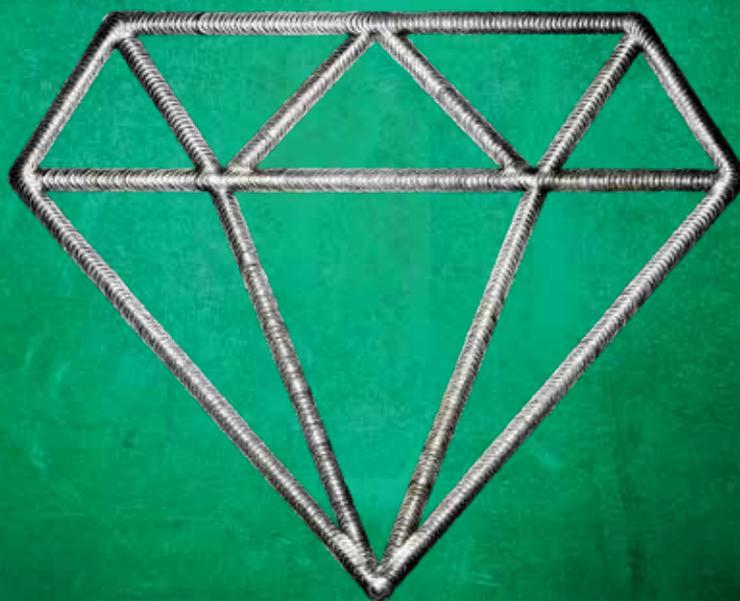


CORPORATE RESPONSIBILITY REPORT

REQUIRED STATEMENT OF CORPORATE RESPONSIBILITY
ACCORDING TO THE DANISH FINANCIAL STATEMENT ACT

2017





Corporate Responsibility is an internationally recognised term referring to a company's considerations of securing a sustainable and responsible development.

The official definition of 'responsibility' is evident in the Danish Financial Statement Act § 99a, which Migatronik A/S is assigned to:

"Corporate responsibility means that companies incorporate considerations such as human rights, social, environmental and climatic conditions as well as fight against corruption in their business strategy and activities."

POLICY OF CORPORATE SOCIAL RESPONSIBILITY

In Migatronik, we consider responsibility as a natural part of the company's business principles.

Corporate responsibility both influences and limits our business activities. We carefully consider which responsibility activities we initiate and how we execute them.

We continuously initiate projects to improve the working environment for our employees, to protect the environment and to contribute to a positive and sustainable societal development everywhere we operate.



MICRONIC

OUR BUSINESS

CREATING WELDING VALUE

Migatronic is among the world's technologically leading manufacturers of welding machines and automated welding solutions. Our product assortment ranges from small portable welding machines to high-end robots.

In addition to the physical product, we provide customer service and support in the form of training courses, welding demonstrations and technical advice.

We are committed to ensuring Welding Value at every level for everyone using our products. Welding Value expresses our ambition to supply innovative welding solutions and professional support.

Technology is meant to serve man, not the other way around. Therefore, high priority is assigned to functionality and user-friendliness. As a result, our welding machines are known to be easy to use.

We are market leaders in Denmark and have more than 40 years of experience in developing, manufacturing and marketing welding machines and accessories in the business.

We market our products and solutions worldwide and are represented by subsidiaries in ten European countries, India and China.

RESPONSIBILITY IN THE VALUE CHAIN

Migatronik's value chain is the point of departure for the activities of responsibility which we initiate. Our value chain also defines in which part of the organisation the activities are carried out.

Our value chain includes:



R&D

ENVIRONMENTAL IMPACT

To us, responsibility is relevant not only in the framework of our own organisation but also when our welding machines and solutions have been put into service by our customers.

We develop technological features for existing and new machine models that ensure less environmental impact during the service life of the machines.

This is for instance reflected in features that reduce power consumption during welding or features that reduce the consumption of gas by up to 50 %.

In 2017, we developed and launched a new welding machine with environmental improvements. A new mechanical switch function idles all internal electric circuits when the machine is switched off and reduces the standby power consumption from 0.8 W to 0 W compared to earlier welding machines. The open circuit consumption in the machine is reduced from approx. 35 W to 30 W.

In other words, we help our customers to improve their environmental performance.

ERGONOMICS

Flexibility, mobility and ergonomically correct working postures for users of our welding machines are top priorities for our developers.

The design of our user-friendly welding torches allows welders ergonomically correct and varying working postures.

In this way, we help ensure good physical conditions for users of our welding machines and help diminish the risk of repetitive strain injuries.

MICATRONIC
WELDING VALUE





SOCIAL RESPONSIBILITY - WORKSHOP

The work-experience workshop was originally established in cooperation with local authorities.

In this workshop, temporary employees produce earth cables and electrode cables. This initiative is part of a scheme that facilitates work ability tests of persons who are unemployed for health or social reasons.

Opening our doors for people with limited access to regular jobs is an important element for us in showing social commitment and responsibility in the local community.

