

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

Dantrafo, January 2013

Table of content

Introduction..... 3

Human Rights 4

Labour..... 4

Environment 5

Anti-Corruption 5

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.

The re-organisation of production activities has been concluded and all Danish production activities are now situated in Lemvig.

The subsidiary in Sweden has grown during 2011 and 2012. As part of this there has been a re-organisation of production activities which has enabled a stronger focus on employees working environment including labour safety and other environmental aspects.

For the Chinese subsidiary there has been a special and dedicated set of projects during 2012 to focus on CSR activities. These activities have been supported by IFU and Danida. These activities include establishment of labour union, employee satisfaction survey, handling of chemical substances etc.

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 has 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.

In 2012 it was a goal to establish a labour union in Dantrafo China. This goal has been achieved.

In 2012 it was a goal to conduct an employee satisfaction survey in Dantrafo China. This goal has been achieved.

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. Especially in Dantrafo China this has been further developed with the implementation of regular meetings in smaller forums with participation of blue collar, middle management and top management.

In 2011 and 2012 it was a goal to update the Labour Safety committee in Dantrafo Denmark. This goal has been achieved with extensive training etc.

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 there has been no resignation of employees during 2012, whereas Dantrafo Sweden has had a few resignations in 2012. In Dantrafo China there has been a level of resignation which is at a level comparable to similar companies. Based on this we conclude, that our goal has been achieved.

In Dantrafo Denmark it was a goal in 2012 to reduce the level of employee sick leave to a maximum of 2 %. This goal has been achieved.

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.

In 2012 it was a goal to implement an on-line Chemical Control system in Dantrafo Denmark and Sweden. This goal has been achieved by implementing the tool "ChemiControl".

Separate areas will be established to store chemicals and we will constantly strive to replace harmful substances. The goal of establishing chemical storage areas has been achieved.

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

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.

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 has been a set of specific activities in order to prevent anti-corruption.