

CSR-REPORT

Corporate Social Responsibility
Melecs Group
Financial Year 2021

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FOREWORD

Since the spring of 2020, all of our lives have changed dramatically in a lot of ways. Unprecedented, drastic events hold us firmly in their grip. These events have physically, but above all psychologically, demanded a lot from us and will continue to do so.

The Coronavirus pandemic has had a massive impact on all of our lives over the last 30 months – both on our private and our professional lives. We have established a crisis management system which aims to manage the health risks at our sites in the best possible way, without neglecting the interests of our customers and other stakeholders, as well as the commercial aspects. Thanks to our employees' help, we have managed to cope well with this difficult, extremely complex situation so far. In times like these, you realize how important health is, as well as good personal social contacts. These are issues that are also very important to us as an employer.

We have also learned a lot during the pandemic; for example, we have realized that with the help of modern media and state of the art IT infrastructure, it's also possible to work productively and efficiently in a home office. These valuable experiences will serve us well in the future, where the job allows it. Where possible, we want to continue to offer our employees the opportunity to work in a home office from time to time.

However, since the personal contact of our employees as well as the proximity of our employees to the company is also a matter of concern to us, we consider a hybrid office/home office solution to be appropriate.

We have also learned that many discussions and meetings can also be held online, and that a time-consuming, costly and resource-intensive journey is not always necessary – even after the end of the pandemic. How fragile our environment, our climate is, has unfortunately also been shown to us all too often in the recent past. Extreme heat periods, severe storms and floods are becoming more frequent. Energy shortages and skyrocketing energy prices caused by the terrible war in Ukraine are also a cause for concern.

We must ALL do our part to keep the degree and effects of climate change as low as possible – for the sake of future generations. We can contribute in all areas of our work with careful, economical use of resources, and we can also make a positive difference with innovative product solutions in all our business areas.

Mag. Bernhard Pulferer
CEO Melecs EWS



FOREWORD

The fact that the topic of sustainability is also becoming increasingly important to our customers is evident from the increased requests for calculations of CO2 footprints of products and their improvement. Future corporate reporting requirements on sustainability reinforce the need to intensify the focus on these issues.

For this reason, in 2021 Melecs has increased its focus on sustainability and started a project related to the implementation of the Sustainable Development Goals (SDGs) set up by the UN. In this project, the SDG goals for Melecs were elaborated and defined. During the course of the project work, it was found that many of these goals are already being actively pursued at Melecs and that measures are being taken to achieve them.

Undoubtedly, mitigation and management of climate change are among the greatest challenges of our time. So, let's all do our part together.

**On behalf of the entire Melecs management team,
I would like to thank you for your valuable contribution
to the fulfilment of our social responsibility!**



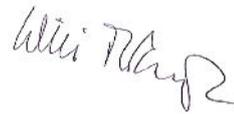
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1 WHAT DOES SUSTAINABILITY MEAN

Using natural resources in such a way that the generations to come are also still able to use them.



2 MELECS' 7 SDG GOALS

At the United Nations General Assembly in September 2015, the 193 member states, represented by their heads of state and government, adopted the 2030 Agenda for Sustainable Development, the first globally valid Sustainable Development Goals (SDGs).

Based on these goals, we intend to design our sustainability program in the future and we declare our willingness to align our activities towards sustainability with these goals.

In 2021, the Melecs Management Board agreed to focus in particular on 7 specific UN Sustainable Development Goals (SDGs) - with a specific focus on Goal #13. These goals provide the framework needed to align sustainability activities at Melecs internally, as well as, externally.

This means that our past and future sustainability activities will largely target the following 7 SDG goals. However, our core focus will be on measures to improve the main goal #13 - climate action - which is particularly close to our hearts.

Good Health & Well-Being



Quality Education



Gender Equality



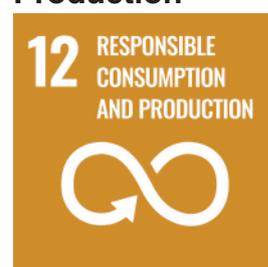
Decent Work & Economic Growth



Industry, Innovation & Infrastructure



Responsible Consumption & Production



Climate Action



3 THE COMPANY



Melecs has many years of experience as a reliable development and production partner to industry. As a specialist for electronics in the areas of automotive, automotive lighting & interior, home appliances and industrial applications, Melecs offers its customers everything from a single source: from engineering, to project management and industrialization, all the way to production and logistics.

Ownership structure

Melecs has its roots in Siemens AG Austria, based on a management buyout by the three shareholders Friedrich Pressl, Ernst Mayrhofer and Bernhard Pulferer in 2009.



Alongside the company headquarters and the production location in the town of Siegendorf in Burgenland, Melecs EWS has two additional sites in Austria: a sales office for industrial applications in Lenzing/Upper Austria, as well as the Vienna location, where the entire Research & Development department of the remaining business units is based.

In 2011, Melecs expanded and opened a further electronics plant including a test and validation centre in Győr, Hungary. Additionally, a production location was established in Wuxi, China, in 2016 to provide support to global customers. 2018 was the year of Melecs' entry into the North American market with the opening of a dedicated sales and development office in Auburn Hills, Michigan.

Another milestone was set in early 2019: Melecs EWS GmbH became a 70 % majority shareholder of Prettl Electronics Querétaro, S.A. de C.V. in Mexico and took over the entrepreneurial leadership of the electronics company. At the end of 2021, Melecs EWS also took over the remaining 30 % shares in Prettl Electronics Querétaro and is now 100 % owner of the Mexican electronics plant.

Core competences

The Melecs Group is - with a turnover of approximately 300 million euros and around 1600 employees - the largest electronics engineering and manufacturing service

(E2MS) provider with Austrian roots, with over 25 years of experience.

Electronic components by Melecs can be found in control units and LED applications in cars made by international premium manufacturers as well as in household appliances (washing machines etc.) of the European market leader. Apart from customized products and solutions in the fields of Automotive Control Systems, Automotive Lighting & Interior and Home Appliance Systems, Melecs also develops and produces electronic modules and integral solutions including unit assembly for the field of industrial electronics, such as controls for escalators or energy-efficient heating systems.

A global production system enables the local support and industrialization of products requested by international customers. Our highly automated, digitalized and award-winning production (including winning "Factory of the Year 2018") and globally-consistent manufacturing standards allow us to be highly flexible, efficient and resilient.

4 OUR PHILOSOPHY

Vision & Mission

Profitable growth through innovation, productivity, sustainability and conscientious employees

Our customers integrate

us into their strategy as a reliable partner.

We offer

innovative solutions in clearly defined fields.

We continuously expand

our competences throughout the value chain.

We trust

in the potential of our staff and create the necessary framework conditions for independent, result-orientated action.

We secure

our economic success and growth by embodying our quality policy and strategic cooperation.

We stand by

our locations in Europe, rise to the challenges posed by globalization and follow our internationally active customers in their core markets.

We fulfill

our legal obligation to society by means of our active, sustainable environmental management system.

We generate

sustainably positive results with our services.

5 MANAGEMENT & EMPLOYEES

Melecs Code of Conduct

The fundamental requirement for the company's success is the dedication and willingness of every single employee to contribute to the fulfilment of the framework conditions and the implementation of the corporate goals in order to achieve the desired results.

An independent work ethic in the context of the respective task and a focus on fulfilling the overall interests are what form the basis of our collective success.



Current Melecs Code of Conduct



Our **understanding of leadership** is consistent with the following values:

We see
leadership as playing a key role in achieving our business results
and increasing competitiveness.

We lead
by conviction, rely on commitment and abide by the agreements we have made.

We challenge
our employees by establishing clear framework and result guidelines,
and we regularly check their contribution to achieving results.

We reward
the performance of employees on the basis of transparent criteria and provide fair compensation.

We push and encourage
the development of all employees regardless of their gender, age, religion, nationality
and social standing.

6 EMPLOYEE DEVELOPMENT

Melecs offers numerous employee development programs, various staff training courses, as well as a talent and junior leadership programs.

Onboarding

New employees are welcomed to the company as part of the regular Melecs Onboarding event.

The aim of the event is to provide the employees with a practical introduction to our company, allowing them to become integrated into the Melecs team quickly and helping them to face all the new challenges in the workplace with confidence. A brief introduction of the new employees is followed by a company presentation by our management, as well as further insight into company-related topics. The event ends with a tour of the Siegendorf plant for all the new employees.

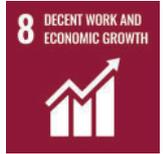


Promotional discussion

In line with company policy, Melecs is committed to the consistent development of our staff. The objective is to ensure that we can continue to sustainably cover the key roles in the company well into the future with ideally suited employees. The central emphasis of the promotional discussions is therefore on the long-term development of important employee competences. The best way to ensure this is with a diversified, comprehensive program of initial and ongoing training that systematically pushes employees to excel.

Soft job rotation

The “soft job rotation” contributes to promoting the culture of innovation within the Melecs Group. The success of a company depends on the smooth interaction between departments and the active members of the company. Here, the actions of an individual have an effect on colleagues and thus a significant impact. The “soft job rotation” provides employees within or outside of a department/group with the opportunity to increase their level of knowledge by learning on the job and to consciously support the transfer of information.



