

# UN Global Compact

## Communication on Progress

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### Season 2019/2020



ScanCom International A/S



# PREFACE

ScanCom International A/S became signatory to the UN Global Compact in April 2011. In this report we present our 8th Communication on Progress.

The Progress Report is based on the reporting framework of the 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 2018 to 31 August 2019 (14 months due to the change of our book year in line with the new ownership. Our new financial period from 1 September 2019 to 31 August 2020.



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# SCANCOM'S MANAGEMENT PRINCIPLES

ALWAYS AN ACTIVE AND RESPONSIBLE PARTNER, SCANCOM IS GUIDED BY A FIRM SET OF PRINCIPLES THAT GUIDES US IN EVERYTHING WE DO.

**ACTIVE  
PARTNERSHIP  
WITH FLEXIBLE  
SOLUTIONS**

SCANCOM'S VALUES

## ACTIVE

To be active means to take the initiative without waiting for the other party

## PARTNER

To be a partner means to be trustworthy, honest and equal

## FLEXIBLE

To be flexible means to be open towards others and to offer alternative options

SCANCOM CORPORATE OBJECTIVES

### Market

ScanCom wishes to be valued as a competent, reliable, innovative and competitive business partner towards our customers.

### Quality

All ScanCom's products meet all necessary standards for each customer and market.

### Economic

ScanCom seeks to achieve a sustainable growth in sales and market share, and to provide acceptable level of return on investments and profit.

### CSR

ScanCom will strive to deliver the highest standards and behavior relating to corporate social compliance and a strict -but fair- Code of Conduct.

### Environment

ScanCom Group will continue to DO BUSINESS THE RIGHT WAY to protect the environment and natural resources. We will continuously improve our operational efficiency to reduce waste for the benefit of the environment.

# SCANCOM PROFILE

## ABOUT SCANCOM

Since being founded on the 1st April 1995, ScanCom has grown to become a leading global manufacturer of outdoor furniture.

ScanCom has its legal headquarters in Denmark and top management is located partly in Denmark, Vietnam and Spain.

ScanCom have sales offices in Denmark, the United Kingdom, Germany, the USA, Spain and Vietnam, with 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 owned a good set of principles that guides in everything ScanCom do.

## VISION

To become the preferred business & development partner for selected customers –medium and larger retail – and DIY chains globally and Garden centres – within the furniture industry.

Doing Business the Right Way is a cornerstone of our business vision; we believe that it is the only way of operating and the approach can be seen in everything we do: from the sourcing and processing of raw materials, through production and design stages until the final product is delivered to your door.

## MISSION

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

- Customized full-range quality collections at competitive prices
- Environmental and social correct products, process and behaviour
- Continuous improvement in all we are doing
- Customized marketing and logistics services
- On- time delivery and high level of after-sales services
- Create continuous profitable growth based on Doing Business the Right Way- the sustainable Way

### COMPANY INFORMATION:

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**CVR No.:** 18 47 98 93  
Registered office: Korsør

**Financial year:**  
1 September– 31 August

**Business Focus:**  
Manufacturing and trade of garden furniture



# MESSAGE FROM GROUP CEO



**SCANCOM'S SUSTAINABILITY STRATEGY AND BUSINESS VALUES ARE NOT A PROJECT THAT STARTS AND ENDS, BUT AN ONGOING WILLINGNESS TO IMPROVE OUR LONG-TERM BUSINESS MODEL.**

ScanCom Group is a leading player in the global market for sustainable 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 – the sustainable way”, also when nobody is watching.

However, we must admit our principles are under pressure from competitor not always doing business the right way, and especially in times of COVID-19 crisis, which will not let us change our focus on what we believe is the right long-term strategy.

It is important to stress that our corporate CSR strategy and business values are not a project that starts and ends, but an ongoing willingness to improve our sustainable business model.

“Doing Business the Right Way” and focus on sustainability can go hand in hand with improved operational performances and profitability, although our 2019/2020 results have not confirmed that statement, but our employees' safety and our managerial behaviour in implementing tough decisions are key to us.

We are confident that the chosen strategy and being loyal to our management principles and values, will generate improved results in the coming year.

## 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.

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 operated under ISO 14001 certificate.

## SOCIAL ACCOUNTABILITY

It is important for ScanCom to assure respect for human and labour 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, SMETA monitoring and certifications, sends a clear signal to all stakeholders that we are committed to doing business the right way and 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

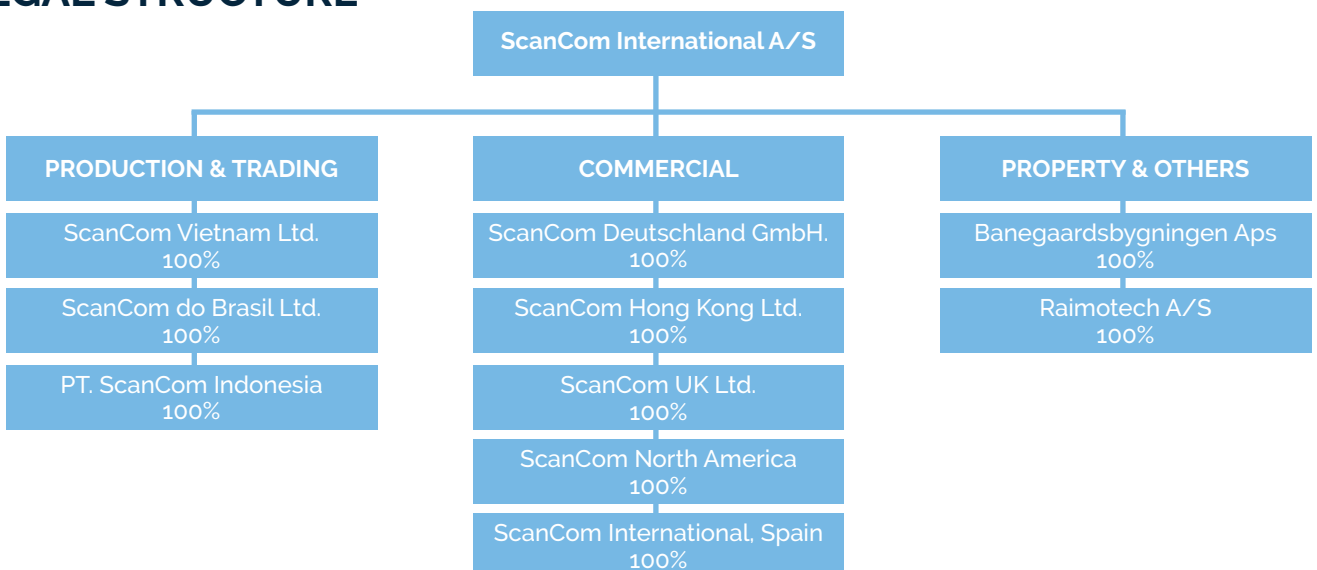
I am very pleased that ScanCom, even under the difficult market conditions, has been able to remain true to its basic CSR values and to make progress, or at least maintained the same high level, in all 10 of the UN Global Compact principles.

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

Further to above, ScanCom has decided to support UN SDG (Sustainability Development Goals) for the current season and onwards, and will in the next strategic period mainly focus on increased recycling from Ocean and Land.

