

# SUSTAINABILITY REPORT 2023/2024

LATEST INFORMATION AND UPDATES  
ABOUT SCANCON ENCODERS A/S SUSTAINABILITY  
COMMITMENT



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# A note from our CEO

As I reflect on Scancon Encoders' journey of over 50 years, I am reminded of how much has changed—and how much has stayed the same. Our commitment to quality and innovation has always been at the heart of what we do. Now, as the world around us demands new ways of thinking and acting, we are embracing the challenge of sustainability with that same dedication.



This report marks an important transition in our sustainability journey as we align our reporting with our financial year 2023/24. While this change affects the comparability with our previous reporting, it strengthens our ability to integrate sustainability more deeply into our business practices through new partnerships and initiatives. What began as a modest step forward has evolved into a meaningful process of understanding, adapting, and preparing for the future. Change has never intimidated us—it's what has kept Scancon thriving for decades. We know the road ahead will require effort, but I am confident we are moving in the right direction, step by step.

Thank you for your interest in our journey. Together, we will continue to grow, innovate, and become a better version of ourselves.

**Eckhard Hahne**

FOUNDER & CEO



# About us

At SCANCON, we are driven by an ambition to push the boundaries of innovation and encoder technology. With over 50 years of experience, we constantly strive to improve our precision and quality. Our dedicated team of skilled professionals is the heartbeat of our company, bringing passion, creativity, and technical expertise to every challenge we tackle. We wake up every day committed to becoming better, pushing ourselves to develop more advanced, more precise, and more intelligent encoder solutions for our customers

In early 2024, we took a significant step forward by hiring our first ESG Manager and establishing a sustainability team. This initiative is about embedding a holistic approach to responsible business practices across our entire organization. From engineering to production, from management to our front-line teams, we're collectively committed to integrating sustainability into the core of how we operate and innovate.

**Vision:**

We envision a world where innovative technology is part of the solution for larger industries to achieve more stable, reliable, and efficient solutions in energy and automation.

**Mission:**

At SCANCON, our mission is to use precise positioning technology to support business-critical processes, leveraging knowledge, experience, innovation, and creativity. We are driven to go the extra mile, using our 50 years of experience to create unique technological solutions that push technological paradigms and exceed customer expectations. We aim to help our customers in the energy and automation sectors achieve their full potential by offering the best customer service, safety guarantees, and quality products in encoders and precise positioning technology.



