



Making a **positive** difference

# GLOBAL COMPACT REPORT 2020

SCOTT BADER d.o.o.  
Radnička cesta 173 i  
Zagreb, Croatia



March 2021

# SCOTT BADER

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**Profile 1 – Strategy and Analysis**

**Global Compact Report**

**President of the Board's Report on Supporting Global Compact**

The importance of Global Compact initiative, for both the international business community and the community at large is recognized by our company, but also the value of the initiative for the company itself, through a chance of daily revision and improvement of its business performance. SCOTT BADER d.o.o. joined Global Compact in 2007.

We believe that a business is successful only if the profit is gained from socially and environmentally responsible business activities, not to be sacrificed for (usually short-term) financial goals only and that Global Compact principles keep their importance no matter of changes we witness on the global market.

Even in this most challenging times, we continuously improve our market position with the goal of achieving the best possible results, but also we are aiming to be involved in positive development of business environment, by conducting our business in such a manner as to respect human rights, protect our environment and respect all of the principles comprehensively summarized by Global Compact into the ten most important principles of responsible business conduct.

But above all, in this specific times, our main focus is to protect health and wellbeing of our employees as much as we are able to.

On behalf of SCOTT BADER d.o.o. I can confirm that we continue to apply and promote the concept of socially responsible business conduct and every single principle of Global Compact.

March 2021

President of the Management Board

Andrej Potežica



## **Profile 2 – Organisational profile**

### **Social Responsibility in Business Performance**

Social responsibility is one of the founding principles of our Company, as a general idea representing the commitment of SCOTT BADER d.o.o. to perform its activities in a fair, responsible manner and with consideration towards its business partners, employees and owners.

This is also the founding principle of the founder of Scott Bader, expressed through the Commonwealth organisation (employee unity), based on the decisions and acts of Ernest Bader, the founder and owner of Scott Bader in England, a large multinational company today with companies on five continents.

#### **The founding of the SCOTT BADER Company and Group**

Scott Bader Company Limited was established in 1923. Ernest Bader was a Swiss emigrant who set up a merchandising venture in London in 1920 with the sole agency for Swiss celluloid in the UK. By 1932 Scott Bader had moved into manufacturing in the East End of London and in wartime 1940 evacuated to Wollaston, Northamptonshire. The factory built at Wollaston was to manufacture phenolic pastes, reclaim rubber emulsions and produce resins for paints. In 1946 Scott Bader became the first unsaturated polyester resin manufacturer in Europe with licences from America.



#### **The Commonwealth**

The Founders, having experienced industrial strikes and two world wars wanted to create better and peaceful human relationships by moving forward from the usual shareholder/capitalist structures in industry.

So in 1951 all the share capital and therefore the ownership of the Company was transferred, free of charge, to Scott Bader Commonwealth Limited, an organisation created for that purpose with charitable status.

This highly generous and imaginative act established a common trusteeship business. This means that we have no external Shareholders. All the shares are held in trust and this makes us totally independent.

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The intention of the Founders was to create a different company, its well-being entrusted to those who work in it with democratic involvement.

As a result of our organisation the employees enjoy many of the benefits (and responsibilities) of ownership without the right to sell the business. Our main responsibility is that each generation of employees must ensure the ongoing success of the organisation so that future generations can benefit from its continued existence.

### **Where does Scott Bader operate today?**

When Scott Bader became a Common Trusteeship Company it operated only in the UK.

Over the last 50 years the company has expanded geographically and today has manufacturing companies not only in United Kingdom, but also in France, Croatia, South Africa, Middle East, Canada, India and South America. It also has distribution companies or research centres in Ireland, Czech Republic, Sweden, Germany, Spain, USA, China and last year acquired company in Australia. It employs around 700 people worldwide.

Main markets and industries where Scott Bader companies deliver their products are:

- wind industry
- marine industry
- transport
- chemical containment
- building industry
- coatings
- graphic arts
- textiles and furnishes

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Following development, organisation and very dynamic changes in business and global world in general, Scott Bader Group continuously monitor and review own policies, but remaining with the main principles, those are universal and with no time limits.

We believe that these principles and values would enable that in the future we also stay Partner for Excellence and Successful, Profitable and Sustainable Organisation.

Employees of Scott Bader Group and members of Scott Bader Commonwealth are aware of the values that the Group is nurturing and developing, those are visible in the organisation and functioning of each of Group companies, enabling a positive working environment and helping to each team in achieving their targets.

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### Commitment

We're committed to the principles of common trusteeship and making **Scott Bader** a successful and sustainable organisation.



### Team working

We work co-operatively and in collaboration with colleagues, customers and suppliers to deliver excellence.

### Responsibility

We each take personal responsibility in how we work to do the best for **Scott Bader**.

### Fairness

We are fair, honest and ethical in how we work with others and how we are treated at **Scott Bader**.

In all our activities we should consider our three pillars: Ecology, Humanity, Business.

Those are reflected in our way of working:

- we optimize our raw material usage
- we minimize our wastes (RM, packaging, pallets,...)
- we minimize our energy consumption
- we lead the use of bio-derived raw materials
- we think circular economy (waste = resource)
- we implement our product sustainability index
- we have a sustainability roadmap but we do not wait to improve everywhere we can;
- we accelerate where we see high growth & profit
- we OPTIMIZE where we have strong presence
- we reduce resources where we see no bright future
- we invent a more sustainable future

Scott Bader Group set up its strategic intent, together with the Vision 2036 which includes 7 strategic goals:

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*We envision a world where humanity thrives, without compromising the natural systems it depends on. Scott Bader provides essential technologies that address the challenges of our changing society and in doing so is a renowned, trustworthy partner that is globally admired for harnessing the power of chemistry as a force for good.*

### OUR 7 STRATEGIC GOALS



#### PIONEERING THE CIRCULAR ECONOMY

We are a recognised circular economy practitioner, collaborating with our partners to optimise our combined resources for a waste and harm-free, closed-loop value chain.



#### ACTING BEYOND COMPLIANCE

We are a trusted leader, proactively driving a safe, transparent and ethical chemical industry, promoting exemplary conduct to deliver products and processes that safeguard people and planet.



#### DELIVERING VALUE TO SOCIETY

We are advocating sustainability, sharing our know-how, profit and Commonwealth vision, and supplying products and services that provide real value to society.



#### STRIVING FOR EXCELLENCE

We are purpose-driven, fully meeting the expectations of our customers by continuously improving all our processes and products to deliver world-class business performance.



#### UNLEASHING COLLEAGUES' POTENTIAL

We are driven by the diversity and creativity of our people who are empowered and motivated to make a difference through initiative and innovation at every level of the organisation.



#### PARTNERING FOR SUCCESS

We are at the heart of a global network of mutually-beneficial partnerships with suppliers, customers and world-leading allies who are engaged with our mission and share our vision.



#### PROTECTING OUR ENVIRONMENT

We are a strong ambassador for the transition to a sustainable planet through our responsible use of our natural resources, our stewardship of clean energy and fresh water, and our commitment to zero emissions.

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### **Our Purpose Statement**

#### **Making a Positive Difference...**

Scott Bader Group purpose statement:

To enable our customers to supply more effective and sustainable products using innovative polymer solutions and to empower our people to live our values.

As a company, we intend to fulfil this purpose statement by;

- Taking decisions with care balancing ecology, humanity and business
- Using our chemistry expertise to innovate responsible solutions for the world today, and tomorrow
- Exceeding our customers' expectations
- Using our resources sustainably to minimise the impact on the environment
- Unleashing the diverse potential and goodwill of our people
- Sharing our profits and use our talents to develop a more inclusive and harmonious society

### **During the reported period SCOTT BADER was awarded with:**

#### **Scott Bader UK Awarded Coveted Gold Investors In People Award, 2017**

Scott Bader UK is delighted to announce that they have been awarded a coveted Gold Investors In People Award (IIP). IIP is a nationally recognised framework designed to help UK organisations improve their performance and realise their objectives through the effective management and development of their people. Scott Bader UK has been assessed against the standard since 1997 and having previously held the IIP Silver Award they are delighted to have elevated this to Gold as a result of their recent reassessment.

#### **Ernest Bader wins inaugural ACMA Pioneer Award**

The Pioneer Award seeks to recognise individuals who have either developed, enhanced or created processes and/or materials that have advanced the composites industry and have not previously been recognised with another ACMA Award.

To honour its 40th anniversary as an organisation, the American Composite Manufacturers Association (ACMA) honoured pioneers in the composites manufacturing industry with the inaugural Pioneer Award presented at this year's ACMA Membership

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Awards Ceremony and Reception at CAMX, the Composites and Advanced Materials Expo.



### Scott Bader awarded silver EcoVadis rating

Scott Bader has been awarded a ‘Silver’ EcoVadis Corporate Social Responsibility (CSR) rating. This is only the second time Scott Bader has been assessed and are delighted to have scored in the top 12% of all companies evaluated.



EcoVadis operates an online platform providing sustainability ratings for global supply chains. More than 40,000 companies have been assessed by EcoVadis and provided a rating. The methodology is built on international CSR standards including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000.

Our performance is rated against 21 indicators grouped into four themes – Environment, Ethics, Labour/Social and Supply Chain – and rated from 0 to 100. Many of the performance indicators are already being addressed by our sustainability goals. This accreditation

demonstrates our commitment to working towards fulfilling our sustainability goals and 2036 Vision.

