

2022 SUSTAINABILITY REPORT

**ACCELERATING OUR JOURNEY
TOWARDS SUSTAINABILITY**

**SCOTT BADER EMPLOYEE, ENVIRONMENT,
SOCIAL AND GOVERNANCE (EESG) REPORT**



**WORLD
LAND
TRUST**

Since 1921, Scott Bader has manufactured materials that are behind many big, successful brands, creating products that people rely on, every day. Today we work with industries, businesses and consumers the world over, providing innovative composite, structural adhesive and functional polymer products. Scott Bader is an employee-owned £300 million global manufacturer employing 800 people across 7 manufacturing sites and 18 global offices.

Our business is based on the simple principle of maintaining a balance between our social purpose and business needs. In 1951 we became the first UK company to hold a Common Ownership Certificate when the Bader family handed over their shares to the Scott Bader Commonwealth Ltd – in simple terms, this means that Scott Bader colleagues own and are responsible for the success and overall wellbeing of the company.

We are also very aware that the way we live places an unsustainable

burden on the world, and we all need to take urgent action. One area of focus is our commitment to staying ahead of the curve in terms of ecological pressures, trends and fast-changing regulations, moving away from materials that are harmful to the environment or made into non-biodegradable products.

Whilst our journey to sustainability is challenging, it is extremely necessary. We are making good progress towards our 2036 vision and are pleased to share our progress with you throughout this report.



INVESTORS IN PEOPLE®
We invest in people Gold



2036 VISION

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, known to be a trustworthy partner that is globally admired for harnessing the power of chemistry as a force for good.

Our 2036 vision is underpinned by our three pillars - Business, Ecology and Humanity - and will be achieved by our successful delivery of our seven strategic goals in alignment with 17 United Nations sustainable development goals.



HIGHLIGHTS

EMPLOYEE

Women represent



33%

of management roles

Established a full-time chair for the Global Members' Board



GLOBAL MEMBERS' BOARD

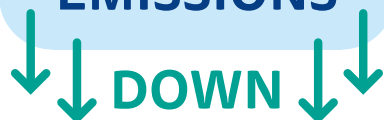


5.5% gender pay gap

at Scott Bader UK in favour of women for the first time

ENVIRONMENT

CARBON EMISSIONS



25.9%

Developed styrene-free Crestomer bio adhesive

CRESTOMER® Bio

Urethane Acrylate Structural Adhesives

Launched 100% natural product range



Texiterra®

Natural oils for personal care

Awarded a Gold sustainability rating by EcoVadis



SOCIETY

£383K



donated to charitable causes globally



16.7%

of pre-tax profits donated to charitable causes

GOVERNANCE



Established EESG Board sub-committee

83%



of Commonwealth members voted at the AGM - the highest turnout in over 10 years!

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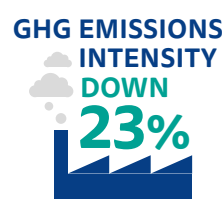
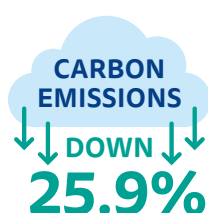


MESSAGE FROM THE SUSTAINABILITY COMMITTEE CHAIR



Debbie Baker

“As Scott Bader navigates current global socio-economic and environmental challenges, it is vital that the business is focused on long term resilience, putting sustainability at the heart of what it does and fostering a diverse membership that will help the Scott Bader model to thrive for future generations.



During 2022, Scott Bader continued investment to grow its global operations in both India and the USA. The business has invested significantly in technology development to drive forwards sustainable solutions across the product portfolio. In addition to development of a styrene-free Crestabond Bio adhesive, this has resulted in the development of two separate technology platforms to remove bisphenol A and styrene from epoxy acrylate and vinyl ester resins. The new Texterra brand has also been launched with an increased product portfolio for hair and skin care products that are either naturally derived or have a greater bio-content base than traditional product offerings.

By the end of December 2022, overall Group greenhouse gas emissions had been reduced by 25.9% from the previous year. However, there remains very significant work to do to meet the stretching Scott Bader ambition to achieve our 60% reduction in Scope 1 & 2 target by 2025 and zero carbon by 2028. As with many businesses in the chemical industry, Scope 3 emissions embedded within the supply chain remain Scott Bader's most significant challenge. In 2022, Scott Bader attained a gold EcoVadis rating for the first time,

potentially providing a sound platform for supply chain improvements.

How results are achieved is of vital importance at Scott Bader. As an employee-owned entity, we are guided by our values in all that we do as we strive for a safe, responsible and ethical business culture in which colleagues have a strong voice as shareholders. Because of the Constitutional Review during 2021, Core Values and Guiding Principles were updated during 2022. Within this model, there is a growing emphasis on championing a culture of inclusion and belonging, recognising the power of diversity in both fostering innovation and broadening the available talent pool. It is worth noting that investment in future talent has increased, with the number of placements, internships and apprenticeships almost trebling over the last 3 years. As a result of the work undertaken to develop 'Women in Leadership', women now represent 33% of management roles, close to the 2025 target of 35%. This year, for the first time, the UK business has been able to report a gender pay gap that is in favour of women; the median hourly pay shows women earn on average 5.5% more than men at Scott Bader, versus a national average of -14.9%. The Diversity &

Inclusion Council established during 2021 is designed to help broaden diversity further across other under-represented groups across the organisation.

The charitable funds provided by the Commonwealth are a fundamental aspect of Scott Bader's employee ownership model. Total charitable donations have been on an upward trajectory, more than doubling over the past 7 years. In 2022, the Charity donated a total of £383k, a 15% increase compared to 2021.

Improving governance has been and will continue to be a strong theme across the global Scott Bader Group. During 2022, the EESG Operational Steering Committee and EESG Board Sub Committee were set up to provide improved governance to catalyse delivery of the 2036 vision. The critical first step in 2023 will be to finalise and communicate clear, tangible near term targets to focus effort and drive improvement across the Environment, Employee, Social and Governance areas. Although Scott Bader remains at an early stage of its EESG journey, with key targets in place, progress can be accelerated during the next year.

Debbie Baker
The Sustainability Committee Chair



THE BUSINESS

Scott Bader has continued driving its EESG commitment and purpose throughout 2022, albeit a difficult year to navigate with supply challenges and weakening market demand due to the external economics. The most significant is the investment and increased presence in both North America and Asia.

We have established a comprehensive team in India to meet growing demand for our market leading structural adhesives, resins, gelcoats and functional polymers, and continued investing in infrastructure via Scott Bader Inc in the USA. In keeping with Scott Bader's 2036 vision to steer towards sustainable growth, we now

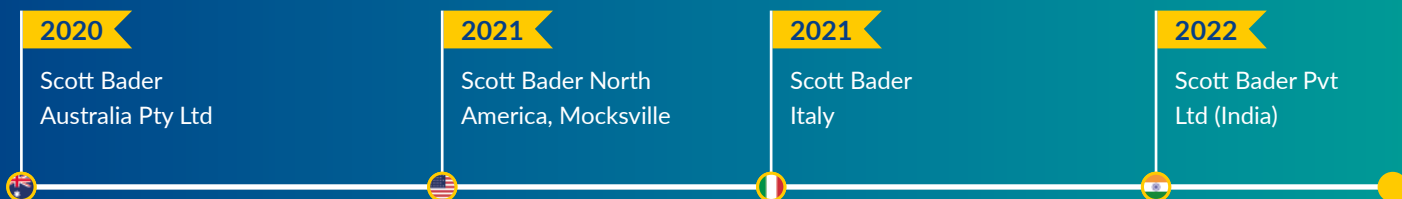
have 7 manufacturing sites, 18 offices, 1 joint venture worldwide and are very proud to have continued to expand our diverse pool of colleagues. Scott Bader is continuing to invest over 2023 and beyond, developing a strong speciality focus for our customers, communities and colleagues.



As we continue to execute and drive Scott Bader's Core Values to empower our colleagues to be the best they can be, our strategy is directed towards making a positive difference to our

customers by harnessing the power of chemistry for good. By building lasting partnerships and collaborations with our customers, suppliers and institutes, Scott Bader is positioning to advance

its sustainability activities through a combination of organic growth, investments and acquisitions.



REVIEWING OUR IMPACT

OUR BUSINESS

£304M



SALES



OUR CUSTOMERS

2,483

CUSTOMERS ACROSS

42

COUNTRIES



OUR PEOPLE

816

COLLEAGUES
ACROSS

20

COUNTRIES



OUR PRODUCTS

2,648

UNIQUE
PRODUCTS SOLD



OUR SUPPLIERS

1,895 IN 38
COUNTRIES



OUR COMMUNITIES

635

VOLUNTEERING
HOURS



OUR PARTNERS

EMPLOYEE OWNERSHIP
ASSOCIATION (EOA)

UNIVERSITY
OF LIVERPOOL

UNIVERSITY OF BATH

6
RESEARCH
PARTNERS

INNOVATION CENTRE FOR
APPLIED SUSTAINABLE
TECHNOLOGIES

UNIVERSITY OF OXFORD

THE ROYAL SOCIETY
OF CHEMISTRY (RSC)

OUR PRODUCTS

We are an employee-owned global manufacturer of adhesives, composites and functional polymers. Our portfolio is made up of three main product categories, with composites accounting for over 70% of our revenue.

Composites

CRYSTIC®

GELCOATS

Crestafire®
FST Performance Products

Crestapol®
Urethane Acrylate Technology

CRESTAMOULD®
Matched Tooling Systems

GELTINT
Rapid Colour

Crestaform®
High performance 3D printing resins

**PRODUCT
REVENUE
SHARE**

ADHESIVES

CRESTABOND®
Primerless MMA Structural Adhesives

CRESTAFIX®
Polyester, Vinyl Ester and Hybrid Bonding Pastes

CRESTOMER®
Urethane Acrylate Structural Adhesives

Functional Polymers

Texipol®
Rheology Modifiers

Crestakyd®
Alkyd Resins

Texique®
Bio-based personal care additives

Crestacryl®
Solvent Acrylic Resins

Texicryl®
Acrylic Dispersions



Composites

Scott Bader's composites business remains the largest of Scott Bader's three legs through a combination of resins, gelcoats and speciality materials. The technology base aligns with sustainable market drivers to expand renewable energy, impart lightweighting in land transport and fire retardancy in rail. Scott Bader has gained

market share in the strategically important wind energy sector with business gained across the globe. Although the progression and adoption of both low and zero-styrene materials in the composites market is slow, it is steady with good development progress made particularly for the construction market.



ADHESIVES

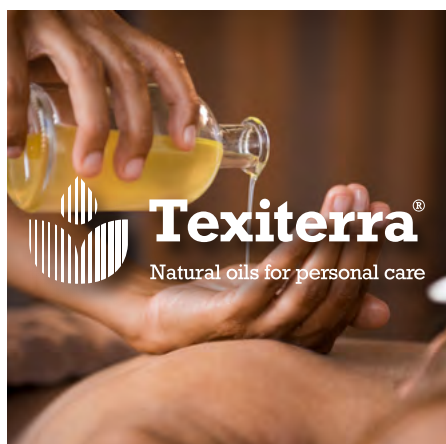
Scott Bader's global adhesives and tooling business manufactures and supplies structural adhesives, bonding pastes and tooling products into a wide range of markets including marine, transport and renewable energy sectors. This second leg was historically supplied with composite systems however with recent developments has attained independence from composites. Adhesives have shown exceptional growth due to demand for bonding

systems without the use of mechanical fixation. This is especially important in multi-material fabrications.

