



ScanCom International A/S

UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

SEASON 2013/14



PREFACE

ScanCom International A/S became signatory to the UN Global Compact in April 2011. In this report we present our Third Communication on Progress.

The Progress Report is based on the reporting framework of Global Reporting Initiative according to self-declared C level requirement.

Financial data and management statements in this Progress Report are consistent with the Annual Report for ScanCom International A/S for the financial year 01 July 2013 to 30 June 2014.





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SCANCOM PROFILE

- Since being founded on the 1st April 1995, ScanCom has grown to become a leading global manufacturer of outdoor furniture. Legal headquarters is in Denmark and top management is located in Ho Chi Minh City, Vietnam.
- ScanCom have sales offices in Denmark, the United Kingdom, Germany, the USA, and Vietnam and manufacturing sites in Brazil, Indonesia and Vietnam.
- We credit our achievements to attractive designs, high standards of quality and social responsibility combined with precise delivery planning and competitive prices. Always an active and responsible partner, ScanCom is guided by a firm set of principles that guides us in everything we do.

OUR VISION

To become, globally within the garden furniture industry, the preferred business and development partner for selected customers, medium and large retailers, Do-It-Yourself chains and Garden Centers.

OUR MISSION

To provide our customers with solutions to grow their outdoor furniture business, by offering:

- Customized, full-range collections at competitive prices
- Environmentally and socially correct products and behavior
- Continuous improvement within total quality
- Customized marketing and logistics services
- On-time delivery and after-sales services

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Financial year:
1 July – 30 June

Business Focus :
Manufacturing and trade of
garden furniture



MESSAGE FROM GROUP CEO



Stig Maasbøl - Group CEO
ScanCom International A/S

ScanCom Group is a leading player in the global market for outdoor furniture. To maintain and develop this position, we are convinced it is a prerequisite to conduct our business in a responsible manner – “Doing Business the Right Way”.

However, we must admit our principles are under intense pressure from competitors NOT doing business the right way.

ScanCom’s approach to doing business the right way was recognized in 2014 when we were the recipient of the “CSR Abroad Prize”, an award established by Denmark’s Ministry of Foreign Affairs, and this provided great encouragement to continue our CSR strategy.

Sustainability for materials, products, and operations

To create and offer sustainable products, ScanCom controls all materials and products in order to meet all relevant regulations in our markets. For the wood used in our products, ScanCom was a pioneer in using FSC certified hardwood, and today we use 100% FSC hardwood with an objective to increase the level of FSC teak year by year.

At the same time we continuously optimize our operating activities to reduce consumption of energy and resources, increase recycling, and reduce emissions. Our main operation site in Vietnam is operated under ISO 14001 certificate.

Social accountability

It is important for ScanCom to assure respect for human and labor rights. Key features of this are: BSCI monitoring of all operations in Vietnam since 2008, SA 8000 certificates for the operations in Brazil (2012) and Indonesia (2001), and having our own Code of Conduct. OHSAS 18001 certification for health and safety management was obtained for the Vietnamese operation in 2014.

Being signatory to the UN Global Compact, in addition to BSCI monitoring and certifications, sends a clear signal to all our stakeholders that we are committed to doing business the right way and also supports our activities in terms of meeting the CSR requirements of our global customers.