### Scott Bader UK has won ‘Employer of the Year’ at the Northamptonshire Business Excellence Awards 2020!

Scott Bader UK was shortlisted for the sought after award alongside many prestigious Northamptonshire-based businesses. To be announced as the Employers of the Year for Northamptonshire



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### **Scott Bader in Croatia**

Our company, named Chromos Tvornica Smola stock company at the time, started cooperating closely with the Scott Bader Group in 1999, when Scott Bader has invested its financial resources through a financial support through a loan as well as its own guarantees into helping the company recover and return onto the international market.

It was at that time during our highly intensive cooperation that Scott Bader recognized the possibility of a complete and successful integration of the Croatian company into the Group and gained full ownership over Chromos Tvornica Smola share holding company in 2006.

With certainty and belief in the sustainability of production in Zagreb, during the same year employees were given the opportunity to apply to become members of the Commonwealth, along with the possibility of having full reports on all issues of relevance for the Group, of participating in decisions regarding profit and its distribution, electing their own Local council and including their representatives into the activities of the Commonwealth Assembly.

Even prior to having become the owner of the Croatian company, Scott Bader worked on improving the processes, products, organisation and financial stability of the Company and provided access to all of its resources and expertise.

In spring 2007 the Company changed its name into SCOTT BADER d.o.o.

### **Business activities and company organization**

#### **2.1.**

Name: SCOTT BADER d.o.o.

#### **2.2.**

SCOTT BADER d.o.o. manufactures polyester, vinyl ester, alkyd and acrylic resins and similar products.

#### **2.3.**

SCOTT BADER d.o.o. has no subsidiaries and does not own any other company.

#### **2.4.**

The Company operates at a single location, in Zagreb's Industrial zone. The Company's headquarters are located at Radnička cesta 173 i, 10000 Zagreb, Croatia.

#### **2.5.**

SCOTT BADER d.o.o. delivers products mostly in Central and Eastern Europe, but in other markets too, through direct sales or using the local or Group distribution network. Our trademarks is known in chemical industries after years of presence on the markets of Germany, Austria, Italy, Poland, Czech Republic, Slovakia, Slovenia, Bosnia-Herzegovina, Serbia, Macedonia, Romania, Bulgaria, Russia, Ukraine, UK, France etc.

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### 2.6.

SCOTT BADER d.o.o. is owned solely by Boldhelp Limited, a member of Scott Bader Group with the headquarters in the UK.

### 2.7.

SCOTT BADER d.o.o. manufactures synthetic resins, namely:

**Polyester and vinyl ester** (Crystic, Chromoplast) with the application in the production of yachts, sailboats and boats; wind power; the production and reparation of pipes and pipelines; the production of decorative "artificial marble", the production of sanitary equipment, primarily bathtubs etc., - sales in about 20 countries across Europe.

**Alkyd and acrylic resins** (Crestakyd, Crestacryl, formerly known as Chromosal and Chromoacryl), with the application in the production of alkyd and acrylic-based paints, primarily paints for metal, wood, concrete and road marking.



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### 2.8.

At the end of 2020 our Company had 66 employees, 20 of which are women and 46 men. A higher number of men are employed in Operations/Technical sector – there are men employed in the plant, warehouse and maintenance, while both men and women are employed in other organisational units.

#### Employee structure by gender at year end

Gender	2017	2018	2019	2020
men	45	47	46	46
women	15	15	16	20
TOTAL	60	62	62	66

#### Employee structure by education at year end

EMPLOYEE STRUCTURE BY EDUCATION	2017	2018	2019	2020
Master degree	3	3	5	6
University degree	11	11	9	12
High-school degree	36	38	38	40
High skilled workers	0	0	0	0
Skilled workers	7	7	7	5
Semi-skilled workers	0	0	0	0
Unskilled workers	3	3	3	3
TOTAL	60	62	62	66

#### Employee structure by age at year end

EMPLOYEE STRUCTURE BY AGE	2017	2018	2019	2020
under 18 years of age	0	0	0	0
18 - 20	0	0	0	0
21 - 30	10	11	10	15
31 - 40	24	22	21	21
41 - 50	10	11	11	13
51 - 55	5	6	6	5
over 55	11	12	14	12
TOTAL	60	62	62	66

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### QUALITY, ENVIRONMENT AND OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS

An Integrated Management System (IMS) has been established in SCOTT BADER d.o.o. in accordance to ISO 9001:2015 (quality), ISO 14001:2015 (environment) and ISO 45001:2015 (occupational health and safety) standards.

Quality management system is applicable for a long time (since 1996) and it is operational too in the daily company business.

Quality management system effectiveness is confirmed through the results in customer satisfaction, the minimum number of customer complaints and internal problems of quality, as well as in achieving given goals.

Environmental Management System was introduced in December 2010 as well as Occupational Health and Safety Management System in January 2014.

The effectiveness of environment and occupational health and safety management systems are demonstrated by achieving environment and health and safety objectives, constantly striving to achieve the goal of zero incidents, with no lost time or reportable injuries, internal audit, Management review, compliance with legislation and good cooperation with interested parties.

Quality, environment and occupational health and safety management are defined through documented system, through Quality, Environment and Health and Safety Rules, defined Processes, Procedures, Work Instructions and Recordings.

Essential goal of our company is customer satisfaction and the fulfilment and anticipation of customer needs with high awareness of environmental protection and health and safety.

SCOTT BADER d.o.o. is one of the 250 company in Croatia which are obligated to have Environmental Permit according to IPPC regulation and on 5th May 2014 we received Environmental Permit from Croatian Ministry of environmental protection.





Current issue date: 14 January 2019  
Expiry date: 13 January 2022  
Certificate identity number: 10239543

Original approval(s):  
ISO 9001 - 20 February 1996

# Certificate of Approval

This is to certify that the Management System of:

**SCOTT BADER d.o.o.**

Radnička cesta 173i, 10000 Zagreb, Croatia

has been approved by Lloyd's Register to the following standards:

**ISO 9001:2015**

Approval number(s): ISO 9001 – 0035228

The scope of this approval is applicable to:

Development, manufacturing and sales of polyester resins, vinyl ester resins, alkyd resins and acrylic resins in solvent.

**Daniel Oliva Marcilio de Souza**

Area Operations Manager - South Europe

Issued by: Lloyd's Register EMEA Branch Rijeka

for and on behalf of: Lloyd's Register Quality Assurance Limited



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Current issue date: 22 December 2019  
Expiry date: 21 December 2022  
Certificate identity number: 10239541

Original approval(s):  
ISO 14001 - 22 December 2010

# Certificate of Approval

This is to certify that the Management System of:

**SCOTT BADER d.o.o.**

Radnička cesta 173i, 10000 Zagreb, Croatia

has been approved by Lloyd's Register to the following standards:

**ISO 14001:2015**

Approval number(s): ISO 14001 – 0035227

The scope of this approval is applicable to:

Development, manufacturing and sales of polyester resins, vinyl ester resins, alkyd resins and acrylic resins in solvent.

Daniel Oliva Marcilio de Souza

Area Operations Manager - South Europe

Issued by: Lloyd's Register EMEA Branch Rijeka

for and on behalf of: Lloyd's Register Quality Assurance Limited



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Current issue date: 30 January 2020  
Expiry date: 29 January 2023  
Certificate identity number: 10239545

Original approval(s):  
ISO 45001 - 30 January 2014

# Certificate of Approval

This is to certify that the Management System of:

**SCOTT BADER d.o.o.**

Radnička cesta 173i, 10000 Zagreb, Croatia

has been approved by Lloyd's Register to the following standards:

**ISO 45001:2018**

Approval number(s): ISO 45001 – 0035229

The scope of this approval is applicable to:

Development, manufacturing and sales of unsaturated polyester resins, vinyl ester resins, alkyd resins and acrylic resins in solvent.

Daniel Oliva Marcilio de Souza

Area Operations Manager - South Europe

Issued by: Lloyd's Register EMEA Branch Rijeka

for and on behalf of: Lloyd's Register Quality Assurance Limited



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## **Profile 3. - The Report Parameters**

### **3.1.**

The Global Compact Report encompasses the period partly covered already in previous Report, and continues to period from 1st of January 2020 to 31st December 2020, with reflection to previous period with the goal of achieving better understanding of certain trends.

### **3.2.**

This is the tenth SCOTT BADER d.o.o.'s COP.  
The previous one was submitted on 6th March 2020.

### **3.3.**

Report submission is on annual basis.

### **3.4.**

Regarding the Report, the contact person is Mrs. Ružica Geceg, Member of the Board and Director of Finance, Administration and Human Resources in SCOTT BADER d.o.o.

The Report was delivered by:

1. Ružica Geceg, Member of the Management Board, Director of Finance, Administration and Human Resources
2. Andrej Potežica, President of the Management Board, Supply Chain, Sales
3. Damir Brdarić, Engineering Manager
4. Ružica Tomić Kezunović, REACH, ISO
5. Anita Delić, Environment
5. Željka Grabner, Administration and IT
6. Ankica Sertić, Human Resources

### **3.5**

The Report was formed and defined in accordance to the Global Compact Principles and GRI G3 guidelines.

### **3.6**

All data pertain solely to SCOTT BADER d.o.o., Croatia.

### **3.7**

The Report is based on level C application of GRI Framework for Sustainability Reporting. The complete COP Report shall be published on UN Global Compact web-site [www.unglobalcompact.org](http://www.unglobalcompact.org), and SCOTT BADER web site [www.scottbader.com](http://www.scottbader.com).

### **3.10**

Information and data from previous report are not changed.

### **3.11**

There are currently no significant changes in relation to a previous report.

### **3.12.**

Table/Content with all points by GRI is presented on the second page of the Report.

