

MAGNETEC GmbH

2015



## **Mission**

Forming an alliance with the best possible partners MAGNETEC aims to develop and efficiently manufacture innovative, superior quality products and technology on the top of excellent services which meet or even exceed the customers' special expectations as well.

## **Vision**

Being the leading worldwide customer oriented value adding solution provider in the field of soft magnetic products committed to realize consistent continuous improvement to take the utmost care of environment and to comply with all applicable regulations, directives, laws as well as to promote the internationally proclaimed initiatives.

These provisions are deeply built into the daily routines and accompanying as a basic pillar by the newly established mid-term company strategy up to and including 2020. This strategy strives to cover not only the several external (technological, economical and environmental) aspects but to adapt the social and cultural dimensions too. Sustainable development became an essential social expectation therefore it is an obvious path to support and contribute to national and international proclaimed initiatives. MAGNETEC acts in such a spirit of ambition spreading it as a fundamental company culture at all level of organization.



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

As an employer MAGNETEC' s first priority to take extra care of own employees without exception regardless of gender, age or level of organization.

Assuring the calm working atmosphere within clean, tidy, healthy and safe circumstances is a basic pillar for a working team with positive attitude. Modernization and continuous improvement projects of MAGNETEC premises are spectacularly distinguished among the companies situated within the industrial zone.

All facility is available and made up-to-date at every location to secure the privacy of all employees.

Top Management, HR and Production planning altogether are acting and monitoring on daily basis to optimize the resources and the workload satisfying the customer expectations as well as preventing overtimes and extra work assuring the balance between working and private life.

Ratio of extra work was zero in 2015 and the allocated workdays were offset by day off.

Once every year MAGNETEC offers a donation to such a foundation that look after and help to underprivileged children.

Donation has been running and there was no negative escalation or even suspicion happened since foundation of the Company.



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

Mission and vision of MAGNETEC unambiguously formulate that the Group intends to establish an alliance with the best possible partners only in compliance with all applicable law, regulation, directives contributing the proclaimed initiatives.

MAGNETEC always investigate the entire supply chain without exception before contracting a partnership or any business dealing. Information and customers' inquiries are well documented in certain databases to be accessible to Top Management for decision making.

MAGNETEC is well aware of its social responsibility concerning human rights and understands that its business behaviour has an influence on the society and the environment. In order to warrant a peaceful, fair and sustained use of our worldwide resources MAGNETEC publicly confirms to distance itself from any source of conflict minerals from mines which are being financed or supported by armed groups or there is a potential risk , possibly a well known violation of human rights abuses like Democratic Republic of the Congo or its neighbour countries.  
(Dodd-Frank-Act)

No evidence, recognition or internal/external report in human rights abuses in 2015.

There is escalation neither from MAGNETEC's customers nor from its suppliers.



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

MAGNETEC regularly executes an employment satisfaction survey keeping its anonymity in order to understand those opinions, wishes, proposals of the employees that cannot be disclosed easily by the time of a face to face dialog due to any habitual, 'timid' or personal reason.

This indirect channel of communication is strongly supported by The Workers Union now operating for years. Based on the survey's output an action plan has been created by the Top Management to react to all the feedback company wide at the utmost of effort but within the boundary legal and commercial conditions.

MAGNETEC CHINA has also launched an HR program to have monthly direct dialog with all employees beside the motivating renewed salary and bonus system leading to less fluctuation and overtime.

In 2015 MAGNETEC has organized a so called „Family day” when the family, relatives of the employees could freely visit the company, become acquainted with the work life of them. Several groups formed by their own, families and employees got closer to each other.

MAGNETEC is also promoting and encouraging the employees to arrange collective programs like package tour, sport event, leisure activity that certainly assisted by the company.



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

MAGNETEC' recruitment procedure is applicable for candidates only either the offered job role is permanent or it is temporary for certain period of time.

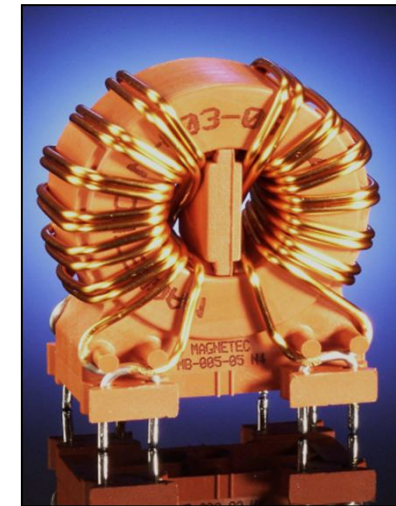
In case of a need of manpower-leasing the employment, offered job roles, its detailed duties, the work environment are also made transparent and demonstrated before any action has been taken by any party.