6 EMPLOYEE DEVELOPMENT

Here at Melecs, leadership and cooperation are fundamentally characterized by the conversations that take place between management and employees. The most important employee management tool, apart from the monthly results meeting, is the annual appraisal.

Annual appraisal interview

The annual appraisal serves to clarify and review mutual expectations, improve the relationship between superiors and employees, promote openness and mutual understanding, and make cooperation easier.

It is carried out once a year and is designed to help reflect upon the respective framework/KPIs and, if necessary, adapt them. The aim is for the employee to obtain clarity about what is required of them, what responsibilities and freedom of decision-making they have, and the results by which they are evaluated.

Beyond this, the annual appraisal also aims at rewarding the achievements attained by the employee, to work on competences with regard to strengths and potential for improvement, ascertain and discuss where there is a need for development and training, and determine the level of employee satisfaction. In addition, participation in a soft job rotation program can also be defined.

Discussing the personal working and professional situation as well as the degree of satisfaction is of particular significance for the orientation and dedication of the employee in their work, their identification with major goals and the company.

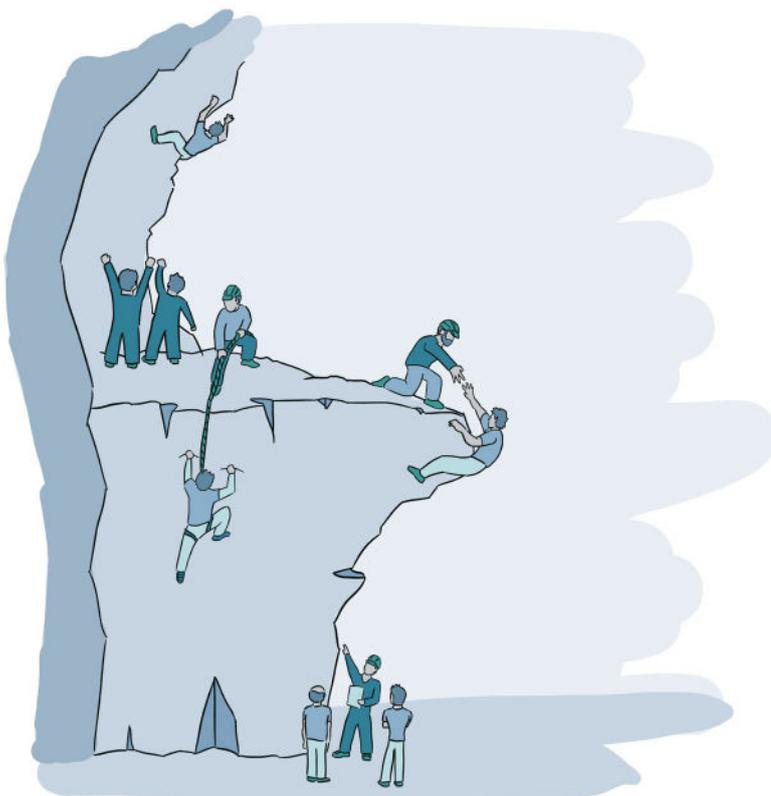
“Release your potential”

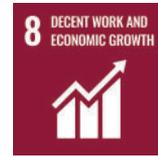
This program stands for movement, development and strengthening of one's own potential – in both thoughts and actions. The principle “Release your Potential” defines the entire development program: the use of various training methods is designed to promote and encourage one's own development, as well as expand the range of actions.

After completing this approximately 1-year program, the participating employees receive a certificate of completion, which recognizes their successful participation in the program.

Leadership development program

Those employees who already hold a management position have the opportunity to take part in the leadership development program. This modular training course serves to support the managers in their personal development and to strengthen the management team in the pursuit of team-building activities. The target group for this program consists of existing managers who have been nominated in the promotional discussion and, future new placements from the talent program.





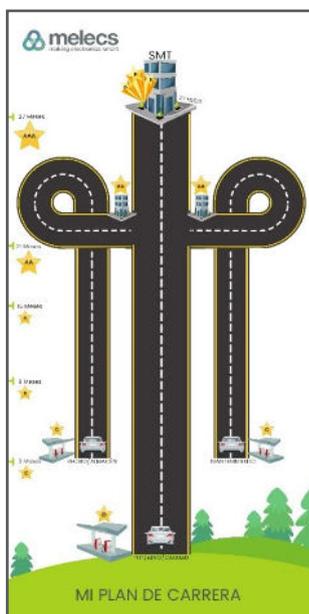
6 EMPLOYEE DEVELOPMENT

Melecs BEW & BEQ also offer their employees employee development programs, such as the BEW Internal Sharing Program and the BEQ Career Path.

Internal sharing program BEW

The third season of the Internal sharing program in Wuxi was successfully completed. From the first “Time Management” course, which started on July 26, 2019, to the seventeenth “Basic Photography Skills” course, held on September 10, 2021, the BEW Internal sharing program has had three successful seasons. Our trainers patiently shared their knowledge and skills, while the participants were actively engaged through discussion and interaction. This fostered collaboration and all participants benefited substantially from the exchange of knowledge.

In BEW, great emphasis is placed on knowledge dissemination within the organization and is therefore encouraged. This is why this platform will continue to develop in the future – we already plan to continue the program.



Career path for employees at BEQ

A career path has been created for production employees in BEQ, giving them the opportunity to grow and develop. This strengthens the sense of belonging and provides the opportunity to gain more experience and knowledge.

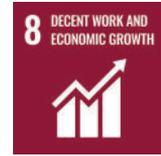
All employees start off at the “D” star. Any employee wishing to advance must meet the following requirements:

- Compliance with internal work regulations
- Being aware of and applying the Melecs principles of conduct.

- Zero unexcused absences and daily punctuality.
- Passing the theoretical exam (with 80 % or more)
- Perform work well

The employees are very motivated to continue their career path and achieve the “AAA” star with the help of these tools:

- Supervision and support from production managers and supervisors.
- Guidance from the Human Resources department
- Training
- University scholarships



6 EMPLOYEE DEVELOPMENT

Melecs also offers its employees employee development programs as well as the opportunity to participate in internal and external training. Strategy workshops and team-building activities are also held regularly.

Further education 2021 in BEG

The continuous education and training of employees is an important pillar of business success and long-term stability at Melecs. During the pandemic period, these important activities were not neglected in our company either. In 2021, BEG colleagues participated in several classroom and online training sessions.

In December 2021, 28 of our employees, divided into several groups, participated in a training seminar on our IPC processes and received a diploma after successful completion.



OGSM event & team building BEQ

Once a year, BEQ hosts the OGSM (= Objectives, Goals, Strategies and Measures) event together with the BEQ leadership team. The goal is to define the annual strategies, key action plans and KPIs that have a positive impact on EBT. Halfway through the year, action plans will be reviewed within teams to determine progress. Another very important component of this meeting is to create a sense of belonging and comradarie among employees.

One day after the OGSM meeting, a team-building event is held with the goal of integrating all departments so that employees can reinforce the concepts of teamwork, communication, and trust.

A sporting activity is held at an out-of-town location to focus on the aim of the event – which is to teach employees the importance of communication and coordination, and to create a sense of collaboration and belonging that enables them to make important decisions in order to achieve goals.





7 AWARDS

Melecs was rewarded with the following prizes and awards in 2021.

B/S/H/ award “2021 Recognized Project Contributor”

In 2021, Melecs Wuxi participated in the “2021 B/S/H/ Region Great China Supplier Day” event in Nanjing together with more than 200 representatives from key suppliers. They received the award for the “2021 Recognized Project Coordinator”.

This recognition relates to service capabilities in the areas of project management, quality and delivery performance, etc.

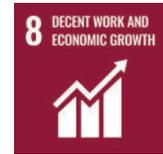


“2020 Huishan Excellent Enterprise” Award

In the face of complex situations, serious challenges and unprecedented difficulties in 2020, EWW achieved a double win in epidemic prevention and control along with, outstanding business performance and development. On this basis, the working committee and management committee of Huishan Economic Development Zone decided to award the enterprises that made special contributions to the overall development of HEDZ in 2020.

Following an intense competition and rigorous selection procedure, Melecs Wuxi received the award of “2020 Huishan Excellent Enterprise”. The criteria for selection include the company’s performance, scientific and technological innovation, rapid development, export volume, coordinated development of corporate culture, etc.