### **3.13**

This Report (as a whole) has not been verified by an external assessors, since verification is not obligatory.

Financial data for 2020 were verified through the audit of annual financial reports, performed by RSM Croatia d.o.o., Koprivnica, Croatia.

Certain parts of the Report refer to the functioning of the quality system according to ISO 9001:2015 standard, environmental system according to ISO 14001:2015 as well as ISO 45001:2018 for the system of occupational health and safety, and for all of them regular audits confirm positive results.

## **Profile 4. – Management, obligations and participation**

### **4.1.**

Supervisory Board and Management Board

Supervisory Board:

- James McTaggart, Chairman
- Matthew Ian Collins, Deputy Chairman
- Kevin Roger Kenneth Matthews , Member

Management Board:

- Mr. Andrej Potežica, President of the Board
- Mrs. Ružica Geceg, Member of the Board

### **4.14./4.15.**

## **SCOTT BADER d.o.o. stakeholders**

### **The report of stakeholders, communication and improvement**

#### **Customers**

- We provide our customers with the supply of high-quality products with expert support of a very high quality.
- We work continually on improving the cooperation with our customers through not only offering them high-quality products but also complete technical assistance in the application of our products.
- We are ready to cooperate with our customers at their product development stage and by adjusting our product range to their innovative solutions.
- We perform customer satisfaction survey that give us a solid basis for future improvements

#### **Suppliers**

- We treat our suppliers as our partners in achieving our desired quality.
- We inform our suppliers of annual quality ratings of their supply of products and services and our cooperation as a whole.

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- We expect our suppliers to operate in accordance with basic principles of business correctness, sustainable development and positive impact on the community in which they operate.

#### **Owners**

- As Scott Bader does not have a standard ownership, but the ownership is defined as a Trustee-sheep, with the employees as stakeholders, they are continually involved and informed of the Company's business performance and other important events in both the company and its environment through pre-defined reporting forms and through an on-going communication within the Group.

#### **Employees**

- The employees are included in the business performance info system of both the Company and the entire SCOTT BADER Group by means of a set info system: monthly and periodical reports on business performance of the local Company and other companies within the Group, through the reports of local management, General Manager of the Group or financial reports.
- Monthly and Quarterly Bulletins of the Group are available to all employees.
- All employees may place their questions and comments after having received the reports.
- The Group Board informs the employees of the most important issues and decisions after having held their sessions.

The Company provides for on-going training of its employees in accordance with the regulations pertaining to chemical production, as well as other forms of education through training courses, seminars or education courses required for continual improvement which the Company wishes to achieve, as well as for the personal development of the employees.

- our employees are also informed through the Members Assembly, a body that include representatives of employees – stakeholders for each Group company.

- There are surveys organised in the Group on employees satisfaction with the work in Scott Bader

#### **Trade Union and Commonwealth Members**

- There is no limitation to the freedom of association, establishing and activities of Trade Unions in the Company.
- Trade Union is involved in reaching decisions by the Board that are related to the application of Labour Law regulations, in accordance with the law and internal acts.

Along with a Trade Union there is also a Local, workers' council, in accordance with the principles of the Group's Commonwealth that also provides for the member employees to be well informed, for the opinions expressed by the members to be presented at the Group level; it brings decisions regarding donations etc.

- An appointed representative of the Company represents the employees – members of the Commonwealth at quarterly sessions of the Members Assembly at the Group level.

#### **Local and wider community**

- The Company grants donations to charitable organizations from the Scott Bader Commonwealth Fund
- The Company and its employees, in accordance with the principles of Commonwealth, strives to be a useful member of local community

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- Employees are encouraged to work in their local communities with a day off for such activities during the year

### **Business and other associations**

The company and its representatives participate actively in the Croatian Exporters Association as well in other business associations those found to be valuable with the purpose of achieving an improved business environment, providing support and aid as well as receiving them with the purpose of achieving better business results.

Company's representatives also participate in different initiatives during the year, mostly related to actual business situation as well as those related to environment and health and safety protection.

These activities of SCOTT BADER d.o.o. are aimed at contributing to the improvement of the overall business climate in Croatia, especially in the area of industry and export.

# MAIN COMPANY AIMS AND POLICIES

## **SCOTT BADER**

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### **MISSION**

The limited liability company SCOTT BADER d.o.o. is the sole Croatian manufacturer of resins. Its mission is to supply high-quality products to customers (largely paint and varnish manufacturers, shipyards/yacht production, the piping industry, the artificial stone and marble industry and the sanitary equipment industry) in the wider region of Central, Eastern and South Eastern Europe, and to collaborate with them in the development and production of their products and to share in the satisfaction of their success.

**The mission of Scott Bader, as a company under the full ownership of the Scott Bader Group, is to participate in all of the Group's activities as a respectable partner in compliance with its operating policies, and to assist other members of the Group by making its knowledge and expertise available.**

## **VISION**

In order to fulfil its mission, Scott Bader must be able to supply high-quality products to its customers at acceptable prices within specified deadlines with maximum technical support and assistance while meeting planned performance goals, with the long-term objective of profitable operations and continuous investment in further product development, technological improvement and environmental protection and occupational health and safety.

Due to limited production capacity (both locally and at the Group level), the Company shall invest maximum research-and-development and marketing/commercial effort to improve its product structure with the objective of increasing the share of sales and production of products with higher added value.

As a member of the Scott Bader Group, the company shall take advantage of the Group's marketing/commercial and research-and-development potential but also make maximum contributions to the Group through its own activities.

Current improvements to organization and work processes that are components of the introduction of ISO 9001, ISO 14001 and ISO 45001 standards, the complete integration into the Scott Bader Group, computer-guided manufacturing and continual improvements to work practices, and care for employees, the workplace and the environment, shall enable Scott Bader to retain and enhance its status as a major supplier of resins to its customers and bolster its reputation of a company in which all employees see their long-term prospects.

## **CODE OF ETHICS AND BUSINESS CONDUCT**

### **Statement from Group Chief Executive**

Whether you are an existing employee or a new employee from Scott Bader, a contractor performing work for and on behalf of Scott Bader or you are linked with Scott Bader through a JV contract, you are supplier or a business partner on Scott Bader sites, it is important to understand what type of behaviour Scott Bader expects from you. This document, supported by the Executive Team, provides guidelines to illustrate what our values mean in our day to day business life. If for any reason, you are unclear about what to do you are expected to ask for advice. If you observe deviations to this code of business standards, please follow the existing procedures to deal with misconducts.

Kevin Matthews

### **Working within the Law**

**Core principle** – We must always work within the law. Unlawful or criminal behaviour, whether or not committed at work, or whether or not it directly relates to our work, may result in a loss of trust and confidence in us and may bring our company into disrepute.

Acting in accordance with laws and regulations of each of the countries within which we operate is a necessity and a prerequisite for the functioning of the Company and the activities of all colleagues. All colleagues are obliged to prevent illegitimate activities at any cost, regardless of whether they can be characterised as minor acts or serious breaches of regulations. Each colleague, in case of a breach of his/her obligations as stipulated by company policies, must be aware of inevitable disciplinary consequences – notwithstanding legal sanctions. It is important to Scott Bader that any fraud, misconduct or wrongdoing by

colleagues is reported and properly dealt with. Scott Bader therefore encourages all individuals to raise any concerns that they may have about the conduct of others in the business or the way in which the business is run. For further information please refer to the Group Whistleblowing Policy.

### **Principles of Management**

**Core principle** – Managers must role model the behaviours that they expect from others. Each manager must gain the trust of colleagues based on his/her own exemplary performance and behaviours in accordance with our company values. The manager sets clear, ambitious, but realistic goals for colleagues

and provides support and challenge to encourage exceptional performance and growth. There should be such confidence and openness between managers and their teams that enables any colleague to contact his/her

manager at any given moment to discuss either business or personal problems. Every manager must perform organisational and supervisory duties in a responsible manner ensuring no breach of law, company values and other internal policies and procedures.

### **Responsibility for the Company's Repute**

## SCOTT BADER

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**Core principle** – How Scott Bader is viewed by others is critical to our sustainability. We must all take personal responsibility for our behaviour to maintain our good reputation and that of Scott Bader.

Our reputation is built and maintained based on the actions or omissions of each and every colleague. This includes each colleague's appearance, action and conduct. Inappropriate conduct of a single colleague may cause damage to the Company. Therefore, every colleague is expected to take account of the repute of our Company and, when performing his/her tasks, to act in a manner that will most contribute to the Company's good reputation. Being a reliable and responsible partner, we aim only to make the promises which we can actually keep.

### **Health, Safety & Environment**

**Core principle** – We must all observe the highest possible health, safety and environmental standards to ensure that any adverse effects of our activities are minimised.

Environmental protection and preservation of natural resources are social goals of high priority for our Company. At the stage of developing our products, we deem it important for them to be prepared, produced, stored and delivered in a manner that is not harmful to the environment and is compliant with Health and Safety procedures both legal and organisational. Each colleague at his/her workplace must be an ambassador of these areas so as to be an example to the others. In conducting our business we must at all times apply the highest standards of responsibility towards ourselves, the environment, our colleagues and any other parties. The responsibility towards colleagues requires us to take all reasonable steps to prevent accidents. This applies both to the technical planning of workplaces, equipment and processes and to safety-related tasks and personal conduct at our workplace. The work environment must be designed taking into consideration the colleagues' health and safety. Each colleague must pay constant attention to safety, be aware of their personal responsibilities and strictly follow all legal and internal instructions and restrictions.