In 2022, good progress was made in developing products for the EV market with excellent collaboration and growth with battery manufacturers and their specification partners. This was not only product-related but also improves supply chain security and expansion of the network.



Functional Polymers



Functional Polymers represent the third leg of the business, and it has continued to develop its presence in the personal care market with the launch of a new brand; Texterra natural oils and an increased product portfolio for hair and skin care products. These are all either naturally derived or have a greater bio-content base than our legacy product offerings. As Scott Bader continues to develop its base portfolios, there is an ability to apply these new technologies to other markets like CASE

(Coatings, Adhesives, Sealants and Elastomers), paper or packaging.

The exciting new Texterra product range consists of 100% natural cold-pressed oils and exfoliants and are locally sourced from partners who share Scott Bader's ethics and values. Texterra natural oils are the sustainable choice of base oils for a range of personal care formulations including shampoos, moisturisers, sun lotions, shaving creams and many more.

CUSTOMERS

Scott Bader carried out a global survey to their customers towards the end of 2022. This had an outreach in three different languages, 75 different countries and consisted of phone and email surveys to Scott Bader's customers. The survey highlighted the following positive attributes in doing business together.

*Products are excellent.
They are really good at
following through with
agreements made whilst
discussing and negotiating.
They are true to their word."*

” WHAT OUR CUSTOMERS ARE SAYING

Reliable, Trusted, Effective

82%

EXCELLENT/
GOOD PRODUCT
KNOWLEDGE

90%

EXCELLENT/
GOOD PRODUCT
QUALITY

BRAND REPUTATION

*Our positive brand reputation is
a significant reason customers
choose to partner with Scott Bader.*

83%

SB V. IMPORTANT
OR IMPORTANT
FOR FUTURE

90%

DISTRIBUTORS SEE
SB AS STRATEGIC
PARTNER

 **SCOTT BADER**
Making a **positive** difference

*Honnes and Scott Bader's values align, with our partnership
focused on providing products that meet our environmental
agenda and ingredients that are loved by our customers in
equal measure."*

HONNES
SAĞLIK VE ENDÜSTRİYEL ÜRÜNLERİ A.Ş.

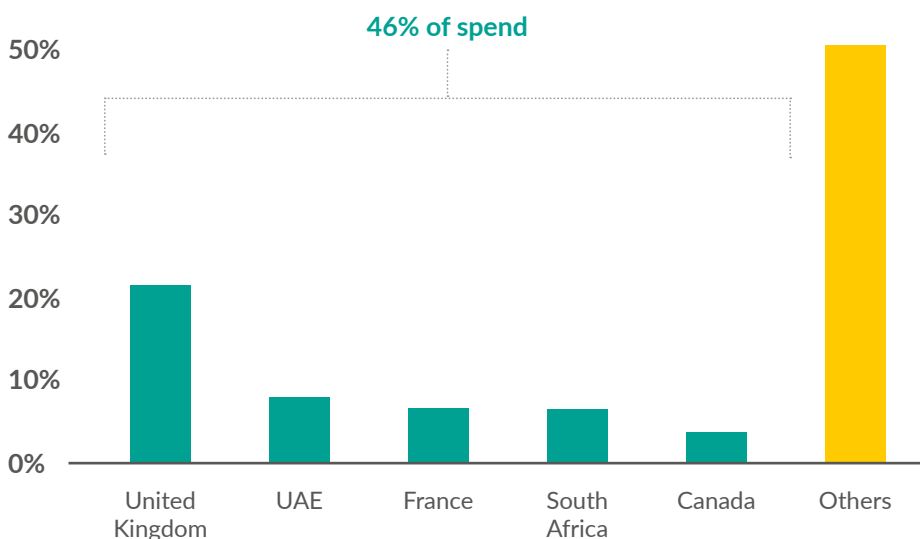
SUPPLIERS

We source a wide range of raw materials, intermediates, goods and services that create value through our supply chain as suppliers are key stakeholders in our business and have a significant role to play.

In 2022, Scott Bader spent just over £230 million on goods, services and raw materials (an increase of about 15% from 2021) to support our manufacturing processes. In generating long-term benefits for our suppliers and local communities, almost half of our total spend was within geographies where our manufacturing sites are located, offering local employment opportunities. We continue to work on maximising our impact for the benefit of our suppliers and local communities. For more information on suppliers, please see page 35.



SUPPLIER SPEND BY LOCATION



OUR EMPLOYEES

COLLEAGUES AS OWNERS - BE THE BEST WE CAN BE

Scott Bader is a unique and thriving employee owned (EO) business. Reflecting everyone's status as co-owners and our commitment to democracy in the workplace, we refer to one another as colleagues (rather than staff or employees).

One of the largest and oldest EO firms in the UK, Scott Bader's 816 colleagues benefit from our highly distinctive business and governance model. Since 2020 we have established a clear strategy for global growth. We established Scott Bader Australia in 2020 and created a new subsidiary joint venture with the University of Liverpool, together bringing 11 new colleagues into the business. We have continued this investment, establishing Scott Bader Pvt Ltd (India) in 2022 building on our long-established relationships in India to bring best in class composite and adhesive products to the increasingly globally competitive Indian market. In this expanded partnership, 29 new colleagues joined Scott Bader and three more have been recruited, enabling Scott Bader Pvt Ltd (India) to assume responsibilities for direct sales and marketing for all resin and gelcoat products, whilst Satyen Polymers Pvt Ltd (SPPL) manufactures for Scott Bader Pvt Ltd.

In 2021, we acquired a 110,000 square foot industrial unit on a 15-acre site in Mocksville, North Carolina, making great progress in building a state-of-the-art facility and beginning our total planned investment of £16 million. This significant investment aligns with our global expansion strategy and will enable us to provide additional capacity to support customers in the



North American market and meet global demand. In keeping with our 2036 vision towards sustainable growth, while increasing our global footprint, environmental impact will be a key consideration throughout the North Carolina development and will remain central to investments made in the new site. This includes the medium-term reduction of emissions related to the transport of materials currently from Europe to support the North American market. Nine new colleagues in HR, Operations and Customer Services were recruited to our Mocksville site during 2022.

Colleagues appreciate the values of fairness and teamwork which are built into how we operate. In treating everyone as owners, we systematically share transparent information allowing meaningful influence. Our Constitution recently underwent a review and was approved at the AGM in May 2022 to ensure it remains fit for purpose, future-proofed to meet our 2036 vision, to enable greater colleague engagement, enhanced industrial democracy and ensure long-term financial security through improved governance. We will launch our new Constitution in 2023 during our AGM and through local celebration events.

| PEOPLE (as at 31 Dec 2022) | 2020 | 2021 | 2022 |
|---|------|------|------|
| WORKFORCE | | | |
| Permanent colleagues | 676 | 698 | 784 |
| Apprenticeships, placements and internships | 11 | 27 | 32 |
| Number of colleagues at year end: | | | |
| Group | 687 | 725 | 816 |
| UK and Eire | 291 | 309 | 327 |
| Continental Europe | 198 | 215 | 218 |
| Rest of the World | 198 | 201 | 271 |
| Full time | 95% | 96% | 97% |
| Part time | 5% | 4% | 3% |



EMPOWERED, ENGAGED AND INFORMED COLLEAGUES

We defined our six building blocks to an engaged workforce and highlight the associated building blocks when we communicate with colleagues.



RECOGNITION

We recognise achievement and celebrate success



INCLUSIVE CULTURE

We attract and retain people from diverse groups



PAY & REWARD

Our pay and reward framework is fair



ROLE

Understanding our roles & responsibilities



INFORM

Understanding how the company is performing



VOICE

Influencing and getting involved

KEY COMMUNICATION PRIORITIES

To assist us in communicating and engaging our colleagues, we have also identified key priorities:

Engage with all colleagues

- Introduce tools to enable us to get messages to colleague who don't have a computer.
- Implement communication summary for sharing at the sites toolbox talk briefings.
- Further expand our translation approach.

Continue to inform

- Upgrade our communication channels.
- Wider use of SharePoint.
- Launch new Intranet.

Celebrate Diversity & Inclusion (D&I)

- Create an inclusive work environment through our diverse communities across the business.
- Have regular meetings with the D&I Group.
- Celebrate diverse cultures.
- Increase awareness and understanding of diverse cultures by celebrating many of the international awareness days.

REFRESHED CORE VALUES

We refreshed our Core Values as part of the constitutional review and launched in February 2023. This is to ensure they honestly represent our business growth and aspirations as we work together to achieve our 2036 vision.

At Scott Bader, our Core Values have always been important to the way we work. Each Core Value helps our customers and partners know what

they can expect from us and directly influences the expected behaviours of colleagues. It also helps us set our objectives to be a successful, profitable, and sustainable organisation.

We will now embed the refreshed values into our colleague practices including recruitment, onboarding, development, performance reviews and the re-launch our Champions of the Quarter in 2023.



LIVING OUR CORE VALUES

Making a **positive** difference



**Commitment
& Delivery**



**Fairness &
Compassion**



**Team Working
& Innovation**



**Responsibility &
Empowerment**

INVESTORS IN PEOPLE GOLD RE-AWARDED

In October 2022, our UK organisation was re-awarded Gold from Investors in People. The report from Investors in

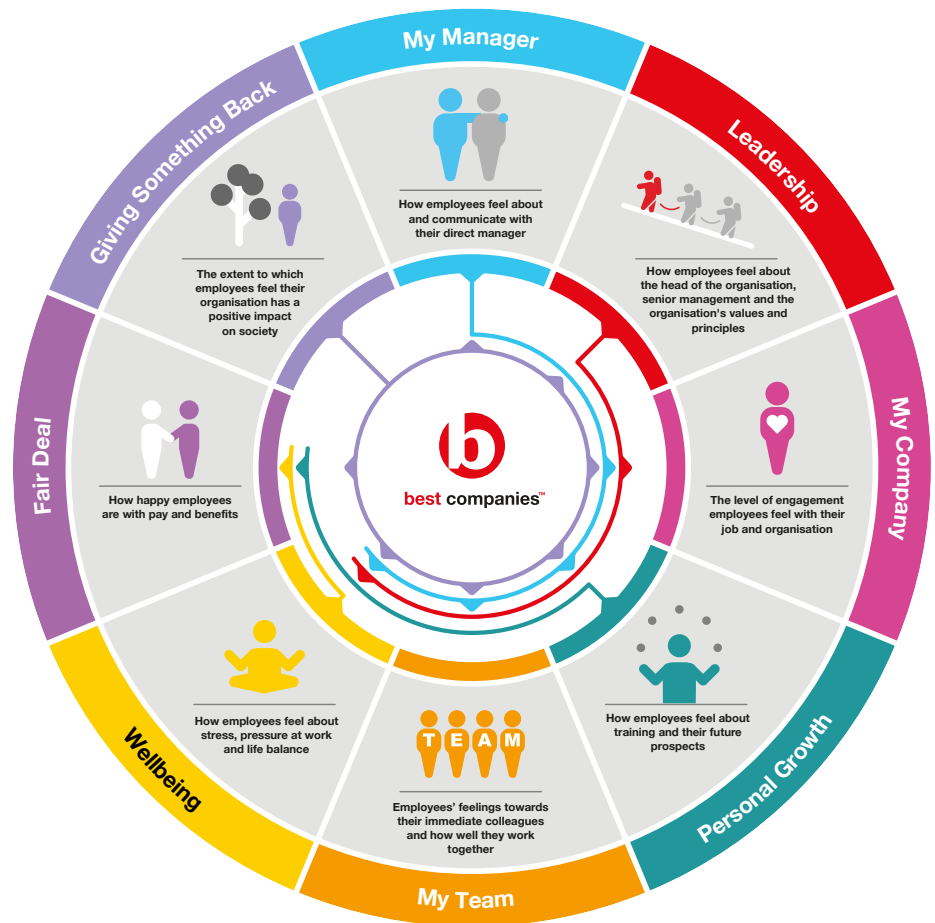
People scored us as advanced and high performing against most of the nine indicators.