**Stig Maasbøl**  
ScanCom Group CEO

## LEGAL STRUCTURE



# FINANCE FIGURES

The finance figures for ScanCom International A/S are as below:

Key figures (DDK million)	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Income Statement:</b>					
Revenue	1,301.4	1,242.6	911.3	886.1	898.1
EBITDA	34.9	71.4	51.7	45.3	47.3
<b>Balance:</b>					
Balance sheet total	938.3	915.7	599.3	538.3	564.9
Equity	142.3	182.8	160.0	154.0	156.1
<b>Employees:</b>					
Average number of employees	4.831	4.281	3.598	3.144	3.459
<b>Financial Ratios:</b>					
EBITDA-margin	2.7	5.7	5.7	5.1	5.3
Return on equity	-4.1	12.3	8.0	2.1	4.2

# PERFORMANCE INDICATORS AND OBJECTIVES

For season 2019/2020, the first time to change the time for the FY starting from September instead of July and ending by end of August instead of June. ScanCom continued with the performance indicators given below and set related objectives.

This year Communication on Progress in performance has focused on the selected indicators and objectives and the reports on other related areas as well.

UN Global Compact Principles		Level C, Global Reporting Initiative (GRI) Performance Indicators	Objective Result (CSR/SCVN)
Human rights	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights</p>	<p><b>HR2:</b> Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.</p>	<p>Continue BSCI audit report, human rights at ScanCom and all contract manufacturers. This includes the rights to freedom of expression, security, health and education, food and clean water and development. ScanCom will develop young workers, increase internship project as part of the ScanCom Sustainability Strategy to promote human rights and the development of communities and social advancement.</p>
	<p><b>Principle 2:</b> Make sure that they are not complicit in human rights abuses.</p>	<p><b>HR6:</b> Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.</p>	
		<p><b>HR3:</b> Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</p>	<p>Maintain ScanCom Code of Conduct and policies to train all employees and human rights for operations. Open ScanCom Academy is part of training improvements.</p>



UN Global Compact Principles		Level C, Global Reporting Initiative (GRI) Performance Indicators	Objective Result (CSR/SCVN)
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA1: Total workforce by employment type, employment contract.	Maintain Code of conducts, highest ethical standards BSCI, SMETA, ICS, at ScanCom and all contract manufacturers.
	Principle 4: Elimination of all forms of forced and compulsory labour.	LA2: Total number and rate of employee turnover by age group, gender.	Maintain with no incident of forced labour at ScanCom and contract manufacturers.
	Principle 5: Effective abolition of child labour.	LA4: Percentage of employees covered by collective bargaining agreements. 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. LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities.	Continue to compliance with regulations and customer requirements for training of all employees on environmental issues and health and safety. Continue with competence development for health and safety deliver to all workers. Maintain number of major occupational with no case.
	Principle 6: Elimination of discrimination in respect of employment and occupation.	LA10: Average hours of training per year per employee by gender, and by employee category. LA14: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Increased more activities to improve understanding of groups of other e.g. age, gender, sexual preference, ethnicity, religion, disabilities, etc.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	EN1: Material used by weight or volume.	Reach 80% sustainability index with reducing hazardous material, waste, saving energy, good REACH solutions, and prevent pollution.
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	EN2: Percentage of materials used that are recycled input materials.	Maintain sustainability index and improve emissions comply with legal limits.
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	EN3: Direct energy consumption by primary energy source. EN 8: Total water withdrawal by source.	Continue to reduce 5% in energy used per piece in season 20/21.
		EN 21: Total water discharge by quality and destination.	Continue to make plans properly for continuous improvement of discharged water in place.
		EN 22: Total weight of waste by type and disposal method.	Continue to improve the discharged water to a quality within legal limits.
		EN26: Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Maintain monitoring of CO <sub>2</sub> emission. Maintain 100 % control of restricted substances.
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	SO3: Percentage of employees trained in organization's anticorruption policies and procedures.	Implemented and maintained ScanCom Code of Conduct with all business partners.
Economic		EC1: Direct economic value generated and distributed.	Maintain generate profit and pay tax, and keep our employees' benefits above minimum wages and insurance.



# PERFORMANCE AND PROGRESS

## CSR HIGHLIGHTS SEASON 2019/2020

ScanCom continued to be compliant with the customers' Code of Conducts, BSCI standard, SMETA 2-4 Pillars standard, ISO 14001 standard; OHSAS 18001 standard, ISO 9001 standard, and C-TPAT requirements.

ScanCom was in compliance with FSC-COC standard, European Union Timber Regulation (EUTR) and US LACEY Act in the overall ScanCom Supply Chain.

ScanCom was in compliance with the REACH law and LRS requirements on using proper chemicals and materials in outdoor manufacturing industry for the purpose of overall health and environment protection.

ScanCom was in compliance with CSR requirements in ScanCom's group overall Supply Chain, with acceptable results in BSCI audits and ScanCom Code of Conduct audits.

## CHALLENGES IN SEASON 2019/2020 BY COVID-19 PANDEMIC

### MARKETS

- Several customers went fast into a 'lockdown-mode', meaning they postponed or cancelled orders placed, or delayed payments for products.
- The overall sense of panic affected across a wide array of businesses, markets and industries, reaching many 'across the board' – which is natural and was to be expected due to the unknown situation.
- Markets slowly picked up towards the end of the season –particularly in e-commerce- and channeling stock and products in this period gave us a surprising peak of sales during the summer of 2020.

### PEOPLE

- People were impacted by the situation as well, and the consumers were naturally scared of the Covid and what this would mean for the individual persons, families, communities and world.
- Many people have lost their jobs around the world and this has created a challenging situation that have been life-changing for a lot. Due to the amount of Covid-infections globally, many many families have been hard hit by this.
- People have fortunately also come together and joined forces to support others in need, reaching out with donations and charities.

### OUR ACTIONS

- Very early in the Covid phase, we reacted to the incoming challenges, by taking tough –but necessary- decision to support the continued existence of the company and all of our colleagues working at ScanCom.
- We didn't wait for reactions from our customers and business partners as the situation required action, so we jumped straight in and fought every day to stay above water; showing our team spirit and organisation –getting through this together.
- #proudtobescancom – how we have handled the situation and dealt with the challenges, walking the talk of 'Doing Business the Right Way' both during and eventually post Covid is something we can be very proud of.
- We keep investing in the future, keep pushing for sustainability and the circular agenda –even in times when others just focus on reducing costs.

## WORKPLACE CONDITIONS ASSESSMENT

During season 2019/20 with result of audits, ScanCom has achieved good results at all the CSR audits from customer's standards to international standards as BSCI, SMETA 2-4 Pillars, ISO 14001, OHSAS 18001, ISO 9001, Global security verification (GSV) and Supply chain security or Customs-trade partnership against terrorism (C-TPAT).

Besides the management system verifications, ScanCom has conducted required annual workplace environment measurement on some working influence factors like: noise, dust, ventilation, chemical exposure level, lighting, humidity, temperature, vibration, ergonomic and conducted the quarterly measurement on the elements exposure and affected to the external environment like: Dust, noise, air-emission and wastewater discharge.

In additional, ScanCom has also conducted the periodical test for the living water, the drinking water according to the local national standard, the annual and periodical health check for all employees

## IKEA WELL-DEVELOPED SUPPLIER UNIT RECOGNITION

IKEA has, after over 6 years of business cooperation, recognised ScanCom's commitment from top management and the entire organisation towards compliance with their CSR and HSE policies. Our transparency system, which is a combination of the in-place tracked record and the efficient internal CSR and HSE control and monitoring systems, has resulted in ScanCom received the IKEA IWAY Well Developed Supplier Unit (IWDSU) award in January 2020. This has re-confirmed the trust from IKEA in our commitment and the internal capability of self-monitoring and self-performance, self-improvement and continuous system driven focus.

## HUMAN RIGHTS

ScanCom International A/S is committed to influence the employees and the 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 reviewed in our website: <http://www.scancom.net>

ScanCom used the BSCI and SMETA monitoring system to ensure that the contracted manufacturers, as a minimum, are in compliant with the basic human rights and local regulations pertaining to labour conditions.

