



**SCANCON**<sup>®</sup>

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## **SCANCON ENCODERS A/S - CODE OF CONDUCT**

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## **INFORMATION**

Scancon Encoders A/S provides high-quality encoders globally. We are committed to sustainability, which includes respecting universally recognized principles on human rights, labor rights, the environment, and anti-corruption.

## **CONTENT**

### **Code of Conduct**

#### **I. Introduction.....3-4**

Purpose of the Code of Conduct

General Principles

International Principles and Legal Compliance

#### **II. Process Requirements.....4-5**

Policy Statement

Due Diligence

Remediation

#### **III. Principles and Standards in the Code of Conduct.....5-6**

Human Rights and Labor Rights

Environmental Principles

Anti-Corruption Principles

#### **IV. Implementation of the Code of Conduct.....7**

Records and Documentation

Definition of Roles and Responsibilities

Scope of Application

Continuous Collaboration

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## **CODE OF CONDUCT**

### **I. INTRODUCTION**

#### **Purpose of the Code of Conduct**

The purpose of this Code of Conduct is to ensure that Scancon Encoders and our suppliers operate in accordance with internationally recognized minimum standards on human rights, labor rights, the environment, and anti-corruption. Scancon Encoders expects suppliers to establish systems to avoid and address adverse impacts on these standards.

Scancon Encoders adheres to the content of this Code and expects the same from its suppliers.

The goal of this Code is not to end business relationships if non-compliance is identified but to help suppliers improve their management of adverse impacts. Scancon Encoders is willing to work with suppliers to achieve compliance with this Code but will not conduct business with a supplier if compliance is deemed impossible and the supplier shows no willingness to mitigate identified adverse impacts.

Scancon Encoders recognizes that our actions and procurement practices can influence suppliers' ability to comply with this Code. Therefore, we routinely assess any adverse impacts we may cause or contribute to through our purchasing, compliance, and other supply chain practices. This includes ensuring that practices such as lead time, order volume versus production capacity, product development processes, pricing, order size fluctuations, and consistency of orders do not negatively impact suppliers' ability to meet the requirements of this Code. Additionally, Scancon Encoders periodically reviews the adequacy and effectiveness of this Code.

#### **General Principles**

This Code is not and should not be interpreted to circumvent or undermine national laws or labor inspectorates. Similarly, this Code is not and should not be interpreted as a substitute for free trade unions or collective bargaining.

This Code outlines necessary processes and minimum standards. Scancon Encoders will not accept any attempt to use the requirements to lower existing standards. When implementing this Code, suppliers shall take all necessary measures to ensure that workers and other beneficiaries are not left in a worse position than before this Code was introduced.

#### **International Principles and Legal Compliance**

The requirements are based on the 2023 OECD Guidelines for Multinational Enterprises, UN Global Compact, and the UN Guiding Principles on Business and Human Rights. Suppliers must comply with all relevant laws and adhere to higher standards where applicable. This includes recognizing and upholding the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development.

The OECD Guidelines for Multinational Enterprises are recommendations provided by governments to enhance the positive contributions businesses can make to economic, environmental, and social progress worldwide. These guidelines aim to address and mitigate adverse impacts of business activities on people and the planet. They are supported by National Contact Points (NCPs), which help ensure the effectiveness of these guidelines through promotion and handling of issues related to non-compliance.

## II. PROCESS REQUIREMENTS

This section outlines the required processes for suppliers to manage adverse impacts on human rights, labor rights, environmental, and anti-corruption principles. Scancon Encoders expects all suppliers to develop and implement the following: 1) policy statement, 2) due diligence, and 3) remediation.

### 1. Policy Statement:

Scancon Encoders expects suppliers to create and implement a policy statement that demonstrates their commitment to the international principles outlined in this Code. This policy statement should:

- **Approval by Senior Management:** Be formally approved by a senior leader within the supplier's organization, ensuring high-level support and commitment.
- **Set Clear Expectations:** Clearly outline the expectations regarding these principles for the supplier's employees, business partners, and other relevant parties connected to their operations, products, or services.
- **Public Availability and Communication:** Be publicly accessible and effectively communicated both within the supplier's organization and to external stakeholders.
- **Integration into Operations:** Be incorporated into the supplier's other policies and operational procedures to ensure that these principles are embedded throughout the entire organization.

### 2. Due Diligence:

Suppliers are expected to establish a process of continuous due diligence regarding their adverse impacts on human rights, labor rights, environmental, and anti-corruption principles. This process should include:

- **Identification:** Regularly assess potential and actual adverse impacts using frameworks such as the UN Global Compact for guidance.
- **Prevention and Mitigation:** Integrate findings into internal functions and processes, taking appropriate actions to prevent or mitigate adverse impacts.

- **Accounting:** Track and report on the process of addressing adverse impacts, communicating findings and actions to relevant stakeholders, including Scancon Encoders.