### **Respecting Personal Dignity and Integrity**

**Core principle** – Everyone has the right to be treated with dignity and respect. All colleagues must respect the personal dignity and the right to privacy of every individual. There may be labour laws in your country which define specific criteria or characteristics that apply/are protected. These are likely to include characteristics such as gender, gender reassignment, nationality, ethnicity, culture, disability, marital status, religion and beliefs. Labour laws should be understood but regarded as minimum standards only. Scott Bader requires all colleagues to display the highest standards of behaviour, in accordance with our company values, to ensure that all parties with whom we interact are treated with dignity and respect at all times.

### **Principles of Decent Conduct in a Team and at our Company Premises**

**Core principle** – We are all responsible for ensuring that we attend for work fit to perform our role and that we use our time productively to serve the best interests of our company. All colleagues must perform their tasks in a manner which enables their best and most efficient teamwork with others. Skills and knowledge must be freely shared for the benefit of other colleagues and the wider company. All colleagues must avoid uncivilised conduct during working hours, unnecessary conflict with colleagues, performing personal tasks during working hours, presenting incorrect data that might affect business decisions, incorrect recording or presenting of performance results and business activities of the Company or an individual colleague which causes harm to the Company or an individual. Colleagues may only smoke in designated smoking areas and must not attend work whilst

## SCOTT BADER

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under the influence of alcohol or drugs (including prescribed drugs that may adversely affect performance). Alcohol or drugs must not be consumed during working hours. The company does not condone the use of any recreational drugs and under no circumstances must they be brought to company or customer premises.

#### **Avoiding the Conflict of Interests**

**Core principle** – We must not put ourselves in the position where our private interests are in conflict with those of our company.

With the purpose of performing their tasks efficiently and fairly, our colleagues must never be in a conflict of interests or make their loyalty to the Company questionable. Such conflicts may arise if a colleague works for another company or has a share in another company, as well as by personally favouring a business partner or by receiving any favours from such a partner.

Therefore the following applies to all Scott Bader colleagues:

- it is prohibited to manage or advise a company that is in full or partial competition with our Company or the companies of the Scott Bader Group;
- in the event that a colleague intends to undertake any other business for compensation he/she must inform his/her manager beforehand and in writing of his/her intention. Such involvement may be prohibited if it may

lead to a decrease in work performance, if it is contrary to his/her obligations in the Company or if there is a danger of conflict of interest.

#### **Handling the Company's Assets**

**Core principle** – We must all respect and protect all Scott Bader assets and facilities, including the work environment, physical objects, cash, data, information and intellectual property, at all times, using them in a responsible manner, never using them privately unless we have permission to do so.

The equipment and other assets in the plant, offices, warehouses, laboratories and other premises of the Company may only be used for official purposes unless otherwise stated in any internal policy or rule. It is your responsibility to ensure that you understand the internal policies/rules that apply in your part of the Scott Bader Group and if you are in any doubt whatsoever do not use any Scott Bader assets in a private/personal capacity. In particular, the Group has an IT policy that applies to all colleagues without exception.

#### **Access to Information**

**Core principle** – We must use the information we have access to in the course of our business for its intended purpose, ensuring at all times that information we produce is correct, true and that appropriate measures are in place for its protection.

Fair and efficient operations demand complete, timely and credible reporting. This applies to colleagues, clients and business partners and to the public and external authorities. All records and reports compiled internally to be disseminated outside of the Company must be correct and true. Internal business and Company information that are not made publically available must be regarded as confidential. This primarily concerns the details of the Company's structure and equipment, business procedures, production data, information regarding the research and development activities (projects) status, numeric data for internal reporting, employees' personal data and the status of and relationships with business partners. The obligation of keeping those data confidential remains valid after one's employment with Scott Bader ends. All confidential information must be used only for its intended purpose. The disclosure of confidential information regarding business activities or the giving of business information to persons outside of the Company or to persons within the Company who are not, within their scope, authorised

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to receive such information may be treated as a serious matter of misconduct. This also applies to the dissemination of information, especially false and malicious, regarding employees, the Company as a whole, business partners and competitors.

#### **Data Protection**

**Core principle** – We must all take steps to ensure that data is properly protected.

Internet and intranet access, global electronic exchange of information and electronic performance of tasks may be a necessary part of your role.

The advantages of electronic communication need to be balanced with the risks related to the protection of privacy and to the safety of data. Efficient prevention of such risks is an important part of the IT Policy, of the management tasks and of the conduct of each person. Personal data may be requested, processed or used only when needed for clearly stated purposes that are defined in advance and permitted by law. High quality of data and technical protection against unauthorised access must be guaranteed. Persons that are required to provide their personal data must clearly and transparently understand the purpose for which the data are used, while their right to information and correction, as well as a possible objection, blocking and deleting the data, must also be guaranteed. All colleagues are obliged to adhere to internal policies and procedures related to the use of the Internet and Social Media and the use of IT equipment and software, especially in the area of data and the Company's IT systems protection. Any information that is internal to the company (not in the public domain) may not be given without authorisation to persons outside the Group (e.g. customers, competitors, consultants, analysts, newspapers, family members or friends etc.). Even within the Group, such information may only be given if the person receiving the information actually needs it for performing his/her tasks. Furthermore, it needs to be ensured that the safeguarding or safety of internal information is such that unauthorised persons may not gain access to them.

#### **Intellectual Property**

**Core Principle** – All information and data whether produced by you or otherwise available to you in the course of your employment remains the property of Scott Bader.

In the course of your employment at Scott Bader you will have access to some or all of - notes, memoranda, records, lists of clients, suppliers and employees, correspondence, documents, computer and other discs and tapes, data listings, codes, designs and drawings and other documents and material. All such material whether made or created by you or otherwise shall be and remain the property of the Company and must be handed over by you to the Company on demand and in any event at the end of your employment. If requested by the Company you must certify that all such property has been handed over and that no copies or extracts have been retained.

#### **Colleagues' Complaints**

**Core Principle** – You have the right to complain if you think you have been treated unfairly.

Scott Bader will act on complaints and always aim to resolve them fairly. Colleagues are encouraged to inform their line manager in the event that they have any complaints in relation to their employment or adverse treatment by others at Scott Bader. In the event that the complaint relates to their line manager they may raise their complaint with the next level of management or seek assistance from a member of their local council or Human Resources Department. There may be specific policies or procedures for raising complaints in your part of the Group such as Grievance or Dignity at Work procedures. If you are in doubt you may consult your Human Resources department. Scott Bader aims to deal fairly with any such complaint and where necessary put appropriate

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measures in place. Any related documentation may be retained by the company and will be treated as confidential. Colleagues are reminded that the Group has a Whistleblowing policy for dealing with complaints that do not relate to individual employment but enable the reporting of matters of serious wrongdoing. Examples of this may be unlawful or illegal actions, breaches of internal policies and procedures or serious bad practice which whilst not unlawful might damage the interests or reputation of Scott Bader.

#### **Implementation and Control**

**Core principle** – We all have a responsibility to operate in accordance with our company values, policies and procedures.

The implementation and control of these business standards is a responsibility of all Scott Bader colleagues. Accountability increases with the level of authority of each individual colleague. These standards have been drafted to guide our behaviours and improve our working lives, which will in turn influence the business efficiency and reputation of the Company. Hence, all colleagues are obliged to strictly follow all the principles of responsible conduct stated both in this document and other company policies and procedures, with the purpose of ensuring efficiency and profitability, and primarily of ensuring proper business and effective workplace relationships within our Company.

## **QUALITY, ENVIRONMENT AND OCCUPATIONAL HEALTH AND SAFETY POLICY**

**The fundamental commitment of SCOTT BADER d.o.o. is customer satisfaction and the fulfilment and anticipation of customer needs with high awareness of environmental protection and occupational health and safety**

In this regard, SCOTT BADER d.o.o. is committed to:

- Deliver resins which comply with commissioned quality standards while ensuring a proper level of services
- Continually seek out and introduce improvements in all areas of activity with the goal of achieving the satisfaction of customers and other business partners, which will encourage full cooperation
- Systematically educate and train employees to promote awareness of quality with emphasis on activities directly influencing quality
- Manage quality, environment and occupational health and safety in compliance with ISO 9001, ISO 14001 and ISO 45001 standards under the constant supervision of the company's IMS representative who shall have the full support and cooperation of the Management
- Identify, analyze and address risks in business and manufacturing processes and strive to find opportunities for new improvements
- Continually observe and implement improvements to the Quality, Environment and Occupational Health and Safety Management System
- Systematically follow and coordinate our activities with legislation and other mandatory requirements
- Implement measures aimed at ongoing improvements to workplace safety and environmental protection
- All employees of SCOTT BADER d.o.o. shall demonstrate their attitude to the job and their co-workers by adhering to the Code of Ethics and Business Conduct.

In the interest of achieving the objectives and commitments specified in this Policy, the Management shall adopt its Quality, Environment and Occupational Health and Safety Objectives each year, in which it will define and quantify individual objectives and commitments for the subsequent planning period and ensure the resources for their achievement.

Each verification of the Objectives shall simultaneously constitute a verification of fulfillment of the basic postulates of this Policy.

The results of operations shall be simultaneously compared to those of other members of the Scott Bader Group and the most successful competitors.

The results shall be utilized for the continual adjustment of this Policy to the circumstances under which SCOTT BADER d.o.o. operates.

All employees of SCOTT BADER d.o.o. have been duly informed of this Quality, Environment and Occupational Health and Safety Policy, and the Management is charged with the interpretation of its provisions.

Quality, Environment and Occupational Health and Safety Policy is available to all interested parties.

