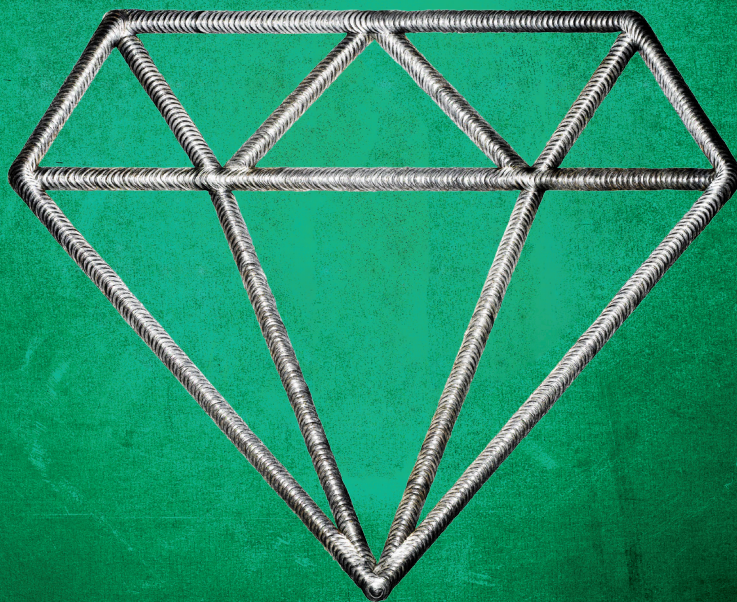
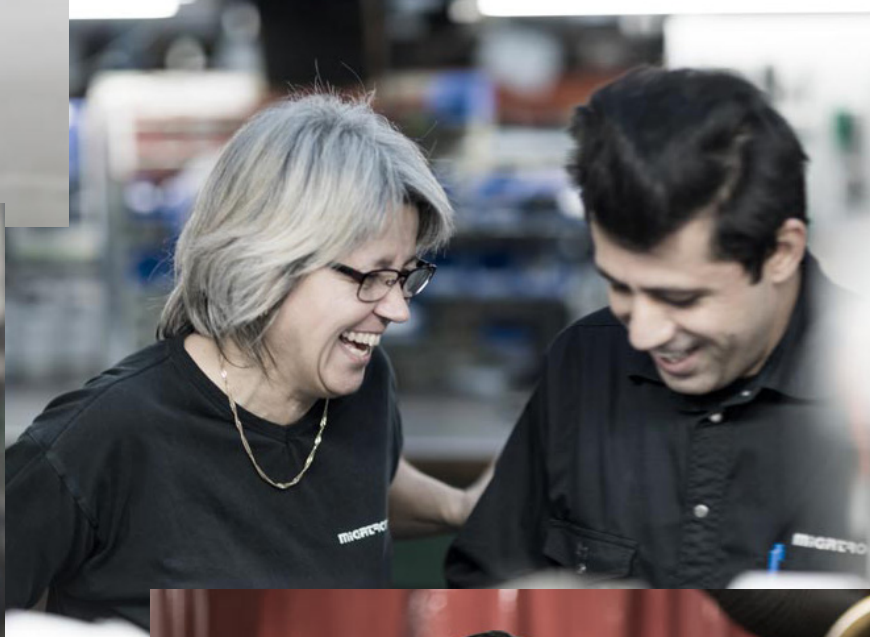


# CORPORATE RESPONSIBILITY REPORT

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

# 2016





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 is understood as the considerations of human rights, social and environmental influence as well as fights against corruption which companies incorporate 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.



MIGTRONIC

## OUR BUSINESS

### CREATING WELDING VALUE

Migatronik 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 professional 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

Migatroniç'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 or features that reduce the consumption of gas by up to 50 %.

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.

## PURCHASING & SOURCING

### SUPPLY CHAIN MANAGEMENT

Since our ISO: 9001 certification, we have worked with responsible supply chain management, including supplier approvals. We visit all essential/critical suppliers at least once a year. Our Code of Conduct is an important tool for evaluating and approving our suppliers.

We evaluate our suppliers on working environment, including employee and environmental conditions, general worker privileges, human rights and anti corruption plus their ability to comply with agreements about delivery times, quantities and quality.