Requirements for contract manufacturers and key suppliers

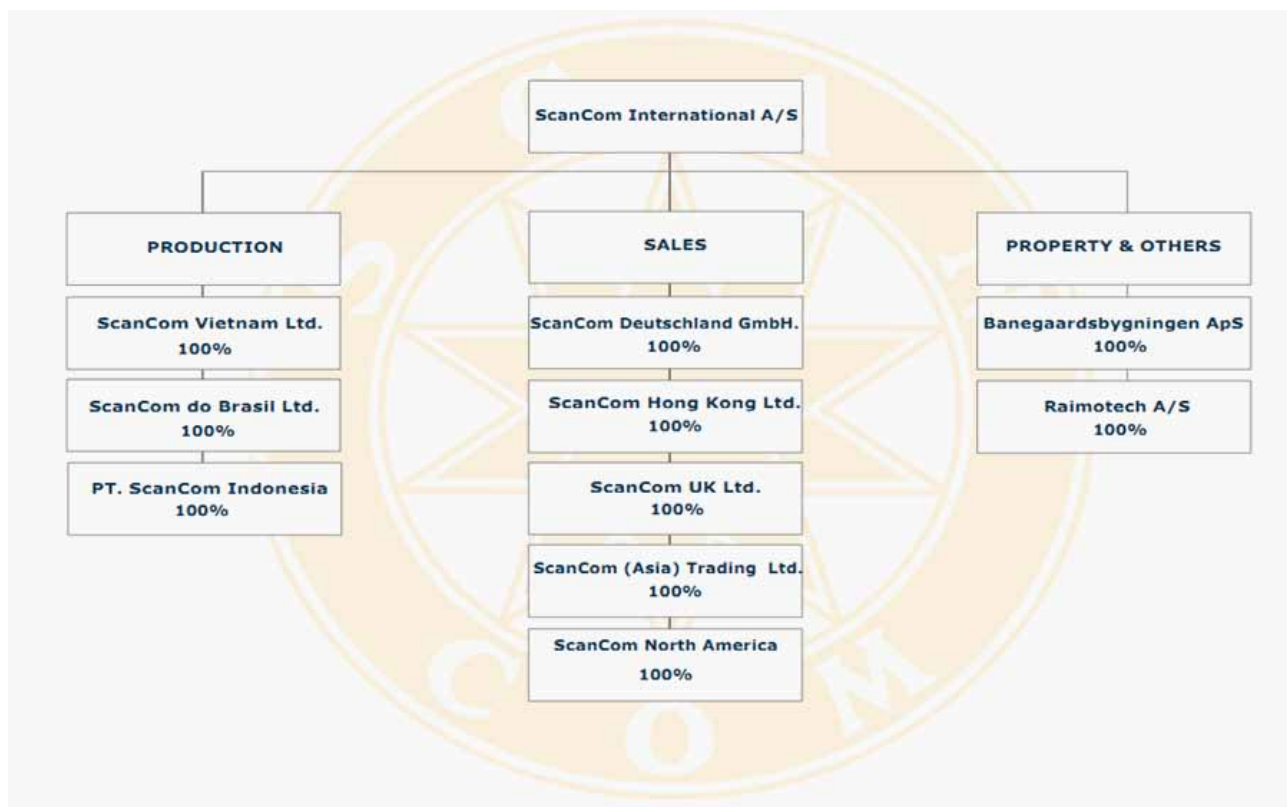
Built into the BSCI CoC, SA 8000, and UN Global Compact are requirements for the improvement of CSR level in the supply chain. ScanCom actively practices this by performing CSR audits at key suppliers and contract manufacturers and requesting them to sign our Code of Conduct, and targets are set for continuous improvement in terms of that policy.

UN Global Compact commitment

I am very pleased that ScanCom, even under the difficult conditions of recent years, has been able to remain true to its basic CSR values and to make progress, or at least maintain the same high level, in all 10 of the UN Global Compact principles.

For the following seasons ScanCom will continue to further develop commitment to the UN Global Compact – “Doing Business the Right Way” will remain part of our DNA.

LEGAL STRUCTURE



FINANCE FIGURES

The finance figures for ScanCom International A/S are given below.

The financial results of the year reflect a drop in activity that was due to economic problems in key markets and also the bad weather in Europe in summer 2013.

Key figures (DKK million):	2013/14	2012/13	2011/12	2010/11	2009/10
Income Statement:					
Revenue	672.2	710.6	752.7	882.3	813.7
EBITDA	21.2	39.7	44.5	62.8	41.9
Profit/loss on ordinary operating activities	6.7	16.7	23.3	36.5	25.9
Financial income and expenses, net	-12.6	-13.7	15.8	-33.0	2.3
Profit/loss on ordinary activities before tax	-5.9	3.0	39.1	3.5	28.2
Tax on profit/loss	0.1	-0.4	-8.3	-3.7	-24.5
Net profit/loss for the year	-5.8	2.6	30.8	-0.2	3.7
Balance:					
Balance sheet total	506.1	431.6	479.3	455.8	492.0
Purchases of property, plant and equipment, gross	20.2	12.4	33.2	40.7	13.8
Current Assets	357.9	280.3	305.2	313.8	361.8
Equity	150.3	160.1	166.0	161.9	157.2
Short-term debt	301.3	210.4	244.6	227.3	243.9



PERFORMANCE INDICATORS AND OBJECTIVES

For season 13/14 ScanCom selected the performance indicators given below and set related objectives.