## **CODE OF PRACTICE FOR COMMONWEALTH MEMBERS**

**A** We are a business community and it is our basic attitude and approach to our work and fellow workers that gives life and purpose to the Commonwealth

**B** As a worldwide community we realise the long term health of Scott Bader requires attention to four aspects of the business

- (i) active democratic involvement
- (ii) social cohesion
- (iii) strong research and development
- (iv) financial growth

The practical working out of a balance between the four tasks is a continuing responsibility for the membership as a whole

**C** It is our common responsibility to work together, locally and internationally in such a way that;

- We show respect and dignity to each other
- Working for Scott Bader has meaning and is fulfilling and we feel valued for our contribution

**D** Being in a position of authority Managers must:

- Manage and be accountable to members for their actions
- Manage in a style that is participative and consultative
- Facilitate change and improvement and encourage others to do the same

**E** Our company manages through mutual collaboration; therefore as members we must accept responsibility for our actions through:

- A willingness to learn, develop and grow as individuals
- Improved communication between each other and between groups and departments
- Being understanding and patient towards problems encountered
- Recognising and encouraging contributions made by others, both locally and internationally
- A willingness to attend meetings and to participate in the affairs of our local and international community

**F** We must:

- Be open, honest and frank in our relationships with each other
- Face difficulties directly rather avoid them
- Solve problems by discussion and agreement rather than through a mediator

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**G** In the event of a downturn in trade we will consider whether circumstance make it desirable or practical to share all remaining work rather than expect any of our fellow members to be deprived of employment, even if this requires a reduction in earnings.

However should a study of our business reveal that it would be in its best interest to reduce or eliminate certain jobs, we will do this in the fairest and most objective way. In particular we will wherever possible offer alternative work.

**H** We have agreed not to hold second jobs without having first sought the approval from the company.

**I** The foundation/creation of our Commonwealth abolished the existence of Scott Bader shareholders and with it the power of share ownership. For this reason we will not acquire other companies, without offering their staff Commonwealth membership as quickly as possible.

**J** We have a responsibility to the society in which we live and believe that should we have a special talent or interest, it would be right to offer this to the wider community. Members are encouraged to engage in some to form of social or public service, however small.

**K** Our social responsibility also extends to

1. Limiting the use of our products to applications beneficial to the community, in particular excluding specific applications used in manufacturing weapons of war
2. Reducing any harmful effects our work has on the natural environment, e.g. by rigorously avoiding the negligent discharge of pollutants
3. Constantly working towards reducing activities that waste the earth's natural resources

**L** As members of the Commonwealth we support and commit to the principles of the Commonwealth and will do our best to live these out in both our working and private lives

# THE FOUNDING PRINCIPLES OF GLOBAL COMPACT

## **The founding principles of Global Compact**

The principles which we accept in full and act in accordance with:

### **Human Rights**

#### **Principle 1:**

**Business should support and respect the protection of internationally proclaimed human rights**

SCOTT BADER d.o.o. operates on international market, cooperating with business partners for which we believe that within their business activities in no manner participate in violating human rights or contribute to minimizing them in any of their other activities in a broader community. In the event that we discovered otherwise, our company would terminate its business relationship with such a company.

#### **Principle 2:**

**Ensure that the company itself is not complicit in human rights abuses**

The founding principles of the Scott Bader Group include an explicit principle of respecting human rights, without which the Companies of the Group would not fulfil the most important precondition of their existence.

Our Company has internal acts which were enacted in accordance with legal provisions and with the consent of its employees through their Council. A person has been authorised to which all remarks regarding any form of human rights violation, dignity or the endangerment of an employee. We are a small company in which most of our employees have been working for us for many years now and thereby fostering a mutual respect represents a foundation for good cooperation among employees and for including new employees into our labour processes.

### **Labour Standards**

#### **Principle 3:**

**Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**

Every employee of SCOTT BADER d.o.o. has the opportunity to exercise their right to freedom of association. 1% of employees are members of the Trade Union of Chemical Industry Workers and 85% are members of the Commonwealth, a union of employees within the Group, through which they exercise their right to participate in reaching decisions regarding the most important issues related to the Company's business and other issues related to the Statute of the Company.

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The Local Council of employees - members of the Commonwealth, is based on the same foundations and, alongside with Trade Union representatives, represents an additional form of representing employees and exercising their rights.

### **Principle 4: The elimination of all forms of forced and compulsory labour**

Scott Bader opposes any form of forced and compulsory labour which is contrary to the principles of conducting business. The same is requested from all business partners and members of the greater community to which it belongs.

The choice and change of one's job position is a basic human right. Each new employee is fully informed of his/her rights and obligations through all internal acts of the Company, and is enabled to and expected to be an equal member of the team which he/she joins, because this is the only manner in which a company can function well.

### **Principle 5: The effective abolition of child labour**

SCOTT BADER d.o.o. fully supports the abolition of child labour which is not a human or permissible way of making a profit but rather an activity with long-term consequences in the future.

The principle is clearly stated in our internal acts.

Below is age structure per main departments in the company:

Years	Finance, Sales, Administration				Operations			
	2017	2018	2019	2020	2017	2018	2019	2020
below 18 years	0	0	0	0	0	0	0	0
18-20	0	0	0	0	0	0	0	0
21-30	0	0	0	2	10	11	10	13
31-40	5	4	5	7	19	18	16	14
41-50	1	2	1	2	9	9	10	11
51-55	2	1	1	1	3	5	5	4
above 55 years	3	4	5	4	8	8	9	8
Total	12	11	12	16	49	51	50	50

### **Principle 6: The elimination of discrimination in respect of employment and occupation**

Our Company does everything in its power, by respecting the founding provisions of legislation, by enacting the Company's internal acts and by acting in a fair and non-discriminating manner with respect to employment and in relations with its employed co-workers, to ensure that there is no discrimination in any segment of our activities.

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In recruiting process of new employees there are clearly set criteria which eliminate discrimination with respect to employment. No discrimination may be applied related to sex, race, religion, political affiliation or nationality, family status or personal beliefs. The same criterion is applied to the salaries of our employees.

Our internal acts include a description of a mechanism which is at the disposal of our employees for protection from any form of discrimination, as well as procedures set and appointed persons responsible for resolving any situation in which an employee might feel discriminated in any way.

Group's policies like Dignity at Work Policy, Whistle-blowing Policy, Equal Opportunities Policy as well as a number of policies to be applied for new employment as well as on daily procedures, ensure that a good practise and treatment of our people is constant and continuous.

#### **Principle 7: Environment**

SCOTT BADER d.o.o., being a responsible company operating in the field of the chemical industry, pays special attention to environmental protection.

Scott Bader Group in own activities consider applying these three pillars: Ecology, Humanity, Business.

In conformance with its own principles of sustainable development and business operations and guided by the principles of the Group's operations, including explicitly high standards in environmental protection measures, employee health care and improving work conditions in general, the Company meets and increases the high standards in these fields of industry.

As a member of the Scott Bader Group, SCOTT BADER d.o.o. is further obliged to fulfil all the necessary conditions of operations and activities that lead towards the protection of the environment. Monitoring the performance in the field on a regular basis ensures that all employees, as well as interested partners, are well informed about this segment of our operations and, even more importantly, sets new goals for improvement on the basis of former experiences.

Basic issues of environmental protection and business operations are regulated by the Company's internal acts with the purpose of eliminating any adverse impact to environment: Rules on waste management from the technological process of wastewater treatment; Rules on operation and pre-treatment of waste and sewage water; an Operating plan of activities in case of sudden pollution; a Waste management plan; an Operating plan of activities in environmental protection; Rules on the disposal of waste oils; Fire safety and Environmental Permit according to IPPC regulation.

By fulfilling legal obligations in enacting the required rules and plans, the Company utilizes such a manner of defining the obligations as an additional opportunity for an on-going review of its achievements in the field.

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The Company makes continuous investments in the protection of the environment, the improvement of production conditions, safety at work, and improving working conditions in the Company in general.

Below are some of the large-scale spending and investments made during the period year 2017 to year 2020:

- in order to fulfil the latest environmental and production standards we made new chemical resistant and waterproof floors inside production plant, in additives preparing and measuring storage, in oils and glycols warehouse, in solid rohe-material warehouse and all bunds in which hazardous substances are stored, we also replaced old technologic obsolete pumps with new pumps (to prevent leakage), we replaced old level indicators on all monomer underground tanks and resins outside storage tanks with reliable new one to prevent overflowing, we replaced all obsolete thermal insulation of all outside resins storage tanks and Pthalic Anhydride and Maleic Anhydride storage tank

- new waterproof and chemically resistant floor in peroxide warehouse, we replaced obsolete equipment with new reliably high energy efficient equipment (pumps, agitators, lights ...), we also replaced old process control system Honeywell TDC3000 with new Honeywell Experion DCS

- in order to decrease thermall losses of all heated buildings: we renovated and refurbished production plant control room, bathrooms, rest room and workers wardrobes, we changed all windows with new thermal insulated and we put additional thermal outside cladding at production, warehouses and offices buildings (decreasing heat loss factor) and renewed production offices roofing with 100 mm thicker heat insulation (decreasing heat loss factor), we changed all windows and doors, in order to decrease heat loss factor, in oils and alcohols warehouse

- in order to reduce air pollution we installed VOC pollution control system: RTO (Regenerative Thermal Oxidizer) and official TOC, NOx and CO measurements shows very low emissions of hydrocarbons from production, we replaced all air-conditioners with Freon with more environmentally friendly air conditioners.