Working health and safety conditions are being checked 4 times in every month by independent external expert. Health conditions are monitored in every special job role entirely in compliance with the relevant regulations.

MAGNETEC has organized an extra health day for all employees in order to determine of actual health and body conditions discovering any possible even hidden deviation. Result of all medical examination became negative proofing that the work environment, applied technology or materials are not harmful to health respecting all precautions.

Employees are regularly kept posted about safety precautions of the used materials, safety datasheets are all available in local language and at every workplace. Employees can suspend or refuse any duty freely in case of a doubt.

No complain has been escalated since 1984 as well as external investigation did not report deviation.





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

MAGNETEC always orientates the focus in the company culture towards the employees, the families, the balance between the work and private life, as well as the youth containing children.

The unquestionable standpoint of MAGNETEC is that everybody must do their own duties in the right period of life. Proving it true MAGNETEC has organized twice a demonstration day in 2015 to students introducing the busy factory life encouraging them to keep continue study and only after its completion joining to MAGNETEC.

In this perspective MAGNETEC strictly declines volunteers and any means of employment under the age of 18. This Approach has been extended to the whole Group including the affiliated company in China.

MAGNETEC CHINA makes every effort to act according to Global Compact principles under the supervision and support ing of Headquarter. As one of results achieved the company has increased the employment age limit up to 20 years in order to preclude the possibility of child volunteers.

There was no evidence accepting children volunteers or hiring children for any kind of job role since the foundation of the Company.



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

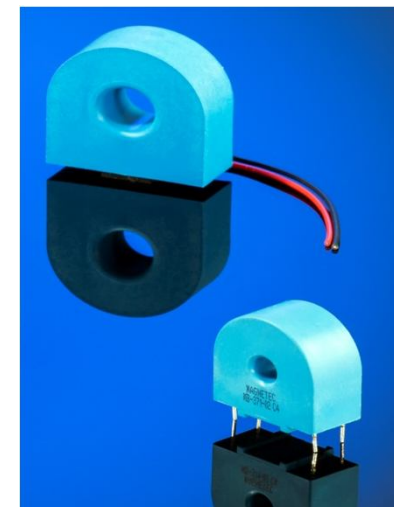
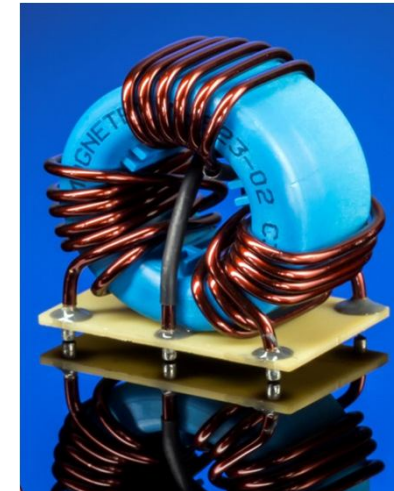
MAGNETEC manages all employees in each processes at every location at all level of organisation without distinction, discrimination respecting privacy, disability, nationality, race or religion. Members of MAGNETEC CHINA are treated in this manner equally when visiting other locations within the Group.

This approach is entirely demonstrated to all visitors, guests, business partners, authorities getting to MAGNETEC from any geographical location of the World.

In 2015 MAGNETEC has reviewed all job role one by one in order to revise their title in such a way that those shall indeed represent the essence of job, the importance of the job, the importance of the person working in that function and targeting future provision.

All employees suiting their level of organisation are equipped same with all means of instrument, tools, electronic devices, protective aids which are indispensable to their high level performance and productive output.

No discriminative approach, harassment, abuse of authority or position , cheating, misleading have been reported or recognized in 2015.





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

Environmental pollution, insufficient consumption of resources, poor waste management, change of climate and loss of biodiversity lead to a lot of harm.

Recognizing this tendency MAGNETEC do the utmost effort to strengthen the development processes in order to provide further innovative, high-tech, efficient and sustainable even unique solutions on the top of actually involved product range and services to all the parties working in the renewable energy field of industry.

Apart from the more and more demanding regulations in terms of environment protection, MAGNETEC as a member of e-car related supply chain is also firmly committed forming alliance with such partner companies aiming invention of „e” technology in transportation.