This year's Communication of Progress in performance focuses on the selected indicators and objectives, and also reports on other related areas.

	UN Global Compact Principles	Level C Global Reporting Initiative (GRI) performance indicators	Related ScanCom objective
HUMAN RIGHTS	<p>PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights</p> <p>PRINCIPLE 2: Make sure that they are not complicit in human rights abuses</p>	<p>HR2: Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.</p> <p>HR6: Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor</p>	<p>Maintain human rights screening of all contract manufacturers and selected critical suppliers.</p> <p>Maintain zero child labor for ScanCom companies and contracted manufacturers</p>
LABOR	<p>PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>PRINCIPLE 4: Elimination of all forms of forced and compulsory labor;</p> <p>PRINCIPLE 5: Effective abolition of child labor</p> <p>PRINCIPLE 6: Elimination of discrimination in respect of employment and occupation</p>	<p>LA1: Total workforce by employment type, employment contract</p> <p>LA2: Total number and rate of employee turnover by age group, gender</p> <p>LA4: Percentage of employees covered by collective bargaining agreements.</p> <p>LA6: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.</p> <p>LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities</p> <p>LA10: Average hours of training per year per employee by gender, and by employee category.</p> <p>LA14: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.</p>	<p>All contract manufacturers receive ScanCom internal BSCI audit before supplying.</p> <p>Maintain no incidents of forced labor at contract manufacturers.</p> <p>Reduce number of accidents by 30 % before end of season 14/15.</p> <p>Comply with regulation and customer requirements for training of all employees on environmental issues and health and safety.</p>

	UN Global Compact Principles	Level C Global Reporting Initiative (GRI) performance indicators	Related ScanCom objective
ENVIRONMENT	<p>PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>PRINCIPLE 8: Undertake initiatives to promote greater environmental responsibility</p> <p>PRINCIPLE 9: Encourage the development and diffusion of environmentally friendly technologies</p>	<p>EN1: Material used by weight or volume</p> <p>EN2: Percentage of materials used that are recycled input materials</p> <p>EN3: Direct energy consumption by primary energy source.</p> <p>EN 8: Total water withdrawal by source</p> <p>EN 21: Total water discharge by quality and destination</p> <p>EN 22: Total weight of waste by type and disposal method</p>	<p>Maintain 100 % control of restricted substances.</p> <p>Bring all emissions within legal limits.</p> <p>Continue and improve CO2 measurements.</p> <p>Improve monitoring of electricity consumption.</p>
ANTI-CORRUPTION	<p>PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>SO3: Percentage of employees trained in organization's anti-corruption policies and procedures</p>	<p>Implement ScanCom Code of Conduct with all business partners.</p>
ECONOMIC		<p>EC1: Direct economic value generated and distributed,</p>	



PERFORMANCE AND PROGRESS

ScanCom's Communication on Progress this year is dominated by the performance and progress of activities in Vietnam (SCVN) which account for more than 90 % of ScanCom's manufacturing. Activities in Indonesia (SCIN) and Brazil (SCBR) are also reported.

CSR HIGHLIGHTS SEASON 2013/14

- OHSAS 18001 certification for ScanCom Vietnam in spring 2014.
- Safeguards implemented on all manufacturing machines in SCVN.
- Significant improvements of noise level in SCVN wood manufacturing.
- New internal waste water treatment plant opened in SCVN.

HUMAN RIGHTS

- ScanCom International is committed to influence our employees and business partners to respect the United Nations Universal Declaration of Human Rights.
- For several years ScanCom has had its own, annually updated Code of Conduct for employees and business partners. It can be seen in full on our website: <http://www.scancom.net>

BSCI monitoring of Contract Manufacturers

ScanCom uses the BSCI monitoring system to ensure that its contract manufacturers, as a minimum, comply with basic human rights and local regulations pertaining to labor conditions.

For season 13/14 ScanCom used a total of 25 contract manufacturers, all of which were registered on the BSCI platform.