- in 2018 we replaced obsolete reactor R9 and reactor R1 agitator with high efficiency

- in 2019 we replaced reactor R2 vessel with new one and installed more efficient column at R2 so we decreased glycol loss, we also replaced reactor R9 agitator with high efficiency

- in 2020 we replaced reactor R3 vessel together with R3 agitator with new one with high efficiency and obsolete condenser R5 with new one

#### **Principle 8:**

#### **Businesses should undertake initiatives to promote greater environmental responsibility**

Being a manufacturer of chemical products, our environmental responsibility is exceptionally important in our everyday activities. We support any action which results improving environmental protection and to that end undertake all measures available within our Company.

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Through cooperation with our business partners, and primarily our customers, we strive to share all of our knowledge regarding the proper application of our products, which we achieve by providing high-quality comprehensive documentation on our products, obtaining all required certificates, subcontracting transport companies with a high quality of service, providing instructions pertaining to managing packaging, packaging disposal etc.

Large-scale changes are being introduced to the chemical industry with the implementation of the REACH regulation. We have been participating in the activities related to implementing the regulation from the very beginning and we try to set an example in the fulfilment of all of the REACH requirements in order to help and motivate others to do the same.

## **STATEMENT REGARDING REACH**

SCOTT BADER d.o.o. is a manufacturer of polymeric products, which are themselves exempt from REACH Registration requirements. However, the raw material substances must be registered. For all supplied raw materials and for those traded products that are not exempt from the REACH Regulations, SCOTT BADER d.o.o. relies on the supply chain to also have completed Registrations according to the applicable deadlines (June 2018). To this end, we are continuing to work in close contact with our suppliers, including those located outside the EU, to ensure that all REACH obligations are met without interrupting supply.

Because SCOTT BADER d.o.o. products are mixtures of several substances, the responsibility for REACH Registration of each of these substances lies not with SCOTT BADER d.o.o. but with the original manufacturer or importer of the substance. Each substance will have its own REACH Registration deadlines, depending mostly upon the manufacturer/importer's tonnages. As and when SCOTT BADER d.o.o. has any information from suppliers that any substances present in our products have been registered, we will pass it along to any affected customers by means of updated material safety data sheets for the affected products.

Each substance placed on the market that SCOTT BADER d.o.o. either manufactures or imports has been or will be notified to the Classification and Labelling Inventory, as required by the CLP Regulations. SCOTT BADER d.o.o. relies on its suppliers to Notify substances that they either manufacture or import.

All SDS for our products (mixtures) are conformed to Regulation (EC) No. 1907/2006 (REACH), Annex II, as amended by Commission Regulation (EU) 2015/830.

In 2020, we have assigned UFI numbers to all of our products and put it on labels and SDS's. We have done notification trough poison centre to all EU countries in which we sell our products.

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### **Principle 9:**

#### **Businesses should encourage the development and diffusion of environmentally friendly technologies**

SCOTT BADER d.o.o, as well as the sector for development of the Scott Bader Group, works intensively on the development of products, developed and enhanced in a manner in which by no means endanger the environment.

It is our goal to place an increasing number of resins on the market with a lower content of volatile compounds, solvents and styrene. To that end we developed a new generation of alkyd "high solid" resins with a drastically reduced content of solvents. Furthermore, a solvent-less resin was developed, which represents the latest generation of environmentally acceptable alkyd resins on a global level. Polyester resins with a low content and low emission of styrene are also being developed along those lines. Furthermore, new acrylic resins with environmentally acceptable solvents (butyl acetate instead of toluene etc.) are also being developed.

In alkyd emulsion project we intend to leave solvent based alkyd resins, now we pass lab and pilot plant step. Next phase will be verification of paint formulations and after that scale-up to Plant.

### **Anti-Corruption**

#### **Principle 10:**

#### **Businesses should work against all forms of corruption, including extortion and bribery**

SCOTT BADER d.o.o. decidedly condemns acts of corruption, extortion or bribery committed in order to achieve business goals.

We have never been, nor shall we ever let ourselves become involved in a situation that may lead towards any corruptive activity.

We are improving our business operations on both the international market and our local market and achieve our results only by operating in a competitive and fair manner.

As a member of Scott Bader Group and as a company with business activities in a number of countries around the globe, we are applying Bribery Act. Related to this, our Group managers worldwide, as well as some other employees involved in purchasing and sales are obliged to have the training at Bribery Act and pass the test.

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# ECONOMIC DIMENSION

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### EC1

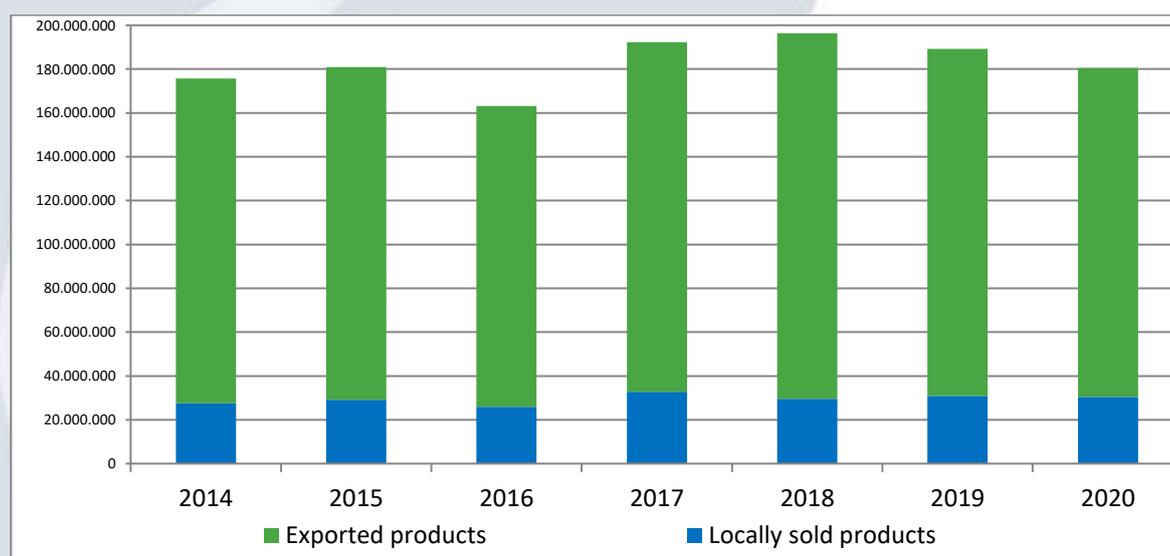
SCOTT BADER d.o.o. continues to hold a stable position in the regional market, as the only producer of composite resins and special polymers in Croatia. We successfully maintain a long tradition of manufacturing and delivering high quality products to our customers, as a reliable and significant partner together with other manufacturing companies of the Scott Bader Group whose range and brands of Scott Bader we also place on our markets.

Although we are all facing an extremely unpredictable and severe corona virus crisis in 2020, our business has been very successful, with record profits.

The corona virus pandemic did not cause significant difficulties in the business of the company in 2020, except in March and April when there were difficulties related to transport restrictions, but it affected various activities, changes in delivery plans and similar issues. After the fall in sales in April, the level of orders normalized and there were no significant problems in the collection of receivables.

In 2020, we delivered a total of 17.231 tons of products to our customers, which is a record amount (16.633 tons in 2019) and generated revenue from the sale of products of HRK 181 m (in 2019 it was HRK 189 m), with a share exports of 83% and sales to over 20 countries.

Revenue, 000s HRK	2014	2015	2016	2017	2018	2019	2020
Locally sold products	27.579	29.166	25.905	32.787	29.606	30.949	30.441
Exported products	148.166	151.733	137.210	159.540	166.769	158.309	150.085
	<b>175.745</b>	<b>180.899</b>	<b>163.115</b>	<b>192.327</b>	<b>196.375</b>	<b>189.258</b>	<b>180.526</b>



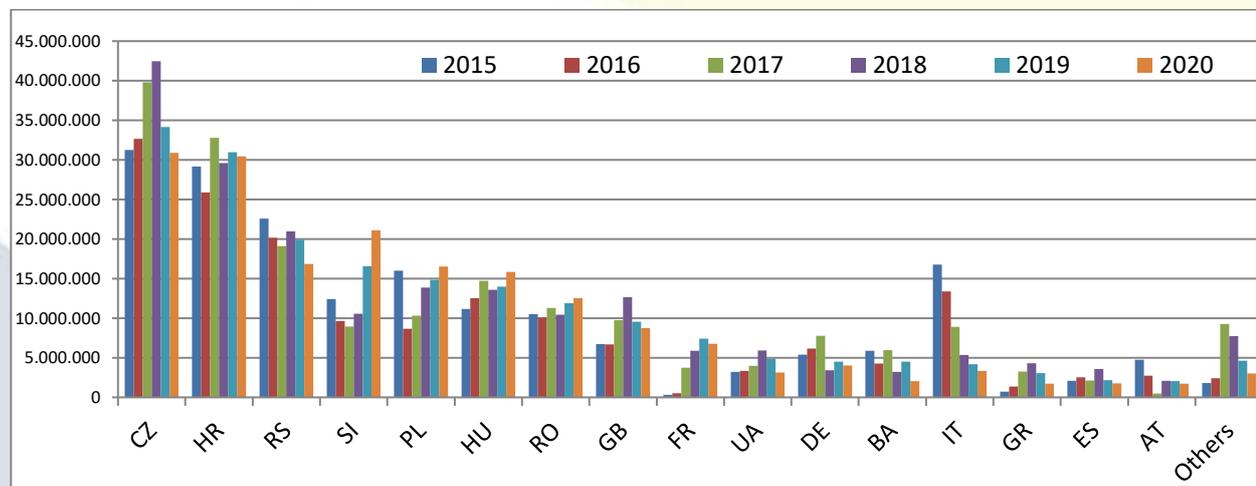
The largest export market in 2020 was again Czech Republic, with further distribution to Russia, Ukraine, Poland, Slovakia and a total share in our exports of 20,58%, followed by Serbia (11,24%), Slovenia (14,05%), Poland (11,01%), Hungary (10,56%), Romania (8,35%),

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United Kingdom (5,83%), France (4,50%), Ukraine (2,08%) and further Germany, B i H, Bulgaria, Italy, Greece, Spain, Austria, etc.