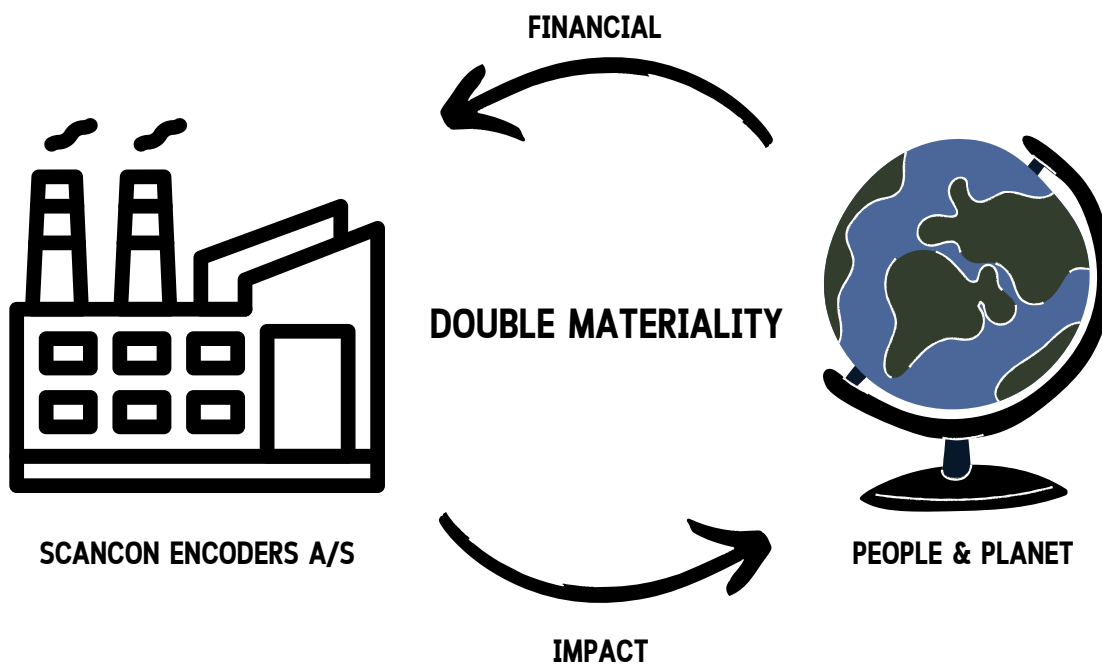
# Double Materiality Assessment

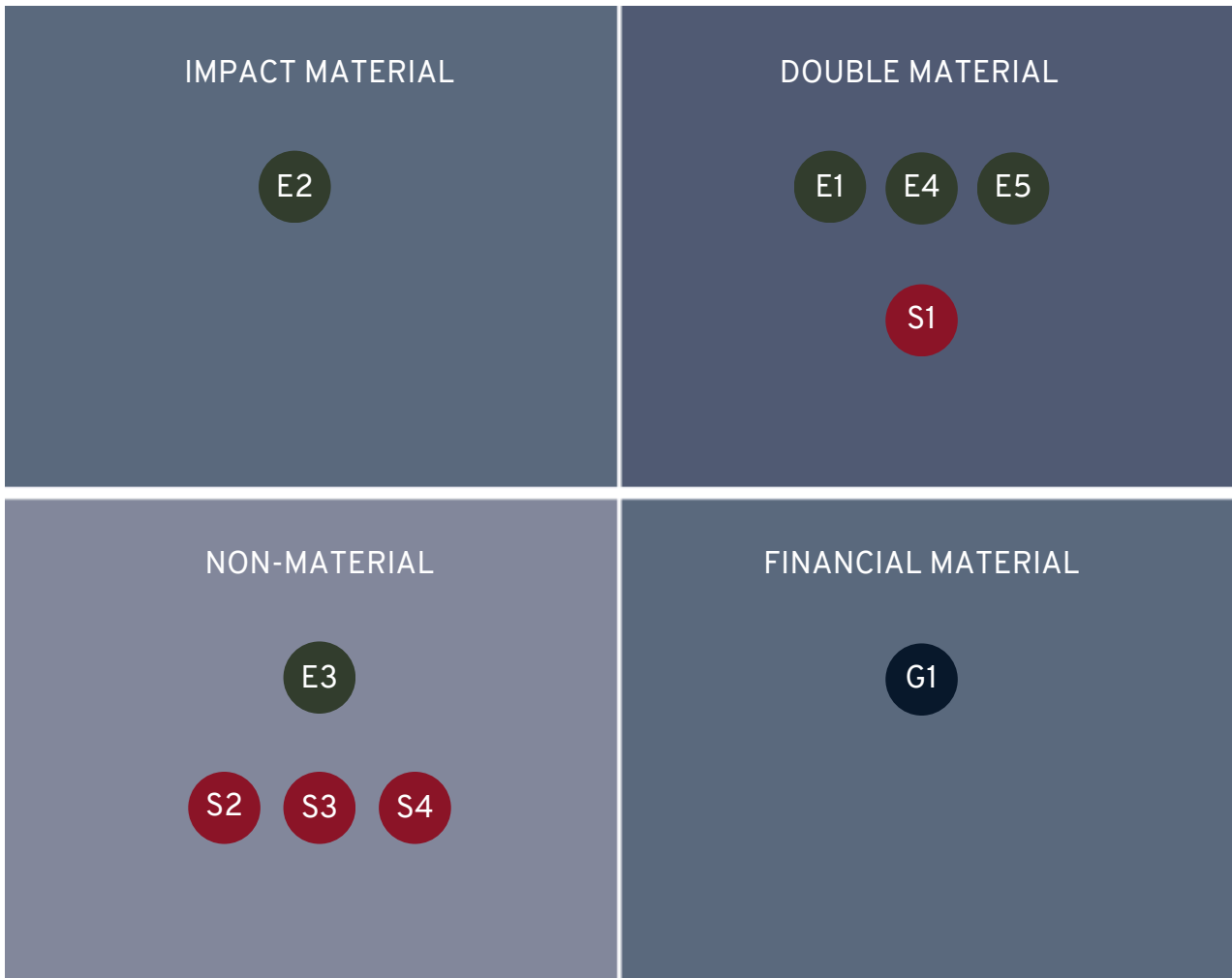
In our FY2024, SCANCON Encoders A/S conducted a Double Materiality Assessment, establishing a strategic foundation for our sustainability reporting. As a small company with 36 employees, we took a pragmatic approach, focusing on what truly matters for our business and stakeholders.