CONTRACT MANUFACTURERS	SS 11/12	SS 12/13	SS 13/14
Production site registered under BSCI audit platform	25	25	25
Total number BSCI audits, initial and re-audit	9	18	17
Total number of ScanCom Code of Conduct audits	54	25	25
BSCI COMPLIANCE RATING	SS 11/12	SS 12/13	SS 13/14
Good	12/25	19/25	19/25
Improvement needed	12/25	6/25	5/25
Non compliant	1/25	0/25	1/25

We work individually with the contract manufacturers to assure implementation and maintenance of the BSCI Code of Conduct. In parallel, ScanCom follows up on all non-conformances found by 3rd parties or customers. This approach has maintained good results in the BSCI rating for our partners.

Supplier audits

ScanCom is continually developing higher CSR levels at our suppliers. By the end of the season all suppliers had signed ScanCom’s Code of Conduct. ScanCom continually evaluates which suppliers are critical in terms of CSR issues and audits these suppliers. About 25 % of ScanCom’s Vietnamese suppliers were CSR audited by ScanCom.

Child labor

During the past season ScanCom maintained regular internal audits of contract manufacturers together with customer audits and BSCI audits, and again for this season we can report that no cases of child labor were recorded.

Forced labor

Similar to the above, no cases of forced labor were recorded for the past season.

LABOR

ScanCom is committed to the support and protection of labor rights including: abolition of child labor, elimination of forced labor, freedom of association, and eradication of any kind of discrimination.

Workforce, employment, and labor turnover.

HUMAN RESOURCE MANAGEMENT FIGURES	SCVN SS 12/13	SCVN SS 13/14	SCIN SS 13/14	SCBR SS 13/14
Average head count	3,780	3861	318	81
Total people leaving company	3,253	2,894	79	38
Annual employee turnover rate	86 %	75%	25%	47%
Total overtime hours used	337,300	431,700	5,884	9,759
Average overtime hour used per head per year	91	108	18.5	121

Workforce and employment

Practically all ScanCom employees are fulltime direct employees, and all have a labor contract.



Labor contract terms

Site/ Season	Group	Labor contract term				Grand Total
		Probation	Seasonal contract	1-2 years	Indefinite	
SCVN 2012 – 2013	MALE	19	409	370	1592	2390
	Management	3	0	22	200	225
	Staff	6	0	33	58	97
	Worker	10	409	315	1334	2068
	FEMALE	5	82	142	735	964
	Management	2	0	6	66	74
	Staff	3	0	39	93	135
Worker	0	82	97	576	755	
	Grand Total	24	491	512	2327	3354
SCVN 2013 – 2014	MALE	4	228	478	1856	2566
	Management	1	0	22	205	228
	Staff	0	0	26	55	81
	Worker	3	228	430	1596	2257
	FEMALE	0	95	120	790	1005
	Management	0	0	5	94	79
	Staff	0	0	27	93	120
Worker	0	95	88	623	806	
	Grand Total	4	323	598	2646	3571
SCIN 2012 – 2013	MALE	0	224	0	103	237
	Management	0	0	0	23	23
	Staff	0	0	0	22	22
	Worker	0	224	0	58	282
	FEMALE	0	52	0	39	91
	Management	0	0	0	8	8
	Staff	0	0	0	17	17
Worker	0	52	0	14	66	
	Grand Total	0	224	0	142	418

Labor contract terms

Site/ Season	Group	Labor contract term				Grand Total
		Probation	Seasonal contract	1-2 years	Indefinite	
SCIN 2013 - 2014	MALE	19	409	370	1592	2390
	Management	0	0	0	21	21
	Staff	0	0	0	22	22
	Worker	0	225	0	57	282
	FEMALE	0	48	0	38	86
	Management	0	0	0	8	8
	Staff	0	0	0	17	17
Worker	0	48	0	13	61	
	Grand Total	0	273	0	138	411
SCBR 2012 - 2013	MALE	0	0	0	43	43
	Management	0	0	0	5	5
	Staff	0	0	0	13	13
	Worker	0	0	0	25	25
	FEMALE	0	0	0	18	18
	Management	0	0	0	0	0
	Staff	0	0	0	10	10
Worker	0	0	0	8	8	
	Grand Total	0	0	0	61	61
SCBR 2013 - 2014	MALE	0	0	0	43	43
	Management	0	0	0	5	5
	Staff	0	0	0	13	13
	Worker	0	0	0	25	25
	FEMALE	0	0	0	19	19
	Management	0	0	0	0	0
	Staff	0	0	0	10	10
Worker	0	0	0	9	9	
	Grand Total	0	0	0	62	62



Labor turnover

SCVN's activities are situated in an area with a traditionally high labor turnover in the furniture industry. ScanCom was affected by this for several years and actively addressed the problem by creating incentives for employees to stay. These have taken the form of an improvement in working conditions and the provision of a range of benefits: supporting the children of employees, providing a transportation allowance, and assistance with house rental.