### 3. Remediation:

Suppliers must ensure access to remedies for those affected by adverse impacts and cooperate in remediation through legitimate processes. Suppliers should establish or participate in effective grievance mechanisms that are accessible to all impacted parties. These mechanisms should be:

- **Legitimate:** Ensuring that they build trust and accountability.
- **Accessible:** Known and available to all intended users.
- **Predictable:** Providing clear and known procedures and timelines.
- **Equitable:** Ensuring fair access to information and support.
- **Transparent:** Keeping stakeholders informed about progress and outcomes.
- **Rights-compatible:** Ensuring that outcomes align with international human rights standards.
- **A source of continuous learning:** Improving the mechanism based on feedback and experiences.
- **Based on engagement and dialogue:** Focusing on resolving issues through dialogue with affected parties.

## III. PRINCIPLES AND STANDARDS IN THE CODE OF CONDUCT

Suppliers' policy statements, due diligence, and remediation processes should cover internationally agreed principles regarding human rights, labor rights, environmental principles, and anti-corruption principles. The principles and standards that Scancon Encoders expects all suppliers to manage adverse impacts upon are described below.

### 1. Human Rights and Labor Rights

Suppliers shall ensure that its employees have a healthy and safe working environment and must manage adverse impacts on human rights and labor rights as stated in the UN Global Compact. This includes:

- **Non-discrimination and Equal Opportunities:** Ensuring that all employees are treated equally and fairly, without discrimination based on race, gender, age, religion, disability, sexual orientation, or other protected characteristics.
- **Favorable Working Conditions:** Providing safe and healthy working conditions, ensuring fair wages, and respecting working hours and rest periods.

- **Right to Organize and Collective Bargaining:** Upholding the right of workers to form and join trade unions and engage in collective bargaining.
- **Prohibition of Child and Forced Labor:** Ensuring no use of child labor or any form of forced or compulsory labor.
- **Respect for Privacy:** Protecting the personal data and privacy of employees in compliance with relevant laws and regulations.

## 2. Environmental Principles

Suppliers must continuously improve environmental performance, comply with relevant laws, and promote sustainable practices. Specifically, suppliers are expected to:

- **Continuous Improvement:** Demonstrate ongoing improvements in environmental performance.
- **Legal Compliance:** Adhere to all relevant environmental laws and regulations.
- **Waste Management and Reduction:** Effectively manage waste and support initiatives aimed at reducing waste and optimizing resource use.
- **Environmental Planning:** Integrate environmental considerations into business planning and decision-making processes.
- **Stakeholder Engagement:** Engage in open dialogue with employees and the public regarding environmental practices.
- **Emergency Preparedness:** Establish and maintain emergency procedures and response plans for environmental incidents.
- **Hazardous Substances:** Maintain an inventory of hazardous substances and ensure their safe handling and disposal.

## 3. Anti-Corruption Principles

Suppliers must establish processes to prevent corruption, including:

- **Accurate and Transparent Records:** Maintaining accurate financial records and ensuring transparency in all financial transactions.
- **Prohibition of Bribes and Extortion:** Prohibiting the offering, giving, receiving, or soliciting of bribes or other forms of improper payments, including facilitation payments.
- **Political Contributions and Gifts:** Ensuring transparency and ethical conduct in political contributions, charitable donations, and the giving or receiving of gifts and hospitality.

## **IV. IMPLEMENTATION OF THE CODE OF CONDUCT**

### **Records and Documentation**

Suppliers must maintain appropriate records to demonstrate compliance with this Code and provide them to Scancon Encoders upon request. Appropriate records include policy commitments, documentation of due diligence processes, information on grievance mechanisms, and records of significant non-compliance instances and corrective actions taken.

### **Definition of Roles and Responsibilities**

Suppliers must assign responsibility for implementing this Code within their organization. This includes:

- Designating one or more management representatives with authority to ensure compliance.
- Appointing a qualified compliance officer responsible for planning, implementing, and monitoring compliance.

### **Scope of Application**

The requirements of this Code apply to all Scancon Encoders suppliers and their workers, regardless of their status or relationship with suppliers. This includes workers engaged informally on short-term contracts, or part-time. Suppliers must ensure their sub-suppliers also have processes to manage adverse impacts on human rights, labor rights, environmental, and anti-corruption principles. Suppliers shall require sub-suppliers to disclose other business entities in the supply chain and use leverage to make sub-suppliers meet this Code's requirements.

### **Continuous Collaboration**

Scancon Encoders may monitor suppliers' operations to gain insight into how they manage impacts on human rights, labor rights, environmental, and anti-corruption principles. Suppliers must be able to declare their implementation stage regarding this Code and cooperate with Scancon Encoders to improve management systems.

Suppliers shall accommodate visits from Scancon Encoders representatives and provide access to facilities. Scancon Encoders reserves the right to have independent third parties conduct on-site inspections. Suppliers will be given time to correct deficiencies identified during visits. If suppliers fail to self-correct, Scancon Encoders will engage in dialogue to develop action plans with implementation timelines. Continued non-compliance may result in termination of business relationships.