We created a cross-functional team to develop an approach based on the topics and sub-topics from the European Sustainability Reporting Standards (ESRS). Through this process, we mapped our value chain to the best of our current knowledge and capabilities. While we acknowledge certain limitations in mapping our complete value chain, this assessment gives us a solid foundation for understanding our key impacts, risks, and opportunities.

The DMA provides a targeted methodology that guides our reporting based on our assessment of material impacts, risks, and opportunities. Rather than dispersing attention across peripheral issues, we've developed an approach to help us focus on what we consider the most relevant areas for our sustainability reporting. This structured assessment serves as a guideline, ensuring our reporting stays focused and relevant - particularly important for a company of our size, where resources must be used efficiently.

Our findings will guide SCANCON's sustainability approach throughout our coming financial years, maintaining a focused and strategically relevant direction for our reporting.





To showcase our DMA, we've made a simple two-by-two matrix, illustrating impact materiality, financial materiality, double materiality and non-material matters.



- E1: Climate**
- E2: Pollution**
- E3: Water & Marine Resources**
- E4: Biodiversity & Ecosystems**
- E5: Resource use & Circular economy**



- S1: Own Workforce**
- S2: Workers in the Value chain**
- S3: Affected communities**
- S4: Consumer & end-user**



- G1: Business conduct**

# ENVIRONMENT





### Building our environmental foundation

Environmental responsibility isn't new to us. Since 2016, we've maintained our ISO 14001 certification and been active members of the UN Global Compact. These long-standing commitments have helped shape who we are today. But we know there's more to do. That's why we're strengthening our approach - not just to meet standards, but to make a real difference as a manufacturer.

FY2024 marked important steps in our journey. In the latter part of this period, we appointed our first ESG Manager, taking our environmental commitment to the next level. This has led to enhanced data collection, more structured reporting processes, new environmental initiatives, and the development of comprehensive policies that will guide our future efforts.

Our monthly environmental team meetings keep us focused on what matters. Here, we track progress, discuss challenges openly, and plan next steps. Our management team stays actively involved, making sure our environmental priorities get the attention and resources needed. Every encoder we produce is part of a bigger picture, and as a manufacturer, we have both an impact and a responsibility. By keeping environmental considerations in mind throughout our operations, we're working to be part of the solution. We know we're not perfect, but we're committed to making progress step by step.

Looking ahead, we're building on our experience while embracing new opportunities to improve. With eight years of systematic environmental management behind us and renewed energy from our strengthened ESG focus, we're ready to take on the environmental challenges ahead.



**Understanding our climate impact**

Measuring our greenhouse gas emissions is crucial for climate action. In FY2024, we took a significant step forward by partnering with BeWo, using their platform to develop a more comprehensive climate account.

Our previous sustainability report included only Scope 1 and 2 emissions, with very limited Scope 3 data. Through our collaboration with BeWo, we've been able to develop a much more complete picture of our total emissions, though we acknowledge we're still on a journey toward complete data coverage.

CO2e emission, (scope 1, 2 - Location based)	26.9 tons CO2e (1,97 %)
CO2e emission, (scope 3 - Based on available data)	1339.27 tons CO2e (98,03 %)
Total CO2e emissions (Scope 1, 2, and 3)	1366.17 tons CO2e
Employee CO2e Intensity	37.95 tons CO2e

As expected for a manufacturing company, our preliminary analysis shows that Scope 3 emissions constitute the majority of our carbon footprint, representing approximately [X]% of our total measured emissions. This primarily reflects the emissions embedded in our raw materials and purchased components. However, we want to be transparent: our current Scope 3 calculations only cover upstream activities. We're still working to include downstream emissions from areas such as product use and end-of-life treatment.