The employee turnover rate for SCVN was reduced from 86 % in season 12/13 to 75 % in season 13/14, and although this figure remains high, it meets the objective set for this parameter.

The employee turnover rate for SCIN increased from 23% in season 12/13 to 24% in season 13/14. This relatively high number is a result of contract/seasonal workers resigning and not completing their contract.

The labor turnover for SCBR for season 13/14 was influenced by the implementation of a new site and the situation is now normalized.

Overtime

The high labor turnover referred to above, in addition to the seasonal nature of the outdoor furniture industry has, in the past, resulted in the problem of overtime rates that were too high. However, through improvements in planning and a reduction in the labor turnover rate, this issue is now under control. The number of overtime hours per employee increased from 91 to 108 from season 12/13 to season 13/14, i.e. 19 %. The increase was mainly due to a shift in activity level, and all regulation related to overtime was respected.

For SCIN the number of overtime hours per employee decreased from 39 for season 12/13 to 18.5 for season 13/14 and all regulation related to overtime was respected.

SCBR follows Brazilian legislation dealing with overtime and is subject to both internal audits and a strict inspection of its implementation by an external inspector.

Headcount Turnover by Category

Site	Employee category	Age					Total leaving	Average headcount	Turnover %
		18-25	26-35	36-45	46-55	56-60			
SCVN	MALE								
	Official worker	488	438	97	17	0	1040	2019	52
	Seasonal worker	756	449	62	2	1	1270	524	242
	Staff	2	11	2	0	0	15	78	19
	Management	0	37	11	4	0	52	227	23
	Total-Male	1246	935	172	23	1	2377	2847	83
	FEMALE								
	Official worker	123	116	40	4	1	284	736	39
	Seasonal worker	115	72	19	2	0	208	113	185
	Staff	6	12	4	0	0	22	99	22
	Management	0	0	3	0	0	3	66	5
Total Female	244	200	66	6	1	517	1014	51	
Grand Total SCVN	1490	1135	238	29	2	2894	3861	75	
SCIN	MALE								
	Official worker	0	3	1	1	0	5	54	9
	Seasonal worker	34	14	0	0	0	48	153	31
	Staff	0	3	1	0	0	4	22	18
	Management	0	0	2	0	0	2	21	10
	Total-Male	34	20	4	1	0	59	250	24
	FEMALE								
	Official worker	0	0	0	1	0	1	12	8
	Seasonal worker	5	5	0	0	0	10	33	30
	Staff	0	6	0	0	0	6	15	40
	Management	0	0	3	0	0	3	8	38
Total Female	5	11	3	1	0	20	68	29	
Grand Total SCIN	39	31	7	2	0	79	318	25	



Wages and benefits

In Vietnam the legal minimum wage is frequently adjusted, but ScanCom has always compensated employees at a significantly higher level, applying principles for actual living costs rather than the minimum wage. In season 13/14 the lowest wage level for ScanCom workers was around 29 % higher than the legal minimum. Furthermore, ScanCom continued the policy of an extra 2.5 % health and social and unemployment insurance for workers compared to the legal requirement plus extra support for employees with children.

SCIN pays contract workers at a rate that is a few percent above the minimum level and all permanent employees are paid at a somewhat higher level, depending on position and responsibility.

SCBR pays wages based on an agreement with the Union and the wage pattern of the local area. SCBR has attractive benefit policies which are successful in the long-term retention of workers.

Discrimination

ScanCom continuously enforces its policy of not accepting any kind of employment discrimination of the workforce due to gender, age, or origin.

Age distribution of employees.

