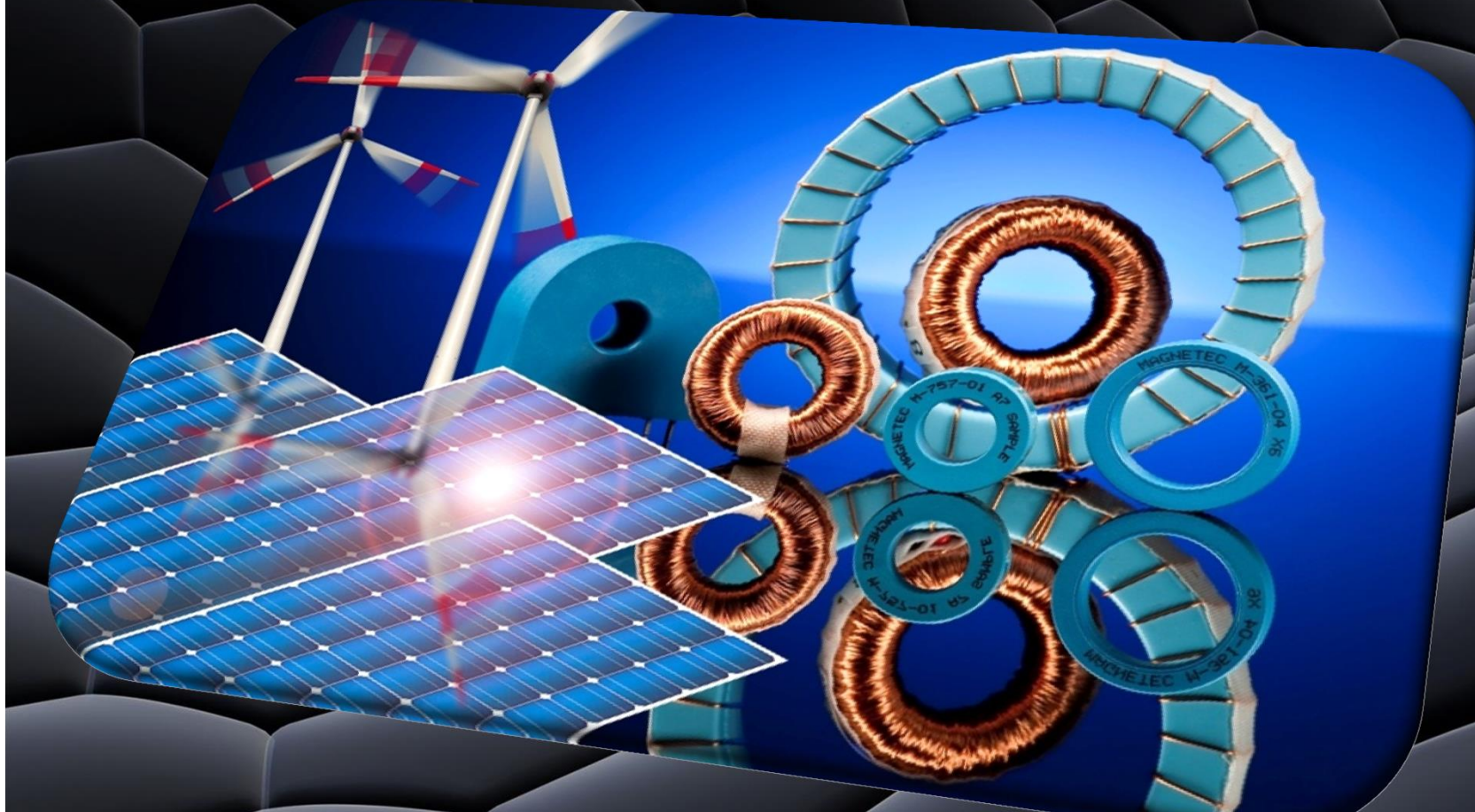


MAGNETEC Global Compact COP 2018



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Our Social Responsibility



MAGNETEC Group is committed to the Global Compact and its ten principles – those are an important part of the strategy and culture of our company.

Company sustainability is one of MAGNETEC's core principles. This means operating in ways that meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. In our sustainability strategy we have set clear objectives for our work not only for the current business year but also for our long – term business.

We as the managing directors of MAGNETEC have personally signed a pledge to continuously work towards the achievement of the goals of the Global Compact.