Data quality matters. We continue to work closely with BeWo to refine our measurements and improve data accuracy. This means our reported numbers will likely change as we include more emission sources and enhance our calculation methodologies. While this might make year-to-year comparisons challenging, we believe this transparency about our data journey is essential for credible sustainability reporting.

Looking ahead, we'll continue focusing on expanding our Scope 3 coverage to include downstream emissions while further improving data quality across all categories. These insights will help us identify where we can make the most effective emission reductions in the future.

### **Pursuing resource knowledge**

Effective resource management goes beyond just handling waste - it's about understanding and optimizing how we use materials throughout our operations. Our new collaboration with BeWo has been key in this journey, providing valuable insights into our product categories' environmental impact. This analysis helps us identify which types of products contribute most significantly to our footprint, and we aim to deepen this understanding to the material level.

In FY2024, we took several steps to improve our resource management. We implemented new sorting stations and worked to increase organizational awareness around waste handling. Our total waste generation was 8,529 kg, with a recycling rate of 55.91%. These numbers give us a clear baseline for our future improvements.

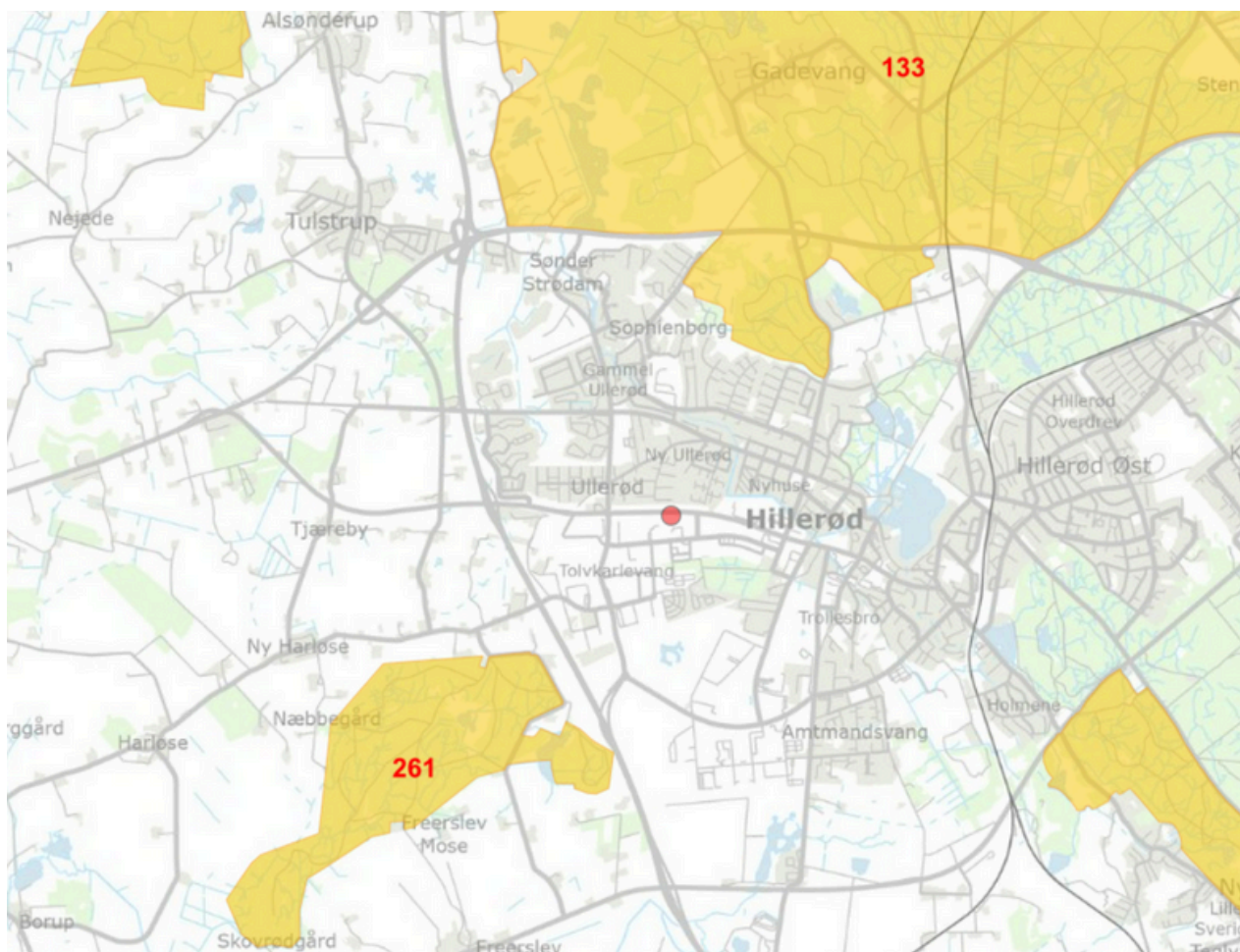
Looking ahead, we're making resource efficiency an integral part of our development process. At our development meetings, resource reuse has become a standard consideration - ensuring environmental thinking is part of product development from day one. This systematic approach to understanding and managing our resources positions us to make more informed decisions about efficiency improvements going forward.



