

Global Compact 2nd COP from MAGNETEC GmbH as of December 2010

Partnerships and the role of business society

We lay emphasis on an open corporate culture, which allows for mistakes to be made and that promotes the strengths of each member of the **MAGNETEC** team.

Participation is important both in our work with clients and internally, as are open communication, feedback and appraisal mechanisms, all of which are actively practiced at **MAGNETEC**.

We actively work to create a climate of acceptance and mutual trust. This has positive consequences for the recognition we receive from our workers, partners and customers.

MAGNETEC has recovered from the crisis very well: +20% business volume compared to 'before the crisis' (2008) which means + 50% compared to 2009 which is a lot for a production company. This is one of the positive results of having avoided dismissals during the crisis. Now we are able again to pay voluntary bonuses to all of our employees – and we did so in December 2010. Our rate of fluctuation is remarkably low which is one proof that our a.m. activities are successful.

Meanwhile we have hired more than fifty new employees in order to satisfy the enormous demand in the market of renewable energies like wind and solar power converters for which **MAGNETEC** supplies highly energy-efficient inductive components.

Anti-corruption

MAGNETEC business role work against corruption in all its forms, including extortion and bribery.

MAGNETEC has established the company's code of ethics and continuously train its employees. The training program has been started in 2010 and the results of effectiveness are evaluated yearly.

In 2010 **MAGNETEC** carried out an internal survey to improve our understanding of business ethics issues across the main business activity. This approach will include a Business Ethics Policy, Handbook and Guidelines, as well as learning phases. These documents and initiatives are being developed to reflect our commitments to fair and transparent business conduct in our operations. Our aim is that we will apply the Business Ethics Policy, which will be finalised in 2011.

During yearly internal audits, **MAGNETEC** carries out a random review of policies and procedures for all essential activities, including topics related to anti-corruption, in order to ensure transparent and sustainable business practices are in place and working effectively.

MAGNETEC has a vested interest in sustainable social, economic and environmental development.

Environmental protection (EMS)

Our environmental policy states our commitment to a continuous environmental improvement and pollution prevention. Our Environmental Management System (EMS) is certified to be in accordance with ISO 14001, and operations are certified globally to ensure that issues are managed consistently.

Our contribution to environmental solutions is guided by strict internal policies. We adhere to national and international standards, rules to advance responsibility in environmental matters.

The organization establish, implements and maintains procedure(s) which identify and have access to applicable legal requirements and other requirements which the organization subscribes, and determines how these requirements apply to its environmental aspects.

The organization implements and monitors documented environmental objectives and targets (KPI's), at relevant functions and levels within the organization. The objectives, targets are measurable and a basis of continuous improvement, prevention of pollution, to compliance with applicable legal requirements.

Carbon dioxide being the primary cause of human-induced global warming, we analyse and identify our impact continuously in term of greenhouse gas emissions, which indicators are quite low.

We also promote energy efficiency, waste avoidance and recycling as core elements of our daily business practice among our employees.

Via our intranet and bulletin boards we are able to facilitate an exchange between employees amongst each other on suggestions and best-practises within the office surroundings. Our continuous improvement system is also a well received and actively used forum for improvements and innovative suggestions to help reduce our environmental impact and to reward environmental responsibility.

In the context of our research and development we have been commissioned with communicating the potential offered by environmentally friendly technologies and standards. Our basic philosophy is to change materials continuously to environmental friendly materials.

For **MAGNETEC**, RoHS directive for Restricted using of Hazardous Substances in electric- and electronic devices is well known. Since 2005-10-01 all our products are manufactured according to RoHS.

For **MAGNETEC** the REACH regulations are identified and well known. **MAGNETEC** take all necessary steps to keep the ability to supply in accordance to REACH regulations in order to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances.

With regards to **MAGNETEC**'s environmental aspects and environmental management system the organization establish, maintain and implement procedures for internal communication among the various levels and functions of the organization, receiving, documenting and responding to relevant communication from external interested parties.

MAGNETEC also maintains procedure to identify potential emergency situations and potential accidents that can have an impact on the environment and how it will respond them.

Further more, we have started since several years to put an focus on new products for the emerging markets of renewable energies like wind and photo voltaic systems. The main target of these products is to improve the efficiency of our customer's electronic apparatus in order to become more energy efficient.

Human rights, labour rights

MAGNETEC is an equal opportunities employer who evaluates its employees by merits only and not on grounds of gender, sexual orientation, race or religion.

All our employees experience appreciation – regardless of gender, race, nationality, ethnicity, religion or philosophy of life, disability, age, sexual orientation or identity. Recognising and promoting this diverse potential creates economic advantages for our company.

MAGNETEC accepts family friendly working-conditions as one of most important challenges in a modern working environment. We provide opportunities for women well beyond the average numbers more than sixty per cent of our workforce is female.

MAGNETEC has developed family-friendly work schemes to facilitate a work-life balance, including part-time work opportunities and extended return programmes for stay-at-home parents.

MAGNETEC eliminates of discrimination in respect of employment and occupation.

MAGNETEC has established a yearly internal training and development programme. We now offer dedicated and tailor-made further education programmes for employees, as well as teach core skills necessary for our work, methodologies, technology, know-how and project management skills.

Workers' Union is a good platform for the **MAGNETEC** employees for internal and external communication and participation in company life and programmes.

Last but not least we perform employee's satisfaction reviews in order to measure the effect of our measures regularly.

In 2011 **MAGNETEC** will continue to actively support the Global Compact and renewing our company's ongoing commitment to the initiative and its principles

Langenselbold, 20. December 2010

Dr. Martin Ferch Rolf Röder
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