The next table shows turnover (in HRK) per our customers' countries year on year:



The costs of raw materials represent the most significant costs in our company, which in 2020 also were fluctuating under the influence of oil prices, total activity in the markets, under the influence of the crisis caused by the corona virus, and given the relative stability they had an impact on the level and relatively stable margins during last year.

Other costs of the company that the company was able to partially influence, in 2020 were also maintained at the planned or lower level, with constant controls, internal contributions to savings, especially due to the corona crisis, and investments that bring cost reductions in future periods, but also taking into account the requirements related to the maintenance of the environment and in general the principles and objectives of sustainability. Additional efforts and solutions, especially in investment and maintenance, with various technical improvements and cost reductions, are an important element in achieving the profitability of our company. The company therefore aims, and succeeds, to use all its available resources, maximizing the effects of continuous improvement of the organization, technology, quality, cost management as well as human potentials.

In 2020, we delivered profit before tax at amount of HRK 12,34 million (2019: HRK 5,23 million), and net profit of HRK 10,18 m (2019: HRK 4,28 m), which is a record profit the company has ever made.

We have invested around HRK 4,4 m, of which a significant part relates to investments related to further improving the efficiency of the manufacturing processes as well as environmental protection and energy savings.

During 2020, as in previous years, the company had no major difficulties with the collection of receivables and no uncollected receivables from the previous period.

The company's liquidity was maintained at a very good level, liabilities to suppliers were settled on time and a good rating of the company as a reliable customer was maintained. All liabilities to employees and the state were settled properly.

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The company continuously invest in our people and our teams development. In 2020 we increased employment, as Financial Shared Service Centre was formed in Zagreb, to deliver a part of financial services for the Group European companies, confirming the team quality and plans for further development.

Our employees are also involved in a number of Group training and other different activities, enabling their development in their roles and their personal development too.

The Company's income consists of trade and other income. Trade income is income from sales of our products on domestic and foreign markets and a small share of income from selling services and merchandise.

Other income includes interest, forex, sales from fixed and other long-term assets and other smaller income positions those could appear.

### Direct, achieved and distributed economic value

	2017	2018	2019	2020
Direct economic value				
a) Income	195.010	200.906	192.148	183.191
Distributed economic value				
b) Business expenditures	165.355	171.813	158.519	144.178
c) Employee's salaries and benefits	9.818	10.702	11.467	12.391
d) Payments to capital providers	0	0	0	0
e) Payments to the State	4.896	2.693	3.910	4.389
f) Investments into Community*				

The main portion of business expenditures comprises raw-material costs for the production and they define the increase in all expenditures, following the increase in sales / production and the changes in the prices on the world raw-material market. Furthermore, there are also transportation costs, energy and other costs related to production and production plant maintenance. Other business expenditures include travel costs, security and fire protection, royalties, forex, working protection, insurance, bank fees etc.

Employees' salaries and benefits include wages, taxes, transportation costs and other costs for the employees as well as paid benefits (bonuses, jubilee awards etc.).

Paid interest would include the interest paid for a, but there was none in 2018. Existing non-interest bearing intercompany credit decreases the Company's exposure towards third parties and enables a more favourable financial arrangement than it would have been should a loan be granted by a third party (e.g. domestic banks).

Payments to the State include all mandatory payments regarding VAT, income and other taxes, contributions and other payments.

\* Investments into the Community: this segment shows the specific characteristics of the organization and functioning of the basic principles in the Scott Bader Group and the existence of Commonwealth. The Scott Bader Group is expressively turned towards its local and wider community, and its financial participation is performed through

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donations, voted on Assembly by all members of the Commonwealth and paid from a joint fund on the Group level. Therefore the amounts of donations are not shown in the table above, as no expense for local company occurred, although the donations were made to Croatian charities, following the proposal of SCOTT BADER d.o.o. employees.

# SOCIAL DIMENSION

## **SOCIAL DIMENSION**

### **Aspect: Community**

#### **SO1.**

**Nature, range and efficiency of a program or general practice by which the impact of business activities on community is assessed and managed, including the stages of input, activity and output.**

##### **1. Importance**

SCOTT BADER d.o.o., being a participant in a social community, both local and wider, by its sheer existence, through employing people and the level of respecting labour relations, has a social impact.

Furthermore, as a producer in chemical industry it is highly interested in performing its business activities without having an adverse effect on the environment in which it exists, and that through its financial activities and timely payment of all its duties towards the state and local community contributes to its development and respect all the principles of proper business performance.

The Company operates within the industry for half a century, at the same location, so in that sense its involvement with the community is not expressed, but rather it is a continuous adjustment of operations in the community and continual improvement in conduct standards (business and social conduct) in all conditions.

We have not encountered corruption and we do not believe that there is a high corruption risk.

We are not in any way involved in public politics and we do not use any type of lobbying. We have also never had, neither we ever shall make a donation to or support any political party or a similar institution.

No proceedings were ever launched against us regarding a (dis)respect of free competition. In our recent history we were never fined or financially sanctioned for not respecting law and regulations.

##### **2. Compiling data**

There were no specific programs related only to monitoring social impact, but the basic principles of the functioning of SCOTT BADER and documents related to the system of values in business activities show the goal that the Company wishes to achieve.

##### **3. Definitions**

Individual activities, internal acts and indicators are presented in other sections of this Report.

##### **4. Documentation**

All feedback that the Company gets from its stakeholders is used as documentation of its social impact: customer satisfaction information; information obtained from other business partners, e.g. suppliers; certificates and permissions from the Company's owner; approvals by the Trade Union and Local Council of decisions reached, documents related to participation in business associations (like Croatian Employers Association); participation in business polls with the purpose of gathering complete information that shall help improving business environment and labour terms; reports presented by charities regarding the utilization of donations.

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**The Income of Charity (the Group Charity Fund)** is equal to the amount payable as Group Staff Bonus, or 1% of the Scott Bader Group Staff Salary Cost, whichever is the greater.

### Matched Funding

Under this scheme the company matches £1 for £1 the money raised by individuals taking part in charitable fund raising activities up to a maximum of £1,000 per person per year.

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### Donations

SCOTT BADER d.o.o. has been proposing over the years to the joined fund the charities that the donations might be granted to, mostly those providing aid for children, young and ill people.

The Scott Bader Commonwealth Limited is a registered charity which owns the shares of Scott Bader Company Limited. It receives all of its income from the company. The amount to be donated is either an amount equal to the amount payable as Group Staff Bonus or 1 per cent of the Scott Bader Group Staff Salary Cost, whichever is the greater. Local fund is designated to each of the subsidiaries or small operations of SBCL located around the world and is shared out based upon the number of people employed at each of the locations. It is then for the Commonwealth Members at each location to decide collectively either via a charity committee or similar, which charities they would like to propose to the Trustees

In the year 2020 SCOTT BADER d.o.o. has got from Scott Bader Commonwealth Limited amounts of 14.300 GBP to be donated locally.

Over several years funds were donated to charity organisation we knew for years and we recognized their need for addition financial help. We wanted to keep continuity and of several years and give some kind of additional security to those organisation that, if they fullfil known conditions from Commonwealth, they could rely on help from Scott Bader for some time.

During years we added few more charity associations to be donated where we recognize the need for help.

SCOTT BADER d.o.o. employees are involved in charity and voluntary work.

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Charity / year	2017	2018	2019	2020
SNAGA	1.000	0	0	0
SOS village, Lekenik	1.500	0	0	0
Red noses	0	0	1.000	0
Put u život	1.000	1.000	1.000	0
Debra	750	1.000	0	0
MIPZ	1.000	1.000	0	2.934
Rehabilitation center "Stančić"	750	750	1.243	0
Hummingbirds	750	1.000	1.243	0
Choose life	0	1.000	1.243	0
Women's House	750	0	0	0
Association of blood donors	0	1.000	0	0
MS Pilates	0	1.000	1.000	2.000
All for Her	0	0	1.000	0
SRCE	0	0	1.000	0
Udruga Srce Puska	0	0	1.000	0
Vestigium	0	0	1.000	0
Little dragon	0	0	1.243	4.680
Jak kao Jakov	0	0	1.000	4.680
<b>Total</b>	<b>7.500</b>	<b>7.750</b>	<b>12.972</b>	<b>14.294</b>

(In GBP, since the donation was made directly from the Commonwealth's joined fund at the Scott Bader Group level)

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Making a positive Difference

# ENVIRONMENTAL DIMENSION

## **Environmental dimension**

We systematically monitor the impact of our activities and products on the environment and take preventive measures to prevent and reduce unwanted effects. We have a certified environmental management system according to ISO 14001, which ensures that all issues of environmental management are under constant supervision.