Site	Season	Group	Age					Grand Total
			18-25	26-35	36-45	46-55	56-65	
SCVN	2012-2013 (HEADCOUNT IN JUNE 2013)	Management	6	204	77	12	0	299
		Staff	50	150	23	8	0	231
		Worker	960	1353	436	73	2	2824
		Total Headcount	1016	1707	536	93	2	3354
	2013-2014 (HEADCOUNT IN JUNE 2014)	Management	0	187	103	17	0	307
		Staff	20	150	23	6	2	201
		Worker	780	1589	568	123	3	3063
		Total Headcount	800	1926	694	146	5	3571
SCIN	2012-2013 (HEADCOUNT IN JUNE 2013)	Management	0	3	26	2	0	31
		Staff	1	27	9	3	0	40
		Worker	143	142	52	10	0	347
		Total Headcount	144	172	87	15	0	418
	2013-2014 (HEADCOUNT IN JUNE 2014)	Management	0	3	24	2	0	29
		Staff	0	27	9	3	0	39
		Worker	141	141	51	10	0	343
		Total Headcount	141	171	84	15	0	411
SCBR	2012-2013 (HEADCOUNT IN JUNE 2013)	Management	0	1	2	1	1	5
		Staff	7	7	7	1	2	23
		Worker	7	17	6	3	0	33
		Total Headcount	14	25	15	4	3	61
	2013-2014 (HEADCOUNT IN JUNE 2014)	Management	0	1	2	1	1	5
		Staff	7	7	7	1	2	23
		Worker	9	16	5	4	0	34
		Total Headcount	16	23	14	6	3	62



The low median age of ScanCom's employees reflects the age distribution in the population of the countries where manufacturing occurs.

Furthermore the official retirement ages are relatively low with 55/60, 55/55, 60/65 years for women/men in Vietnam, Indonesia, and Brazil respectively.

Average salary for employees June 2014 (USD/month)

Category	SCVN		SCIN		SCBR	
	Male	Female	Male	Female	Male	Female
Management	617	884	460	470	2770	N/A
Staff	340	349	191	236	758	727
Worker	205	195	129	127	469	397

At ScanCom salaries for each country are commensurate with qualifications and role, not gender. Differences in the above figures are related to different kinds of jobs.

Health and safety

Health and safety data	SCVN		SCIN	SCBR
	SS 12/13	SS 13/14	SS 13/14	SS 13/14
Average headcount for accident calculation	3780	3861	318	62
Sick leaves days recorded	9,214	12,332	1,375	57
Total cases of accidents with lost working day	51	37	3	0
Total lost days due to accidents	500	285	4	0
Lost days, all types (incl. maternity leave)	11,777	14,971	3,474	270
Accident frequency rate per 100 employees	1.4	0.8	0.9	0
Fire cases detected	0	2	0	0
Total hours general labor safety training	14,688	54,492	672	1626

Although suffering from a high rate of employee turnover, SCVN still accounts and manages occupational health and safety training for direct employees. A general introductory training course on safety was delivered to 3,172 new employees. Training activities were further developed for areas of special risk like pressure vessels, forklifts, and handling of chemicals.

The Vietnamese regulation for required labor safety training was tightened and now requires external training which explains the large increase in training hours.

SCIN also trains all new employees in health and safety and this is repeated twice a year for all employees.

The total lack of accidents at SCBR is the result of high quality training and continuous improvements in terms of safety.

ENVIRONMENT

ISO 14001 certification of environment management system

ScanCom Vietnam received ISO 14001 certificate in spring 2013 and the first surveillance audit was conducted in spring 2014 with a good outcome.

The ISO 14001 management system is used as the basis for SCVN control of environmental impact, reporting and continuous improvements.

For the manufacturing activities in Brazil and Indonesia the environmental impact is very low, and there are, for now, no plans to implement ISO 14001 at these sites.

Materials used, recycling, and waste

Data

In relation to the ISO 14001 certification of SCVN the methods for registration of use of resources and disposal of waste were significantly improved and therefore the data for season 12/13 and onwards are to be considered accurate and at the appropriate level.