8 QUALITY AWARENESS

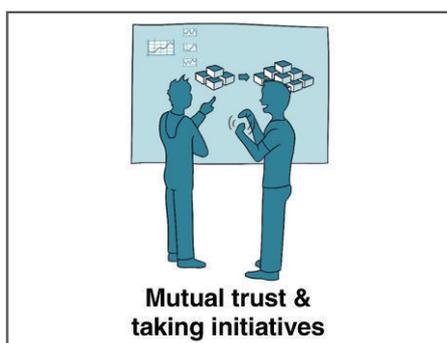
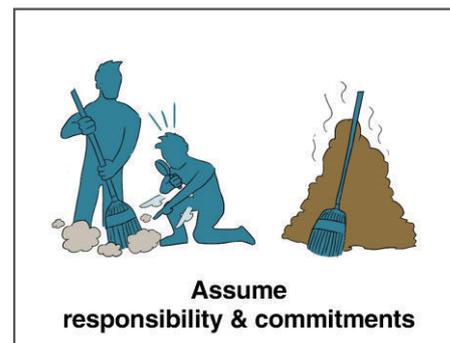
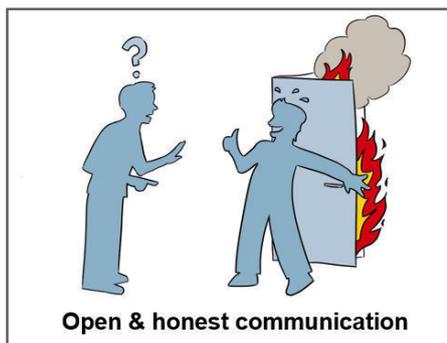
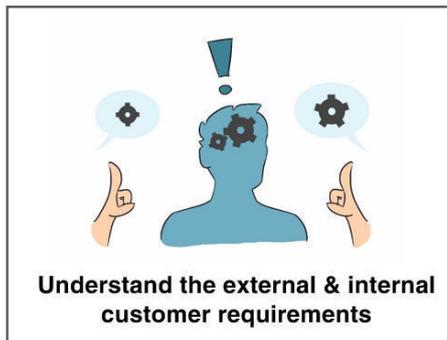
Quality is one of the most important topics in the company and will continue to be an ongoing focus at Melecs in 2021.

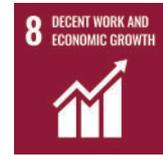
Quality mindset 2021

In our industry, it is essential to embody quality every single day. This is why we ran the Quality Mindset Programme once again in the 2021 financial year.

Quality mindset is an ongoing process. This includes coordination between internal customers and suppliers. This is an important task for all team and department heads. Only by observing these standards can we sustainably improve our co-operation.

The 12 Quality mindset principles are the foundation for our daily work! Every month, we highlighted one principle. Practical examples and success stories illustrate the practical application of the principle.





8 QUALITY AWARENESS

Learning from mistakes

Continuous improvement with elimination of the causes of errors

Time pressure is no excuse for compromising quality

Access quality risks by involving experts

There is no compromise on product quality

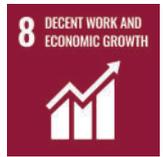
Balance between quality, time & cost



“Quality month” initiative at BEW

In 2021, the Wuxi Business Entity launched a one-month “Quality Month” initiative to raise quality awareness among all employees and ensure that all employees are attentive to product quality with the aim of achieving continuous improvement.

The main focus of this initiative was to improve quality management and produce top-class performance.



9 SOCIAL COMMITMENT

Melecs gets involved where employees live and work, and supports initiatives in the regions surrounding the locations with donations and sponsoring.

Christmas donation 2021

In the yearly tradition, Melecs donated the Christmas gift budget to a social project. This year we have donated EUR 5,000 to the Petz Aladár County Hospital Győr.

The money will be received by the LURKÓ Foundation for the children's ward of the hospital. The foundation is not governmental and depends on local organizations for this kind of support.



Sponsoring the ASKÖ tennis hall Eisenstadt

ASKÖ Eisenstadt is an important sports organization in the region. It has made a name for itself for years with the successful work it does for youth and the promotion of talent.

Melec's shareholder and chairman of the supervisory board, Friedrich Pressl, was a guest and presented, as a thank you for the free seats, a large radio controlled clock. Heinz Mock, chairman of the ASKÖ, graciously accepted the clock. We're very happy about this cooperation and about the growing awareness of Melecs in the surrounding area.

Business Run 2021

After a short hiatus due to the coronavirus pandemic, the Business Run could finally take place again. This was held for the 20th time in 2021 – reason enough for the motivated Melecs employees to be there again in 2021 and to celebrate the Melecs team spirit.



9 SOCIAL COMMITMENT

GSAM team event 2021

After a year and a half of social distancing, the time had finally come this September 2021. As part of the GSAM Summer Party, colleagues from the BUs, CE and R&D met at the Vienna City Beach Club in a relaxed beach atmosphere.

Everyone enjoyed food and drinks along with an opportunity to play beach volleyball, gather at the "Wuzler" and have extensive conversations with colleagues that they have not seen in person for a long time. In light of the enthusiasm with which everyone took part, it goes without saying that we will include the summer festival in our annual calendar.



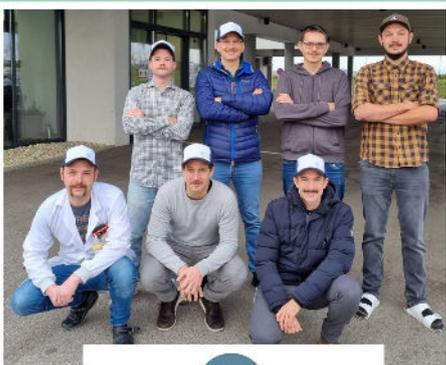
November fundraiser 2021

The month of November, in this case also called MOVEMBER, had a very special meaning at Melecs: grow a "Mo" ("Moustache") and let's fight together for men's health.

Because of donations and collections throughout the month, 760 euros was donated to "Movember Foundation".

This foundation is committed to the research and prevention of diseases that affect men such as prostate cancer.

Many of our colleagues showed up again this year as a team.



9 SOCIAL COMMITMENT

2021 end-of-year party of BEW

The 2021 end-of-year party at the Wuxi Electronics Plant was a New Year's celebration of a different kind. Colleagues from Melecs Wuxi gathered in the BEW factory hall and spent a great time together with karaoke, games and well wishes for the start of a new, dynamic year.



BBQ outdoor team building event at BEW

As a thank you for the hard work put in by the employees of the Wuxi Business Entity, a joint outdoor barbecue was organized. Everyone enjoyed the delicious food, meeting with colleagues and the wonderful atmosphere out in nature.



9 SOCIAL COMMITMENT

Social internship for children in BEW

During the summer vacations, the children of BEW employees had the opportunity to take part in a one-day social internship, which gave them a first-hand experience of the company's day-to-day work.

After a tour of the production hall, the children were taught all about Melecs corporate culture and EHS & ESD skills. Afterwards, the children carried out age-appropriate work independently.



Occupational health at BEW

In accordance with the Law on Prevention and Control of Occupational Diseases, the Wuxi Electronics Plant has decided to conduct a review of occupational risk factors and, for this reason, has organized a physical examination for employees. Local laws and regulations were fully complied with.

According to the requirements of the Occupational Diseases Catalog, the X-ray equipment is a health risk factor for the employees. For this reason, there is an obligation for the relevant operators, engineers and administrators to undergo occupational physical examination and participate in the safety training and examination organized by the local functional departments before operation is started.

9 SOCIAL COMMITMENT

The issue of health is also taken very seriously here at Melecs. For this reason, we regularly offer health campaigns such as vaccinations and health days.

Supported health campaigns BES

To provide our employees with preventive care, Melecs has been promoting various health campaigns and preventive measures for years, such as:

- Medical check-up
- Vaccination campaigns (flu and tick vaccines)
- Eye test
- First aid course
- Fire safety course
- Stress & burnout prevention course
- Workshops on physical fitness

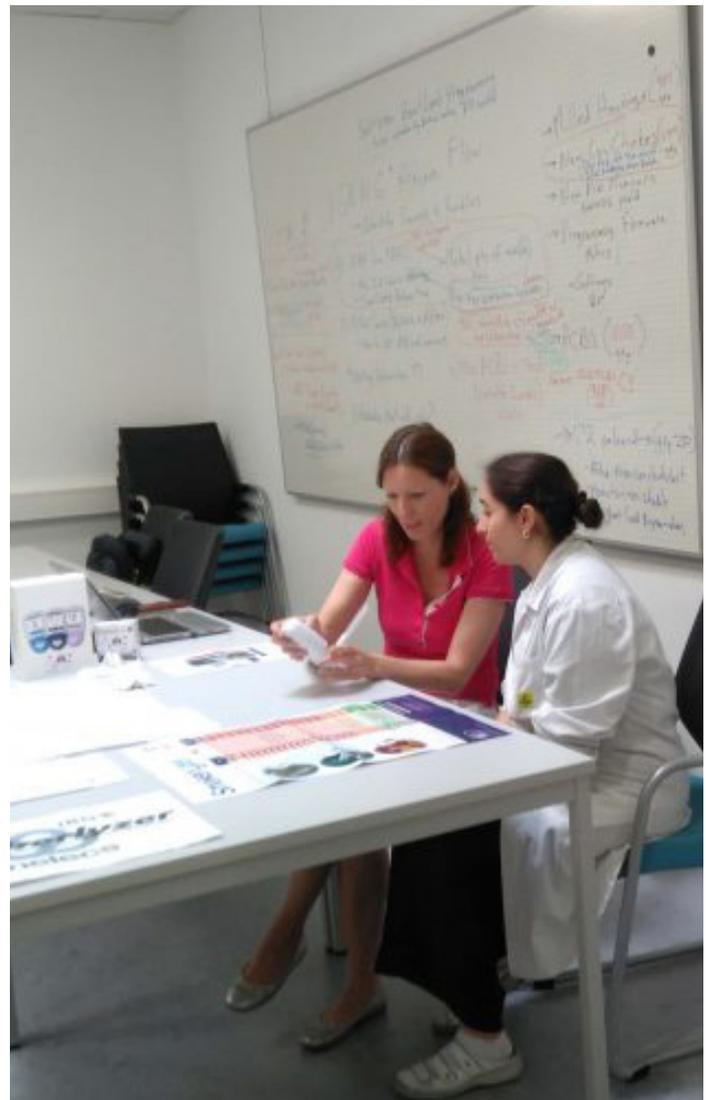
In 2021, vaccination campaigns (tick protection as well as flu vaccination) as well as eye tests were carried out again.