INVESTORS IN PEOPLE™
We invest in people Gold

| | HOW | FOCUS | RATING | | | |
|-------------------------------------|---|---|-----------|-------------|----------|-----------------|
| | | | DEVELOPED | ESTABLISHED | ADVANCED | HIGH PERFORMING |
| Creating trust and transparency | Open communications shared by CEO, Kevin Matthews and the GLT including GLT Cascade and Connect with Kevin. | <ul style="list-style-type: none"> Upgrade and digitalise our communication channels. | | | ● | |
| Developing leadership capabilities | Rolled out Leadership Competency Framework to another 300 colleagues representing over 35% of our workforce. Ran our first Inspired leadership programme. | <ul style="list-style-type: none"> Embed leadership competencies into Training Assessment Scheme (TAS) framework. Run Rise 'Diversity in Leadership' in 2023. | | | ● | |
| Adopting and living the values | Refreshed and relaunched our Core Values. | <ul style="list-style-type: none"> Relaunch Champions of the Quarter. Launch new Constitution. | | | | ● |
| Encouraging high performance | Ensuring all colleagues have both mid-year and annual reviews as part of a fair, robust and continuous performance review process. | <ul style="list-style-type: none"> Focus on continuous performance management, giving feedback and stretch goals. | | | ● | |
| Recognising and rewarding people | Further implementation of skills-based pay (TAS) and individual performance related pay. Introduction of succession and career planning. | <ul style="list-style-type: none"> Continue implementation of Fair Pay Principles. | | ● | | |
| Enabling collaborative working | Changed to matrix management working in key areas. Enable colleagues to join cross functional projects. Introduction of internal mentoring programme. | <ul style="list-style-type: none"> Promote job shadowing, and communities. | | | ● | |
| Understanding people's potential | Roll out of talent development initiatives including talent reviews and succession planning. | <ul style="list-style-type: none"> Continue talent review roll out. Define and promote common career pathways. | | | ● | |
| Supporting learning and development | Increased provision of blended learning opportunities for colleagues. | <ul style="list-style-type: none"> Increase use of digital and collaborative learning. Early careers development programmes. | | | ● | |

COLLEAGUE SURVEY

We conducted a colleague survey at the end of 2021 using Best Companies and we are proud to report that we received a Best Companies “One to Watch” status meaning we have good levels of colleague engagement and show promising signs for the future. We have been focused on implementing the action plans we developed at each of our sites and plan to conduct another survey in November 2023.



WE ACTIONED

| | |
|------------------------|--|
| MY MANAGER | <ul style="list-style-type: none"> Educated managers in the fundamentals of great people management including giving feedback, coaching, and setting challenging goals. |
| LEADERSHIP | <ul style="list-style-type: none"> Rolled out our leadership and functional competencies. Created a senior female leadership community who are mentoring junior colleagues and attending as guest speakers during our Women in Leadership programme. Ran our Inspired programme for senior leaders. |
| PERSONAL GROWTH | <ul style="list-style-type: none"> Launched our internal mentoring scheme Knowledge Exchange. Conducted talent reviews and succession planning. Re-launched and promoted our job shadowing scheme. |
| WELLBEING | <ul style="list-style-type: none"> Promoted mental health first aiders and wellbeing resources. Reviewed and improved wellbeing packages for colleagues. |
| FAIR DEAL | <ul style="list-style-type: none"> Continued to implement our Fair Pay and Reward framework. Externally benchmarked global and local benefits packages. Provided cost of living support to colleagues. |

COLLEAGUES SHARING IN THE VALUE CREATED

Scott Bader shares value with colleagues based on principles of fair reward. In practice, this means in every territory we aim to offer a baseline of salary and benefits which meets the local market rates, whilst recognising skills, knowledge, and experience. On top of that, we share at least two forms of bonus based on performance and ownership.

Importantly as an employee-owned organisation, we pay out a Group Staff Bonus (GSB, a dividend-equivalent made payable to the staff of Scott Bader as a bonus from the Consolidated Net Profit of Scott Bader Company Limited) which is shared as an equal amount to every colleague factored for spending power. In 2022 the amount made available to colleagues for the GSB was 5% of trading profit. An equal amount was then made by way of donation to Scott Bader Commonwealth to use for charitable purposes.

- We agreed our fair reward principles in 2019 and have continued to implement these as the organisation becomes more global in nature. On base salary, we have completed a further benchmark analysis in 2022, which continues to monitor to ensure we remain fair and competitive.
- We addressed priority areas identified including Technology, Engineering, and gender pay. We have made significant progress in this area, and they will remain under review.
- Further deployment of skilled based pay for our colleagues now covered by our TAS framework.
- Our remaining colleagues are covered by performance-related pay based on individual performance and where they sit against their benchmark salary.
- To improve pay transparency, we have created five banding levels and colleagues are informed by what banding they are in following the salary review process.
- We benchmarked our benefits packages externally to local markets and have defined our benefits principles to create fairness and consistency across the Group. We ensure all our colleagues are building a meaningful provision for retirement through occupational pension schemes or by contributing relevant social costs to state pension arrangements depending on location.

Scott Bader respects the dignity of hard work and is proud to be an independently verified and accredited Living Wage Employer in the UK. Our global salary benchmarking ensures we pay at or over an equivalent rate across all our territories. To ensure that relative levels of pay remain fair within the business, all our key governance bodies (including elected employees) see the ratios of the highest three incomes to the lowest three in each of our major territories.



CEO SALARY RATIO

10.1 : 1

(Based on UK only and total compensation salary plus bonus)

LOWEST 3 VS HIGHEST 3 RATIO

6.5 : 1

(Based on consolidated group and basic salary)

COLLEAGUE DEVELOPMENT AND OPPORTUNITY

As part of our 2036 vision, we remain committed to unleashing colleague potential. We aim to empower colleagues to develop their skills, knowledge, and competence and encourage them to create personal development plans.

KEY TARGETS AND PROGRESS

We have a culture of continuous learning in the workplace:

| 2025 TARGET | 2022 UPDATE | STATUS |
|--|---|---|
| 80% colleagues at skilled proficiency level or above for leadership competencies | <ul style="list-style-type: none"> 98% colleagues covered assessed at developing level or above. | Above target  |
| 80% colleagues at skilled proficiency level or above for functional competencies | <ul style="list-style-type: none"> 86% colleagues covered assessed at developing level or above. | Above target  |
| 80% colleagues agree 'This job is good for my personal growth' | <ul style="list-style-type: none"> 69% colleagues agree this job is good for my personal growth. | Below target  |



2022 HIGHLIGHTS



accessed formal development activities in addition to learning on the job and through others.



Revised onboarding offer

Created a programme that gives new starters a great experience, sets them up to be successful in their new role and helps them understand why Scott Bader is a great place to work.

Training Assessment Scheme (TAS)

Further rolled out across the Group to all our manufacturing sites and now covers **120 colleagues**. ✓

Coaching



Enabling senior leaders and key talent access to **1:1 coaching**.

Colleagues completed 147 coaching hours and reported that the coaching had helped them achieve their goals, **93%** reported being more effective at work and **54%** rated the coaching as 'life changing'.

13% of our workforce have now accessed this highly effective coaching.

Launch of our first Inspired leadership program

Supports senior leaders to have a positive influence and impact and drive business success.

Internal mentoring program

Set up **15** internal mentoring relationships.



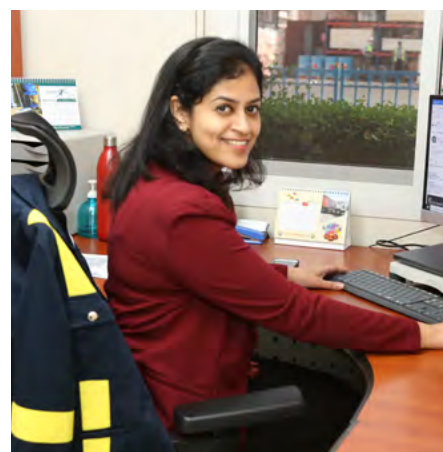
Female leader community

Mentors for junior colleagues.




| LEARNING AND DEVELOPMENT | 2020 | 2021 | 2022 |
|--|------|------|------|
| Average training and development hours received per colleague | 7 | 20 | 21 |
| Average amount spent on training and development per colleague (£) | | 550 | 562 |
| RECRUITMENT AND RETENTION | 2020 | 2021 | 2022 |
| Employee Engagement Index** | | 627 | |
| Voluntary turnover (%) | 3.6 | 10.3 | 11.3 |
| Promotions (%) | 10 | 3.1 | 3.7 |

**Best Companies Engagement survey.



KEY TARGETS AND PROGRESS

We identify and retain talent (high potentials) and support their career development and are on track to meet our 2025 target for internal career progression. With the appointment of a new Talent Acquisition Manager, we have been able to increase the number of direct recruitments, partnered with schools and colleges through attendance at career fairs and events in the UK and France.

| 2022 UPDATE | 2025 TARGET | STATUS |
|--|-------------------------------------|--|
| <ul style="list-style-type: none"> Positions are advertised across the Group to enable internal applicants to apply. Implementation of competency interviews to ensure a fair and robust recruitment process. Successful candidates are supported with a personal and salary development plan. Unsuccessful internal candidates are supported through personal development planning, job shadowing, and mentoring opportunities. | 5% internal career progression rate | On track  |

DIVERSITY & INCLUSION

Within Scott Bader we have a commitment to create an inclusive work environment through our diverse communities across the world and we are working towards the ISO 30415 standard which will help us identify gaps and track progress towards closing them.

We established a Diversity & Inclusion Council in 2021 which is helping us to identify and establish best practice, creating learning opportunities and celebrate diversity within and beyond Scott Bader.



DIVERSITY & INCLUSION AT SCOTT BADER



Anneka Minter
Group Learning &
Development Manager



David Black
Quality & IMS Manager



David Harris
Global Process Owner



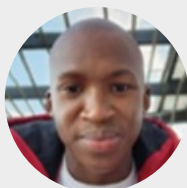
Julie Thorburn
Group HR Director



Juliette Delprat
Group Learning &
Development Advisor



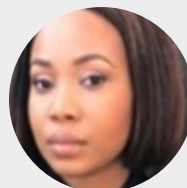
Lynette Dalton
Group Internal
Communications
Manager



Luyanda Mbongwa
Chemist



Michael Edwards
Financial Accountant -
UK & Eire



Tade Mustapha
Group Operations
Business Insights
Analyst



Upjit Bhachu
Regional HR Manager -
UK & Northern Europe

WOMEN IN LEADERSHIP

We have made progress against our 2019 goal to increase the number of women within our organisation and in leadership positions. This year we ran our fourth Women in Leadership Programme. This has now been attended by 31.3%

of our female population. We launched our senior female leadership community who are now mentoring junior colleagues and shared their experiences and advice during the Women in Leadership programmes.



