



GARDE
Global Alliance for Responsibility, Democracy and Equity



Raising awareness of CSR instruments and building capacity in CSOs and Trade Unions in selected new member states

CSR convergence monitoring

Case study report:

EPCOS

Elaborated in co-operation with EMLA, Hungary

May 2006

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The Environmental Law Service - Ekologický právní servis

1. Description of the company

1.1. Company name

EPCOS Electronic Parts Production Limited Liability Company (EPCOS Ltd.)

1.2. Is it a daughter company? If yes, what is the mother company?

The Hungarian EPCOS Ltd. is a daughter company of the Munich-based EPCOS AG (Germany).

1.3. Who owns the company?

EPCOS Ltd. is a wholly-owned daughter company of EPCOS AG.

EPCOS AG was floated simultaneously on the Frankfurt and New York Stock Exchanges on October 15, 1999. The listed company emerged from Siemens Matsushita Components, a joint venture founded in 1989 by Siemens and Matsushita. Since March 2003, EPCOS has been one of the largest companies in the TecDAX index of German technology stocks.

1.4. Is this company a contractor, subcontractor, supplier, licensee or distributor of a transnational corporation?

EPCOS AG develops, manufactures and markets passive electronic components, focusing on fast-growing leading-edge technology markets: in IT and telecommunications, but also in automotive, industrial and consumer electronics. Amongst others, EPCOS is a supplier of Continental Temic, Ericsson, Sharp, Siemens and Sincom (Matsushita).

EPCOS Ltd. is a supplier of EPCOS AG.

1.5. Subject of company's business

EPCOS Ltd. operates a factory in Western Hungary in the town of Szombathely where it manufactures passive electronic parts (capacitors, inductors, etc.). The factory has 1,200 employees.

2. Positive or negative company behavior

Please mark one of the two possibilities according to what the case is about. In case of company proactive implementation of CSR and behavior with legal conformity, select "positive". In opposite case, please select negative.

positive negative

2.1. In case you ticked off "positive", please describe, what kind of positive impact the company has.

2.2. In case you ticked off "negative", please describe what kind of negative impact the company has.

EPCOS Ltd. introduced a lead-free technology in its production activities.

EPCOS Ltd. installed an own sewage treatment facility inside the factory site where water contaminated during the production process is cleansed in a bioreactor.

EPCOS Ltd. has a wide range of welfare services offered to its employees.

3. Geographic dimension

- local regional state-wide
 international EU-wide

4. Short description of the case

Lead-free technology

Answering both customer and social expectations, EPCOS Ltd. has changed from the use of lead to lead-free technologies in all its processes. i.e. either totally abolished the use of lead or minimized it to the utmost level possible. Thus, not just the production process but the final products are more environmentally friendly.

Bioreactor

EPCOS Ltd. in its ALU-ELKO plant installed a bioreactor for the treatment of technological waste waters. In the bioreactor, bacteria break down pollutants into two harmless substances, carbon dioxide and water. The pre-cleansed water then flows through a system of ultra-fine diaphragms and can finally be channeled into the sewer system. Instead of expensive transshipment and thermal disposal of pollutants, only residual amounts of sludge are now produced, which are properly removed. It also consumes less energy.

Welfare Services

EPCOS Ltd. offers the following services and programmes to its employees:

- 'Employee of the Month' programme
- 10-year swimming pool pass
- 5-year fitness salon pass
- 5-year body building salon pass
- bowling championship
- soccer championship
- annual free Christmas lunch
- biannual EPCOS Day

5. Company CSR policy

5.1. What does the company state?

No data available.

5.2. What does the mother company state?

EPCOS AG has a number of CSR-related documents, the [Commitment to Sustainability](#)¹, the [Corporate Principles](#)², and the [Environmental Protection](#)³.

¹ <http://www.epcos.com/web/generator/Web/Sections/InvestorRelations/CorporateResponsibility/Responsibility/Page.templateId=render.locale=en.html>

² <http://www.epcos.com/web/generator/Web/Sections/InvestorRelations/CorporateResponsibility/Principles/Page.templateId=render.locale=en.html>

³ <http://www.epcos.com/web/generator/Web/Sections/Environment/Page.templateId=render.locale=en.html>

According to the Corporate Principles – Corporate Citizenship,

„We see ourselves as an integral part of the national economies that we serve and we feel a strong sense of responsibility to society and the environment. We honor this commitment with integrity in dealing with business associates, shareholders, employees and the general public. Ethical business behavior on the part of every employee contributes to our company's positive image. Our business ethics includes in particular:

- Law-abiding conduct [...]
- Mutual respect, honesty and integrity [...]
- Fair dealings with business associates and third parties [...]
- Respect for the environment [...]"

EPCOS AG has been awarded the 2004 environmental prize by ARBÖ, the Austrian Automobile, Motorcycle and Cycle Association, for a piezo actuator used in diesel injection systems to improve combustion by dosing the fuel much more finely. Automobile engines equipped with piezo technology produce up to 20 percent less polluting emissions. They also consume up to 15 percent less fuel while being more powerful and quieter.