### Striving to become a better neighbour

Being a responsible neighbor means understanding and managing our impact on the local environment. While our most significant biodiversity impacts likely occur upstream in our value chain through the raw materials used in our encoders, we focus actively on managing our direct local impact.

Our Hillerød facility is located 1.6 kilometers from Freerslev Hegn and 1.5 kilometers from the Gribskov-Esrum complex, both Natura 2000 areas. While we don't directly border these protected areas, their proximity reinforces our commitment to responsible environmental management. Our total site area of 0.59 hectares includes built structures, sealed surfaces such as parking and access roads, and vegetated areas.





Environmental protection is integrated into our daily operations through our ISO 14001 certified management system. We've implemented comprehensive preventive measures including emergency response plans for potential spills, clear procedures for handling hazardous materials, and systematic waste management practices. Each of these measures helps protect the surrounding environment and prevent any negative impact on local ecosystems.

Looking beyond our immediate operations, we maintain an active dialogue with our suppliers about environmental impacts and stay informed about developments in responsible material sourcing. While we acknowledge our current limitations as a small company in influencing upstream processes, we're committed to remaining engaged and informed about our broader environmental impact.

Environment category	FY 2022/23	FY 2023/24
CO2e emission, (scope 1, 2)	x	26,896 kg CO2e
CO2e emission, (scope 3 – Based on available data)	x	1,339,272.1 kg CO2e
Total CO2e emissions (Scope 1, 2, and 3)	x	1,366,168.1 kg CO2e
Employee CO2e Intensity	x	37.95 tons CO2e
Total energy consumption	68.067 kWh	66,099 kWh
Water consumption	316,08 m3	323,17 m3
Heat consumption	133,2 MWh	146,5 MWh
Waste amount in kg	x	8.529 kg
Recycable waste	x	55,91%

Moving to financial year reporting affects how our numbers look in this report. While this makes it tricky to compare with our 2023 report, it gives us a better foundation for tracking our progress going forward. Following water-saving initiatives implemented in spring 2024, we expect to reduce our water consumption from 323.17 m3 to below 150 m3 in FY2024/25. Together with our enhanced waste management practices, including specific measures to reduce food waste and improve recycling rates, we expect to see substantial improvements in our environmental performance in the coming year.

This year, we focused on environmental improvements we could make right here and now. We started with the practical things - changes we could implement and measure in our daily operations. While these might be small steps, they're real and measurable improvements that we're proud of.

We're just getting started though. These first initiatives have taught us a lot, and we will be using these lessons to aim higher. We know there's much more to do, and we're ready to take on bigger challenges in the coming years.

## Environmental Initiatives FY2024

In FY2024, we implemented a wide range of environmental initiatives across our organization.