I was very happy with how the programme went. It was friendly, we had open and honest conversations, sharing experiences and milestones, and I was lucky to meet great leaders and role models. I have learned a lot about myself, my colleagues, how we need to be focused on building relationships within the team, to help us put consistent effort to always bring the positive to each situation and person.

Magda Mircheva, QC Manager (2022 WIL Participant)

KEY TARGETS AND PROGRESS

| 2022 UPDATE | 2025 TARGET | STATUS |
|--|---|---------------|
| <ul style="list-style-type: none"> 30% of new hires in the UK were female. Female workforce population increased to 28%. Fourth Women in Leadership programme delivered. 31.3% female population have now attended Women in Leadership programme over last 4 years. Women represent 33% of management positions*. | Women represent at least 35% management positions | On track ✓ |
| <ul style="list-style-type: none"> Increased the diversity of our workforce in UK; 15% hires were from diverse ethnic backgrounds. | Increase of ethnic diversity of workforce by 18% | On track ✓ |

*Management is considered at grade B4 and above.

LOOKING FORWARD

- We intend to run an ethnicity pay gap report using the UK data available to us.
- We want to increase the amount of diversity demographic data we have access to so we can measure improvements.
- We want Diversity & Inclusion to be a key consideration during business decisions taken by our governing boards and bodies.
- We plan to continue educating colleagues and celebrating differences linked to race, disability, gender, and sexual orientation.
- We will introduce faith rooms in each of our sites.

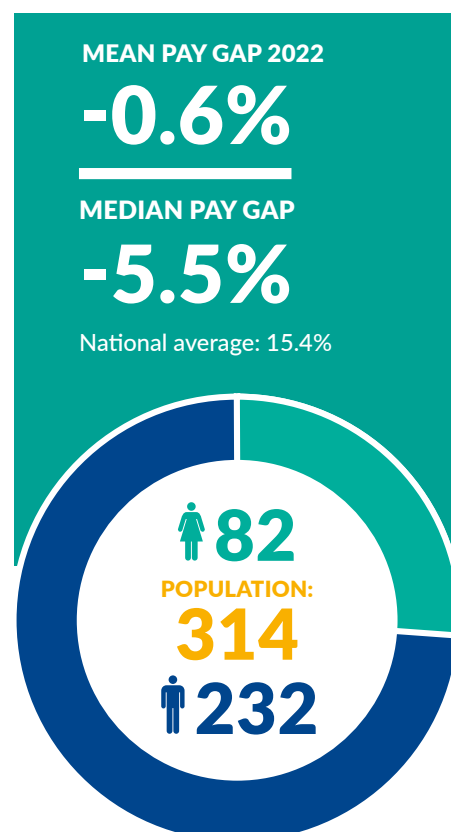
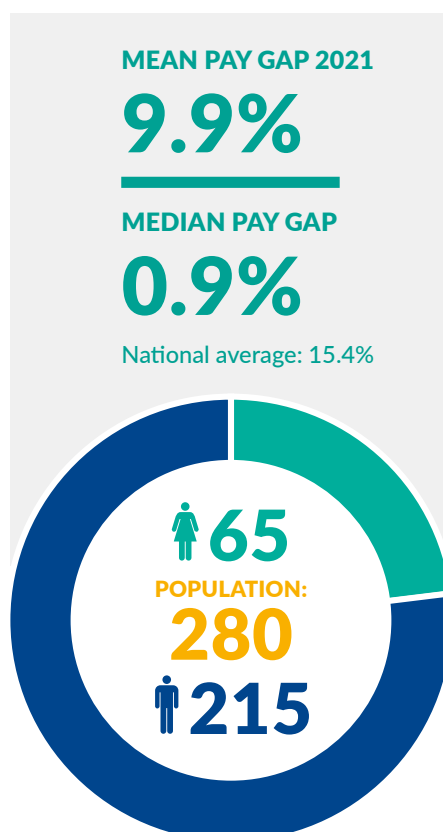
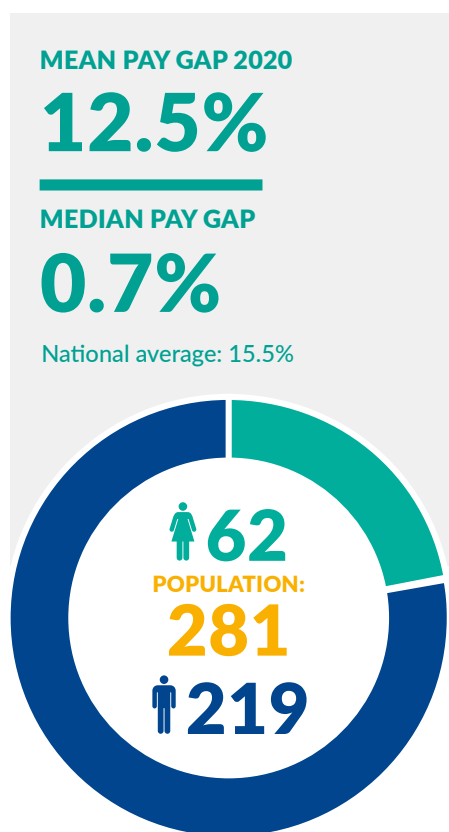
REDUCING OUR UK GENDER PAY GAP

In the UK, Gender Pay reporting legislation requires private sector companies in the UK above a certain size to publish and report the difference in average earnings of men and women in an organisation. We are extremely pleased to report that in April 2022, Scott Bader was able to report a gender pay gap in favour of women.

We are proud to report our median gender pay gap of -5.5%. This compares to the national median showing women earn 14.9% less than men as estimated by the Office for National Statistics (ONS) for 2022. The median gender pay gap is widely considered as the most representative because the mean gender pay gap can be sensitive to outliers if there are a few highly paid people.

We have seen a significant improvement in our gender pay gap over the last three years and we will continue to work on any gender pay issues and other key metrics to ensure we create a fully inclusive working environment where all our colleagues can unleash their potential and be the best they can be.

SCOTT BADER UK PAY GAP



| GENDER DIVERSITY | 2020 | 2021 | 2022 |
|---------------------------|------|------|------|
| Gender balance (% female) | 24% | 26% | 28% |
| Total management | 27% | 32% | 33% |
| GLT | 17% | 17% | 25% |
| Group Board | 33% | 33% | 33% |
| Commonwealth Board | 33% | 25% | 30% |
| Members' Assembly | 45% | 33% | 40% |

*Management is considered at grade B4 and above.

LOOKING FORWARD

In the coming year, we will

- Focus on other diversity factors.
- Train governance boards on D&I.
- Expand gender pay gap reporting across the Group.



KEEPING COLLEAGUES SAFE AND WELL

The safety and health of our colleagues, and protecting the environment in a sustainable manner, are of paramount importance to us. Back in 2021 we recognised that we needed to develop an improved Group wide Safety, Health and Environment (SHE) management system, and we've continued development and deployment of that through 2022. We have retrospectively incorporated many of the key elements into our site SHE improvement plans and hold the sites to delivering against these plans.

The following elements are just some of the new standards we've introduced:

- Standard Group SHE Key Performance Indicators.
- Selection, appointment, and control of contractors' standard.
- Management of Occupational Road Risk standard.
- Functional Safety Assessment and Management standard for Safety Instrumented Systems.
- Hazardous Area Classification standard for gases, liquids, and combustible dusts.
- Combustible Dust Management standard.
- Group Management of Change standard.
- Group Permit to Work standard.

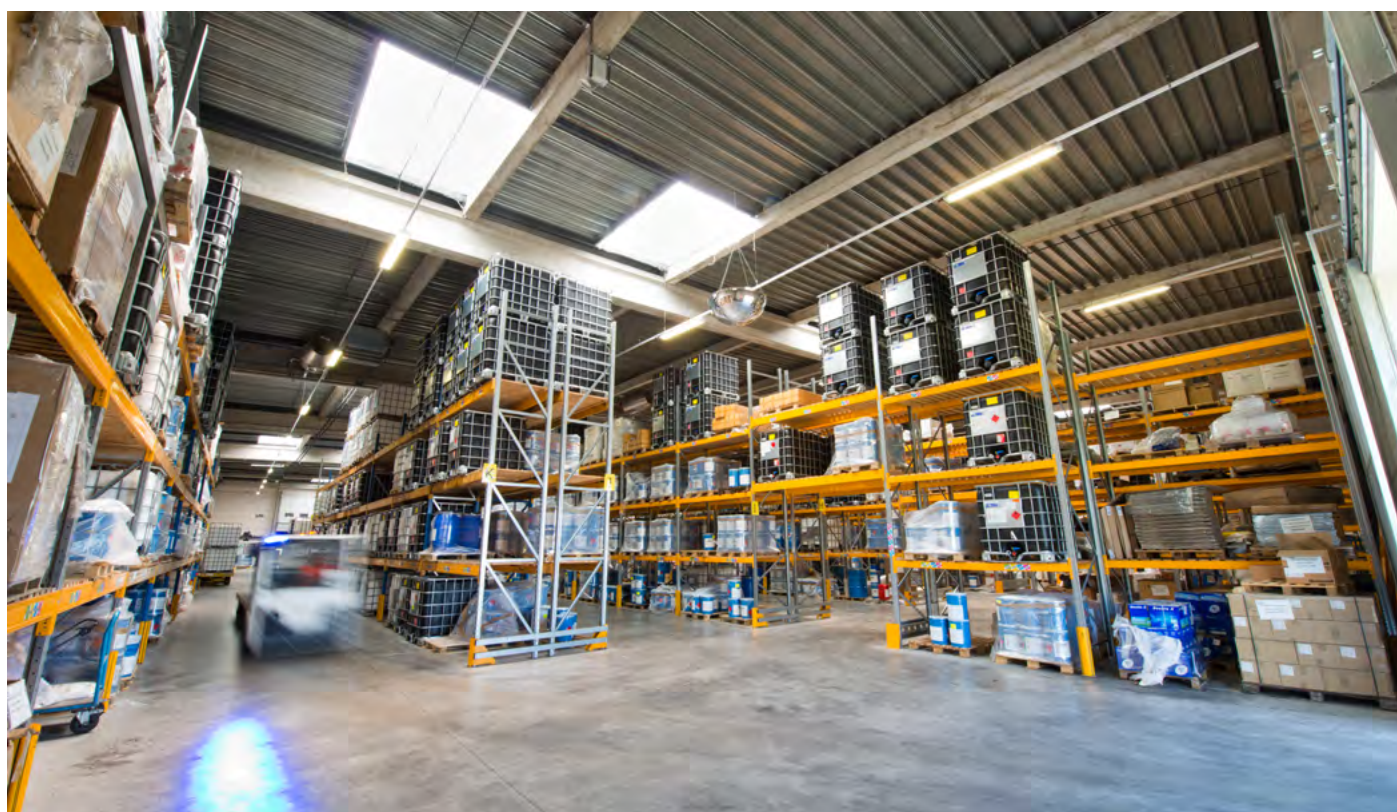
Our 2022 strategic goals in SHE and sustainability continued to underpin our drive toward zero harm which remains a key focus area for the business.

SAFETY OPPORTUNITY



Scott Bader Middle East identified a pedestrian crossing between two production buildings that was deemed high risk due to the frequency of use and the restricted view available to vehicle drivers manoeuvring through the area.

A project to replace the high-risk crossing with a footbridge between the first floors of the adjacent buildings has been started to remove the risk of collision.