Such an environment orientation requires that particular strategy what MAGNETEC has just established up to 2020. As a part of it MAGNETEC devotes more power to energy consumption management.

Launching a long term project in 2015 supported by external consultants MAGNETEC will investigate all possible risk and overview the entire manufacturing operation in order to discover and identify opportunities reducing the consumption of natural and artificial resources implementing alternative solutions too.

Goal is to reduce the electrical energy consumption by 1,5% in 2016.

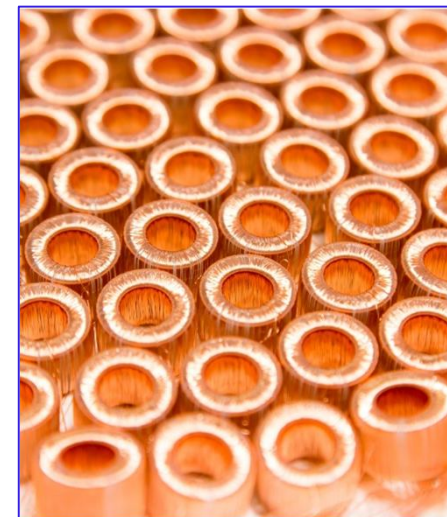
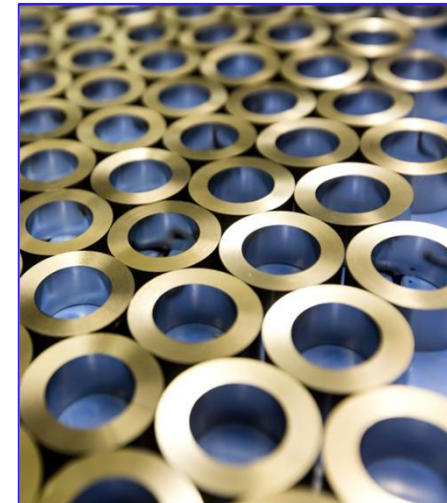


## Businesses should undertake initiatives to promote greater environmental responsibility.

Metallic parts like alloy and copper take more than 60% of the products. In this sense the effective management of cost of manufactured products got also focus in MAGNETEC's strategy beside the innovation, outstanding service level and environment protection.

Based on the continuous analytical work an action plan has been established emphasizing two main key elements of waste reduction possibilities among the already standardized processes like paper recycling or re-use of packing material:

- 1) As a priority of importance the technology has been optimized to be capable for the re-use of technological waste of bare core material preventing final waste as much as possible.  
As a result of this long engineering work the final alloy scrap could be reduced by 14,7% in 2 years which represents nearly 6 tons of metallic material.
- 2) The second element of the action plan is to continuously review and optimize the material norms in the BOM finding precise alternatives for old solutions as well as reducing the raw material consumption which may lead to technological scrap too.  
The achievement became 9,37% copper waste gradual reduction since 2013.



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

Tooling, machinery and infrastructure are partially own designed and developed by MAGNETEC allotting extreme resources and involving years of experiments and research getting to a particularly unique technology.

This technology meets the level of 21th century supposed industry providing the benefit of completely automated operation, less raw material consumption, less waste, zero emission, controlled energy consumption, accurate manufacturing cost planning.

Realizing this benefit three new assets could be implemented in 2015 which are ...

- ... A computer controlled gluing dispenser feeding constant amount of glue at the minimum but sufficient level of consumption.
  - ... A digitally controlled core winding machine for special product types contributing the reduction and re-use of metallic waste.
  - ... An automated coating conveyor providing homogenous and constant surface protection and insulation to the products eliminating the variance and scattering of human factors.
- This system is completely closed having zero emission.





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

The entire upgrade of company's ERP system, improvements in material transactions and warehousing, self-check and review of the operation of past 3 years have initiated the annual statutory external audit to investigate and proof the indisputably compliant operation.

Supplier contracts are revised and renewed detailing the reason of contract termination in case of violation may happen as well as encouraging them to implement such commitments.

Business partners are investigated by the time of pre-selection with regards to business background, foundation, ownership in the publicly available government databases.

Human Resources has integrated the confirmation of character reference into the recruitment procedure. Every new employee must be interviewed before the contract becomes into force.

Revision of all job role description and contract has been started in 2015 stating the company policy and retaliation if breaking a rule may happen.

MAGNETEC is publicly spreading the commitment to „Zero-tolerance” policy and acting accordingly within the whole Group.

No evidence was reported or revealed in 2015. External audits found no deviation.





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