Besides, for season 2019/20, ScanCom has verified the social compliance performance at 28 contracted manufacturers and put in use for all contracted manufacturers who were registered and audited under the BSCI platform with acceptable rating.



## BSCI MONITORING OF CONTRACT MANUFACTURERS

ScanCom has continued to increase the collaboration and commitment from the existing contract manufacturers (CMs) and new CMs over the requirements from BSCI platform with acceptable rating from BSCI audits. Besides, ScanCom has also extended the support to the new business partners, who ScanCom is going to set up the business relationship with, in conducting the compliance gaps assessment at their facilities on their request and guiding them on remediation of the non-conformance areas to prepare for the BSCI audit.

One partner was rated at D level after its initial audits. However, the partner is committed and is currently in a progress of working on the necessary remediation with us and will request for follow-up audits in the coming time. We are confident that this partner will achieve C rating or better at the follow-up audit.

Contract Manufacturers	SS 18/19	SS 19/20
Production site registered on BSCI audit platform	24	28
Total number of BSCI audits, initial and re-audit	24	28
BSCI Compliance Rating	SS 18/19	SS 19/20
A (Outstanding)	0/24	1/28
B (Good)	1/24	2/28
C (Acceptable)	22/24	24/28
D (Improvement needed)	1/24	1/28
E (Non-Compliant)	0/24	0/28

## SUPPLIER AUDITS

ScanCom is continually developing higher CSR performance levels at the suppliers. All suppliers signed ScanCom's Code of Conduct. 100% of new suppliers, where relevant, were subjected to an onsite CSR audit conducted by ScanCom or a required audit by external audit firm for BSCI and/or SMETA or other required standards by specific customers.

## CHILD LABOUR AND FORCED LABOUR

During the past season, as with those previous, ScanCom maintained regular audits at CMs together with customer audits, BSCI and SMETA audits. Again, for this season, ScanCom continues to report that there were no cases of child labour or forced labour happening at ScanCom and our business partners. Current control procedures prove sufficient to ensure no child or forced labour enters the supply chain.

## LABOUR

ScanCom continuously committed to the support and protection of labour rights including abolition of child labour, elimination of forced labour, freedom of association, and eradication of any kind of discrimination or harassment and abuse.

The way of the data reported this time is a bit different from last season with the comparison of data from the 2 seasons but still keep the visible segregation between males and females from different level of employment, workers to management. From the data, it showed some increased figures and some decreased figures.

With the current unbalance between males and females in the management level, we are in the focus to bring up the female management in the coming season with our talent management trainee program in phase 2.

Some of the data are newly set up and taken into the report in this season 19/20 for a full picture of safety and care. Therefore, some data input was not actually reflected the fact for the 2 seasons but will be more visible in the coming season.

## WORKFORCE BREAKDOWN

		SCANCOM VIETNAM										
		SEASON 2019-2020 (SEPT. - AUG.)			SEASON 2018-2019 (JUL. - AUG.)			WORKFORCE VARIATION:			RATIO BETWEEN MALES & FEMALES	
		Labour contract term			Labour contract term			Season 19-20 and Season 18-19				
WORKFORCE VARIATION		TOTAL	Indefinite	1-3 years	TOTAL	Indefinite	1-3 years	TOTAL	Indefinite	1-3 years	SS19-20	SS18-19
1	Male workers	2,735	1,125	1,610	2,299	992	1,307	18.96%	13.41%	23.18%	70.1%	70.0%
	Female workers	1,167	465	702	985	424	561	18.48%	9.67%	25.13%	29.9%	30.0%
2	Male staffs	108	52	56	109	51	58	-0.92%	1.96%	-3.45%	47.6%	47.8%
	Female staffs	119	55	64	119	55	64	0.00%	0.00%	0.00%	52.4%	52.2%
3	Male operation management (group leader-sr.manager)	152	124	28	79	61	18	92.41%	103.28%	55.56%	83.5%	82.3%
	Female operation management (helper-sr.manager)	30	25	5	17	13	4	76.47%	92.31%	25.00%	16.5%	17.7%
4	Male - Indirect management (A.manager-sr.manager)	80	57	23	211	165	46	-62.09%	-65.45%	-50.00%	56.7%	64.5%
	Female - Indirect management (A.manager-sr.manager)	61	46	15	116	86	30	-47.41%	-46.51%	-50.00%	43.3%	35.5%
5	Male - Director	5	5	0	3	3	0	66.67%	66.67%		100.0%	100.0%
	Female - Director	0	0	0	0	0	0				0.0%	0.0%
MALE TOTAL		3080	1363	1717	2701	1272	1429	14.03%	7.15%	20.15%	69.1%	68.6%
FEMALE TOTAL		1377	591	786	1237	578	659	11.32%	2.25%	19.27%	30.9%	31.4%
WORKFORCE IN TOTAL		4,457	1,954	2,503	3,938	1,847	2,088	13.18%	5.79%	19.88%		

All ScanCom employees are fulltime direct employees and all have a labour contract. Headcount figures are average of season 19/20 for 12 months' period from September 2019 until August 2020.

		SCANCOM INDONESIA										
		SEASON 2019-2020 (SEPT. - AUG.)			SEASON 2018-2019 (JUL. - AUG.)			WORKFORCE VARIATION:			RATIO BETWEEN MALES & FEMALES	
		Labour contract term			Labour contract term			Season 19-20 and Season 18-19				
WORKFORCE VARIATION		TOTAL	Indefinite	1-3 years	TOTAL	Indefinite	1-3 years	TOTAL	Indefinite	1-3 years	SS19-20	SS18-19
1	Male workers	170	58	113	141	59	82	20.86%	-2.54%	37.70%	82.3%	79.7%
	Female workers	37	10	27	36	12	24	1.62%	-19.44%	12.15%	17.7%	20.3%
2	Male staffs	11	11	0	11	11	0	-1.52%	-1.52%		51.2%	52.4%
	Female staffs	10	10	0	10	10	0	3.33%	3.33%		48.8%	47.6%
3	Male operation management (group leader-sr.manager)	12	12	0	14	14	0	-16.67%	-16.67%		100.0%	100.0%
	Female operation management (helper-sr.manager)	0	0	0	0	0	0				0.0%	0.0%
4	Male - Indirect management (A.manager-sr.manager)	9	9	0	8	8	0	17.71%	17.71%		65.3%	65.1%
	Female - Indirect management (A.manager-sr.manager)	5	5	0	4	4	0	16.67%	16.67%		34.7%	34.9%
5	Male - Director	1	1	0	0	0	0				100.0%	0.0%
	Female - Director	0	0	0	1	1	0	-100.00%	-100.00%		0.0%	100.0%
MALE TOTAL		203	90	113	174	92	82	16.86%	-1.72%	37.70%	79.7%	77.2%
FEMALE TOTAL		52	25	27	51	27	24	1.23%	-8.38%	12.15%	20.3%	22.8%
WORKFORCE IN TOTAL		255	115	140	225	118	106	13.30%	-2.43%	31.92%		

The workforce in season 2019/2020 is higher compare to season 2018/2019 as factory has strongly focused to improve the quality and the delivery time.