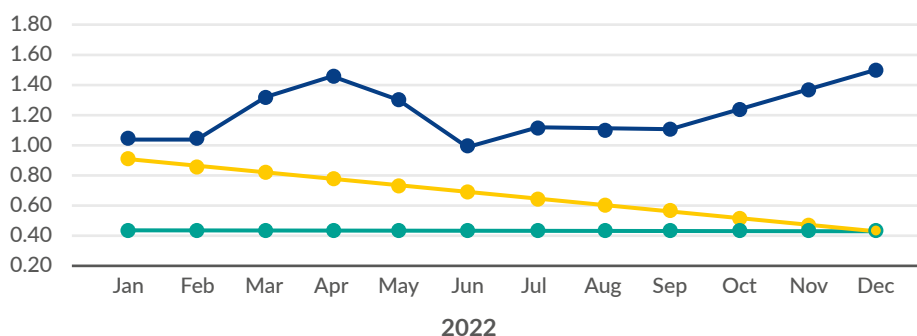


ACTION TRACKING SYSTEM

We recognised that our ability to properly track and close SHE actions needed improvement. Therefore, we introduced our Benchmark Action Tracking System online platform for effective management of SHE actions to ensure that identified hazards and risks were dealt with promptly.

| HEALTH AND SAFETY | 2020 | 2021 | 2022 |
|---|------|------|------|
| Fatal accidents (incl. contractors) | 0 | 0 | 0 |
| Lost Time Accident and Restricted Duty rate (per 200,000 hours) | n/a | 1.0 | 1.5 |
| Process safety incident rate (per 200,000 hours) | 3.7 | 2.6 | 2.4 |

Group LTA/RD rate (LTA/RDFR) per 200,000 hours



- LTA/RDFR (rate per 200,000 hours - MAT)
- LTA/RDFR target
- 2022 year end LTA/RDFR target

Our LTA/RD rate performance was unacceptable in 2022. Although our process safety incident rate improved during 2022, unfortunately, we continued to suffer avoidable minor incidents across the Group that resulted in Lost Time or Restricted Duty. Whilst we were fortunate that none of the injuries sustained were serious, we recognise that in slightly different circumstances one or more of these incidents could have resulted in more serious injuries.

Having developed the basic framework of the initial phase of our risk reduction programme, the following are the key areas we will start to develop and implement as we start this long-term programme.

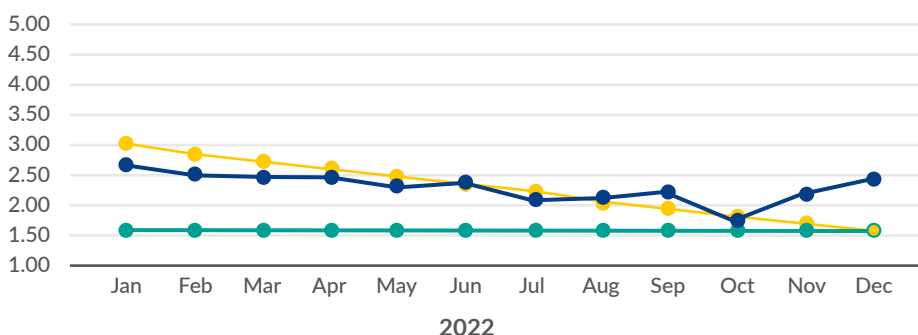
SAFETY INITIATIVES

We are implementing a behavioural based safety initiative across the Group in 2023, alongside the introduction of a set of life saving rules. Coupled with the deployment of visually engaging Occupational Safety Awareness training, we expect to see improvement in our LTA/RD metric through 2023.

RISK MANAGEMENT

To further address risk to our colleagues and recognising that vehicles present a hazard in our everyday activities, we implemented our Management of Occupational Road Risk policy to reduce risk when driving, including commuting to site. For reduction of onsite road risk, we implemented HALO lights on our forklift truck fleet and are continuing to develop inherently safer onsite vehicle management schemes.

GROUP PSI RATE (PSIFR) PER 200,000 HOURS



● PSIFR (rate per 200,000 hours - MAT)

● PSIFR target

● 2022 year PSIFR target

Significant improvements in major accident hazard risk reduction drove excellent performance in Process Safety Incident Rate throughout 2022 against a very aggressive target until a number of unconnected process safety incidents occurred in the last quarter, which adversely impacted the metric. An urgent review of similar processes across the Group did not identify any significant risk of repeat occurrences requiring immediate attention, and the Group HAZOP programme priorities have been shifted to ensure detailed analysis of the relevant processes at each site are given priority.

Overall, our HAZOP programme has run to schedule and has delivered greater understanding of process safety risk profiles across the whole Group, with specific focus on Major Accident Hazards and ongoing verification of barrier performance.



LOOKING FORWARD

We are currently working with a well-recognised 3rd party to develop process safety awareness training for all levels in the organisation, which will be rolled out across the Group in 2023.

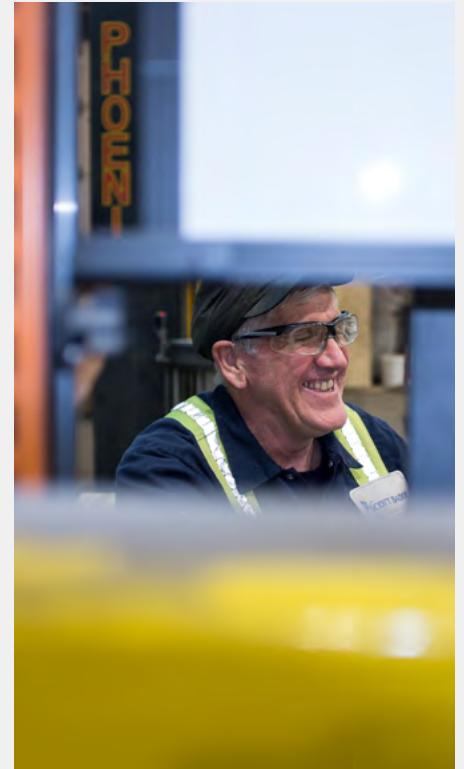
SUPPORTING COLLEAGUES THROUGH WELLBEING

Support to manage physical and mental health risks:

- As we continued with the promotion of trained Mental Health First Aiders to support colleagues, we also reviewed our benefits package and introduced Vitality as our private medical insurer, which has a key focus on colleague wellbeing and mental health, encouraging members to partake in activities to gain points to use on various retail and leisure outlets.
- We have continued to increase our level of communication holding monthly cascade sessions with the Group Leadership Team where colleagues continue to participate and engage, and issuing multiple Group-wide briefings and updates throughout the year.
- We continue to actively promote wellbeing and ensure all colleagues have access to health benefits including healthcare, employee assistance programs and disability cover. All colleagues have access to retirement pensions, and we offer education linked to financial health.

Support to manage economic impact:

- We recognised that the majority of countries have seen an increase in their relevant inflation index, from August 2021 to January 2022 with the cost of living at record levels. To support colleagues, we made a one-off payment to recognise this impact.
- We were able to make PPP and GSB payments to all eligible colleagues.





ENVIRONMENT

2022 was a year for the Scott Bader Group to assess our commitments and re-structure to better identify the means to do so.

We implemented a new initiative in our biodiversity approach. We have on-boarded new roles to assist with the achievement of our target, created work groups across the business to help focus efforts and identified changes where required.

We have also started to make progress with our carbon footprint reduction as sites are now directly involved in emission-reduction plans. This means that the business has more capability and is better positioned to reach its goal of zero carbon by 2028.

ENERGY

We have approached our carbon reduction targets, and how we manage energy within the Group, by aligning the business targets with the operational reality and creating a more structured approach toward site goals through site plans.

With the move toward the targeted 60% reduction in Scope 1 & 2 emissions by 2025, and zero carbon by 2028, we have partnered with ECOHZ to look at energy certification for electrical supplies at our manufacturing sites. This is to ensure we utilise green energy where possible, and to demonstrate our commitments to the environment.

We aim to have green certification in place at all sites by 2025, which would bring about a reduction of 19% of the Scott Bader Scope 1 & 2 carbon emissions. This makes certification a key deliverable for us.



SCOTT BADER: CROATIA

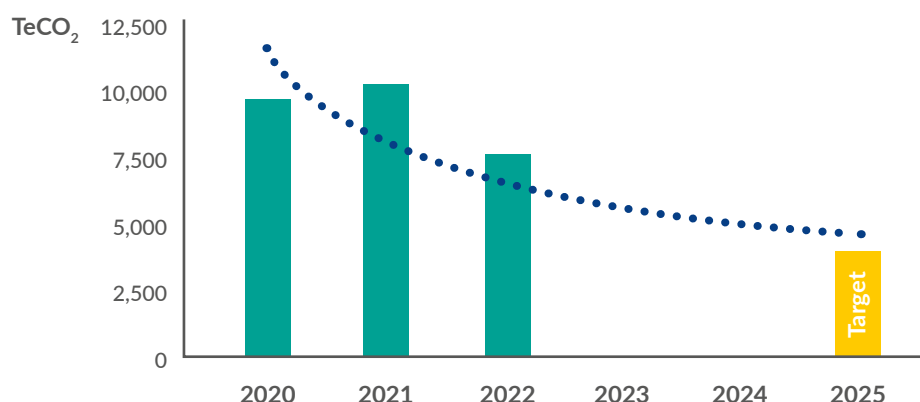
Our site in Croatia has had a full energy audit of the site and looked into how they can effectively manage their plan to meet our goals; this includes some already CAPEX approved projects such as new agitators to reduce electrical consumption by up to 10%.

They have also created a site plan to focus the team on solutions to achieve net zero and are now moving toward this, with identified focus areas such as the energy allocation and controls onsite, as well as possible changes to energy procurement through solar, and process changes to reduce our reliance on fossil fuels.

These changes will drive Croatia to be at the forefront of Scott Bader's approach toward net zero, as one of our leading sites for environment and sustainability.



GHG EMISSIONS



Over the last year, the certification of green energy has helped us report a large reduction to our market-based carbon emissions, and our GHG emissions are beginning to trend downwards in the right direction. The graph shows the target to 2025, alongside our current journey, which has been significantly boosted by green energy usage.

With changes to the procurement of certified green energy and considerations of energy utilisation, Scott Bader can drive our electrical carbon emissions to zero and re-focus on gas and fossil fuel usage to further reduce our Scope 1 & 2 emissions. As part of this focus, we are pursuing projects in solar and energy storage.

Below shows our energy usage and as part of our commitments to these changes we have created a cross functional team for our engineering and process equipment projects to integrate sustainability into our standards. This ensures we approach the stated targets in carbon reduction from the start.

| ENERGY | 2020 | 2021 | 2022 | |
|--|---------|---------|---------|----------------|
| Production volume (T) | 124,010 | 132,674 | 126,223 | |
| Total energy use (GJ) | 198,235 | 204,422 | 181,525 | |
| Renewable energy (GJ) | 2,970 | 3,004 | 3,683 | Location based |
| Non-renewable energy (GJ) | 195,265 | 201,419 | 177,842 | |
| Renewable energy (GJ) | 44,826 | 46,629 | 41,230 | Market based |
| Non-renewable energy (GJ) | 153,409 | 157,793 | 128,628 | |
| Energy efficiency (GJ/tonne of production) | 1.6 | 1.5 | 1.4 | |

EMISSIONS

The Group Operations Sustainability Committee, led by the Group Operations Director, drives focus and change required at site level.

As stated in our 2021 EESG report, we have changed our reporting process to show actual usage data (market-based), and local data to ensure transparency, and to help identify our changes and improvements more easily; this will continue going forward and help determine how we approach our projects.