PRODUCTION

PRO-ENVIRONMENTAL PRODUCTION

We continuously invest in pro-environmental processes and have no production processes that are harmful to the environment. Migatronic is not registered as a company with high environmental impact.

WASTE AND RECYCLING

We are subject to and comply with the WEEE directive that prescribes environmentally correct disposal of electrical and electronic products as well as reuse to minimise the environmental impact from electronic waste. Sorting was started up at the end of 2017, for which reason the effect is still unknown.

HAZARDOUS SUBSTANCES

We are subject to and comply with the RoHS directive, the aim of which is to restrict the use of certain hazardous substances in electrical and electronic products, specifically in terms of unleaded soldering in the production.

SALES

RESPONSIBILITY

We market our products in more than 40 countries worldwide. Around two thirds of the revenue derive from export markets where sales take place primarily through dealers and importers.

Dealers and importers are important partners and ambassadors for Migatronik, also in terms of business methods and ethics which are described in our Code of Conduct.



WORKING ENVIRONMENT

EMPLOYEES

Since the establishment of Migatronik in 1970, one of our core values has been social responsibility, in particular in relation to our employees.

We aim to create a healthy and inspiring work environment offering our employees assignments and challenges, that fit their competencies and ambitions, as well as great career development opportunities.

We have a reliable and loyal workforce that is motivated by working in a company allowing its employees to follow products all the way from initial concept to sale of the final product to customers.

HEALTH

Employees in the production area rotate between different work functions to avoid monotonous work.

The “Exercise at Work” scheme applies to all employees in Fjerritslev and includes seven minutes of exercise every day – typically a quick walk around the factory.

HUMANS, CLIMATE AND ENVIRONMENT

HUMAN RIGHTS

We support and respect internationally recognised conventions on human rights. Refer to our Code of Conduct.

CLIMATE IMPACT AND ENVIRONMENT

We want to make continuous improvements which have a positive impact on the climate and the environment. Refer to our CSR policy.



RESPONSIBILITY IN 2017

Specific efforts and initiatives:

- Working environment: Musculoskeletal health and job satisfaction
- Climate: Replacing lamps by LED

WORKING ENVIRONMENT: MUSCULOSKELETAL HEALTH

In addition to the health activities mentioned on page 10, an ergonomics course was held for all employees in 2017 with a view to incorporating activity and variation into the everyday life and ensuring appropriate use of body, equipment and machines for the prevention of physical disabilities. The course included a presentation by an ergotherapist who subsequently gave individual advice in all departments on working postures and workplaces.

The function of the work environment representatives is to stand up for good habits among colleagues during the workday and to watch for wrong working postures, heavy lifting etc.

WORKING ENVIRONMENT: JOB SATISFACTION

In continuation of previous years' focus on stress and job satisfaction, including a job satisfaction survey, focus in 2017 was on job satisfaction. At the beginning of the year, a "World's best colleague and working place" event was held – a pep talk on what the individual employee himself or herself can do to create and spread job satisfaction and in this way contribute to creating a good working place and, ultimately, a successful company with increased bottom line.

CLIMATE: REPLACING LAMPS BY LED-LIGHT

In 2017, we continued replacing neon tubes in the offices. 480 18 W neon tubes were replaced by 120 38 W LED lights. This will give a future annual saving of 4,080 kWh which in terms of CO2 emission is equivalent to 2,244 kg reduced CO2 emission per year. Now, only a few neon tubes in the offices and two neon tubes in the production halls remain to be exchanged. The latter will be exchanged in 2018 as we provide the production halls with new roofs.

RESPONSIBILITY IN 2018

Migatronik's efforts and initiatives for 2018 will focus on:

- Working environment: Job satisfaction
- Climate: Sustainability

THE UNDERREPRESENTED GENDER

TOP MANAGEMENT BODY

The top management body is the supervisory board, with four members elected at the annual general meeting of shareholders, all of which are men.

Additionally, there are two members elected by the employees, one of which is a woman.

The most important criterion for electing members to the supervisory board is that candidates have the right professional competencies in relation to the company's business and the competencies of the other supervisory board members.

A female candidate for the superior board has not been found yet. Relevant and qualified supervisory board members are to be found in industrial enterprises. There are few women in executive positions in the industry which makes it difficult to attract women with the right competencies to a company like Migatronik.

The supervisory board acknowledges that a more equal gender balance may have a beneficial influence on the work in the supervisory board and in the company in general. We have an ambition of having at least one woman on the supervisory board in 2021 at the latest, equal to 25 per cent of the members elected at the annual general meeting of shareholders.

OTHER MANAGEMENT LEVELS

In the other management levels, the percentage of female managers is 47, which is the same as in 2016.

Many of the female managers have been recruited internally. This reflects an open-minded culture in the company, allowing each individual employee to unfold his or her competencies and potentials in the best possible way, regardless of gender.

The most important criterion for electing managers is that candidates have the right professional competencies in relation to a given job and the other management team members. The final selection is always based on an overall consideration of job profile and candidate's competencies.

Migatronik aims to continue having a large share of female managers.