		SCANCOM BRAZIL										
		SEASON 2019-2020 (SEPT. - AUG.)			SEASON 2018-2019 (JUL. - AUG.)			WORKFORCE VARIATION:			RATIO BETWEEN MALES & FEMALES	
		Labour contract term			Labour contract term			Season 19-20 and Season 18-19				
WORKFORCE VARIATION		TOTAL	Indefinite	1-3 years	TOTAL	Indefinite	1-3 years	TOTAL	Indefinite	1-3 years	SS19-20	SS18-19
1	Male workers	31		31	42		42	-26.19%		-26.19%	81.6%	70.0%
	Female workers	7		7	18		18	-61.11%		-61.11%	18.4%	30.0%
2	Male staffs	6		6	6		6	0.00%		0.00%	33.3%	31.6%
	Female staffs	12		12	13		13	-7.69%		-7.69%	66.7%	68.4%
3	Male operation management (group leader-sr.manager)	1		1	1		1	0.00%		0.00%	100.0%	100.0%
	Female operation management (helper-sr.manager)	0		0	0		0				0.0%	0.0%
4	Male - Indirect management (A.manager-sr.manager)	1		1	1		1	0.00%		0.00%	100.0%	100.0%
	Female - Indirect management (A.manager-sr.manager)	0		0	0		0				0.0%	0.0%
5	Male - Director	1		1	1		1	0.00%		0.00%	100.0%	100.0%
	Female - Director	0		0	0		0				0.0%	0.0%
MALE TOTAL		40	0	40	51	0	51	-21.57%		-21.57%	67.8%	62.2%
FEMALE TOTAL		19	0	19	31	0	31	-38.71%		-38.71%	32.2%	37.8%
WORKFORCE IN TOTAL		59	0	59	82	0	81	-28.05%		-27.16%		

There was a reduction of 28% of workforce in season 19/20 due to the Covid-19, motivated by the revision of the budget based on volumes 20/21.



## LABOUR TURNOVER

		SEASON 2019-2020 (SEPTEMBER - AUGUST)								
		SCANCOM VIETNAM			SCANCOM INDONESIA			SCANCOM do BRAZIL		
	EMPLOYMENT VARIATION	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19
1	Resignation total	1536	1,545	1%	9	14	56%	31	4	-87%
2	Disciplinary dismissal total	4	0	-100%	2	1	-50%	0	0	
3	Self-quit total	874	657	-25%	1	2	100%	0	0	
4	Expired contract total	45	557	1138%	150	160	7%	0	7	
5	Leaving by mutual agreement		178			51		0	33	
	LEFT total	2,459	2,937	19%	162	228	41%	31	44	42%
	Total workforce in average	3,938	4,457	13%	225	255	13%	82	59	-28%
	EMPLOYMENT VARIATION TOTAL	62.4%	65.9%	3%	71.9%	89.3%	17%	37.8%	74.6%	37%

In season 18/19, the period was from July 18 to August 19 with 14 months and season 19/20, the period was from September 19 to August 20 with 12 months. In order to compare between the 2 seasons, the average data in 12 months of season 18/19 was used here for computation.

### SCVN

SCVN's activities are located in an area with traditionally very high labour turnover in general and more so in the furniture Industry. ScanCom has invested in incentive system, education, skills building and subsequent allowances as well as childcare, transportation allowance and house rental allowance. Besides the well payment of wages that was above the legal regional minimum requirement, ScanCom also invested many attracting allowances and bonuses for employees. We also ensured the health and safe working environment from employees through upgrading the firefighting and fire prevention system, ergonomics support system, the safety systems, the restroom and motorbike parking slots, and even the health care program for employees.

Going beyond the legal requirements on working environment, ScanCom has installed an in-house air-cooling system in labour-intensive areas to deal with the regional normal high temperatures.

Due to the Covid-19 pandemic spreading around the world, the global economic crisis has occurred. This pandemic has seriously affected the production and business activities of ScanCom with cancellation of orders, suspension of shipments, payment delays, inventory at the highest level and customer failure to continue commitment. Those has led ScanCom to no other choices but to cut off for 1,106 employments through mutual agreement with employees, no renewal of labour contract with employees and self-resignation from employees. The labour turnover rate compared to season 18/19 saw a labour turnover higher slightly of 3% in season 19/20.

A fast growing economy, driven by the industrial sector has increased labour competition in general and allowed domestic migrated workers to find new suitable jobs close to their rural home towns in new established industrial clusters.

### SCIN

In terms of labour turnover, season 19/20 was higher compare to season 18/19. A part of that was also due to Covid-19 pandemic. SCIN has cut off 108 employments through mutual agreement with employees and no renewal of labour contract with employees. The labour turnover rate compared to season 18/19 saw a spike in labour turnover higher of 17% in season 19/20

### SCBR

The labour turnover of SCBR saw significant variation from the previous year due to high movement at the Rio Grande do Sul "Minas do Leão" site, which was adjusting its staffing Headcount Turnover by Category. Also due to Covid-19, SCBR has cut off 28 employments through mutual agreement with employees and no renewal of labour contract with employees. The labour turnover rate compared to season 18/19 saw a spike in labour turnover higher of 37% in season 19/20



## HOURS OF WORK

		SEASON 2019-2020 (SEPTEMBER - AUGUST)								
		SCANCOM VIETNAM			SCANCOM INDONESIA			SCANCOM do BRAZIL		
	WORKING HOURS VARIATION	SS 18/19	SS 1920	RATIO to SS18/19	SS 18/19	SS 1920	RATIO to SS18/19	SS 18/19	SS 1920	RATIO to SS18/19
1	Total overtime hours	605,625	681,710	12.6%	4,502	34,345	662.9%	10,149	4,449	-56.2%
2	Average overtime hours per head	153.79	152.95	-0.5%	19.98	134.55	573.4%	123.76	75.41	-39.1%
3	Total normal working hours	9,829,248	11,124,672	13.2%	420,911	448,336	6.5%	179,986	128,949	-28.4%
	DATA IN TOTAL	10,434,873	11,806,382	13.1%	425,413	482,680	13.5%	190,134	133,398	-29.8%

To compare on the working hours between the 2 seasons with season 18/19 having 14 months, we have used the average hours of work for 12 months in season 18/19. The decrease in total headcount plus the orders reduction due to Covid-19 pandemic has driven for slightly low overtime in season 19/20 compared to season 18/19 for SCVN but significant for SCBR while having increment in SCIN.

There were significant overtime hours in season 19/20 from November 2019 to March 2020 during the peak season in SCIN due to the serious focus for improving quality and on time delivery. Season 19/20 was in compliant with local regulations of maximum 200 overtime hours a year as well as the international standard of maximum 60 working hours a week.

## AGE DISTRIBUTION

		SEASON 2019-2020 (SEPTEMBER - AUGUST)								
		SCANCOM VIETNAM			SCANCOM INDONESIA			SCANCOM do BRAZIL		
	AGE OF WORKFORCE VARIATION	SS 18/19	SS 1920	RATIO to SS18/19	SS 18/19	SS 1920	RATIO to SS18/19	SS 18/19	SS 1920	RATIO to SS18/19
1	Direct workforce (18-39)	2368	2635	11%	118	136	15%	29	31	7%
	Direct workforce (40-55)	1014	1272	25%	59	71	19%	31	15	-52%
	Direct workforce (>55)		2		0	0		0	0	
2	Indirect workforce (staffs: 20-39)	164	163	-1%	17	17	1.0%	16	9	-44%
3	Indirect workforce (staffs: 40-55)	64	48	-25%	4	4	0.0%	3	1	-67%
	Indirect workforce (staffs: >55)		12		0	0		0	0	
4	Management (helper-top: 25-39)	114	114	0%	4	4	1.4%	1	1	0%
	Management (helper-top: 40-55)	213	208	-2%	23	23	0.5%	2	2	0%
	Management (helper-top: >55)	1	3	200%	0	0		0	0	
	DATA IN TOTAL	3938	4457	13%	225	255	13%	82	59	-28%

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

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.

## SCVN

Due to Vietnam is a country with abundant labour force, so season 19/20 was observed with the increased total of 11% for direct labour in the age from 18 to 39 and 25% in the age from 40 to 55 compare to season 18/19.

# WAGES AND BENEFITS

## SALARY COMPARISON (USD/MONTH)

ScanCom salaries for each country commensurate with qualifications and role. Differences in the above figures are relating to different kind of efforts, skills and responsibilities.