Dr. Martin Ferch Marc Nicolaudius
Managing Directors
MAGNETEC GmbH

Langenselbold, January 2019

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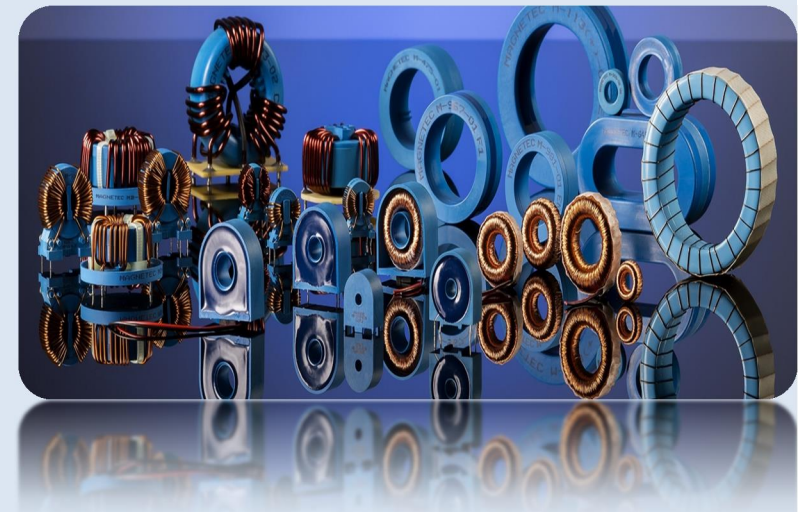
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Mission of MAGNETEC

By committing to sustainability, business can take shared responsibility for achieving a better world.

For us, environmental protection and social responsibility are inextricably linked with long-term business success.

The following report provides an overview of the commitments, standards and management systems which help us incorporate the principles of the UN Global Compact into our business processes. We also report on how we measure and monitor our performance and on the progress we have made, the measures we propose to implement and the goals we have set ourselves.



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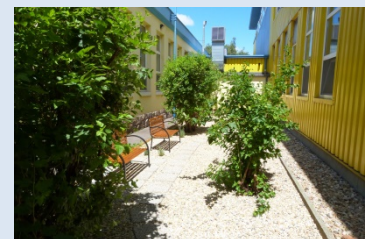
Human rights principles

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

The protection of our employees' health has been crucial at MAGNETEC since the foundation of the company. Continuing the program started in the previous year, in 2018 we completed the review of the applied occupational safety system, which included checking the protection capacity of the safety devices and clothes. Accordingly, new devices were introduced in a number of areas. We regularly check the observance of the occupational safety regulations, the availability of the occupational safety drinks and the temperature, paying attention to everything that may influence the circumstances of our employees' undisturbed work.

We have provided the influenza vaccine free of charge for years and it is compulsory for all our employees to participate in the annual occupational health check.

In 2018 we determined new tasks of implementing developments not yet applied in relation to the health protection of the employees, among which the protection against high summer temperatures stands out.



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Human rights principles

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

The MAGNETEC culture plays an outstanding role in making sure that our employees like to work for the company, where they find friends and where they understand and identify with the set goals while they need to work hard. Obviously, the basis of this is the culture that makes the otherwise difficult working days safe and free of stress. We treat it as a principle that only dialogue can deliver results between the various levels of the hierarchy. Our principles include dialogue, understanding one another and supporting those in need.

We make sure that work is free of conflict and the people working at the same workplace help each other.

We consider it a very important recognition that only satisfied employees can participate in everyday activities with appropriate motivation, be creative and innovative and support the ideas of the company with a positive mindset. A healthy and relaxed employee spends time to train themselves, to which the company offers all support.



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Human rights principles

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

Based on the ideas and requests of our employees, in 2018 we expanded the service standard through the purchase of new fridges and changing cabinets, the installation of new hot and cold drink vending machines offering higher quality standards in all our units and offering bus transport close to our employees' homes in almost every nearby towns, using vehicles ensuring the proper temperature in winter and summer. The plan for the new resting area has been completed; it will offer the opportunity of cultured relaxation. 2018 was the “Year of Culture” at MAGNETEC with a number of unique benefits and services, e.g. cinema or book vouchers.





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Labour principles

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

Fulfilling its legal obligation, in 2018 MAGNETEC prepared its new Data Protection Regulation and pays special attention to its enforcement. Following the practice of the previous years, no problems arose in 2018 regarding the protection of personal data.

There are various forums to express free opinion, including Facebook, the Works Council, group and individual discussions or the idea box. Based on the agreement signed with the Works Council, we negotiate the system of social benefits with the representatives of the employees.

We consider it a very important principle that MAGNETEC makes no discriminative differences between its employees, between the hired workers or between those applying for employment.

The so-called Open Day was organised again in 2018, where the family members could get familiar with the products and workplace circumstances of MAGNETEC. This year it proved to be even more successful than in the previous years as nearly 150 family members took part in the event and our employees presented specialities that caused great surprise to the visitors, e.g. the 3D printer or the application models of the products.



