

Communication on Progress in implementing the principles of the United Nations Global Compact

Dantrafo, January 2017

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Introduction

Dantrafo A/S is the parent company for Dantrafo Group which was established in 1979. Dantrafo Group has developed to become one of the leading Northern European producers of transformers, coils and other inductive components.

Dantrafo Group has a total of approximately 200 employees divided between the Danish parent company in Lemvig, the Swedish subsidiary in Åmål and the Chinese subsidiary in Suzhou.

Dantrafo supports the ten principles of the UN Global Compact and is committed to align activities with the ten principles within the areas of human rights, labour, environment and anti-corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the UN Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely Yours,

Ivan Gam

Managing Director

Human Rights

All companies within the Dantrafo Group respect Human Rights with special focus on local requirements in the country of operation.

All employees have the freedom to be organised and select representatives which will be the point of contact for issues, projects and programmes to be discussed with the management.

Each company has developed an Employee Handbook which describes a number of relevant policies and guidelines for local employees. The Employee Handbook is being revised regularly in cooperation between company employees and company management.

Regular meetings are scheduled to provide employees information about company initiatives, news and changes. Also, this meeting has the purpose of providing an open dialogue between employees and management.

In 2016 it was a goal to host at least 2 information meetings for each company. This goal has been achieved.

For 2017 it is a goal to increase the number of information meetings to 4 in each company.

Labour

Dantrafo A/S is member of Confederation of Danish Industry and is committed to comply with the regulations for labour management as set forward by Confederation of Danish Industry.

Dantrafo Group is committed to work in a structured way to ensure a good and healthy work environment. It is a goal to achieve a high degree of employees which stay in the company for many years (10+ years).

In Dantrafo Denmark and Dantrafo Sweden there have been few resignations of employees during 2016. In Dantrafo Suzhou there has been a level of resignation which is at a significant lower level comparable to similar companies. Based on this we conclude, that our goal has been achieved.

In Dantrafo Denmark we are continuously cooperating with local authorities with a goal to assist 1-2 local citizens to re-join the work force after long time of unemployment. During 2016 3 projects has been completed and 2 of these citizens was offered permanent employment in Dantrafo Denmark.

An employee satisfaction survey has been conducted in 2015 and a list of actions has been prepared in cooperation between employees and company. Many actions were concluded in 2015 and the remaining actions were concluded in 2016.

As part of ongoing CSR activities, Dantrafo Suzhou has employed 1 disabled citizen during 2016. During 2017 Dantrafo Suzhou will investigate possibilities for hiring 1 additional disabled citizen.

During 2016 a team building event with focus on “share, responsibility & positive” was held for all employees in Dantrafo Suzhou.

Facilities for badminton and table tennis was established in Dantrafo Suzhou in 2016. For 2017 it is planned to arrange some competition of badminton and table tennis for all employees.

Labour union in Dantrafo Suzhou have increased focus and activities in social arrangements during 2016.

Improving daily operation is a major area of focus to make sure that Dantrafo Group can offer employment for our employees also in the coming years. Many of the initiatives within improvement activities are based on the principles of Lean.

Environment

Dantrafo Group will conduct all business activities in a responsible manner which ensures the preservation of the internal and external environment.

Each company is subject to formal audit by the local Municipal Authorities with respect to environmental aspects. A number of preventive actions are being implemented and in case an issue occurs, this will be solved quickly and efficiently in cooperation with the local Municipal Authorities.

All our products comply with the EU Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS).

During 2016 the focus on "Conflict Minerals" requirements has increased significantly. Impact of possible Conflict Minerals has been investigated and it has been ensured that Dantrafo A/S do not use any of the Conflict Minerals from the banned countries. Furthermore, Dantrafo A/S has updated the CMRT (Conflict Minerals Reporting Template) to newest version 4.20.

Internally we have established a forum to handle activities related to employee environment to ensure that all activities are conducted in a responsible manner related to health, safety and wellbeing of all employees. The forum has representatives from both company employees and company management.

Especially for Dantrafo Suzhou there has been focus on implementing explosion-proof cabinets for storage of chemical materials during 2016. Also, there has been a change to explosion-proof lights in varnish area.

Anti-Corruption

Dantrafo Group is a private held company operating on market conditions.

Dantrafo Group has a long standing anti-corruption policy stating that corruption or bribery is not acceptable in any form or under any circumstances.

All activities are conducted with a high degree of ethics and moral.

Especially for activities in the Chinese subsidiary there are a set of specific activities in order to prevent anti-corruption.