		SEASON 2019-2020 (SEPTEMBER - AUGUST)								
		SCANCOM VIETNAM			SCANCOM INDONESIA			SCANCOM do BRAZIL		
	WAGEs and BENEFITs VARIATION (USD)	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19
1	Direct workers	279	302	8%	245	244	-0%	395	430	9%
2	Indirect workforce (staffs)	478	492	3%	327	316	-3%	585	651	11%
3	Middle management (group leader-assistant manager)	674	696	3%	670	522	-22%	1,573	2,024	29%
4	Senior management (manager-director)	2,000	2,030	2%	670	1,145	71%	4,407	6,372	45%

### SCVN

Annually, the government will adjust the legal regional minimum wage in January. ScanCom has always compensated employees at a significantly higher level compared to this regional minimum wage. ScanCom applies principles for actual living costs and market competition rather than the regional minimum wage for remuneration strategy.

In season 2019/2020, the lowest wage level for ScanCom workers was around 32% higher than the legal regional minimum wage. Furthermore, ScanCom has continued the policy of an extra payment of 2.5% for health, social and unemployment insurance monthly as the financial support to the workers.

In January 2020, ScanCom has not only adjusted the salary as per the new legal regional minimum wage for workers but also defined the additional increment by the working seniority with 4 grades of 5 years starting from the entering of the workers. First grade will be entitled to from around USD17.8, USD17.8 + 5% for second grade, USD17.8 + 10% for third grade and USD17.8 + 15% for the last grade.

In addition, ScanCom has upgraded the skills allowance scheme in season 2019/20 to attract the welders and grinders working long term with Company. There were 5 levels for welder and 3 levels for grinder at the same amount starting from around USD43.47, USD52.17, USD60.86, USD69.56 and USD78.26 compared to the last season with USD17.39, USD21.73, USD26.08, USD30.43 and USD43.47 for welder and USD21.73, USD26.08 and USD34.78 for grinder.

Changes in the national health insurance regulations in Vietnam have caused an increment in the number of sick days and hours compensated by OT hours compared to previous years.

### SCIN

To increase efficiency of contract worker usage (minimize number of contract worker in certain months), SCIN has increased overtime hours instead of hiring too many contract workers. SCIN paid contract workers at a rate of minimum wages level as decided by government and all permanent employees were at the (minimum 11.3%) higher level than regulation (minimum wages), depending on position and responsibility.

### SCBR

Paid wages based on an agreement with the Union and the wage pattern of the local area.

SCBR salaries were at least 28% above the national regulation, which is a positive factor in terms of the retention of staff.

Variation between one year and another, motivated by the movement of employees (dismissals and admissions).

## NON-DISCRIMINATION

ScanCom continuously enforces its policy of not accepting any kinds of discrimination during the recruitment, within the time of work or when having mass lay-off on the workforce due to gender, age, origin, family status, region, etc.

		SCANCOM VIETNAM		SCANCOM INDONESIA		SCANCOM do BRAZIL	
		RATIO BETWEEN MALES & FEMALES		RATIO BETWEEN MALES & FEMALES		RATIO BETWEEN MALES & FEMALES	
WORKFORCE VARIATION		SS19-20	SS18-19	SS19-20	SS18-19	SS19-20	SS18-19
1	Male workers	70.1%	70.0%	82.3%	79.7%	81.6%	70.0%
	Female workers	29.9%	30.0%	17.7%	20.3%	18.4%	30.0%
2	Male staffs	47.6%	47.8%	51.2%	52.4%	33.3%	31.6%
	Female staffs	52.4%	52.2%	48.8%	47.6%	66.7%	68.4%
3	Male operation management (group leader-sr.manager)	83.5%	82.3%	100.0%	100.0%	100.0%	100.0%
	Female operation management (helper-sr.manager)	16.5%	17.7%	0.0%	0.0%	0.0%	0.0%
4	Male - Indirect management (A.manager-sr.manager)	56.7%	64.5%	65.3%	65.1%	100.0%	100.0%
	Female - Indirect management (A.manager-sr.manager)	43.3%	35.5%	34.7%	34.9%	0.0%	0.0%
5	Male - Director	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%
	Female - Director	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
MALE TOTAL		69.1%	68.6%	79.7%	77.2%	67.8%	62.2%
FEMALE TOTAL		30.9%	31.4%	20.3%	22.8%	32.2%	37.8%

Though there was no discrimination in hiring employees, the number of job application received from female employees was still significantly low. Due to the nature of the industry and the requirement of standing work positions, it was a disadvantage in balancing the workforce gender. In addition, there was so many factories in different industries within the industrial park and surrounding the industrial park, the choice of light work and more overtime hours was the favour of the female workforce.



# HEALTH AND SAFETY

## OHSAS 18001

To build a strong culture to prevent accidents, incidents and work related illness is an important priority for all ScanCom subsidiaries and departments. Everyone should go home safely from work and all management focused on protecting the workers' health and safety.

For season 2019/2020, SCVN has passed the annual OHSAS 18001:2007 audit for the occupational health and safety management system with the positive result.

In relation to the OHSAS 18001 requirements, SCVN has now fully implemented its standards associated with regulations and customer requirements related to health and safety.

## RISK AND CARE

Some of the data are newly set up and taken into the report in this season 19/20 for a better picture of ScanCom with more information relating to safety and care. Therefore, some data input were not actually reflected the facts for the 2 seasons but will be the base and more visible in the coming season.

		SEASON 2019-2020 (SEPTEMBER - AUGUST)								
		SCANCOM VIETNAM			SCANCOM INDONESIA			SCANCOM do BRAZIL		
	RISKS and CARE VARIATION	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19
1	Fire (damaged property)	0	0		0	0		0	0	
2	Accident total	55	54	-2%	0	3		4	1	-75%
3	Accident frequency rate (per 100,000 ees and 1,000,000 working hours)	4.62%	4.28%	-0.34%	0%	4.12%	4.12%	4.68%	6.44%	1.76%
4	Annual health check	4,349	5,615	29%	252	198	-21%	1,135	565	-50%
5	Occupational health check	1,355	1,525	13%	0	0		2	4	109%

## SCVN

Both accident and accident frequency are slightly going down comparing season 19/20 with season 18/19 while the health check is up.

Besides these statistical differences, the higher labour turnover and inflow of new workers - supporting the company's growth - increased the number of new and unexperienced workers. This higher ratio of new workers has, despite the training, contributed to the incidents as well.

In season 19/20, the management has decentralized the HSE function to the operational management away from the centralized CSR department. Aim is to enhance the ownership focus and priority of the shop floor management on HSE.

Risk assessment, risk based internal audits, machine safety specification and compliance, improved high level of electrical standard implementation, and effective training and part of the focus and improvements.

To mitigate the impact of new workers on labour accidents, the training program will be updated going forward. Existing standard health and safety, Fire Safety, and evacuation training for all sites and shifts have been maintained properly.

## SCIN

SCIN provided training to all new employees in health and safety, including evacuation and fire drill. These activities were twice a year for employees. SCIN also provided general training about new regulation related to health and safety with the Labour Department Officer.

For new workers, supervisors conducted the training on machinery safety and quality of product. SCIN also got inspection from Labour Department in connection with health and safety at the work place (production area).

## SCBR

SCBR recorded an increase in the sick leave days this increase in season 18/19 besides monitoring 14 months in season 18/19 and a growth in total headcount of over 30% the numbers were also increased due domestic accidents occurred outside the company working hours and premises.



## LEAVE INFORMATION

Some of the data are newly set up and taken into the report in this season 19/20 for a better picture of ScanCom with more information relating to areas where they shall be taken into consideration for improvement in the future. Therefore, some data input was not actually reflected the fact for the 2 seasons but will be more visible in the coming season.