Health day in Siegendorf

In 2021, this health event could unfortunately not take place at the Siegendorf site due to the Covid19 pandemic situation.

The event with numerous health stations such as muscle function test, blood sugar and blood pressure measurement, bioscan body analysis, etc. as well as information on various health topics was always well received by the visitors. Active support was provided by colleagues from AUVA and IBG.

We are already looking forward to the next Health Day, which will hopefully take place again soon.



9 SOCIAL COMMITMENT

The area of health and social responsibility also has a high priority at Melecs BEG – for this reason, the company supports the well-being of the general public through monetary donations, donations in kind as well as blood donations.

Donations in BEG

Every Christmas, Melecs BEG donates to a social organization to help people who are less fortunate. And the children who grow up without parents are not forgotten either.

For these children, a collection of Christmas gifts is lovingly put together at Christmas.



Small gifts for special occasions in BEG

Special celebratory occasions are always important in Győr and are therefore given special recognition. These occasions are used to give the employees at the site a little joy with small gifts, for example on Women's Day, St. Nicholas Day and of course at Christmas time. The employees are always very happy to receive these tokens of our appreciation.



Health actions at BEG

Every year in February, a blood donation campaign is organized at EWG. Employees can take 2 hours off from work for this and participate in the blood donation campaign at the hospital.





9 SOCIAL COMMITMENT

BEG plastic bottle lid collection 2021

A special donation program has been ongoing in Győr for years. As part of this, the employees collect all lids of plastic bottles at various places throughout the company building, such as the kitchen, canteen, as well as near the PET waste.

These are then given to a family in need each quarter. By returning the collected lids, the families receive money back, which is then used for their child's medical treatment. This year Viola and Bence were delighted to receive this great donation.



BEG fundraising campaign for those in need 2021

This year, BEG employees have again supported needy families, people with disabilities, orphans and the elderly to bring them some happiness as well.

Anyone could participate in the collection campaign – unused and well looked-after clothing, toys and technical items that were no longer needed were collected and then passed on to those in need.



BEG animal shelter donation 2021

On November 6, 2021, the Melecs colleagues handed over the collected donations to the animal shelter in Győr.

The packages contained food, blankets, toys, etc., as well as 22,450 HUF, which can be freely used by the shelter staff depending on what the animals need.



9 SOCIAL COMMITMENT

BEG competition “drawing for Santa”

At Christmas time 2021, a painting competition was launched in Győr for the children of BEG employees across 3 age groups. The children had a lot of fun and the three first place winners in each category received a small gift consisting of chocolate, a soft drink, as well as a Melecs pen and a Melecs bracelet. The children were very pleased with their prizes.



GYERE TE IS BICIKLIVEL DOLGOZNI SZEPTEMBERBEN!

A FENNTARTHATÓ FEJLŐDÉS JEGYÉBEN LETREHOZTUNK EGY AKCIÓT A BICIKLIVEL VALÓ MUNKÁBA JÁRÁS NÉPSZERŰSÍTÉSÉRE

Bringázz a munkába!

MIÉRT ÉRDEMES?

- VEDJÜK A KÖRNYEZETET
- EGÉSZSÉGMEGŐRZÉS ELŐSEGÍTÉSE
- MINDEN RÉSZTVEVŐ GARANTÁLT AJÁNDÉKBAN RÉSZESUL
- ÉRTEKES BRINGÁS AJÁNDÉKOKAT SORSOLUNK
- FŐDJI EGY AJÁNDÉKTALVÁNY
- KÜLÖNDJI

20.000 Ft



BEG competition “Cycle to work”

In September 2021, 38 employees from Győr took part in the “Cycle to Work” competition.

For this, the participants collectively covered a total of 5,200 km on their bikes just to get to work!

The maximum distance between home and the office was 54.3 km. One of the ladies who participated was the one who covered the most kilometers during the month – 130 km to be exact.

This competition resulted in BEG colleagues leaving their cars at home 450 times, saving more than 500 kg of CO2. A huge success not only for their own health, but also for the environment.

Melecs hopes to create a new tradition with this 1st challenge in the company and, in doing so, motivate more and more colleagues every year to cycle to work!

9 SOCIAL COMMITMENT

Social commitment is also actively practiced at Melecs BEQ.

Monthly award for the best production line in BEQ

This program is conducted in BEQ each month to determine the best production line at the Melecs Mexican site based on the change in average model and production line efficiency rates. Supervisors analyze the results achieved in each production line to determine the best one of the month.

Employees who win the award receive a nice recognition from their supervisors and production managers. A recognition message is also published on the LED screens within the company.

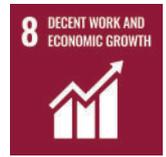


Inauguration of the new company canteen in BEQ

At the Querétaro Electronics Plant, a larger cafeteria lounge was completed for employees, which now provides sufficient space for all employees working the three shifts. This comfortable and secure space is now unaffected by weather and has ample room for tables, chairs, water dispensers, vending machines, refrigerators and microwaves.

Melec's CEO Bernhard Pulferer personally attended the inauguration event in Querétaro and was able to meet our union representatives who expressed their gratitude and support for completing this project.





9 SOCIAL COMMITMENT

Support for employees in BEQ

Ongoing support for employees and their family members who are suffering from an illness, etc., is a matter of course at Melecs.

For example in 2021, support was provided to the wife of a New Product Implementation Manager who was diagnosed with cancer. Money was raised for her treatment and BEQ staff sent messages of encouragement to express support and compassion.

Implementation of a feedback box in BEQ

In front of the entrance to the production area, a highly visible feedback box has been installed in BEQ, where employees - completely anonymously, of course - can submit any kind of requests and complaints.

Only the CEO and the plant manager have access to this feedback box. Once the complaints deposited in the box have been reviewed, an action plan is defined to find the best solutions to the concern.

BEQ employee survey 2021

In 2021, BEQ conducted an employee survey on the topic of the working environment. The survey included questions about communication, infrastructure, professional development, teamwork and cooperation, supervision, leadership and administration, own workspace, and sense of belonging.

The HR department analyzed the results obtained in comparison with previous results in order to establish an action plan to improve working conditions within the company.

According to the Federal Regulation for Safety and Health at Work, issued by the Secretariat of Labor and Social Prevention in Mexico, the psychological risk factors must also be considered and interrogated to evaluate the interactions between the employee, the working environment, satisfaction and working conditions within the company.

So two surveys were conducted to identify the psychological risk factors in the company and to assess the organizational environment. Based on these results, psychological sessions were scheduled for those employees who had suffered a severe traumatic event or had difficulty overcoming side effects of Covid-19.



		ENCUESTA DE CLIMA LABORAL	
<p>A continuación te presentamos el siguiente cuestionario que tiene como finalidad encontrar áreas de oportunidad que permitan mejorar el clima de trabajo en la organización. Las respuestas son opiniones basadas en la experiencia de trabajo, por lo tanto no hay respuestas correctas ni incorrectas. Se debe leer cuidadosamente cada una de las preguntas y marca la respuesta que mejor describa la opinión.</p>			
Fecha:		Área:	
Por favor marque con una "X" en la casilla, siendo 1 la puntuación mínima y 5 la máxima, de acuerdo con las siguientes afirmaciones:			

10 COOPERATION WITH TRAINING FACILITIES & INSTITUTIONS

Melecs has been working closely with universities and secondary schools for many years. Furthermore, Melecs regularly makes appearances at international trade fairs.

Cooperation with universities in BEG

Melecs is committed to giving young graduates the opportunity to start their careers in the company with the help of experienced colleagues.

As part of a collaboration with Széchenyi University, László Tóth, a student of automation technology, wrote his diploma thesis at Melecs in Győr. Attila Kovács, group manager for automation and test engineering at Melecs, provided technical and practical support for the work.



Participation in international trade fairs 2021

In 2021, Melecs appeared for the first time at the joint booth of the WKO at the IAA mobility fair in Munich, where we were able to present our innovative strength and manufacturing capacities to potential customers & suppliers. Various OEMs were also interested in our expertise.

Additionally, this year our colleagues from Wuxi were represented for the first time at a very important international automotive trade fair – Auto Shanghai 2021. The event lasted a total of 10 days and took place over an exhibition area of more than 360,000 square meters.



10 COOPERATION WITH TRAINING FACILITIES & INSTITUTIONS

Melecs also places great importance on the cooperation with local organizations and so our cooperation with the Győr Chamber of Commerce and Industry has been carefully maintained for years. In addition, Melecs BEQ has established successful collaborations with various universities.

