



MAGNETEC GmbH.

Dr. Martin Ferch
Rolf Röder
Managing Directors






The 10 principles

Langenselbold

03. december, 2012

Table of content

Human rights		.....	2
Global Compact Principle One		.....	2
Global Compact Principle Two		.....	2
Global Compact Principle Three		.....	2
Global Compact Principle Four		.....	3
Global Compact Principle Five		.....	3
Global Compact Principle Six		.....	3
Environment		.....	3
Global Compact Principle Seven		.....	3
Global Compact Principle Eight		.....	4
Global Compact Principle Nine		.....	4
Transparency and Anti-corruption		.....	4
Global Compact Principle Ten		.....	4



Global Compact Principle One

"Businesses should support and respect the protection of internationally proclaimed human rights."

MAGNETEC is treating and appreciating all of its employees in the same manner regardless of gender, disability, ethnicity, nationality, race or religion. There are constant efforts to provide sustained clean, safe and tidy working environment investing into up-to-date technical solutions, developing the existing infrastructure. These initiatives result in a new assembly site opening the gates toward new employees.

Open corporate culture, transparent communication with shareholders and the commitment by top management in the approach of family friendly working conditions lead to constant and stable atmosphere at company level which is continuously developed through periodical workers' satisfaction assessment. Securing the livelihood of suppliers and the partner companies by clear long term business vision as a result MAGNETEC has established relationship with several new suppliers in FY2012.

Global Compact Principle Two

"Businesses should make sure they are not complicit in human rights abuses."

MAGNETEC strictly acts against any means of complicity at company level as well as at business relations. Human rights policy adopted into "Code of Ethics" in 2011 has been re-designed in 2012 to prevent complicity and to provide unambiguous company direction. It is being monitored on potential projects to avoid contributing to abuses.

Global Compact Principle Three

"Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining."

MAGNETEC supports all workers in cases they would like to form and/or join a trade union by their own choice within the existing, valid national laws and regulations. This right is embedded into "Code of Ethics" and there was no violation reported against it in 2012.

Even there is a potential uncertainty in the global market MAGNETEC does not limit or interfere to any activities, projects done by the employees voluntarily apart from the possible risk of long term return on investment.

Workers' Union has its overall freedom acting on behalf of all employees toward the Top Management in any kind of operative or even non-operative topic.

Global Compact Principle Four

"Businesses should uphold the elimination of all forms of forced and compulsory labour."

As a part of „Code of Ethics” MAGNETEC is strictly opposed to any means of forced labour as well as working in return of paying off debt. In case of forced labour all workers has freedom and right to terminate the contract. Company shall not deposit money, personal documents, health or ability related records to force keeping the employment status. No violation was reported in 2012.

Global Compact Principle Five

"Businesses should uphold the effective abolition of child labour."

MAGNETEC does not allow hiring any “Child-labour” unless it may be acceptable according to ILO conventions otherwise. Detailed checking and strict control of the age of possible new employee is the part of recruitment procedure.

MAGNETEC undertakes the responsibility to ensure that any person under 18 (like student in practice) must not do hazardous work or suffer physical, mental or sexual abuse. There was no violation reported or observed in 2012.

Global Compact Principle Six

"Businesses should uphold the elimination of discrimination in respect of employment and occupation."

Referring to Principle One MAGNETEC is treating all workers (People) in same manner. There is no distinction in training, occupation, position, promotion, performance assessments, and recruitment.

MAGNETEC continuously encourages all employees for new challenges, self-improvements providing the needed means on demand like external trainings, consultations, trial in new job assignment, working in project team or even working individually which gains added value on the top of manufacturing practices.

The global approach in strategy, mission, and vision has been realized fitting to the changing market situation but taking the employment status in first priority as the most important “value” in the Company’s daily life. This value was regularly appreciated getting to a higher motivation level by the implemented performance evaluation system. This led to a step up in know-how and practice level in general achieving 10% greater yield output.

Environment



Global Compact Principle Seven

"Businesses should support a precautionary approach to environmental challenges."

MAGNETEC undertakes own initiatives to embed the conscious environmental protection. A completely new aspect-impact assessment method has been worked out and introduced successfully in 2012 to seek out all potentials for improvement and to minimize waste and emission. Emission is closed to zero based on measurements in 2012.

MAGNETEC has initiated its internal energy efficiency monitoring program covering the major resources and materials being used in the manufacturing and infrastructure operating technology and processes. It will be continued in the upcoming fiscal year to evaluate the output and take corrective/preventive measures.

Environment related compliance is continuously monitored and openly published at the Company's website as well as the corresponding policies and objectives.

Global Compact Principle Eight

"Businesses should undertake initiatives to promote greater environmental responsibility."

As a next step the Company has strengthened the suppliers' monitoring and auditing system to review their environmental performance including its result into the newly established approval procedure as a key element.

Environment Management System is completely renewed in 2012 involving the subcontracting flows into the preparation. Renewal was processed successfully identifying several action plans, individual tasks, improvement potentials to be completed. This provides a transparent proof to stakeholders, top management and all employees about sustainability of "untouched" nature by our proactive performance nevertheless showing the Company's attractive attitude.

Global Compact Principle Nine

"Businesses should encourage the development and diffusion of environmentally friendly technologies."

Risk assessment procedures became the part of product and manufacturing technology design. Recycling, pre-qualifying, analyzing several raw materials could decrease the technology waste under 3 %.

Energy consumption slightly and gradually decreased in every quarter improving the facility, operations of machines by new maintenance methods and approach which project will run in 2013 too.

The top management is committed to introduce and transfer best practices, efficient technology and up-to date tools through the whole Company.

Transparency and Anti-corruption



Global Compact Principle Ten

"Businesses should work against corruption in all its forms, including extortion and bribery."

MAGNETEC definitely refuses corruption, extortion and bribery in all its possible form in the approach of "Zero-tolerance" toward both business relations and internally.

Prohibition imposing sanction on is intentionally embedded into "Code of Ethics" indicating inevitable firm steps against corruption.

Material and financial transactions are strictly monitored to identify doubtful cases which may lead to any personal or business advantage/disadvantage or even to slightly destroying the company's reputation.

No violence was reported or detected in 2012.