In season 18/19, the period was from July 18 to August 19 with 14 months and season 19/20, the period was from September 19 to August 20 with 12 months. In order to compare between the 2 seasons, the average data in 12 months of season 18/19 was used here for computation.

		SEASON 2019-2020 (SEPTEMBER - AUGUST)								
		SCANCOM VIETNAM			SCANCOM INDONESIA			SCANCOM do BRAZIL		
	LEAVE VARIATION (DAYS)	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19
1	Total personal leave	42,184	58,150	38%	759	976	29%	31	44	42%
2	Total sick-leave	21,603	20,897	-3%	1,239	735	-41%	994	1,872	88%
3	Total maternity leave	11,103	35,149	217%	48	64	33%	1,168	1,730	48%
4	Total accident-leave	835	1,281	53%	0	6		128	37	-71%
5	Total legal-leave/rest (Wedding, funeral, pregnancy, annual, birth delivery, menstruation, young age, seniority, short-break)	41,617	53,259	28%	93	178	91%	9,305	7,028	-24%
DATA IN TOTAL		117,342	168,736	44%	2,138	1,959	-8%	11,627	10,711	-8%





### SCVN

The accident level in season 19/20 increase 31% compare to 18/19 because 30% of the cases was due to traffic accident (wounded legs) doctors required long days off. And in 19/20, ScanCom be affected by Covid-19, reduced orders so that Company has arranged for workers taking annual leave instead of annual leave payment by cash as per season 18/19.

During our 18/19 season the government adjusted the health insurance legislation allowing for more treatable cases at hospital and doctor offices. Additionally, both the father and mother allowed taking leave in case a child was sick. These developments are good for the society overall but caused to increased leave days.

### SCIN

Sick leave 2018-2019 is higher compare to 2019-2020 due employee that sick for one year due to stroke.

### SCBR

In the 19/20 session, even with the reduction of the picture, there was a greater number of sick leave due to non-work-related diseases, increasing the number of hours for almost all items.

## ENVIRONMENT

SCVN's environmental management system was upgraded with the new requirements from new version of ISO 14001:2015. Observed annual re-audited with a good result. Besides, applied sustainability program has induced Green-Steps in eliminating hazardous materials, reducing production waste, saving energy, and complying with REACH in preventing pollution.

In this season, the data from all the production units was combined and represented for the entire ScanCom Group, where ScanCom Vietnam still play the key role in environment protection with 7 large production units and 2 finished good warehouses while ScanCom Indonesia's medium production unit and ScanCom Brazil in a supply role of plank wood material. Moreover, the data from ScanCom Brazil was for the entire wood material supply to many customers including a part of the entire volume for ScanCom Vietnam.

## DATA

Over the preceding years, ScanCom has been working towards an improvement in the collection of reliable data and this has been strengthening over time to reach a higher satisfactory level.

## MATERIALS USED

As to the direction of sustainability strategy, ScanCom has also focused on materials used for production and starting to source with suppliers for high volumes of recycled material with the purpose of achieving a reduced impact to the environment and the climate change. This is further compounded with the reintroduction of 'waste' materials from our own production facilities.



-Marking the partnership with Plastic Bank, ScanCom Indonesia visited a collection point to see the sorting operation for the Social Plastic® material.



MATERIALS	PURPOSE	UNIT	RECYCLE % IN USE IN MATERIAL
ALUMINUM BILLET	For production	TON	50
DURA LAND PLASTIC RESIN	For production	TON	100
DURA OCEAN PLASTIC RESIN	For production	TON	100
PAPER PALLET	For production	TON	98
SMA PAPER	For production	TON	98
CARTON PAPER	For production	TON	98
STRETCHING FILM	For production	TON	50
PE FOAM	For production	TON	50
POLYBAG	For production	TON	50
STRAPPING BAND	For production	TON	95



-ScanCom Indonesia at Plastic Bank collection point.



## RESOURCE CONSUMPTION

In season 18/19, the period was from July 18 to August 19 with 14 months and season 19/20, the period was from September 19 to August 20 with 12 months. In order to compare between the 2 seasons, the average data in 12 months of season 18/19 was used here for computation.

ENERGY/RESOURCE	UNIT	TOTAL SS1819 (7/18-8/19)	TOTAL SS1920 (9/19-8/20)	SS18/19 Jul18-Aug19 Consumption per Output	SS1920 Sept19-Aug20 Consumption per Output	BALANCE (SS19 & SS20)	Consumption % in SS1920 VS SS1819
1 TOTAL BOTTLE DRINKING WATER	M3	369.85	379.15	0.00007	0.00008	0.00001	7%
2 TOTAL FILTER DRINKING WATER	M3	10,310.30	9,861.44	0.00215	0.00207	(0.00008)	-4%
3 TOTAL DOMESTIC SUPPLY WATER	M3	224,587.20	243,437.00	0.05	0.06	0.01	21%

## ENERGY CONSUMPTION

In season 18/19, the period was from July 18 to August 19 with 14 months and season 19/20, the period was from September 19 to August 20 with 12 months. In order to compare between the 2 seasons, the average data in 12 months of season 18/19 was used here for computation.

ENERGY/RESOURCE	UNIT	TOTAL SS1819 (7/18-8/19)	TOTAL SS1920 (9/19-8/20)	SS18/19 Jul18-Aug19 Consumption per Output	SS1920 Sept19-Aug20 Consumption per Output	BALANCE (ss19 & SS20)	Consumption % in SS1920 VS SS1819
1 TOTAL LPG	KG	1,184,772.73	1,366,554.06	0.93	1.58	0.65	70%
2 TOTAL DIESEL	LITTER	172,023.43	182,791.00	0.04	0.04	0.00	9%
3 TOTAL ELECTRICITY	KWH	29,967,461.14	31,420,324.00	7.23	8.06	0.83	11%
4 TOTAL WOOD BURNING	KG	5,958,657.43	4,872,945.00	2.53	2.29	(0.24)	-10%

In line with 39% output growth in pieces produced and comparing 14 months of season 18/19 with 12 months of season 19/20 we see the increasing of energy and water.

The significant increment of LPG for 70% in season 19/20 was mainly happening in the aluminum production unit in Tien Giang - called the Mekong branch - where most of the orders in 19/20 were sofas of big sizes; which has significantly increased the ageing and spraying time. Furthermore, the trial use of LPG gas for forklifts during the 6 months period in the season have also increased consumption.

The above consumption data and the consumption per output in both seasons are only for ScanCom Vietnam and not the entire group.

## WASTE GENERATION

In season 18/19, the period was from July 18 to August 19 with 14 months and season 19/20, the period was from September 19 to August 20 with 12 months. In order to compare between the 2 seasons, the average data in 12 months of season 18/19 was used here for computation.

Wastes data here was also for total generation from ScanCom Group where having a very small part of the total was from ScanCom Indonesia and ScanCom Brazil. With the data below, it showed the total generation of each waste volume per each output unit.