Cooperation with the Győr Chamber of Commerce and Industry

We already have a tradition where the Győr Chamber of Commerce and Industry awards the honorary member companies with certificates during an event. 2021 Melecs EWS GmbH was granted a diploma (on the occasion of its 10th anniversary). Represented by Péter Pfiszterer, the diploma was ceremoniously presented and received on December 9.



As well as this, Melecs had the opportunity to present itself by means of light projection on the exterior facade of various buildings of the city of Győr in the course of cooperation with the Győr Chamber of Commerce and Industry. The reason was the 750th anniversary celebration of the city of Győr.

Recruitment agreements with universities in BEQ

Agreements were successfully reached with various universities in Querétaro. Melecs now has the opportunity to advertise vacancies as well as special economic benefits for studying a Bachelor's or Master's degree directly through the job board of the various universities.



The universities of UVM, Anahuac, EBC, UCO Mondragon, Tec Milenio, UNITEC and UTEQ are now counted among BEQ's strategic partners.

11 SUPPLIERS

Melecs cooperates with suppliers and maintains partnerships across the world. Mutual trust and commitment are absolutely essential. The goal is to collaborate with suppliers in a sustainable, fair way, in order to achieve a win-win situation and profitable growth for both sides.

The **Melecs Supplier Manual** forms the basis for cooperation with suppliers. In addition, suppliers must also comply with a specified code of conduct, which comprises the following aspects:

- Compliance with laws
- Prohibition of corruption and bribery
- Respect for the basic rights of the employees
- Prohibition of child labor
- Health and safety of the staff
- Environmental protection
- Supply chain

For certain suppliers, we carry out a quarterly supplier evaluation. Upon conclusion of the evaluation, the supplier is informed of the result. On the basis of the supplier evaluation, we then carry out the supplier development, in order to ensure adherence to our supplier principles:



12 QUALITY & ENVIRONMENT

Certificates

2021 was a year marked by the Covid 19 pandemic, accompanied by a multitude of changes, restrictions in various areas, but also new opportunities.

At Melecs EWS GmbH, we remain committed to **acting in a sustainably responsible and environmentally conscious manner** towards our employees and society, and to complying with all legal, ethical and other requirements.

“You can't make an omelet without breaking eggs“ and “every action has a reaction“ - for this reason we take our responsibility as a global company very seriously to keep environmental impacts as low as possible and to reduce them continuously.

We also see ourselves committed in our responsibility and compliance with our trade in the **positively completed external system audits on the part of the certification bodies at all sites** in accordance with the ISO 9001:2015, IATF 16949:2016 and ISO 14001:2015 standards, which we received in fiscal 2020.

Siegersdorf/Austria



Győr/Hungary



Wuxi/China



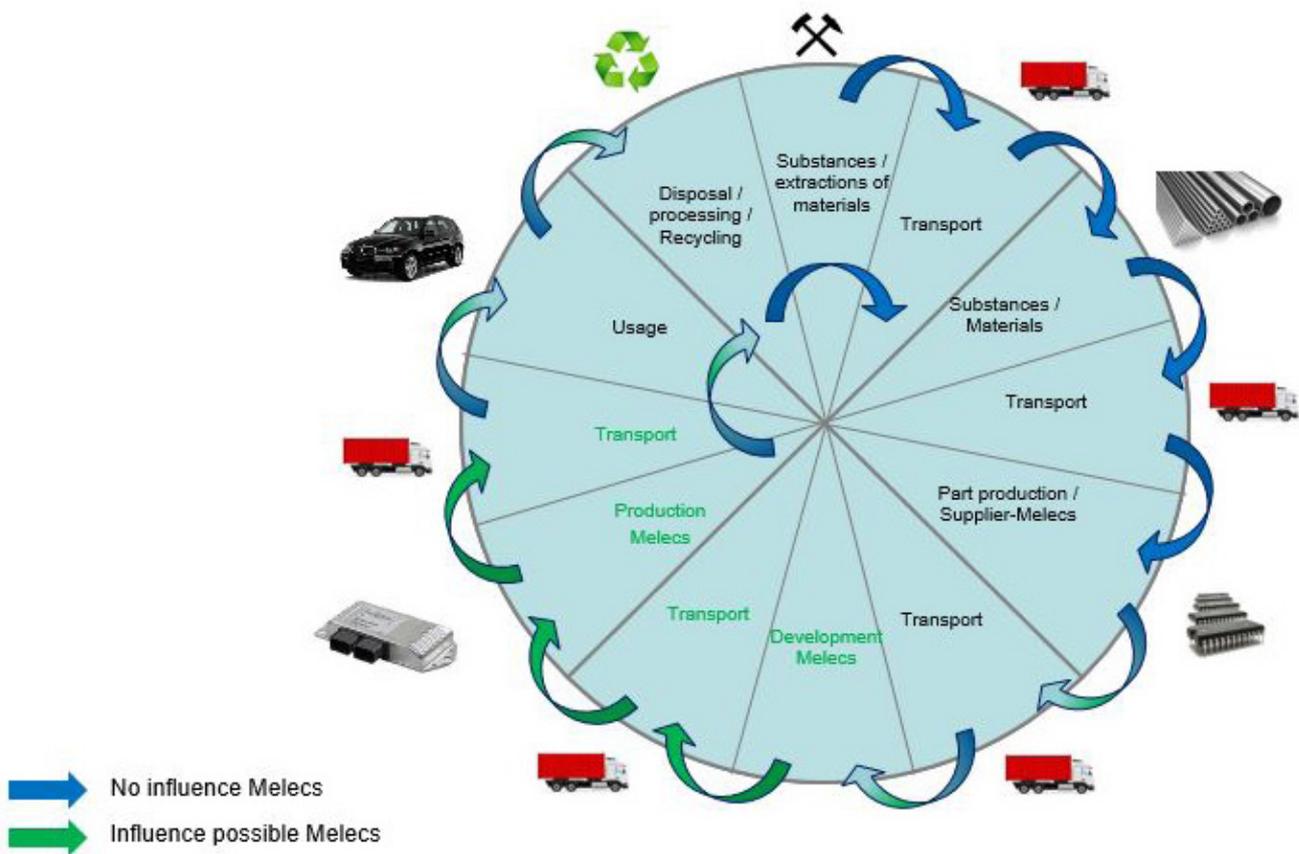
Querétaro/Mexico



13 ENVIRONMENT / SUSTAINABILITY

Environmental protection plays an important role within the company. Company management as well as employees undertake to continuously improve processes to reach the specified environmental objectives and raise environmental performance.

From cradle to cradle



Our company examines the life cycle of our products, from raw material extraction, manufacturing and transport to application, waste management and final disposal, and evaluates where Melecs can have an impact on this in order to better protect the environment.

13 ENVIRONMENT / SUSTAINABILITY

Product life cycle management

Our product development unit works with the objective of creating resource-friendly, energy-efficient products that fulfill our claim to sustainability.

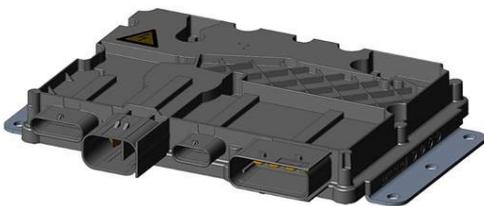
Examples of our sustainable products:

48V ECU (Electronic Control Unit)

The further development of our control unit to the 48V power supply.

Vehicles with a hybrid drive are becoming ever more important and widely used in the automotive industry. Melecs makes contributions in this field through the development of control units for the 48V supply circuit, which will be increasingly used in such vehicles in the future.

On the one hand, control units such as these are used to achieve a reduction in fuel consumption by supporting the combustion engine and recovering the braking energy, and on the other hand by making it possible to supply electric consumers with peak power outputs of more than 1 kW. Overall, CO₂ emissions can also be reduced in this way.

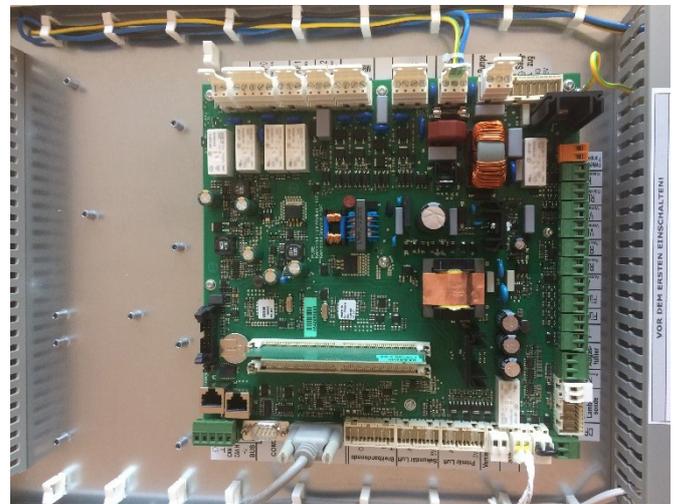


Efficient electric engine controls

Efficiency is extremely important for the engine controls developed and produced by Melecs. The design is conceived in such a way that efficiency during operation of the electric motor is maximised, while power consumption when deactivated (quiescent current) is minimized. This may be achieved with a suitable selection of electronic components in the power supply path as well as at the power outputs.