6. Breach of CSR policy

6.1. Does company breach its own CSR policy?

No.

6.2. Have you asked the company to fulfill its CSR provisions?

No.

7. Breach of OECD Guidelines

7.1. Does the company breach OECD Guidelines for Multinational Enterprises?

No.

7.2. What article was breached?

No data available.

7.3. Did you file a complaint to the National Contact Point?

No.

7.4. Do CSOs in your country know about existence of National Contact Point?

No.

7.5. Does the National Contact Point have a web site?

The National Contact Point has no own website. There is some information (on the OECD guidelines, an explanatory memorandum, a guidance on the role and procedure of the National Contact Point) but not easily accessible on the website of the Ministry of Economy and Transport⁴ that hosts the National Contact point. However, there is no clear information about the person and his/her whereabouts that currently fills the position of the NCP.

7.6. In case of positive answer to previous question please make list the information published on the National Contact Point web site.

7.7. Have you asked the company to respect OECD Guidelines?

No.

8. UN Global Compact

8.1. Does the company or its mother company support the UN Global Compact? *means: is listed as a company supporting the UN Global Compact?*

Yes.

8.2. Does company breach the UN Global Compact?

No, however, EPCOS AG has joined UN Global compact in July, 2003 and submitted a progress report for the year 2003, but today the company is listed under the title “Non-Communicating Participants”⁵ as one that failed to develop a Communication on Progress by the relevant deadline or has not yet provided a link to/description of their Communication on Progress; or as one refusing to engage in dialogue on a matter raised under the Global Compact integrity measures within three months of first being contacted by the Global Compact Office about the matter.

9. Legal aspects of the case

9.1. Is there any breach of national law?

No.

9.2. Are there any legal steps that your organization or any other organization or individual person have done to oppose the unlawful behavior of the company?

No.

9.3. Have you been already successful with your legal objections?

No data available.

9.4. What was the company’s reaction to the legal steps that have been done?

No data available.

⁴ http://www.gkm.gov.hu/archivumkuka/nemzetkozikapcsolatok/oeed_nkp.html?query=nemzeti%20kapsolattart%C3%B3%20pont

⁵ http://www.unglobalcompact.org/ParticipantsAndStakeholders/non_communicating.html?submit_x=page&pc=50&pn=5

9.5. Are there any other occurrence of violations of the legal framework besides of the description of this case?

No data available.

9.6. In case of positive answer to your question, please specify if there had been any judicial or administrative proceedings against the company?

No data available.

10. Public awareness to negative impacts

10. 1. Is general public informed about the case, about the company etc?

General public is regularly informed about the activities of EPCOS Ltd., both via local newspapers and the Internet.

10.2. Who oppose the company activities (local community, NGOs, TUs?)

No data available.

10.3. What are the results of NGOs. TUs, or local community advocacy?

No data available.

10. 4. What was the attitude of public authorities?

No data available.

11. Socially or environmentally responsible behavior

11.1. Is the positive activity done according to what the company officially proclaims as general CSR policy valid for or its activities, or does the company do it only in your case?

Although EPCOS Ltd. has no own CSR policy, the aforementioned positive steps taken align with the CSR policy of the mother company, EPCOS AG. Moreover, EPCOS AG uses on global EPCOS website⁶ the case of bioreactor installed in the Hungarian EPCOS Ltd. factory as a positive example of environmental protection of the corporation.

11.2. Was there any external pressure (NGOs campaign, community resistance, governmental initiative) to develop a CSR strategy in this case?

No.

⁶ http://www.epcos.com/web/generator/Web/Sections/Environment/Page_locale=en.html

12. Benefits for the company

12.1. Is there any direct benefit for company from having higher standards?

Due to the installation of the bioreactor, saving on the transshipment and thermal disposal costs of pollutants, and on energy costs.

12.2. Is there any indirect benefit for company from having higher standards?

More environmentally friendly products due to the use of lead-free production technology.
More dedicated workforce due to the extensive welfare services offered.

12.3. Is there any positive reaction from the side of general public, state representatives, communities, individuals?

No.

13. Relation to public authorities

13.1. Do local, regional, national governments or EU Commission support the company in activities happening in your country?

No.

13.2. Is there any connection between the company and local, regional or national government?

a) formal

No data available.

b) informal

No data available.

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© GARDE (Global Alliance for Responsibility, Democracy and Equity)
The Environmental Law Service (ELS) - Ekologický právní servis
Dvořákova 13, 602 00 Brno, Czech Republic
tel: +420 545 575 229, fax: +420 542 213 373
e-mail: brno@eps.cz URL: <http://www.responsibility.cz/>

Elaborated in co-operation with EMLA - Environmental Management and Law Association
Address: H-1076 Budapest, Garay utca 29-31. I/1., Hungary
tel/fax: +36-1 322-8462, +36-1 352-9925
e-mail: emla@emla.hu, info@emla.hu URL: www.emla.hu

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