Resources and recycling	SCVN		SCIN		SCBR	
	SS 12/13	SS 13/14	SS 12/13	SS 13/14	SS 12/13	SS 13/14
Total electrical energy, MWh	14,800	19,300	341	361	243	268
Water consumption, 1000 m ³	222	138	7.16	7.92	0.32	0.35
Industrial waste, MT	3,525	5,985	0	0	1,000	500
Waste water, 1000 m ³	178	121	9	9	0.32	0.35
Sawn timber, 1000 m ³	32.0	32.1	5.09	4.42	4.54	6.29
Aluminum billets, MT	2,900	3,280	0	0	N/A	N/A
Plastic resin, MT	1,710	2,330	N/A	N/A	N/A	N/A
Recycled saw dust, MT	600	660	0	0	680	943
Recycled aluminum waste, MT	22	115	N/A	N/A	N/A	N/A
Recycled Poly Rattan waste, MT	20	30	0	0	N/A	N/A

For **SCVN** all figures this season include the aluminum frame production and Poly Rattan activities in Tien Giang Province and this explains the energy consumption increase.

The increase of industrial waste is a consequence of temporary external sourcing of wood pellets for boilers for wood drying instead of using SCVN wood waste. This leaves more wood waste for external sale.

The significant increase in the amount of aluminum waste is due to market prices for the waste. If the price offered for the waste by our aluminum supplier is low, the waste is instead sold in the local market and is not then used in future products. Significantly though, regardless of the buyer, the waste is recycled.

The rest of the variations are linked to changes in activity levels.

Even though environmental impact is low, SCBR established an improvement project and impact is expected to decrease in coming years.



Water

SCVN

The industrial zone in SS 13/14 was still not able to supply sufficient water and SCVN wells were still used until this came to an end in May 2014.

The positive development in water consumption comes from successful activities undertaken to identify and repair any leakage in the old pipework in the factories.

For the activities in Song Than Industrial Park waste water volume is calculated as 80 % of water consumption and is not measured as it is on the small sites in other areas. Waste water volume therefore is reduced in line with the reduction of water consumption.

SCVN is now cleaning waste water to the required level before discharging to the centralized waste water treatment plant of Song Than Industrial Park. The waste water is checked and reports are made quarterly.

SCIN and SCBR

There is practically no industrial waste water at those sites.

Recycling

ScanCom continuously tries to increase recycling of materials – mainly in SCVN. New methods for recycling in wood plastic composite furniture have resulted in increased recycling figures

Development activities in recycling are ongoing and this should lead to a continued increase in the amount of internal waste being recycled.

Waste

For season 13/14 SCVN further improved on waste handling to meet ISO 14001 related objectives and legal requirements. In SCIN and SCBR as well, waste handling is under control and the data now presented are reliable and traceable.

Waste type (MT)	SCVN		SCIN		SCBR		Disposal method
	SS 12/13	SS 13/14	SS 12/13	SS 13/14	SS 12/13	SS 13/14	
Domestic waste	71.5	120	12.5	11	0.330	0.300	Authorized contractor
Hazardous waste	290	476	0	0	0.066	0.060	Authorized contractor
Recyclable waste	3,164	5,383	3.8	2.7	2.904	2.640	Sold to contractors

It is evident due to volumes that for the ScanCom Group the challenges are connected to the operation in Vietnam.

The increase of hazardous waste in SCVN is due to a one-off scrapping of expired materials and also a result of the improved classification of waste, now strictly adhered to, following regulation.

CO₂ emission

Since 2012 ScanCom has continuously monitored CO₂ generating consumptions with the aim of a stepwise reduction in CO₂ emissions.

CO₂ emission data

Site	Source	Quantity SS 12/13	CO ₂ emission (MT) SS 12/13	Quantity SS 13/14	CO ₂ emission (MT) SS 13/14
SCVN	Gas	384 MT	1,033	587 MT	1,578
	Diesel Oil	82.9 MT	64	154 MT	490
	Wood	4,688 MT	8,203	4,661 MT	8,157
	Electricity	17.0 GWh	9,862	19.3 GWh	11,214
	Total CO₂, SCVN		19,340		21,440
SCIN	Electricity	0.341 GWh	198	0.361 GWh	210
	Total CO₂, SCIN		198		210
SCBR	Wood	1,037 MT	1,970	943 MT	1,792
	Electricity	0.144 GWh	84	0.268 GWh	155
	Total CO₂, SCBR		2,054		1,947
	TOTAL CO₂		21,600		23,600

The increase in CO₂ emissions for SCVN from season 12/13 to season 13/14 was due to an increase in activity level which now includes manufacturing activities in Tien Gang Province.

Impact of products on health and environment. Restricted substances.