Heating systems (Product range for heating industry)

In the heating industry, there are two technological advances that are supported by our solutions: heating solutions based on renewable fuels and/or heat pumps help to reduce CO₂ emissions. After all, the heating of our homes is responsible for approximately 30 % of total CO₂ emissions in Austria.

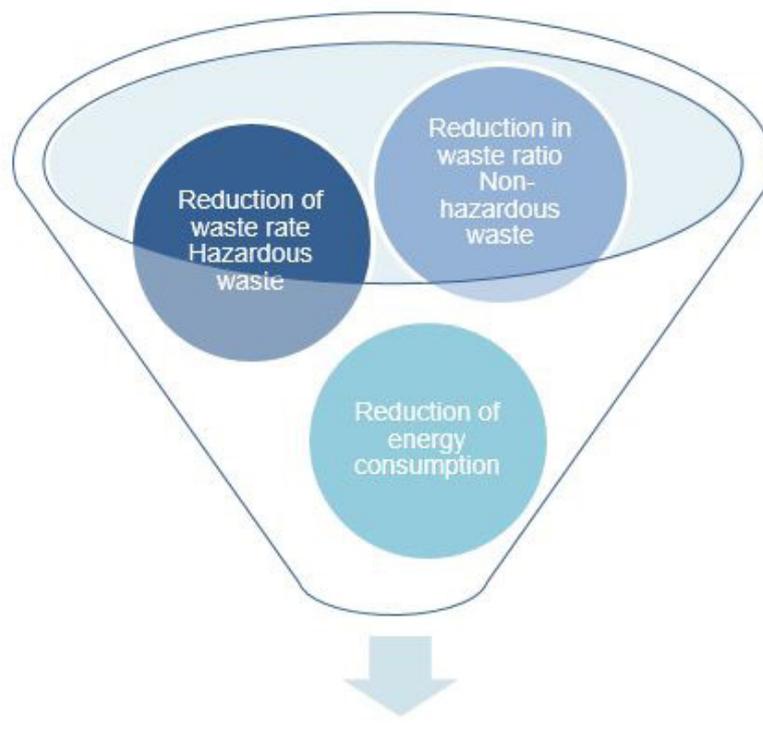


Heating systems are increasingly being connected to “smart home” solutions, meaning that local energy production (solar), fossil fuel generation and local consumers are integrated into an overall control system and can be optimally regulated in order to reduce the total energy requirement. This development, which is evolving under the title of “networking and IoT”, is also being significantly driven by our solutions.

13 ENVIRONMENT / SUSTAINABILITY

Our environmental goals

All phases of the corporate processes are monitored with the goal of continuously improving the environmental performance thanks to sustainable environmental management.



Environmental program

The key areas of the environmental program are the reduction of energy consumption and the quantities of waste.

Our environmental performance indicators are defined each year.

13 ENVIRONMENT / SUSTAINABILITY

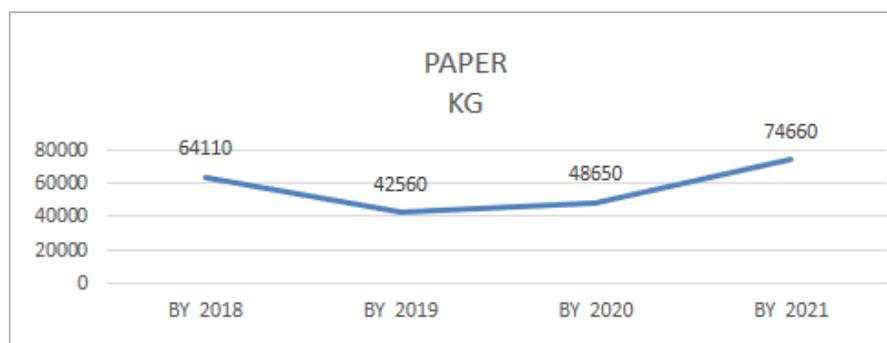
Environmental protection measures in electronic plant Siegendorf/Austria

Waste reduction at Siegendorf site (BES):

At the production site in Siegendorf, the share of paper consumption was kept almost the same and the share of residual waste was reduced.

Measures successfully implemented:

- Waste separation
- Awareness-raising through the use of learning streets
- Conversion from disposable packaging to circulating containers in the area of logistics & production
- Process optimization



Energy reduction at Siegendorf site (BES):

The electricity consumption at the Siegendorf location was further reduced.

Measures successfully implemented:

- Expansion of leak detection
- Awareness-raising through the use of learning streets
- Process optimization

13 ENVIRONMENT / SUSTAINABILITY

Environmental protection measures in electronic plant Győr/Hungary

Waste reduction at Győr site (BEG):

Waste is continuously monitored by management at the Győr site in Hungary so that immediate action can be taken if necessary.

Measures successfully implemented:

- **Reducing paper consumption:**

- The “Think before you print” initiative was successfully implemented.

- Result in the test period: 570 employees -> 7 tests -> 21 pieces of paper printed out -> 11,970 printouts saved

- Paper reduction in the production area:

- Thanks to laminated 5S checklists in the offices and in the production area instead of printed checklists (-> fill in, scan, delete and reuse!) and by using SAB master lists instead of printed documents

- IIQ team development:

- The IIQ team had a really good idea on how to support Melecs’ environmental goals -> reducing the amount of paper printed out, which resulted in a saving for the environment and also for additional workflows at Melecs.

- The specific case used to do that:

- With each PCB shipment, Melecs received a paper certificate of conformance. The IIQ team then had to scan and save this, after which the paper document was worthless and had to be thrown away. Starting in 2022, suppliers will be required to upload certificates of compliance to Melecs’ Cloud system. With this measure, Melecs Győr can save approx. 20,000 pieces of paper per year and also numerous unnecessary man-hours.

- **Raising awareness by displaying energy awareness posters:**

- in highly frequented places of the company (canteen, kitchen, printer area)

- **Increase in the number of circulation containers**

- **Annual online refresher training:**

- for all employees in the areas of environment, fire protection, occupational safety, HR, IT, ESD, etc.

**THINK
BEFORE YOU
PRINT**

13 ENVIRONMENT / SUSTAINABILITY

Environmental protection measures in electronic plant Győr/Hungary

Waste reduction at Győr site (BEG):

Measures successfully implemented:

- **Introducing a new glove vending machine:**

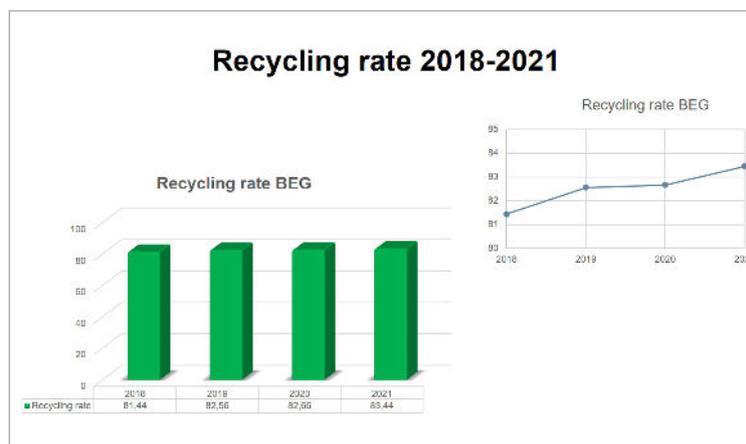
Work gloves can now be purchased directly from the vending machine – without the need for individual plastic packaging. The average monthly consumption is 4,000 pcs., meaning approx. 4,000 pcs. of plastic packaging can be saved each month.

- **Reducing the amount of hazardous waste:**

Reducing the amount of hazardous absorbent waste, e.g. by cleaning the production area with vacuum cleaners instead of detergents and other hazardous substances. The first 5 vacuum cleaners were delivered and are already being used successfully. This saves around 1,080 pcs. of detergent bottles per year.

- **Reducing the amount of non-hazardous waste:**

Training in waste separation for employees and increase in the number of waste separation containers throughout the site (increase in the number of reusable containers/ Packaging -> about 15 % increase; new SMR projects; 100 % reusable packaging as product packaging; collection of plastic bottle lids for donation to children in need).



13 ENVIRONMENT / SUSTAINABILITY

Environmental protection measures in electronic plant Győr/Hungary

Energy reduction at Győr site (BEG):

The following measures have been implemented in Győr to reduce energy requirements.

Measures successfully implemented:

- **Production:**
 - Installation of WOLF KG 630 ventilation system control with frequency inverter:
With the installation of the inverter, we are able to control the amount of air supplied, so we can save about 50 % of the energy consumed.
 - Installation of electricity meters:
By installing electricity meters (for electrical equipment with a rated power of more than 50 kW), we can monitor the consumption of the machines and take measures to reduce energy consumption.
- **Warehouse:**
 - Converting from the old lighting system in the warehouse to LED lamps:
the calculated energy saving is 61 % per year.
- **Office:**
 - Implementing programmable current switches:
Programmable power switches have been implemented in the office premises – they are active in the period from 6:00 a.m. to 6 p.m This can save 2,600 W/week and can also save office workers energy.
- **General:**
 - Holding an energy-saving meeting every two weeks:
An energy-saving meeting is held every two weeks, attended by the Maintenance, Production and Quality Management departments.