		SCI A/S		GENERATION PER OUTPUT UNIT SS1819 VS SS1920		SS1819 VS SS1920		
WASTE	UNIT	SS1819 In TOTAL (7/18-8/19)	SS1920 In TOTAL (9/19-8/20)	SS1819 (7/18-8/19) OUTPUT UNIT CONSUMPTION	SS1920 (9/19-8/20) OUTPUT UNIT CONSUMPTION	BALANCE OF SS1819 & SS1920	GENERATE (%)	
1	Hazardous Wastes	KG	414,532.29	340,479.85	0.09	0.07	(0.02)	-17.8%
2	Industrial Wastes	KG	57,730,114.26	35,821,393.00	11.90	7.39	(4.51)	-37.9%
3	Industrial Wastes- Recycle and reuse	KG	1,895,187.20	1,595,827.72	0.39	0.33	(0.06)	-15.8%
4	Domestic Wastes	KG	123,885.43	107,211.00	0.03	0.02	(0.00)	-13.4%
<b>TOTAL WASTE</b>			<b>60,163,719.18</b>	<b>37,864,911.57</b>	<b>12.41</b>	<b>7.81</b>	<b>(4.59)</b>	<b>-37.0%</b>

Internal recycling of waste increased in plastic, wood, aluminium and Dura-wood waste. Approved certified contractors have handled our waste for reuse, resell or treatment purpose. Domestic waste was reduced during season 19/20. Hazardous waste was down because of reduction of production volume during the Covid-19 period. Our annual waste reduction target is 5% and together with Covid-19 impact, the total waste volume was significantly reduced.

Hazardous waste: we handle the wastes such as lamp, ink, battery, oil, chemical, solvent, contaminated chemical wastes including container, slug, etc. based on the government regulation and do coordinate with legal authorized third party for disposal. We produced annual report as required for these hazardous wastes to local environmental department.

From the above data, all the waste indicators were positive with significant reduction comparing to last season 18/19. This has help ScanCom Group to save 39% of total wastes generation per season where the amount of saving contributed to the group was not small at all.

## CO2 EMISSION

ScanCom has continuously monitored CO2 output with the aim of a stepwise reduction in CO2 emissions.

Season 19/20 data with CO2 emission increased 11% for the group though there was a period of few months undergone with Covid-19 pandemic. The reason was mainly due to the additional new sawmill facility at ScanCom Vietnam as well as with the more complicated product styles.

In season 18/19, the period was from July 18 to August 19 with 14 months and season 19/20, the period was from September 19 to August 20 with 12 months. In order to compare between the 2 seasons, the average data in 12 months of season 18/19 was used here for computation.

		SCI A/S SS1920 (9/19-8/20)			SCI A/S SS1819 (7/18-8/19)			CO2 EMISSION STATUS (%) SS1920 vs SS1819	
ENERGY		SS1920 Consumption In TOTAL (9/19-8/20)	CO2 EMISSION In TOTAL (TON)	CO2 Generated Per Product (KG)	SS1819 Consumption In TOTAL (7/18-8/19)	CO2 EMISSION In TOTAL (TON)	CO2 Generated Per Product (KG)	SS1920 VS SS1819 BALANCE	STATUS (%)
1	LPG GAS for Forklift, Genset, Boiler, Cooking, others	1,367,544.06	<b>4,092.38</b>	2.316	1,185,484.16	<b>3,547.56</b>	1.681	544.81	<b>15.4%</b>
2	DIESEL for Forklift, Genset,	226,375.45	<b>679.13</b>	0.140	173,203.05	<b>519.61</b>	0.107	159.52	<b>30.7%</b>
3	ELECTRICITY	34,015,625.31	<b>12,313.66</b>	2.540	30,163,387.71	<b>10,919.15</b>	2.252	1,394.51	<b>12.8%</b>
4	WOOD CHIPS & BIOMASS for Boiler	4,878,037.21	<b>975.6</b>	0.459	5,962,274.13	<b>1,192.5</b>	0.507	(216.85)	<b>-18.2%</b>
<b>TOTAL QUANTITY</b>			<b>18,060.77</b>			<b>16,178.77</b>		1,881.99	<b>11.6%</b>

As mentioned above that the increasing of energy was part of the new production units established in ScanCom Vietnam. Although most of the energy consumption was a little moving up but the consumption in total for boiler was significantly reduced leading to the reduction of CO2 emission by 18%, resulting the total CO2 emission of ScanCom Group for the season 19/20 by additional 11.6% compared to the last season.

### IMPACT OF PRODUCTS ON HSE & RESTRICTED SUBSTANCES

ScanCom continued to update its List of Restricted Substances version 15 (191 SVHCs) to the Candidate list and continued to meet relevant legal requirements (ECHA) and those of customers.

REACH/LRS compliance - make chemical testing to submit all customers with all material & products testing. We experienced a continued increase in customer focus on restricted substances, and our system was in all cases able to provide the requested information for materials used in our products. Besides; controlled all suppliers follow REACH/ Customer Standards.

### LEGALITY OF WOOD

ScanCom continues to setup written Due Diligence to comply with requirements on the legality of timber: the United States' 2008 Lacey Act Amendment; the 2012 Australia Illegal Logging Prohibition Act (AILPA); and the European Union Timber Regulation (EUTR). Maintain FSC chain of custody certificates to ensure that timber products are legal and traceable from where they were harvested, sawn, produced and sold not only within ScanCom Group but also within the supply chain of ScanCom Group.

ScanCom also ensures that the requested documentation of wood origin is provided to our customer through some required designated systems like Global Traceability System (GTS-Radix tree), IKEA wood tracing system (WTS), CDP disclosure insight action system, ChainPoint system, Bunning Timber Survey, amfori BEPI timer due diligence system, etc. and other simplify wood traceability document processes.



## ANTI-CORRUPTION

ScanCom maintained its own Code of Conduct with annual updates. The Code of Conduct has been communicating to all employees and management. All new employees have received awareness training in the content.

Furthermore, the Code of Conduct has been communicating regularly to all subcontractors, contract manufacturers, and suppliers – and they were required to sign the code for the commitment.

All subcontractors' employees working on ScanCom's premises during season 18/19 have received the training in ScanCom's Code of Conduct and monitored in terms of workplace safety.

## TRAINING ACTIVITIES

In season 19/20, ScanCom continued with systematic training for employees to support the understanding and the implementation of social compliance and good environmental behaviour.

### TRAINING PROGRAMME

Training scope in season 19/20 was extended and widely captured for a better picture of the activity. This will also be the direction and the focus in the next seasons with the purpose to enhance the awareness, the knowledge and the skills for the employees. Qualified trainer force and quality of the training are now becoming the upgrading part of the focus where employees can obtain sufficient knowledge and skills to handle the work and gain promotion in their career with ScanCom.

The training programme consists of parts where required by local law, parts where supporting the strengthen of the management system, parts where helping to address and prevent the hazards and risks in daily manufacturing, parts where offering a basic need and engagement for employees in maintaining their safety at work and parts where providing additional knowledge and skills for employees and management.

In season 18/19, the period was from July 18 to August 19 with 14 months and season 19/20, the period was from September 19 to August 20 with 12 months. In order to compare between the 2 seasons, some of the average training data in 12 months of season 18/19 was used here for computation.