### Waste Management

- Partnership with Marius Pedersen to reduce general waste through improved recycling
- New waste sorting containers installed both indoors and outdoors
- Initiatives to reduce food waste (implemented summer 2024)

### Resource Efficiency

- Significant water consumption reduction through toilet facilities upgrade (from March 2024)
- Energy-saving initiatives in daily operations
- Investigating PPA (Power Purchase Agreement) options for future renewable energy

### Sustainable Procurement & Consumption

- Enhanced focus on green purchasing
- Shift to more sustainable catering options
- Replacement of plastic packaging with biodegradable alternatives in delivered meals

### Organizational Development

- ESG manager further education and training
- New initiatives promoting greener workplace culture
- Establishment of annual reporting procedures

### Supply Chain & Product Development

- RFI distribution to suppliers regarding ESG readiness
- Integration of circular economy principles in product development
- Enhanced focus on reuse, recycling, and repair in design processes

# SOCIAL







**Building our team**

At SCANCON Encoders A/S, our success is built on the dedication and expertise of our 40 employees. With an almost equal gender distribution of 21 women and 19 men, we're proud of the diverse perspectives this brings to our organization.

We believe that a strong workplace culture starts with inclusivity and open dialogue. Our open-door policy ensures that everyone's voice can be heard, and feedback is not just welcomed but actively encouraged. This approach has helped us build a workplace where mutual respect and collaboration are cornerstones of our daily operations.

We maintain a zero-tolerance stance towards discrimination and bullying, actively promoting a culture where everyone can thrive regardless of their background. This commitment to inclusivity isn't just a policy - it's reflected in how we work together every day.

Social - Category	FY 2023/24
Number of employees	36
Gender distribution	50% women
Workplace accidents	0

### Supporting Work-Life balance

At SCANCON Encoders A/S, we believe that a healthy balance between work and personal life is essential for our employees' well-being and success. We understand that flexibility is key to maintaining this balance, which is why we offer flexible working hours and the option for remote work when tasks allow it. This flexibility enables our employees to manage their personal commitments while maintaining high professional standards.

We support our employees through various benefits that enhance their daily work life. These include a flexible pension scheme and comprehensive vacation arrangements that follow industry agreements, ensuring our employees can take the time they need to recharge. Day-to-day benefits such as breakfast, fruit, and beverages at the workplace create a welcoming atmosphere and contribute to employee satisfaction.

Building strong relationships within our team is important to us. We regularly organize staff events that bring everyone together, fostering a sense of community beyond our daily work interactions. These events range from casual gatherings to more structured team activities, all designed to strengthen our workplace relationships and create a positive company culture.

Our approach to well-being extends beyond basic benefits. We maintain an open-door policy where feedback and dialogue are encouraged, ensuring that we can address our employees' needs proactively. This culture of openness helps us create an environment where everyone feels heard and supported. We believe that when our employees feel valued and well-supported, it not only improves their job satisfaction but also contributes to our overall success as a company.





### Creating a safe and healthy workplace

At SCANCON, workplace safety isn't just a priority because it has to be - it's fundamental to how we operate. Our ISO 45001 certification and zero workplace accidents in FY2024 reflect this, but the real story is in our daily approach to safety. We've built our safety practices on clear communication and practical solutions. When something needs fixing or could be improved, our employees know they can raise their concerns immediately.

This direct approach, combined with regular workplace assessments and well-maintained safety equipment, helps us address potential issues before they become problems. Beyond just physical safety, we focus on creating a genuinely healthy work environment. This means everything from ensuring proper ergonomic setups to addressing stress and well-being. It's a practical, no-nonsense approach that works for us.