This allowed the following energy-saving potentials to be identified and put into practice:

- Eliminating air leaks in the production area:
Loss reduction by at least 30 %
As of 01/2021: Loss 54.83 kw/h
As of KW 50: Loss 32.6 kw/h (i.e. 41 % reduction)
- Introducing machine shutdown/stand-by mode for maintenance workstations:
at weekends and during shutdowns
- Reducing nitrogen consumption:
13 % reduction by cleaning the machines and by preventive maintenance.
In addition, checking and resetting the machines to factory settings and the required amount of nitrogen.



13 ENVIRONMENT / SUSTAINABILITY

Environmental protection measures in electronic plant Querétaro/Mexico

Waste reduction at Querétaro site (BEQ):

Measures successfully implemented:

- **Reducing the amount of hazardous waste:**

- The production and maintenance areas are responsible for cleaning services in BEQ. A large amount of hazardous waste is generated in the cleaning area. For this reason, for example, efforts are made to keep the quantities of hazardous waste as low as possible. One example of these measures: suppliers are encouraged to use smaller cleaning rags, for example, in order to keep waste to a minimum.

- **Reducing the amount of non-hazardous waste:**

- Training for employees on waste separation for various materials such as plastic, paper, cardboard, metal, circuit boards, etc.
- Labeling the individual waste containers and use of a separate color system to easily identify the different types of waste.



PET container



Separate containers for each type of waste



Dry cleaning wipes

Energy and water reduction at Querétaro site (BEQ):

Measures successfully implemented:

- **Reducing energy consumption:**

- Identifying possible compressed air leaks
- Raising awareness among employees about turning off lights as well as devices when they are not in use
- Starting the conversion to LED lighting

- **Reducing water consumption:**

- Monitoring general utilities to identify potential water leaks.
- Raising awareness among employees with regard to the correct and economical use of resources





13 ENVIRONMENT / SUSTAINABILITY

Environmental protection measures in electronic plant Wuxi/China (BEW)



Annual fire, evacuation and first aid exercise

In December 2021, BEW conducted a fire, evacuation and first aid exercise in accordance with the fire safety regulations of the Jiangsu Province. This was successfully completed.

Annual fire safety inspection

At the end of 2021, the annual fire safety inspection was carried out at the Wuxi Electronics Plant together with the local fire department and was successfully completed.



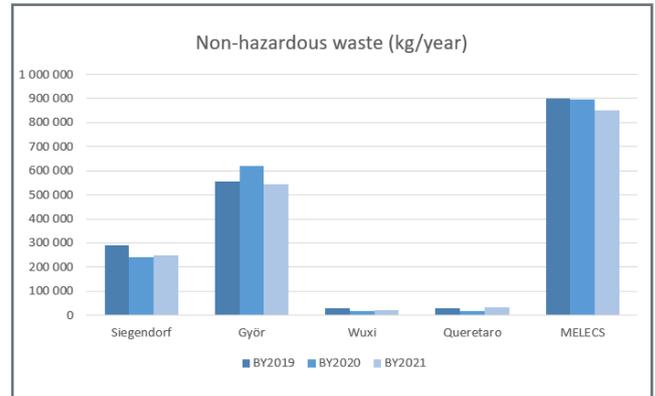
Annual inspection of the exhaust system

At the Wuxi Electronics Plant, the exhaust system is serviced and inspected once a year. During this process, the filter system of the Plant is replaced and a professional inspection by external experts takes place. According to the Environmental Protection Agency's 2021 review, all indicators meet standards. The means the permit was successfully granted by the Environmental Protection Agency.

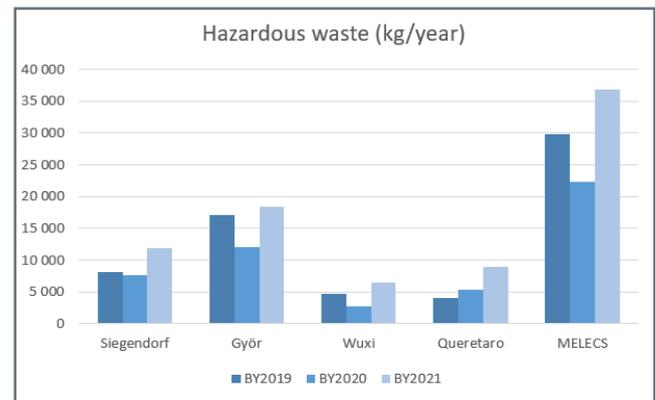


14 KEY FIGURES

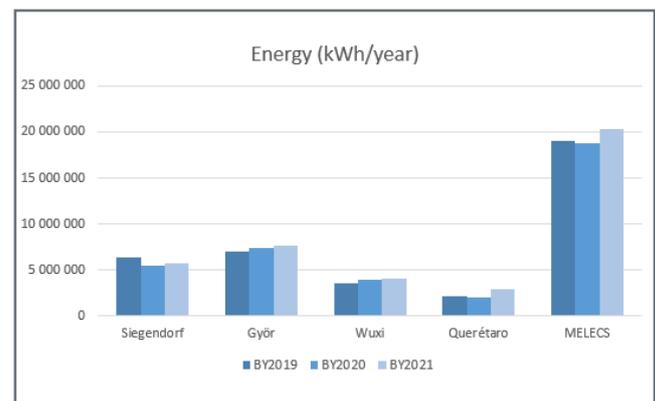
Non-hazardous waste (kg/year)			
	BY2019	BY2020	BY2021
Siegenderf	291 229	241 365	248 927
Győr	553 828	620 459	543 920
Wuxi	28 115	15 991	23 231
Querétaro	28 379	16 694	33 760
MELECS	901 551	894 509	849 838



Hazardous waste (kg/year)			
	BY2019	BY2020	BY2021
Siegenderf	8 076	7 580	11 848
Győr	17 044	12 063	18 346
Wuxi	4 750	2 720	6 570
Querétaro	4 132	5 423	9 019
MELECS	29 870	22 363	36 764



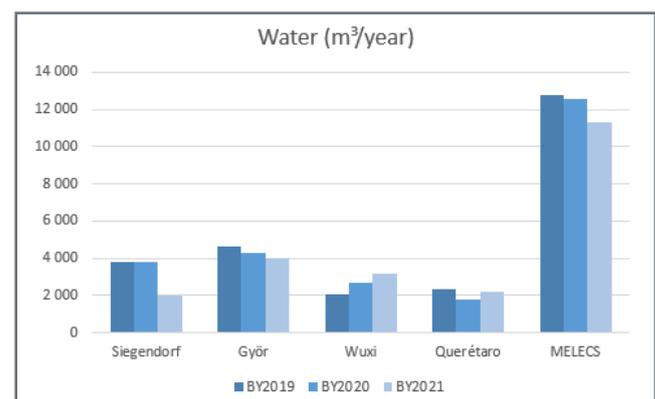
Energy (kWh/year)			
	BY2019	BY2020	BY2021
Siegenderf	6 376 286	5 487 220	5 675 000
Győr	7 022 334	7 369 490	7 606 141
Wuxi	3 545 405	3 872 807	4 108 300
Querétaro	2 086 700	2 011 773	2 900 590
MELECS	19 030 725	18 741 290	20 290 031



1 Electricity from 100 % renewable energies (wind energy, hydropower,...)

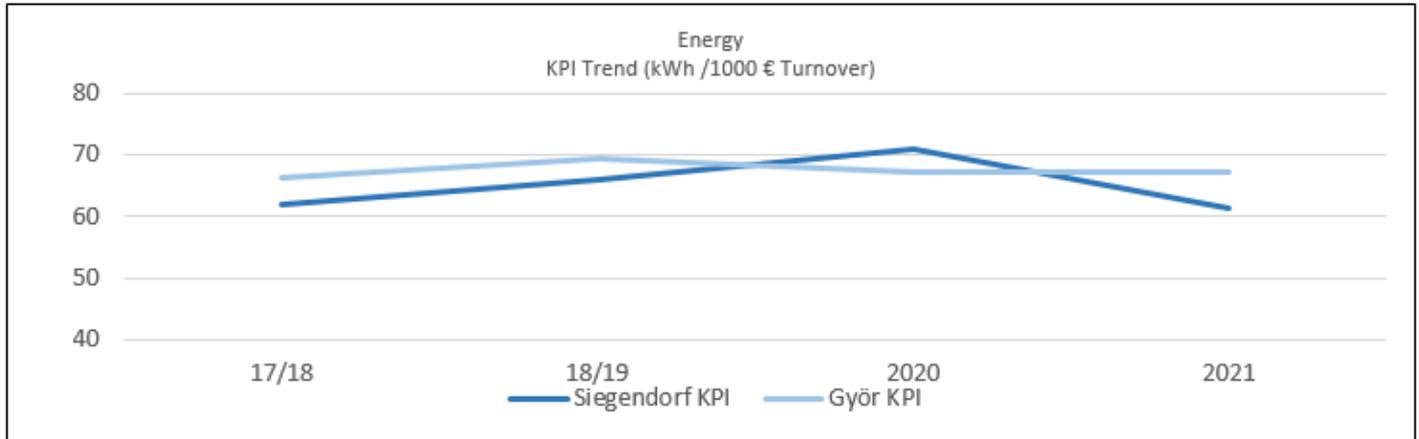
2 Energy from 100 % renewable energies (hydropower)