ScanCom continuously updates its own List of Restricted Substances (LRS) to always meet relevant legal and customers' requirements. All new materials developed are tested for compliance. Random testing for existing materials is done at least once per year to ensure continued compliance. The administrative system prevents the purchase of non-compliant materials.

FSC wood

ScanCom was one of the pioneers in using FSC wood for outdoor furniture and is today the world's biggest manufacturer of FSC hardwood garden furniture.

Today ScanCom uses 100 % FSC hardwood in our operations in Vietnam – including our contract manufacturers.

ScanCom Indonesia is now FSC certified and is working towards having all production made with FSC teak. Due to a global shortage of FSC teak of acceptable quality this process will take several years. However, only teak of verified legal origin is used.

Taking into account the above, ScanCom can comply with any regulation on wood in all our markets and provide all relevant documentation for customers.



ANTI-CORRUPTION

ScanCom maintains its own Code of Conduct with annual updates.

The Code of Conduct is communicated to all employees and all new employees receive training in the content. Furthermore, the Code of Conduct is communicated to all subcontractors, contract manufacturers, and suppliers – and they are requested to sign the code.

From season 12/13 subcontractors' employees working on ScanCom's premises all receive one hour training in ScanCom's Code of Conduct.

TRAINING ACTIVITIES

In season 13/14 ScanCom again continued systematic training of employees to support the understanding and practice of social compliance and good environmental behavior.

No.	Course	Season 12/13	Season 13/14
		Time of training (hours)	Time of training (hours)
1	Management skills	3,184	4,608
2	English communication	12,000	2,400
3	Vietnamese communication for Expats	N/A	216
4	Labor Safety and Hygiene for Employees	14,688	54,492
5	Awareness training for ISO 14001:2004	768	768
6	Handling of chemicals and waste	11,106	8,700
7	Code of Conduct for onsite subcontractors	85	117
8	Code of Conduct for ScanCom employees	3702	2,900
9	Security procedure for employees	3702	2,900
10	Stamping safety	366	160
11	Electricity, Pressure Equipment, and Forklift Safety	1,136	1,112
12	Firefighting and prevention training	952	912
13	Firefighting and prevention drills	2,500	3,500
14	General Safety for new workers	28,112	50,752
15	Safety of machinery, PPE, Environment for new workers	28,112	25,376
	Total	110,413	141,869

As mentioned above, the Vietnamese regulation was tightened in terms of required external labor safety training. Furthermore, global customers increased their requirements for safety training, and ScanCom's internal training was also increased.

CERTIFICATION STATUS AND PROGRESS

The table below provides an overview of the certifications obtained and those in progress for ScanCom Group companies.

Where N/A is stated, management found it not relevant for now.

Certifications for ScanCom Group	ISO 9001	ISO 14001	OHSAS 18001	COC/FSC	SA 8000
ScanCom International	x	N/A	N/A	x	N/A
ScanCom Vietnam	x	x	June 2014	x	In progress
ScanCom Brazil	x	N/A	N/A	x	x
ScanCom Indonesia	x	N/A	N/A	x	x
ScanCom Asia Trading	x	N/A	N/A	x	N/A

PERFORMANCE INDICATORS FOR FOLLOWING YEAR

For season 14/15 ScanCom will use the same performance indicators as for season 13/14 and continue to increase the level of reporting for the manufacturing sites in Indonesia and Brazil.

ENVIRONMENT

1. EN1. Materials used by weight or volume.
2. EN2. Percentage of materials used that are recycled input materials.
3. EN3. Direct energy consumption by primary energy source.
4. EN8. Total water withdrawal by source.
5. EN21. Total water discharge by quality and destination.
6. EN22. Total weight of waste by type and disposal method.

HUMAN RIGHTS

7. HR2. Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
8. HR6. Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labour.

LABOUR

9. LA1. Total workforce by employment type, employment contract, and region.
10. LA2. Total number and rate of employee turnover by age group, gender, and region.
11. LA4. Percentage of employees covered by collective bargaining agreements.



12. LA6. Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advice on occupational health and safety programs.
13. LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.
14. LA10. Average hours of training per year per employee by employee category.
15. LA14. Ratio of basic salary of men to women by employee category.

SOCIETY

16. SO3. Percentage of employees trained in organization’s anti-corruption policies and procedures.

ECONOMIC

17. EC1. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.





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