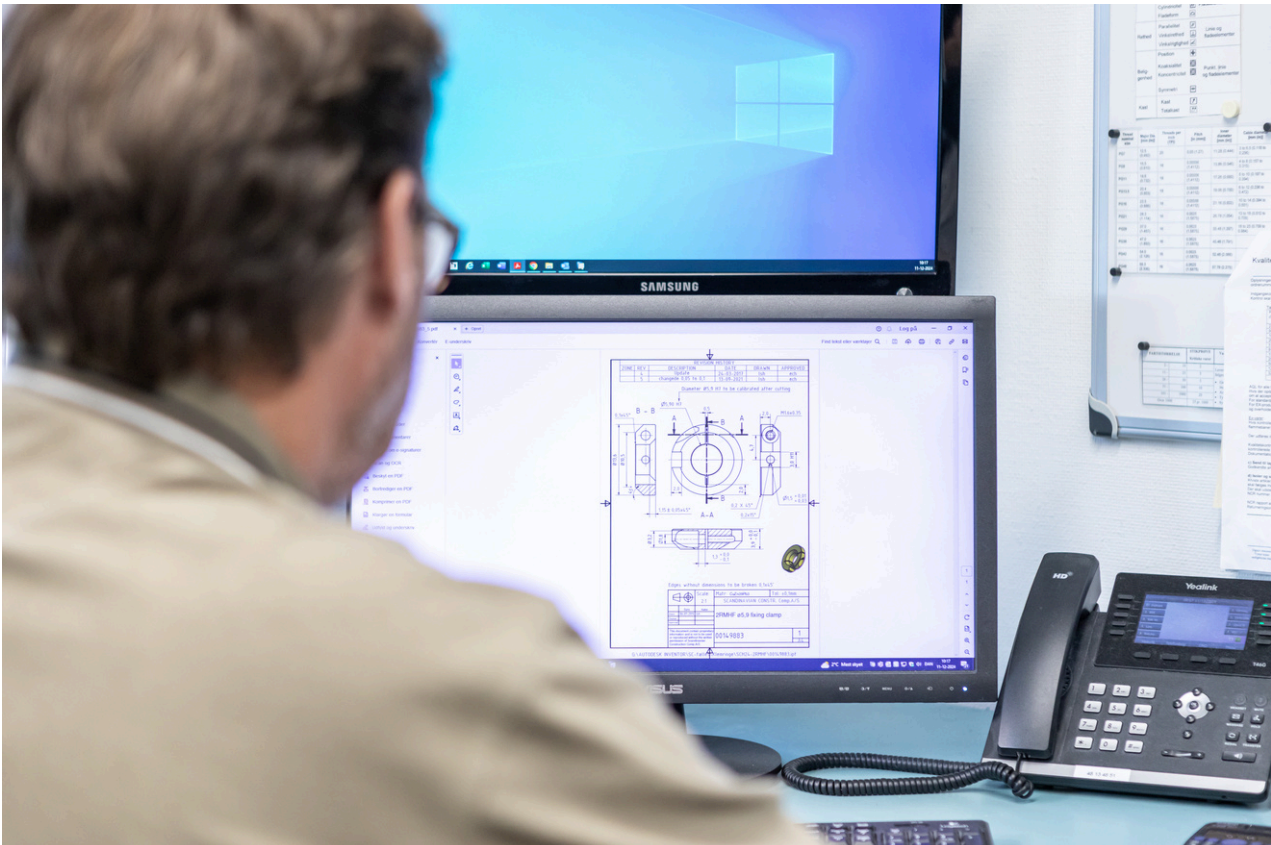
# GOVERNANCE



**Building Business on Strong Principles**

At SCANCON Encoders A/S, our success stems from a simple but powerful foundation: doing things right, every time. Since our beginnings, we've believed that running a successful business means more than just meeting standards – it means setting them through our actions and choices. Our approach to business is built on thorough, reliable processes backed by international certifications. These systems aren't just paperwork to us; they're the practical tools that help us turn our principles into daily actions. By integrating them into everything we do, from production to customer service, we ensure consistency and reliability across our operations.

Our commitment to transparency has evolved with our business. We're continuously strengthening our data collection and reporting practices, as shown by this year's transition to financial year reporting. This evolution reflects our belief that good business practices require constant attention and improvement. We share our progress openly with stakeholders, not just highlighting successes but acknowledging areas where we're still growing. This foundation of strong principles naturally extends to every aspect of our business, particularly our unwavering commitment to quality. By staying true to these principles while constantly looking for ways to improve, we maintain the trust our customers place in us.





**Quality management**

Quality assurance is a cornerstone of our governance at SCANCON Encoders A/S. Our systematic approach to quality is anchored in our ISO 9001 certification, ensuring consistent high standards across our operations. This is particularly critical as our encoders are used in demanding applications worldwide.

Our commitment to quality is further demonstrated through our Ex-veritas/ATEX certification, which allows us to supply encoders for use in potentially explosive atmospheres. These certifications aren't just documents - they represent our structured approach to maintaining the high standards our customers expect. Through systematic quality management and regular audits, we ensure that every encoder meets our exacting standards. This commitment to quality isn't just about meeting certification requirements; it's about delivering products our customers can rely on, every time.



