broader transition away from coal-based energy production. While this transition brings environmental benefits, it may also create social challenges, particularly in relation to employment and the need for reskilling. Ensuring a fair and inclusive transition is therefore an important consideration.

In addition, Hungary's reliance on imported natural gas introduces broader supply chain considerations, including potential human rights risks associated with gas sourcing and transportation in international contexts.

## 7 Key Human Rights Risks Identified

The assessment identifies several categories of potential human rights risks associated with the Project. These include risks related to labour conditions, particularly during the construction phase, where occupational health and safety and working conditions must be carefully managed. Supply chain risks are also identified, particularly in relation to labour practices in supplier countries.

Potential impacts on local communities are primarily associated with construction activities, including noise, traffic and general disturbance, as well as perceptions related to environmental and health impacts. Security-related risks are also considered, particularly in relation to interactions between security personnel and local communities, although these risks are considered to be low.

The transition from coal to gas-based energy production also introduces broader social considerations, including employment impacts and the need to support affected workers and communities. In addition, certain contextual risks linked to governance and broader human rights conditions are recognised, although these are often outside the direct control of the Project.

## 8 Mitigation and Management Measures

A comprehensive set of mitigation measures has been identified to address the potential risks. These include the implementation of robust occupational health and safety systems, compliance with labour standards, and the establishment of clear management procedures for contractors and subcontractors.

Supply chain risks are addressed through due diligence processes and the integration of human rights considerations into procurement practices. Community impacts are managed through ongoing stakeholder engagement, transparent communication and the operation of grievance mechanisms.

Security-related risks are mitigated through alignment with international good practice and appropriate training and oversight. In the context of the energy transition, the Project is aligned with national strategies aimed at supporting economic diversification and workforce adaptation.

## 9 Corporate Commitments

MVM has demonstrated its commitment to human rights through a range of corporate policies, including its Code of Ethics and policies related to labour rights, non-discrimination and health and safety. These commitments are consistent with international expectations for responsible business conduct.

At the same time, the assessment notes that there is an opportunity to further strengthen the integration of human rights considerations across all relevant corporate processes, particularly in relation to supply chain management and due diligence.

## 10 Access to Remedy

Ensuring access to remedy is a key component of the Project's approach to human rights. Mechanisms are in place to allow both workers and community members to raise concerns or grievances related to the Project. These mechanisms are designed to ensure that issues are recorded, investigated and addressed in a timely and transparent manner.

Such processes play an important role in identifying potential issues early, strengthening accountability and building trust with stakeholders.

## 11 Conclusions

Overall, the Human Rights Risk Assessment indicates that the Project is situated in a context where human rights are generally protected by a strong legal framework, although certain challenges remain. The majority of identified risks are typical for large infrastructure projects and can be effectively managed through appropriate mitigation measures.

With the implementation of these measures, residual risks are expected to remain at a low to moderate level. The successful management of human rights risks will depend on effective implementation, ongoing monitoring and continued engagement with stakeholders throughout the Project lifecycle.