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Labour principles

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

The employees of the company receive clear and straightforward communication about their rights, opportunities, as well as the external and internal rules regarding their work both at the time they join the company and afterwards. MAGNETEC refuses everything that is not based on free decisions after obtaining well-founded knowledge. The company pursues open and transparent business policy and communication, to which it is committed.

The company applies a fair and transparent employment and incentive system, where performance, extra work and work performed outside the normal working hours are appreciated in every respect.

Salaries are in all cases paid precisely and on the dates known by the employees.

The company employs employees from temporary work agencies and fully observes the relevant regulations, making no distinction between its own employees and the hired workers.

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Labour principles

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

MAGNETEC rejects child labour and does not hire employees under the age of 18 years.



A background image showing a wind turbine and solar panels under a blue sky with clouds.

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Labour principles

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

In its internal policies, the company clearly and precisely declared that it applies the same principles regarding all elements of employment – recruitment, salaries, motivation, training, retirement, child-related employment breaks. MAGNETEC rejects everything that makes or would make distinction in the field of employment. The rules are the same for and known to all employees. The company observes the regulations related to data protection and the protection of personal rights during both the recruitment process and employment.

No negative feedback was received related to this issue either in the previous years or in 2018. Equal conditions are ensured for employees with the same qualifications and abilities. The free days the employees are entitled to are granted and overtime is paid for. The rules of overtime work are recorded and all legal regulations are observed.

The company values pregnancy very positively and supports the delivery of the baby both morally and financially. The company expects the employees returning from child care and gladly supports their repeated integration.

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Labour principles

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

MAGNETEC expressly supports and recognises loyalty to the company. Employees who have been working for the company for 5-10-15-20-25 years receive both physical gifts and financial benefits at the annual closing event.

In 2018 we started a new program in special work areas for such a training that makes it possible for talented employees to progress in the hierarchy. One example is the shift leader training program but we can also mention the new training system concerning the whole company. The essence of this system is that both new entries and employees returning to work from prolonged absence are provided training based on the training plan tailored to their positions.

We consider fair and compliant behaviour a very important principle, regarding which the feedback we receive is positive and the company has had no legal cases related to the infringement of labour laws.



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Environmental principles

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

The business year 2018 was especially important in the life of MAGNETEC as the audits of IATF 16949:2016, ISO 9001:2015 and ISO 14001:2015 standards were successfully conducted. We are very proud of achieving this target as this is the feedback proving that what we have done so far for the business successes and for environmental protection has been useful and appropriate. We use and announce our results on all our written documents.



These days effective energy management is not only good business but increasingly a competitive requirement as well. Therefore, we have already envisaged the application and audit of the ISO 50001 Energy Management system.

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Environmental principles

" Businesses should undertake initiatives to promote greater environmental responsibility"

Developments serving the protection of the environment received special emphasis among the goals for 2018. In order to reduce our environmental impact, we determined the use of lower amounts of less hazardous materials and the reduction of waste and harmful emissions in a number of areas. The results: the introduction of selective paper collection regarding hygienic paper tissues. The air-conditioner equipment emitting gases harmful to the ozone layer were replaced and the waste heat emitted by the heat treatment furnaces is now used for heating. Hazardous chemicals may only be introduced in production according to new rules. Previously determined checkpoints were set and only checked and compliant materials may be involved in the process of production.

The environmental awareness campaign was continued. New information materials and analyses were presented through the communication channels of the company.

We fulfilled all authority reports related to environmental impacts within deadline and complied with all the legal requirements.

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Environmental principles

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

MAGNETEC continuously develops its technological processes and does research in order to apply new materials and new technological methods to reduce the environmental impact. The company regards it as a top priority to reduce the environmental impact in case of new investments. It monitors its processes and takes measures to reduce harmful emissions. The new generation MAQL furnace was introduced to production in 2018, enhancing efficiency through its more modern technology. By the end of 2018 the company discontinues the production using nickel tape, thus making a significant step towards reducing the environmental impact.

The customer and supplier partners of MAGNETEC both accept and recognise the goals of MAGNETEC related to environmental sustainability and we jointly make steps to ensure the sustainability of the future.



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Anti-corruption principle

“ Businesses should work against corruption in all its forms, including extortion and bribery „

The philosophy of MAGNETEC clearly rejects all forms of corruption and this is what it communicated towards both its employees and partners.

The company has a code of ethics. The risk factors were identified and all possible risk elements were excluded.

The internal processes are well organised and the system of controls operates, excluding all potential problem areas.

MAGNETEC completely distances itself from all forms of corruption and endeavours to maintain the cleanliness of business with all possible means.

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Our company in Hungary