In 2022, our overall Group emissions have been reduced by 25.9% from last year's reported emissions, and we believe we are on track to achieve the stated 60% reduction of Scope 1 & 2 emissions by 2025.

| EMISSIONS | 2020 | 2021 | 2022 | |
|--|--------|--------|--------|----------------|
| GHG emission (kTe CO ₂ e) | 11,864 | 12,320 | 11,005 | |
| Scope 1 GHG emissions (kTe CO ₂ e) | 7,927 | 8,204 | 7,166 | Location based |
| Scope 2 GHG emissions (kTe CO ₂ e) | 3,938 | 4,116 | 3,839 | |
| GHG emission (kTe CO ₂ e) | 9,924 | 10,452 | 7,743 | |
| Scope 1 GHG emissions (kTe CO ₂ e) | 7,927 | 8,294 | 7,166 | Market based |
| Scope 2 GHG emissions (kTe CO ₂ e) | 1,997 | 2,249 | 577 | |
| GHG emission intensity (kTe CO ₂ e/tonne of production) | 0.096 | 0.093 | 0.087 | Location based |
| GHG emission intensity (kTe CO ₂ e/tonne of production) | 0.080 | 0.079 | 0.061 | Market based |



WASTE

Waste reduction remains a key focus area for the Group, and upcoming changes to our standards will help drive this focus. In 2022, we began to collect and distribute the data internally more effectively with a goal of better understanding our processes and focusing on improvements on waste from sites.

In 2022, we changed our waste contractor in the UK, our largest manufacturing site and we are now happy to announce our partnership with Biffa for our UK waste collections; this should allow us to move towards being a zero-to-landfill site and be at the forefront of the Scott Bader Group waste management.

We are currently carrying out a detailed waste stream mapping exercise for our UK site which is due to be completed in 2023. This will enable us to create a standard for the entire Scott Bader Group to focus on our waste management systems and give sites a better understanding of how to reduce waste.

Although our production volumes increased by 2% compared to our baseline year, our total waste has reduced by over 20% as seen below, highlighting some of the hard work Scott Bader has undertaken to reduce waste.

| WASTE | 2020 | 2021 | 2022 |
|-------------------------|---------|---------|---------|
| Production volume (T) | 124,010 | 132,647 | 126,223 |
| Total waste (T) | 10,536 | 9,027 | 8,280 |
| Hazardous waste (T) | 6,342 | 6,488 | 6,482 |
| Non-hazardous waste (T) | 4,193 | 2,538 | 1,799 |

20%

**REDUCTION
IN WASTE
COMPARED TO
BASELINE YEAR**



WATER

In 2022, although our overall production volumes increased compared to the previous year, our total water consumption decreased by 10% over last years reported figures, indicating better water efficiency. This year's report indicates a downward trend in water intensity across the Group, with 2020 having 1.05ML/kTonne of production and 2022 showing a much improved 0.94ML/kTonne.

In 2023 we have water reduction projects ongoing in South Africa as the case study identifies. Efficiency changes within our manufacturing processes through upgrade of existing assets based on improved and engineering standards with a sustainability focus, means we should continue to improve our water efficiency.

| WATER | 2020 | 2021 | 2022 |
|---|--------|--------|-------|
| Total water withdrawal (ML) | 130.2* | 132.2* | 119.0 |
| Ground water (ML) | 54.3 | 63.5 | 45.7 |
| Rain water (ML) | 2.2 | 1.7 | 1.1 |
| Municipal water (ML) | 73.7 | 67.1 | 72.1 |
| Water intensity (ML/kTonne of production)** | 1.05 | 1.00 | 0.94 |

*Our total water withdrawal in 2020 and 2021 were understated and are therefore being restated.

**In 2022, we changed the unit of measure for water intensity from ML/tonne of production to ML/kTonne of production.



10%

**REDUCTION IN
TOTAL WATER
CONSUMPTION
COMPARED TO
LAST YEAR**



SCOTT BADER: SOUTH AFRICA

Our South African site currently uses approximately 9,000-12,000 litres of water per day throughout the site, with the main water consumer being the cooling tower, which consumes approximately 4,000-7,000 litres of water per day depending on plant utilisation and weather. The site has recently installed an electricity and water remote metering system which allows for the total site water and cooling tower water consumption to be logged/captured and investigated when necessary.

Existing projects that have been completed to assist with water consumption on site are multiple water harvesting tanks that service certain toilets and gardens. Other water tanks are used as a holding tank for municipal water to service showers and hand washing stations during a water outage and pose a risk if rain harvested water is used. The site makes use of 'water-wise' gardens by planting indigenous species which can survive with just the water from rain. Most recently a borehole has been installed on site which could generate up to 3,000 litres per hour and will



significantly reduce the pressure on local municipal water consumption - depending on the quality of the water. The borehole will be operational in March 2023.

Currently Scott Bader South Africa is a leader within the Group for biodiversity, as well as one of the two lead sites for environmental plans to reach net zero within the Group.

BIODIVERSITY

During 2022, Scott Bader adopted a global approach to biodiversity management, involving all our manufacturing sites. We will continue to focus on this with a view to improving colleague participation and engagement in 2023.

Scott Bader is recording data on its production sites, geographic position, current anti-pollution measures (in terms of ISO14001), presence of invasive species, and current species lists. Although not all sites are recording this data equally, we recognise the need to carry out an initial assessment of biodiversity measures. This will begin in 2023 with a review and comparison of available measures and criteria.

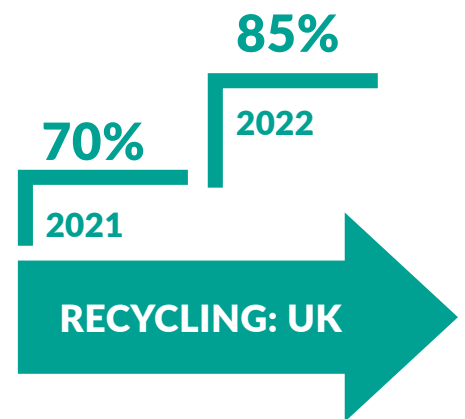
To create awareness of biodiversity among staff we began using the iNaturalist citizen science platform. Three of the sites have used this, at a coarse scale, to catalogue site species data and compare them to nearby areas with untransformed, high conservation priority ecosystems. An example is our Hammersdale site in South Africa, where many species have already been recorded. The platform has allowed colleagues to identify and contact nearby expert ecologists and conservation bodies to act as partners in their biodiversity plans.



This site is situated inside an area of IUCN-recognised endangered vegetation. It had been badly polluted by a previous occupant and rehabilitated prior to purchase by Scott Bader. During the iNaturalist species identification, the ecosystem appeared healthy: plant species reintroduced during rehabilitation are still present and the frog population, originally stated as being strong, remains so. This indicates that remediation efforts have been largely successful. However, tracking of residual pollution and detailed species richness assessments for grassland and wetland habitats are needed. They will allow us to measure and report on our progress in returning the site to its maximum biodiversity potential.

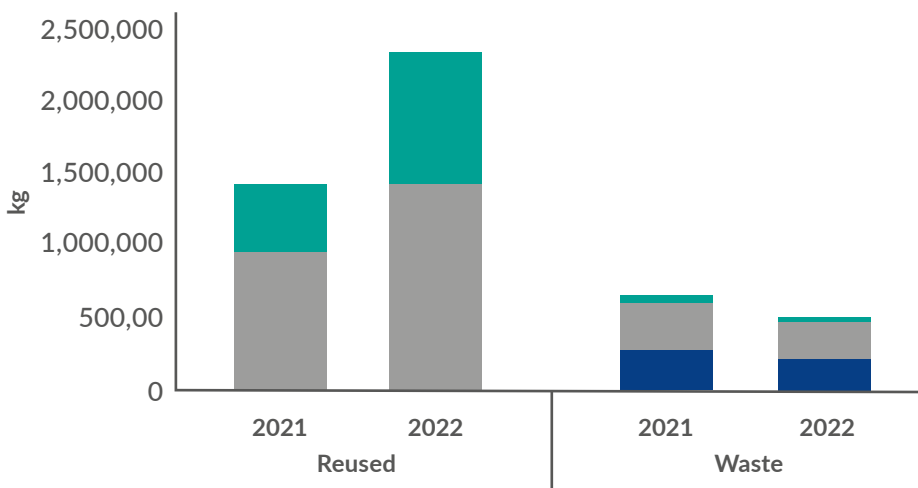
PACKAGING, STORAGE AND TRANSPORTATION

In the UK, the SHE team have been actively monitoring the amount of packaging we use at our Wollaston site by type, quantity and amount recycled. From 2021 to 2022, we reduced the amount of plastic packaging by approximately 20% across our manufactured and distributed products. Although our use of wood and steel increased overall between 2021 and 2022 and our overall volume of all packaging increased by around 40%, our waste volumes dropped to almost 80% of our 2021 usage. This represents an increase in recycling rate from 70% in 2021 to almost 85% in 2022 – a significant achievement by the UK team!



PACKAGING: UK

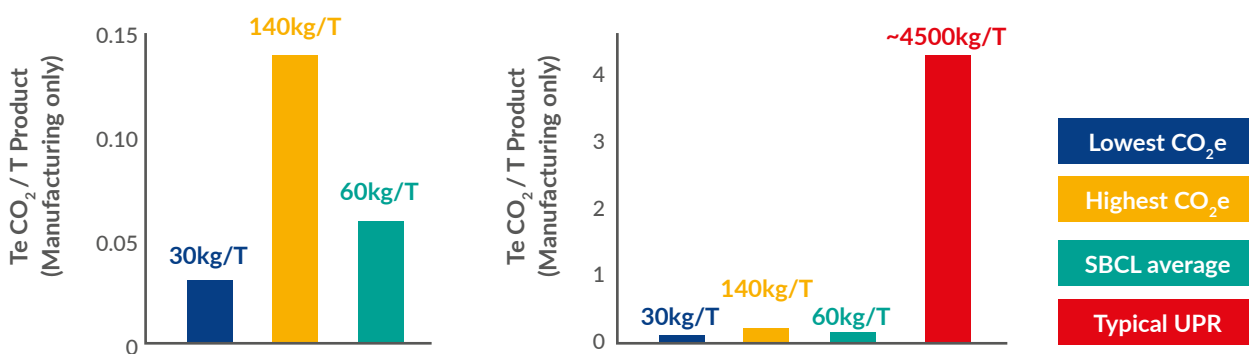
■ Paper
 ■ Plastic
 ■ Steel
 ■ Wood



RESEARCH, DEVELOPMENT AND INNOVATION

At Scott Bader we are taking proactive steps towards reducing our emissions within our own operations via initiatives such as energy reduction, waste optimisation and judicious choice of energy vectors and suppliers. It is through such projects that we will deliver our 60% reduction in Scope 1 & 2 emissions by 2025. However, the environmental impact of most organisations is dominated by their Scope 3 emissions, and this must be tackled through their choice of raw materials.

EFFECT OF MANUFACTURING EMISSION VS EMBODIED CARBON IN RAW MATERIALS



The graph on the left shows the carbon intensity of the average Scott Bader product based on Scope 1 & Scope 2 emissions only while the graph on the right is a closer reflection of the actual carbon intensity of a generic UPR from LCA data.

Although as a business we are on track to reduce our manufacturing emissions by 60%, we are continuously looking for new raw materials with inherently low embodied carbon to reduce the carbon footprint of our products which in turn will help our valued customers meet their own sustainability goals.