Purchases in 2016 are divided into 56 % from Scandinavia, 13 % from Western Europe, 3 % from Eastern Europe, 8 % from Southern Europe and 20 % from the Far East.



## PRODUCTION

### PRO-ENVIRONMENTAL PRODUCTION

Throughout the years, we have invested in environmentally friendly processes, and has no production processes that can be described as harmful to the environment. Therefore, Migatronik is not registered as a company with a high environmental impact.

To protect our employees from working with solvents, we have stopped using solvent-based lacquers in our lacquering process and introduced silicone lacquer, which is greener.

Furthermore, we have installed a moistening device in the electronics department. This allows us to lower the temperature by two degrees in the department, the result of which is a significant reduction of our heat expenditure.

### WASTE AND RECYCLING

Our products are subject to the requirements of the WEEE directive regarding environmentally correct disposal of electrical and electronic products as well as reuse of waste wherever possible. The aim is to minimise the environmental impact from electronic waste.

We have the necessary resources and systems to reuse electrical and electronic products and limit the amount of electronic waste and thus comply with the directive.

### HAZARDOUS SUBSTANCES

We are also subject to the requirements of the RoHS directive, the aim of which is to restrict the use of certain hazardous substances in electrical and electronic products. We have taken action regarding unleaded soldering in the production, and our products are RoHS compliant.

### SAVING BY THE USE OF LED-LIGHT

In 2016, we replaced 1,099 neon tubes by LED tubes. This will give a future annual saving of 235,844 kWh which in terms of CO<sub>2</sub> emission is equivalent to  $235,844 \text{ kWh} \times 0.55 \text{ kg CO}_2 = 129,714 \text{ kg}$  reduced CO<sub>2</sub> emission per year.

### 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.



## SALES

### RESPONSIBILITY

We market our products in more than 40 countries worldwide. Around 66 % percent 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 2016

Specific efforts and initiatives in 2016:

- More focus on working with responsible supply chain management.
- Continue working with well-being and job satisfaction.
- Focus on sickness absence.

### RESPONSIBLE SUPPLY CHAIN MANAGEMENT

We want to be a responsible and credible partner focusing on ethical, social and environmental matters. Therefore, we actively use our Code of Conduct as a starting point for working with responsible supply chain management. We visited most of our critical suppliers in 2016.

### WELL-BEING AND JOB SATISFACTION

In 2016, an employee satisfaction survey was carried out. The aim was to get a qualified basis for working with well-being and job satisfaction in the future. The response rate was 77,1%.

The survey revolved around 23 focus areas regarding the physical working environment, which was compared against the national average. For 13 of the focus areas, Migatronic's score was above the national average while the remaining 10 focus areas scored below the national average. Overall, this result is regarded as satisfactory.

When divided between the different departments, the result showed a deviation. Review of the results and follow-up is thereby carried out in each department, which has also worked out individual plans of action to introduce further improvements. The plan is to carry out another employee satisfaction survey in 2018.

### SICKNESS ABSENCE

In 2016, we have been working on reducing sickness absence and ensuring retention of employees on sick leave.

We have increasingly made use of the local authorities' program on staff retention, which includes follow-up within 23 days, occupational-therapeutic evaluation and advice on working postures for employees affected by illness and training in Migatronic's fitness room under the instruction of a local authority physiotherapist.

2016 also saw the establishment of two new reduced-hour jobs for employees who are prevented from attending to a regular job due to illness.

As a precautionary measure, we have purchased small-size, lightweight hand tools to diminish the risk of repetitive strain injuries on wrists and shoulder joints; and to avoid monotonous work, employees in the production area rotate between work functions.

## RESPONSIBILITY IN 2017

Migatronik's efforts and initiatives for 2017 should first of all build on the existing projects.

The initiatives are:

- Working environment: 'The exercise apparatus' and job satisfaction
- Climate: changing of light sources to LED

## 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% of the members elected at the annual general meeting of shareholders.

### OTHER MANAGEMENT LEVELS

In the other management levels, the share of female managers was 47% as against 41% in 2015.

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.