## Our Business Relationships

Building strong, responsible relationships forms an integral part of our operations at SCANCON Encoders A/S. In FY2024, we took significant steps to strengthen these relationships by implementing a new Code of Conduct that provides clear guidelines for how we interact with all our stakeholders.

Our relationship with suppliers plays a crucial role in our success. We maintain regular dialogue through systematic Request for Information (RFI) processes, helping us understand our suppliers better and ensure alignment in how we work together. This structured approach allows us to build strong, lasting partnerships based on mutual understanding and shared expectations.

The new Code of Conduct serves as a practical framework for our daily operations and decision-making. It provides clear guidance for our employees on how we conduct business and manage our relationships, both internally and externally.

While we recognize that we're a relatively small player in a global market, we work systematically to maintain strong relationships throughout our value chain. Each interaction, whether with suppliers, customers, or other stakeholders, follows clear principles laid out in our governance framework. This systematic approach helps us build reliability and trust into every business relationship we maintain.

## ESG Data

ESG Data	FY 2023/24
<b>Environmental</b>	
CO2e emission, (scope 1, 2 - Location based)	26.9 tons CO2e (1,97 %)
Total CO2e emissions (Scope 1, 2, and 3)	1366.17 tons CO2e
Employee CO2e Intensity	37.95 tons CO2e
Waste amount in kg	8529 kg
Total energy consumption	66,099 kWh
<b>Social</b>	
Number of employees	36
Gender diversity in organisation	50%
Number of workplace accidents	0
Sick leave	2,97%
<b>Governance</b>	
Gender diversity in management	25% women
Gender diversity on the board	66% women
Number of board meetings & attendance	4 meetings with 100% attendance



## Our contribution to the UN Sustainable Development Goals

SDG	Specific Target	Our contribution
<b>5</b> GENDER EQUALITY 	5.1: End discrimination against women. 5.5: Ensure women's participation in leadership	<ul style="list-style-type: none"> <li>• Workforce gender balance (21 women, 19 men)</li> <li>• Board composition of two women and one man</li> <li>• Equal opportunities in decision-making roles</li> </ul>
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	8.5: Full employment and decent work. 8.8: Protect labor rights and promote safe working environments	<ul style="list-style-type: none"> <li>• ISO 45001 certification</li> <li>• Zero workplace accidents in FY2024</li> <li>• Systematic approach to workplace safety</li> </ul>
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	9.4: Upgrade industries for sustainability	<ul style="list-style-type: none"> <li>• ISO 14001 environmental management system</li> <li>• Systematic approach to reducing environmental impact</li> </ul>
<b>10</b> REDUCED INEQUALITIES 	10.2: Promote universal social, economic and political inclusion	<ul style="list-style-type: none"> <li>• Inclusive workplace culture</li> <li>• Equal opportunities regardless of background</li> </ul>
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.4: Responsible management of chemicals and waste. 12.5: Reduce waste generation	<ul style="list-style-type: none"> <li>• Systematic waste management</li> <li>• Monitoring and reduction of hazardous waste</li> <li>• Material impact analysis through BeWo partnership</li> </ul>
<b>13</b> CLIMATE ACTION 	13.2: Integrate climate measures	<ul style="list-style-type: none"> <li>• GHG emissions mapping</li> <li>• Climate impact assessment through BeWo</li> <li>• Systematic approach to reducing environmental impact</li> </ul>
<b>17</b> PARTNERSHIPS FOR THE GOALS 	17.16: Enhance global partnerships	<ul style="list-style-type: none"> <li>• Active UN Global Compact membership</li> <li>• Røde kors partnership</li> <li>• Systematic supplier engagement</li> </ul>

## Looking Ahead

Thank you for taking the time to read our Sustainability Report for FY2023/24. This year has been one of transition, learning, and laying foundations for future improvements.

As we look to the future, we remain committed to advancing our sustainability journey with the same dedication to quality and excellence that has defined SCANCON Encoders A/S for decades. We're excited about the steps we've taken and even more about the path ahead.

We welcome your feedback and look forward to sharing our progress in the coming years.

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