In 2022, Scott Bader recruited a new team of full-time researchers to work exclusively on sustainable development at our Wollaston headquarters in the UK. The team is diverse in skill and background and are focussed on:

- New resin systems with inherently low carbon footprints
- Enabling technology for creating value from end-of-life composite waste and
- Novel routes towards microplastic-free products for personal care and cosmetics.

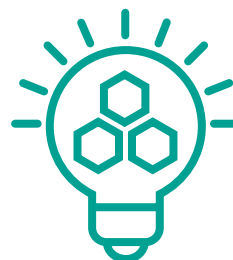
In line with our 2036 vision, one of our strategic goals is Partnering for Success. Externally, the technology group at Scott Bader has developed

working relationships and partnerships with a number of UK and US research establishments.

Within the UK, Scott Bader is a founding member for iCAST (Innovation Centre for Applied Sustainable Technologies). In 2022, Scott Bader initiated iCAST projects at the University of Bath and University of Oxford to use bio-based raw materials to create next generation resins for sustainable composites.

Across the Atlantic, on the eve of the 25th anniversary of the publication of "The 12 Principles of Green Chemistry", we engaged with its author to help accelerate our understanding and development of sustainable, high-performance materials. As a result, Professor John Warner is now acting as a science and sustainability advisor to our technology team, helping us with new ways of tackling existing problems and connecting some of our incumbent technologies with new potential applications. We look forward to working closer with John in 2023.

NEXT GENERATION RESINS



Scott Bader initiated iCAST projects at the University of Bath and University of Oxford to use bio-based raw materials to create next generation resins for sustainable composites.

STRUCTURAL MATERIALS

One of the key aspects of green chemistry is the elimination of toxic substances from the supply chain and during 2022 our resin development team have developed two separate technology platforms to remove bisphenol A and styrene from epoxy acrylate/vinyl ester resins. With our first invention, we have used a 100% bio-based and non-hazardous alternative to bisphenol A for the manufacture of high-performance resins and the work will be refined and patented before launch in 2023.

Our second breakthrough was to use a novel blend of VOC-free reactive diluents to replace styrene for resins suitable for applications that can include pipe-relining for potable water and wind turbine blades.

It is our continuing aim to demonstrate that our customers do not have to compromise on performance when they make the switch to sustainable chemicals.

Adhesives

During 2022, the adhesive team at Scott Bader tackled the twin challenge of eliminating styrene and reducing carbon footprint with the creation of Crestomer Bio. The first product contains >20% bio-based content and is completely styrene free!

The team were also busy tackling a key challenge in room temperature curing – elimination of tack. Following an exhaustive period, we have arrived at a new structural adhesive based on Crestabond technology that allows for the rapid cure, abrading and painting of joined structures. This patent-protected platform will be launched in 2023.

Functional Polymers

Within our Functional Polymer function, we are approaching sustainable innovation from two angles:

1. Synthetic polymers using bioderived starting materials
2. Natural polymers produced by nature

In 2022:

- Scott Bader engaged in a strategic development project with a recognised US-based starch producer to evaluate starch-based materials as effective replacements or complimentary products to our range of rheology modifiers.
- We also engaged with two distinguished UK-based research institutes to evaluate new biopolymers for a range of applications from high performance biodegradable coatings to microplastic-free rheology modifiers.
- We created a new team within R&D to focus on bio-based polyester thermoplastics. This is a good example of Scott Bader applying our 60+ years of experience in unsaturated polyester resins towards a new polymer platform.



CRESTOMER® Bio
Urethane Acrylate Structural Adhesives

**WE CREATED
A NEW TEAM
WITHIN R&D TO
FOCUS ON
BIO-BASED
POLYESTER
THERMOPLASTICS**



PRODUCT STEWARDSHIP AND THE CIRCULAR ECONOMY

Scott Bader's commitment to 'Acting beyond compliance' includes reducing the impact of our products throughout the supply chain. This means understanding the impacts of our raw materials and our products on human and environmental health as well as on society when our products are used. We are actively looking for new end-of-life solutions for existing composite materials, supporting industry initiatives such as the RSC's Polymers in Liquid Formulation (PLF) task force but also developing new sustainable technologies to meet future needs.

In 2021, we committed to implementing a global system to effectively manage our product regulatory documentation and successfully completed the phase to provide central management of product safety data sheets during 2022. We are aiming to fully implement the system,

so it becomes the central location for all regulatory information during 2023. In addition, this will enable site SHE teams to collaborate globally when it comes to chemical safety.

The Regulatory Affairs team will also begin to train our commercial teams globally to help them adjust to rapidly changing regulations in EU, UK, Turkey and Ukraine.

In 2022, the company created a Product Stewardship Function to drive improvements in chemical management. Within the function, the intention is to create a team to deliver LCA and product carbon footprints across the portfolio as our customers prepare for the requirements under EU Taxonomy and the Chemicals Strategy for Sustainability. As we develop understanding for the impacts of our products, we will be able to better target our sales to those uses

with environmental and wider societal benefits, as well as ensuring that future products and technologies have a positive impact supported by established and recognised data.

The commitment to Product Stewardship also means improving how we as a company make difficult decisions by implementing an Ethics Panel. This panel will help interpret our Core Values and Guiding Principles when it comes to selling products to uses with potential negative environmental or societal impacts.

As well as internal work programmes, Scott Bader continues to engage with wider industry, through CEFIC UPR/VE Group, Composites UK, UK Chemical Industries Association, the Society of Chemical Industry (SCI) and the Royal Society of Chemistry (RSC).

ETHICAL AND SUSTAINABLE SOURCING

Scott Bader continues to be committed to working with suppliers whose values are aligned to ours and we continue to partner with EcoVadis, a world leading provider of business supplier sustainability ratings and improvement tools for global supply chains. In 2022, we were awarded a Gold sustainability rating by EcoVadis, ranking us in the top 4% of all companies evaluated globally.

Previously awarded Silver, our sustainability rating increased to Gold due to the implementation of additional measures to report on environmental management, the introduction of this annual Sustainability Report, our commitment to implementing green energy at our sites, reducing emissions by 60% by 2025 and to be completely carbon neutral by 2028.

We leverage the EcoVadis platform to reduce risk, encourage innovation and deliver on our commitment to put sustainability at the core of what we

do. EcoVadis will support Scott Bader's mission to measure, monitor and improve supplier performance across key sustainability criteria and identify high-performing partners wishing to collaborate with us.

At Scott Bader, we regularly review our supply base, foster our relationships with suppliers to mitigate risks and promote environmental, social and ethical practises.



KEY ACHIEVEMENTS IN 2022:

- The number of scored suppliers increased from 123 to 144 (up 17% on prior year).
- Overall supply chain score came in at 61.5 vs the EcoVadis benchmark score of 44.9 this represents a 3% improvement from previous year (59.7).
- Set and communicated clear expectations to suppliers and published an updated Group Supplier Partnership Manual via our website. This document provides deeper understanding of our vision and sets out the ethical, quality, safety and environmental expectations for our supply chain.
- The EcoVadis Steering Committee was established last year to oversee the programme development at Group level and will drive the agenda for the coming years.
- We continued in our discussions on bio-based alternatives with raw material suppliers and distributors, as we work to ensure the development of reliable and cost-effective supply of alternatives to the petroleum based or mined raw materials, that are still required in the production of our products.
- Created a training package for procurement colleagues that looks beyond compliance and includes courses that support understanding of bribery, corruption, modern slavery, Diversity & Inclusion, cultural awareness and more.
- Provided training to site procurement colleagues on EcoVadis enabling them to monitor supplier sustainability ratings and drive discussions with suppliers on environmental, social, ethical topics and improvements.
- As part of the procurement transformation plan, we have established a more strategic procurement approach based on category management, fostering cross-functional decision making to better understand regulatory, environmental, safety and quality considerations of sourcing goods and services through different activities and channels of communication.
- Our indirect category teams continue to support the company's energy transition by delivering expansion of site EV charging points for staff in the UK, renegotiated new waste contracts, and are exploring fossil fuel alternatives to meet our energy demand.



LOOKING FORWARD

- Integrating sustainable and ethical values into various procurement and supply chain processes such as supplier approval, sourcing and contracting, that aligns with company policies.
- Global roll out of the EcoVadis program across the company's different manufacturing sites with initial focus on key direct material suppliers as part of our due diligence process.
- Seeking to source from environmentally friendly and natural sources to increase our portfolio of bio-based products (where commercially and technically viable).
- Aligning our procurement strategy with the Sustainable Technology roadmap to ensure we focus on the key raw materials, whether it is to reduce toxicity or to explore bioderived alternatives that are key to reducing our CO₂ footprint.
- Evaluate our packaging materials, their composition and explore potential alternatives with higher recycled content or alternatives to plastic packaging.
- Continue with our risk-based supplier approval assessments based on information around Quality, HSE performance, Regulatory Information, Business Ethics and Labour Practices (based on the ILO requirements) as well as financial health risk and technical acceptance. This process embeds the correct level of due diligence to ensure supplier compliance as it aligns with our expectations and supports an ongoing risk-based monitoring program. ESG and CSR will play an important part in the selection and use of future and ongoing suppliers.

SUPPORTING OUR COMMUNITIES

Scott Bader's strategic approach to social engagement and charitable activities is driven by the Commonwealth. In alignment with our strategic goals of 'Delivering value to society' and 'Unleashing colleagues' potential' through member engagement, we have adopted an approach that places an increasing focus of our giving to our local communities.

Every year, a minimum of 5% of Scott Bader Company's operating profit is given to the Scott Bader Commonwealth Limited, a registered charity. This is achieved through the work of the individuals employed by the Scott Bader Group and is used to make grants to charitable organisations around the world, whose purposes are in line with the charitable objectives, which are:

- The promotion of ethical principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate; and
- The promotion of "sustainable development" for the benefit of the public by the preservation, conservation and the protection of the environment and the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration.

Our ongoing Constitutional review includes review of the Commonwealth's objectives. These require Scott Bader to manage its business in line with clear principles and also encourage others to do so, for the benefit of the people and the environment.

The Commonwealth Board (CWB) is responsible for ensuring that Scott Bader fulfils its charitable objectives. One of the ways in which the above objects are achieved is by making grants to charities and other not-for profit organisations.



SCOTT BADER: NORTHAMPTONSHIRE #Povertyhurts appeal

During 2022, Scott Bader Commonwealth donated £10,000 to support Northamptonshire Community Foundation's Poverty Hurts appeal.

This appeal was set up to tackle increasing poverty and the impact of the ongoing cost of living crisis for the most vulnerable in Northamptonshire.



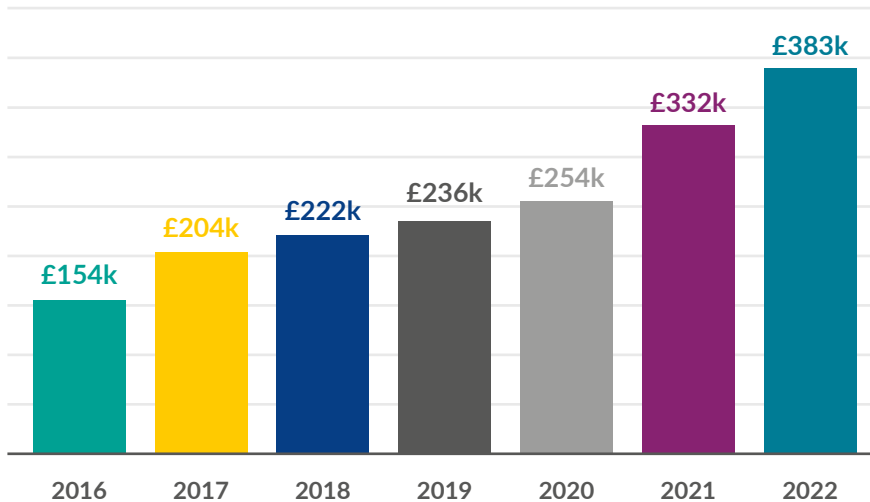
CHARITABLE GIVING – PERFORMANCE AND IMPACT

As part of our corporate responsibility, we have continued to provide grants to various charities around the world to address social issues. Our total charitable donations have been on an upward trajectory, more than doubling over the past seven years.