Water (m ³ /year)			
	BY2019	BY2020	BY2021
Siegenderf	3 771	3 781	1 971
Győr	4 653	4 253	3 974
Wuxi	2 080	2 713	3 187
Querétaro	2 303	1 802	2 194
MELECS	12 807	12 549	11 326



14 KEY FIGURES

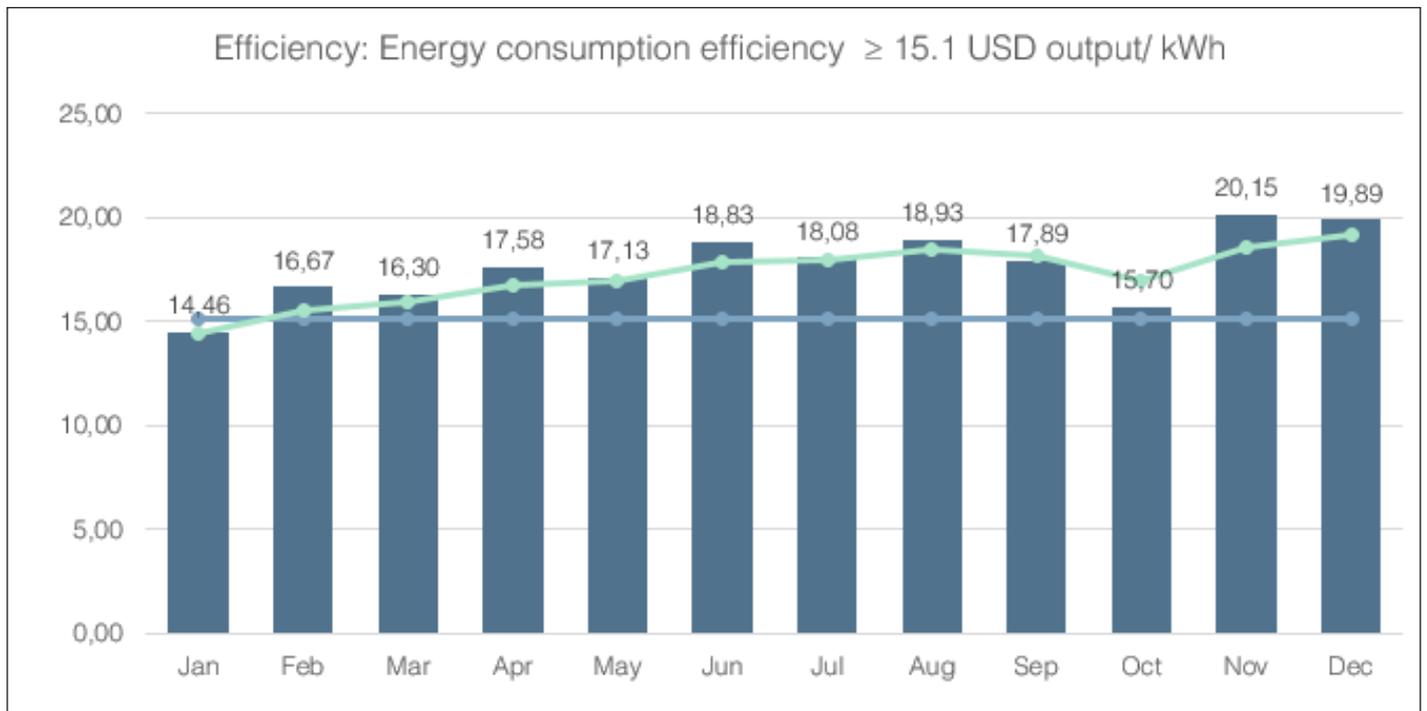
Our environmental targets - KPIs (Key Performance Indicators) BY2021



Reduction of total energy consumption

BE Siegendorf: Target < 63 kWh /1000 € turnover / Result: 61 kWh /1000 € turnover

BE Győr: Target < 69 kWh /1000 € turnover / Result: 67 kWh /1000 € turnover

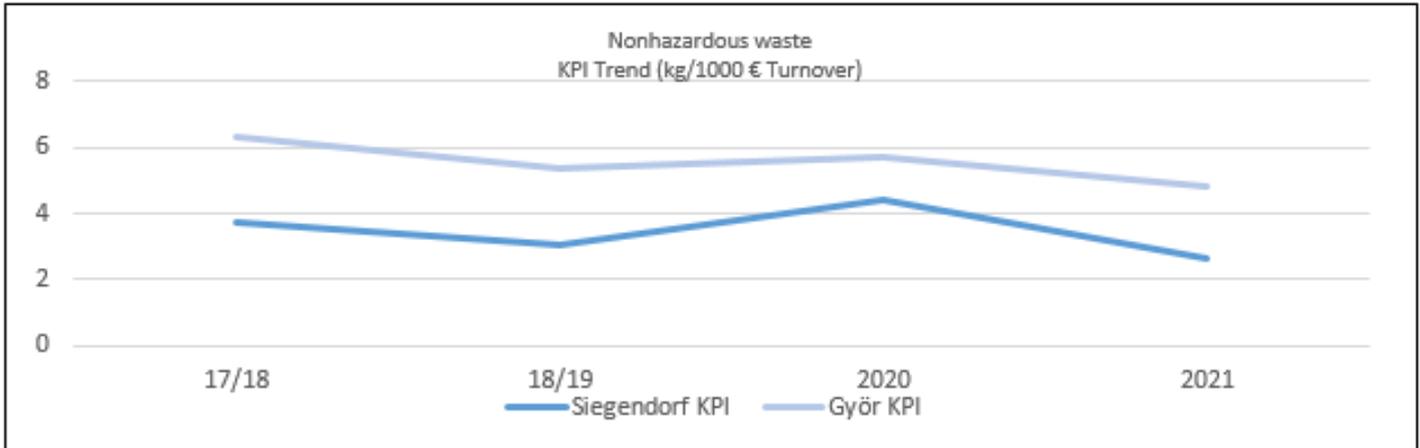


Reduction of total energy consumption

BE Querétaro: Target ≥ 15,1 USD output/ kWh / Result: ≥ 17,7 USD output/kWh

14 KEY FIGURES

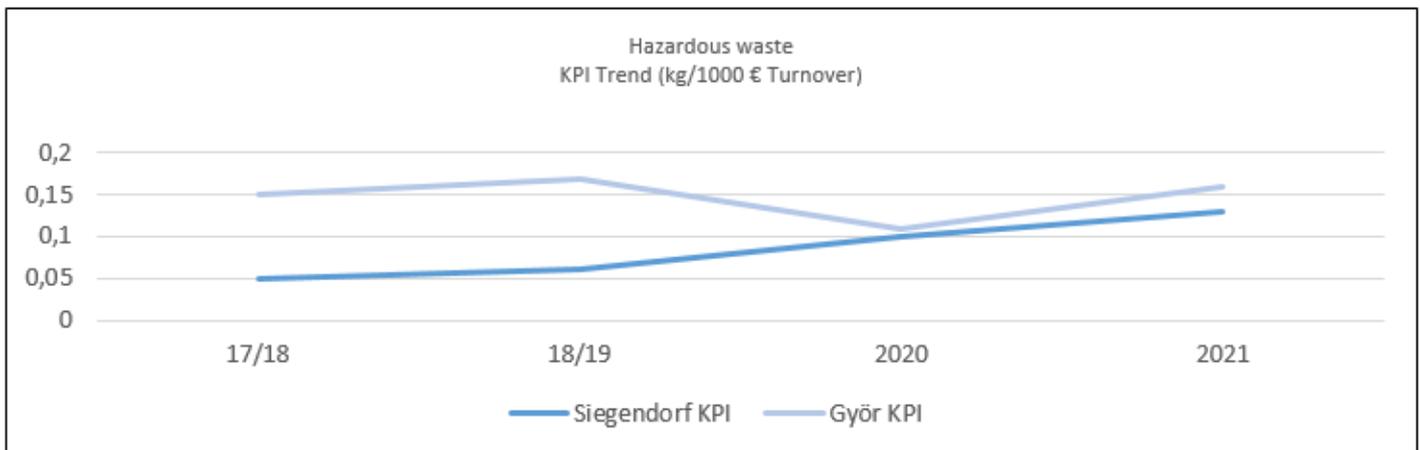
Our environmental targets - KPIs (Key Performance Indicators) BY2021



Reduction of the non hazardous waste

BE Siegendorf: Target < 3,2 kg /1000 € turnover / Result: 2,67 kg /1000 € turnover

BE Győr: Target < 6 kg /1000 € turnover / Result: 4,81 kg /1000 € turnover



Reduction of hazardous waste

BE Siegendorf: Target < 0,07 kg/1000 € turnover / Result: 0,13 kg /1000 € turnover

BE Győr: Target < 0,17 kg/1000 € turnover / Result: 0,16 kg /1000 € turnover

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