Taking care about effects on environments is visible through energy utilisation and emission to air and water, as well as cumulating dangerous and non-dangerous waste. There is a continuous request from all responsible sectors (R&D, manufacturing, maintenance) to decrease energy consumption at total, but also per product item. Emission to air is measured on 4 locations in the plant and all results are below defined minimal values, so the periodical measurement is repeated according to Environmental permit. Emission in the air from burnings in our own hot oil boiler is measured, according to the law, every two years. Every year we submit requested reports of air emission to the Register ROO.

Since 5th May 2014 SCOTT BADER d.o.o. is one of the 162 company in Croatia which have Environmental Permit according to IPPC regulation. On 7th September 2017 we received Amendments to the Environmental Permit.

Surveillance done each year by inspections of different area (fire protection, health and safety, sanitary, vessel under pressure...) showed that in our company there is a high compliance with law regulations, thus ensures minimal effects on environment and people's health, and enables prevention of any accidents with risk for people and environment.

Great attention is paid to the organization and regulation of the workplace both in indoor and in outdoor areas of our company. With good organization and clarity we ensure there are no incidents which could lead to environmental pollution and injury at work.

### **EN3**

#### **Direct power consumption**

In our resin manufacturing for heating of production reactors during we are using 2,5 MW thermal oil heater with natural gas fired burner installed 1999. Since May 2013 we are connected to the thermal oil heater also heating new central hot water system for buildings and storage tanks.

With an increase in production, rationalisations, introduction of new technologies and better production planning, gas consumption per product unit is decreasing.

Problems in gas supply results in investment in gas burner with possibility to use gas and diesel fuel. In 2010 we have made the reconstruction of the gas burner, which we further reduce gas consumption in 2011.

As in the period from November 2012 to May 2013 we have replaced steam heating of buildings (production plant, production offices and oil warehouse) and some technology heating systems (homogenizers, molten MA storage tank) with hot water central heating (heat is produced by our natural gas fired Heater), consumption of natural gas per ton of production was increased in 2013 comparing 2011 for 18,8%, but, on the other hand, we had a huge decrease of steam consumption in 2013 for 41% and decrease of steam consumption in 2014 for 59% comparing to 2012.

## SCOTT BADER

Making a positive Difference

Every year we are improving our Company energy efficiency by investing in better thermal insulation, high efficient equipment, led lights so result is decreasing of ecology impact (smaller CO<sub>2</sub> footprint) and decreasing of energy expenses.

### EN4

#### Indirect power consumption

The electric power and steam needed for production, heating and cooling of premises and plants are obtained from different sources.

Electric power is mostly used in production.

In 2012 we installed two nitrogen generator lines and we produce nitrogen for our needs from compressed air. We have higher consumption of electricity but we reduced nitrogen expenses for 50%.

Steam consumption is mostly related to heating the plants, working premises and offices and depends on weather conditions. In 2010 we further reduced the consumption of steam with improved temperature control inside heated buildings.

In 2011 we made new insulation on outside storage tanks for final products (14 pcs) heated with steam and with that investment we manage reduce steam losses in 2012.

From October 2012 until May 2013 we replaced steam heating of buildings and production storage tanks with new more efficient central hot water heating system (we replaced also steam utilisation with more favourable power source natural gas). In August 2013 we have changed thermal insulation on all production vessels (reactors, tanks, columns). Result was steam consumption of 3.357 tonnes (-41%) less in 2013 comparing to 2012 and 4.767 tonnes (-59%) less in 2014 comparing to 2012.

From 2016 to 2019 we have changed a part of classic lights with new high efficiency LED lights.



As of September 2017 SB doo is consuming electric energy from 100% renewable resources. With 'green' electric energy we managed to reduce our total CO<sub>2</sub> footprint for 30% and received the right to use protected green energy mark.

### EN8 and EN10

#### Water

All water used in the Company is purchased from local water supply system. The usage is under very strict control. For a number of years now the usage is checked on a daily basis, with the purpose of providing a timely reaction in the case of a leakage or an error in manufacturing process.

A separate cooling water system with two cooling towers has been in use since 1972, and only the amount lost through evaporation on cooling towers is replaced.

## SCOTT BADER

### Making a positive Difference

To prevent the accumulation of sediments on cooling planes, till 2012 the water was chemically treated, thus ensuring maximum cooling effect at minimum power consumption. In 2012 we made water treatment reconstruction. Instead of using chemicals, we use ion exchanging treatment. Benefits are that we using less chemicals and water treatment is more efficient. In August 2012 we changed 150 meter of old underground water pipelines with new one and we will decrease water consumption in 2013 for more than 30%.

The reconstruction of water supply system and regular control of water consumption, water losses, and hence consumption has been continuously decreasing.

In August 2015 we changed the old cooling water system pumps with new 20% efficient and we had lower total electricity consumption in 2016 and later.

### EN16

#### Greenhouse gas emission

Burning natural gas in hot oil boiler for heating the plants results in CO<sub>2</sub> which is the most often mentioned greenhouse gas.

We mentioned before when we have started to use our hot oil Heater for heating of buildings and storage tanks 2012/2013 we increased natural gas consumption (and also CO<sub>2</sub> and NO<sub>x</sub> emission generated by our Heater) but we have significantly reduced the consumption of steam so total CO<sub>2</sub> Scott Bader footprint decreased (see below).

#### Total CO<sub>2</sub> emission for Scott Bader doo

According new ecology standards and EU IPPC Regulative we are taking care for total CO<sub>2</sub> emission of our site (CO<sub>2</sub> footprint of hot oil Heater, steam heating and electricity consumption is included):

Year	Total CO <sub>2</sub> / production kg/tonne
2017	128,1
2018	113,5
2019	107,42
2020	80,51

After finishing heating system reconstruction in 2013 and all investments in thermal insulation of buildings and more efficient lights our site total energy consumption and CO<sub>2</sub> emission were decreased from 163,3 kg/tonne of product in 2013 to 80,5 kg CO<sub>2</sub>/tonne of product in 2020.

### EN20

#### SO<sub>2</sub> and NO<sub>x</sub> emission

When using natural gas for fuel, there is no SO<sub>2</sub> emission.

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Emission of NOx increases with increasing production. Anyway with small reconstruction of hot oil burner in 2012 we decreased NOx emission under regulatory obligated limit 200 mg/mn3 (2020 =169,2 mg/mn3). To achieve bigger reduction in NOx emission it is necessary to change the burner on the hot oil boiler for heating the plant.

Year	NOx / production kg/tonne
2017	0,0608
2018	0,0607
2019	0,0605
2020	0,0606

### Dust emissions in air from production

In production we are using also solid raw materials and charge them through hoppers into reactors. In 2012 we have invested in Central dust collector and filter system. It is the best solution for reducing organic dust emission during our solid raw material charging. We measured dust emissions before and after installation of central filter. With new filter system installation we decreased dust emission to air from 102 to 3,1 mg/m3 today.

### EN21

#### Waste water release

A positive trend of reducing waste water disposal has been observed in a number of years. The decrease in disposed waters is connected with strict technological discipline and regular daily monitoring of consumption, followed by a quick reaction to possible variations. With the purpose of reducing waste, a new closed cooling system was installed in the Laboratory as a replacement for the continuous flow system, which was unnecessary loss of clean cooling water.

A new positive step forward was installation of new vacuum station with closed water sealing and cooling system in 2011. So we managed to decrease water consumption and waste water quantity from 0,94 m3/tonne of product in 2012 to 0,55 m3/tonne of product in 2016 and to 0,42 m3/tonne of product in 2020.

### EN22

#### Total waste

Non dangerous waste (paper, plastic, metal) is collected and recycled by authorised companies.

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With better sorting for non-dangerous waste we have more useful waste for collection and for recycle, and less waste ends up in municipal waste.

Dangerous waste, due to its specifics, could currently be disposed only by thermal processing. Only waste oils are recycled in Croatia, while all other dangerous waste is exported by certified companies to waste incinerators.

We are continuously working on reducing the quantity of hazardous waste generated in production:

- we use liquid instead of solid raw materials wherever possible, thus reducing the amount of hazardous waste packaging
- new pumps and pipes are installed, that also helps in preventing leakage of raw materials and finished products
- substandard resins are prepared to be re-used in finished products etc.

Additional waste reduction was done in 2016 by separate collection of waste resin from pipeline, and sale of it as a resin mixture instead of disposal as dangerous waste. In 2018, as a result of changing measurement method for viscosity in quality control laboratory, we have managed to decrease amount of waste resin.

## **EN26**

### **Initiatives for reducing the impact on environment**

According to the legal regulations, a producer is obliged, at his expense and at the requests by customers in proscribed procedures, to dispose of dangerous substances packaging.

A very efficient system has been introduced numerous years ago in SCOTT BADER d.o.o., enabling that packaging from our customers is disposed in Croatia. The amount of packaging collected and disposed of is related to the sales on the domestic market.

All regular requests made by the customers for the return of packaging were met.

## **EN30**

### **Total ecological investments, material cost & services**

Infrastructure for VOC treatment plant was finished in 2015, while implementation of the device and start of work was finalised at the end of 2016 (Regenerative Thermal Oxidizer installation). Periodical measurements are continuously done in accordance with IPPC requirements.

For last two years, many actions and projects were done in order to decrease energy consumption overall, and we managed to decrease it in total for 25%.

In order to act environmentally responsible and fulfill IPPC requirements, replacement of old obsolete water sewage system with new one was finished in 2016.

From 2018 to 2020 we will continue with changing classic lights with new high efficiency LED lights to decrease electricity consumption. We are constantly improving our Company energy efficiency through better control of spending and investing in energy-efficient equipment.