-ScanCom Trainee Management Program



-ScanCom Trainee Management Program

TRAINING HOURS VARIATION		SEASON 2019-2020 (SEPTEMBER - AUGUST)								
		SCANCOM VIETNAM			SCANCOM INDONESIA			SCANCOM do BRAZIL		
		SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19	SS18/19	SS1920	RATIO to SS18/19
1	Orientation and Code of Conduct for new workers	40,594	32,106	-21%	1,592	420	-74%	2	6	320%
2	On the job for new workers	32,475	25,661	-21%	237	75	-68%	103	8	-92%
3	Labor Safety for Special Work defined in 6 Groups (Chemical, Electrical, Machine, Welding, High position work, pressure equipment, lifting device, gas usage, industrial hygiene, etc.)	76,252	91,504	20%	247	0	-100%	315	18	-94%
4	Hazards/Risks/Ergonomic assessment	0	560							
5	Fire-fighting, fire prevention and fire drill	10,000	6,653	-33%	571	0	-100%	190	86	-55%
6	First Aid training for first aid team	688	776	13%	0	0		0	0	
7	Wastewater treatment plant, operational monitoring and control	0	176							
8	Code of Conduct for onsite contractors	92	128	39%						
9	Code of Conduct for suppliers	200			25	0	-100%	64	27	-57%
10	C-TPAT (Supply chain security)	4,736	3,099	-35%	40	96	140%	944	420	-55%
11	FSC-CoC, EUTR, LACEY Act	0	173		619	0	-100%	16	32	100%
12	ISO IMS (Intergrated Management System: ISO 9001, ISO 14001, ISO 45001) and internal audit skills	1,008	1,560		588	24	-96%	96	21	-78%
13	ISO 17025:2005 (Laboratory Management System)	168	0	-100%						
14	Quality control procedure for QC	0	393							
15	Loading procedure for warehouse staff	0	180							
16	Soft skills for sales staffs	0	400							
17	Management skills	2,016	2,880	43%	406	127	-69%	1,735	293	-83%
18	English		1,260		0	0		854	729	-15%
19	Vietnamese	220	0	-100%	0	0		0	0	
	<b>DATA IN TOTAL</b>	<b>168,450</b>	<b>167,509</b>	<b>-0.6%</b>	<b>4,325</b>	<b>742</b>	<b>-83%</b>	<b>4,318</b>	<b>1,641</b>	<b>-62%</b>

From the data, there are some new training topics in the season 19/20 while most of the other training topics with the reduction of time as a fact from covid-19 pandemic impact resulting the significant reduction of workforce for quite a period of time in the year 2020.

During season 2019-2020, SCIN has cancelled some of the training topics to avoid Covid-19 pandemic spreading resulting 83% reduction of the training time.

SCBR also significantly reduced the training time for 62% out of the total during season 2019-2020 due to Covid-19 pandemic with a period of few months close of business operation.



-ScanCom Academy

## 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 at this time.

Certifications for ScanCom Group	ISO 9001	ISO 14001	OHSAS 18001	COC/FSC	SA 8000/ BSCI/ SMETA
ScanCom International A/S	N/A	N/A	N/A	X	N/A
ScanCom Vietnam	X	X	X	X	BSCI/SMETA
ScanCom Brazil	X	N/A	N/A	X	X
ScanCom Indonesia	X	N/A	N/A	X	SA8000





ScanCom Young Worker Development Program.

# PERFORMANCE INDICATORS AND OBJECTIVES FOR THE FOLLOWING YEAR

For season 20/21, ScanCom will communicate the progress using the updated performance indicators listed below together with updated objectives.

UN Global Compact Principles		Level C, Global Reporting Initiative (GRI) Performance Indicators	Related Objective
Human rights	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights</p>	<p><b>HR2:</b> Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.</p>	<p>Continue with BSCI, SMETA audits and Code of Conduct from the customers or other social compliance platforms that the customers requested within ScanCom and all the contract manufacturers (CMs).</p> <p>Maintain the ScanCom's social compliance program for the supply chain. This includes the rights in freedom of association, grievance mechanism, periodical labour dialogues, annual labour congress, non- discrimination, anti-forced labour, non- harassment and abuse, no use of child labour, the legal benefit of young workers, the right to refuse unsafe working conditions and promote the right to escalating unsafe practices at the floors.</p>
	<p><b>Principle 2:</b> Make sure that they are not complicit in human rights abuses.</p>	<p><b>HR6:</b> Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.</p>	<p>Continue with the young worker program, talent management project, 6G programs, employees' satisfaction survey and diversify &amp; inclusion as part of the ScanCom Sustainability Strategy to promote human rights including the development of communities and social advancement.</p>
		<p><b>HR3:</b> Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</p>	<p>Maintain integrated ScanCom Code of Conduct training for all employees and business suppliers.</p> <p>Open to the human trafficking training program from NGOs for employees in promoting their self-defence capability.</p>

UN Global Compact Principles		Level C, Global Reporting Initiative (GRI) Performance Indicators	Related Objective
	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<p><b>LA1:</b> Total workforce by employment type, employment contract.</p>	<p>Maintain ScanCom Code of Conducts, BSCI &amp; SMETA highest ethical standards, and customers Code of Conducts at ScanCom and all contract manufacturers.</p>
<b>Labour</b>	<p><b>Principle 4:</b> Elimination of all forms of forced and compulsory labour.</p>	<p><b>LA2:</b> Total number and rate of employee turnover by age group, gender.</p>	<p>Maintain the well respect over the Code of Conduct with no incident of forced labour or compulsory labour at ScanCom and contract manufacturers with regular internal audits and external audits.</p>
	<p><b>Principle 5:</b> Effective abolition of child labor.</p>	<p><b>LA4:</b> Percentage of employees covered by collective bargaining agreements.</p> <p><b>LA6:</b> 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><b>LA7:</b> Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities.</p>	<p>Continue to compliance with regulations and customer requirements on Child Labour with regular refreshment training for all employees at ScanCom and contract manufacturers.</p> <p>Continue to promote the participation of employees, especially new employees to the factory Trade union via Trade union program awareness training.</p> <p>Modify the list of employees and management participating in health &amp; safety program and re-establishing the team with provided necessary training to do the health and safety tasks.</p> <p>Continue to promote the health and safety and reducing the labour accident ratio and/or the loss time with appropriate programs set for health &amp; safety requirements and safety respect culture at the floors for both employees and management.</p>
	<p><b>Principle 6:</b> Elimination of discrimination in respect of employment and occupation.</p>	<p><b>LA10:</b> Average hours of training per year per employee by gender, and by employee category.</p> <p><b>LA14:</b> Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.</p>	<p>Continue to maintain the well awareness of required non-discrimination and better monitor the non-discrimination compliance via internal &amp; external audits at ScanCom and all contract manufacturers.</p> <p>Develop additional mechanism so to promote and engage the grievance practices from all the contract manufacturers.</p> <p>Develop a better and appropriate compensation system with recognition via fair competition between employees and fair evaluation system.</p>

UN Global Compact Principles		Level C, Global Reporting Initiative (GRI) Performance Indicators	Related Objective
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	EN1: Material used by weight or volume.	Reach 80% sustainability index with reducing hazardous material, waste, saving energy.  Continue to comply with requirements from REACH, LRS, OEKO-TEX and extend to requirements from DETOX, ICS environment and amfori BEPI.
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	EN2: Percentage of materials used that are recycled input materials.	Continue to maintain sustainability index and improve emissions comply with legal limits.  Improve the sourcing using suppliers with higher percentage of recycled ratio.  Internal increment of recycle percentage for plastic and Dura-wood.  Replace materials or substances with friendlier ones as packing materials and glues.
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	EN3: Direct energy consumption by primary energy source.  EN 8: Total water withdrawal by source.	Continue to reduce 5% in energy used per piece in season 19/20  Installation of equipment to monitor the energy consumption per production floor and/or per areas to maintain a better data used for analysis and reduction action plan.
		EN 21: Total water discharge by quality and destination.	Continue to properly monitor the legal requirements for continuous improvement and completely comply with the parameter of discharged water per industrial zone standards.
		EN 22: Total weight of waste by type and disposal method.	Continue to well monitor the in-house waste segregation program and invest more equipment to better collect the data and measure the date for analysis and reduction action plan Invest in compacting equipment to reduce the volume and Co2 footprint in waste handling.
		EN26: Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Continue to maintain the monitoring of CO2 emission.  Maintain 100% control of restricted substances.  Installation of equipment to monitor the energy consumption per production floor and/or per areas to maintain and control a better data used for analysis and reduction action plan.
	Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	SO3: Percentage of employees trained in organization's anticorruption policies and procedures.
Economic		EC1: Direct economic value generated and distributed.	Maintain generate profit, paying tax, and keep our employees' benefits above the regional minimum wages with insurance.



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