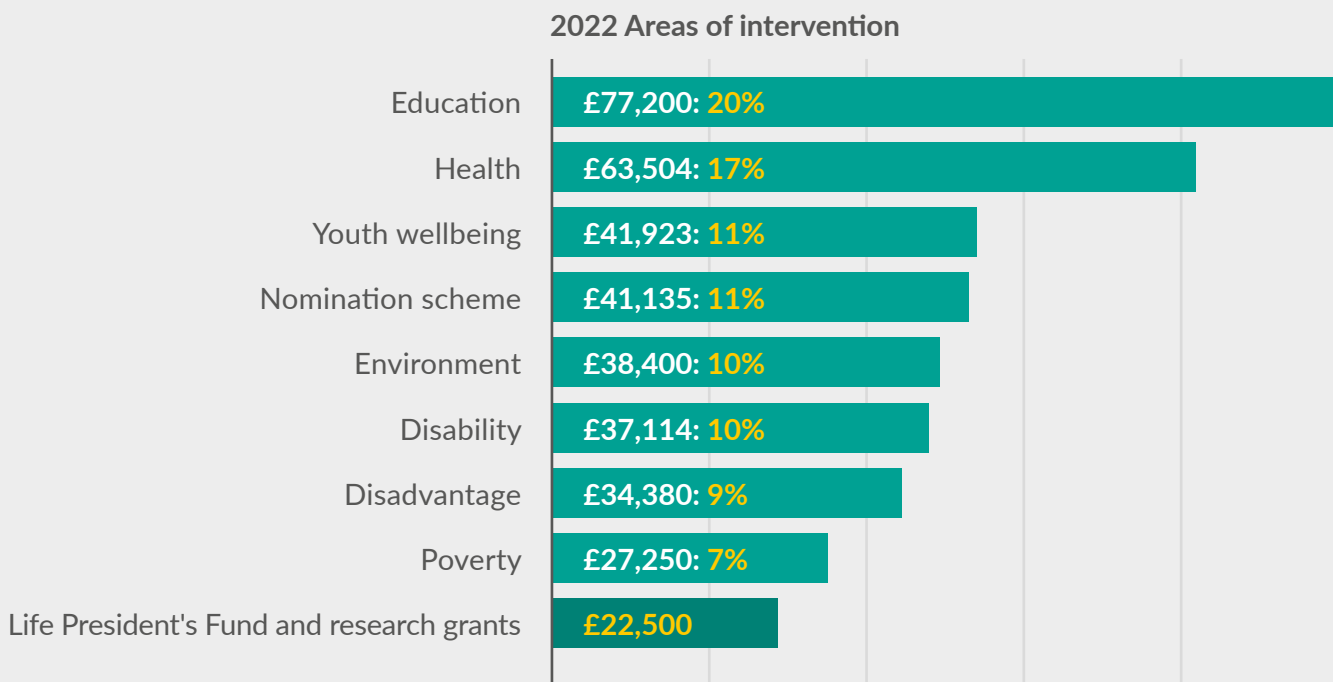
Following our assessment processes, Scott Bader Commonwealth donated a total of £383k in 2022 to various charities, a 15% increase compared to 2021.

15%

INCREASED
DONATIONS
COMPARED
TO 2021



FUNDS WERE DISBURSED UNDER THE FOLLOWING CATEGORIES;



INTERNATIONAL IMPACT

GloCal Funds

As a global business, a budget is set for all the companies in the Scott Bader Group to maximise impact in the global and local communities within which we operate. Each location can determine how they wish to utilise their allocation, to support projects to help address social and environmental issues important to where they are situated. In our manufacturing sites this is achieved in conjunction with Commonwealth Coordinators and Local Councils. For our smaller sites, the site lead performs this role. In 2022, 85% of our total donations were disbursed from our GloCal funds.

Commonwealth Community Hardship Fund

As we continue to adjust to life after COVID-19, this fund prioritised applications for funding that were specifically required for PPE equipment and vaccination rollouts in relation to COVID-19.

Life President's Fund

This fund supported local charities chosen by the Life President.

Research Grants

Two research grants were provided to the following:

1. Ownership at Work - How to map and measure the social and environmental impact of employee ownership.
2. Employee Ownership Association - To provide the evidence regarding the impact that EO organisations make compared to other types of business ownership.

Our grants are targeted at several areas of intervention including, poverty, social and environmental, youth well-being, disability, education, disadvantage, health. In 2022, more than a third of our grants went towards health and education. In 2022, the Charity Subcommittee of the Commonwealth Board conducted a simple review of its charitable giving and volunteering activities. This will allow us to focus on further supporting what is important to our Members from 2023 onwards.



COMMONWEALTH COMMUNITY HARSHIP FUND

Friends Of Kipkelion – Kenya

Funding was provided to complete a Covid vaccine rollout in Kericho County, Kenya and enabled Friends Of Kipkelion to deliver the following:

- Training of 50 health workers in Covid vaccination (hire of training centre, course materials and notebooks).
- To provide surgical masks, gloves, and sanitiser for the vaccinators.
- To support travel costs to remote areas.



SCOTT BADER: MIDDLE EAST

MAAN Education and Health Development Organisation

Scott Bader Middle East is proud to support the MAAN Education and Health Development Organisation with their "provision of emergency assistance to flood affected families" project.

In June 2022, Pakistan was hit by a devastating monsoon, triggering severe flooding. We supported this crisis with a donation of £5,000 to provide essential emergency care packages.

This was further supported by our colleagues in the Middle East who worked together to create a relief support plan and collect essential items to create relief support packages. These packages were then distributed by the Pakistan Association Dubai to those most in need.



SCOTT BADER: FRANCE

Relais Social

Scott Bader France chose to support Relais Social with their 'Baby Solidarity' project which aims to support single mums in the following ways by:

- Providing a warm and friendly place supported by a team of professionals offering workshops to prevent the risk of social exclusion and isolation.
- Providing essential items for new-born babies such as milk, nappies and wipes.

The benefits alleviate social isolation for single mums and provides an opportunity for them to confide and use the services of the trained professionals.

VOLUNTEERING AND MATCHED FUNDING

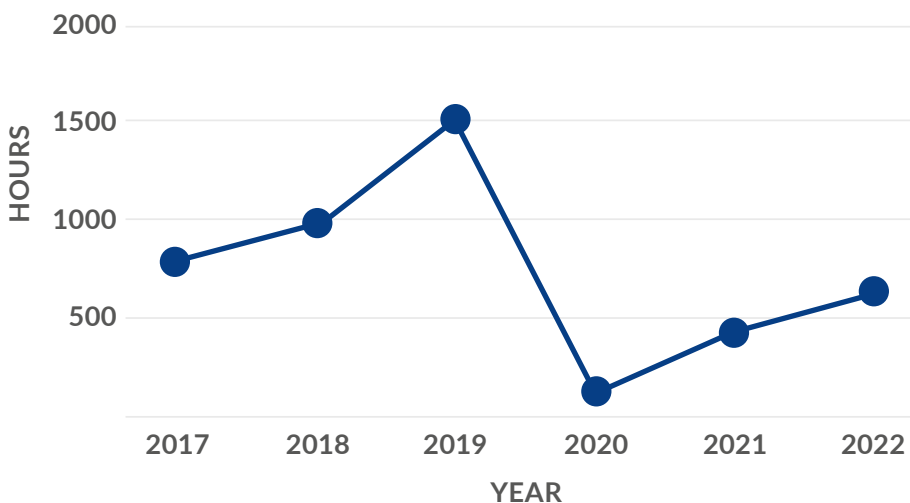
Scott Bader also supports its local communities through a volunteering scheme. Everyone that works at Scott Bader is given one day's additional paid leave to volunteer for a not-for-profit/charitable organisation. The scheme enables colleagues to build relationships and connect with their local communities in support of its wider social purpose.

As Covid restrictions were lifted, we started to see an uptick in volunteering. In 2022 our colleagues completed 635 volunteering hours, as highlighted below. This is an increase of over 55% compared to 2021.

There are plans during 2023 to promote both schemes globally to maximise colleague engagement.



VOLUNTEERING HOURS



BUSINESS

- Coaching and mentoring programme for young unemployed people
- Attending careers events at schools and colleges providing careers advice and guidance
- Supporting individuals with CV and interview skills



ECOLOGY

- Maintenance of local country parks including creating habitats for wildlife
- Creating a safe outdoor space for preschool children to play
- Litter picking



HUMANITY

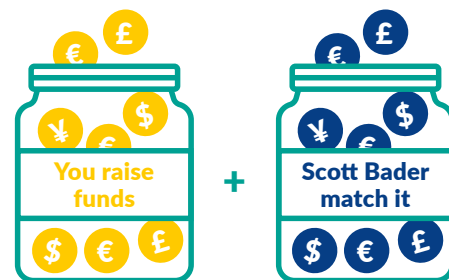
- Ukraine crisis - in partnership with a local charity equipment was delivered to set up a field hospital and supported the crisis by helping to register refugees at a local checkpoint
- Supported local primary schools with seasonal events
- Delivered essential items to individuals facing homelessness and poverty

MATCHED FUNDING SCHEME

Scott Bader matches every £1 raised by colleagues in charitable fundraising activities up to a maximum of £1,000 per person per year, thus charities locally, nationally, and internationally receive double the amount from the efforts of colleagues.

MATCHED FUNDING

| | | |
|------|--|------|
| 2016 | | £23K |
| 2017 | | £23K |
| 2018 | | £30K |
| 2019 | | £32K |
| 2020 | | £12K |
| 2021 | | £16K |
| 2022 | | £20K |



In 2022, 25 charities benefitted from the Matched Funding Scheme receiving an additional circa £19,500, with a range of activities being completed by colleagues, such as:

- Participated in various sporting events (London Marathon, Great North Run, Terry Fox Run, Memorial rugby match, Charity Football Match, Three Peaks Challenge, Charity Bike Ride and sponsored walks).
- Held cake sales in support of Macmillan Cancer Support and The British Red Cross for the Ukraine crisis.
- Donated gifts for local disadvantaged children and supported awareness events for seriously ill children.
- Took part in various seasonal events including concerts and fayres.



PROMOTING INDUSTRIAL DEMOCRACY

Industrial democratic practice is a major part of colleague engagement, and all those who work within the Group are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. At Scott Bader, colleague participation in decision making is implemented at all levels through colleague representation in the governing bodies. In 2022 Scott Bader made another significant step forward in promoting industrial democracy by establishing a full time Chair for the Global Members' Board (GMB). Part of this role includes working with other organisations to grow employee ownership all over the world. Sam Boustred was appointed as the Chair and has a Board position with the Employee Ownership Association in the UK and a seat on the Southern African Employee Ownership Association Advisory Council based in South Africa.

As one of the fifty largest employee-owned companies in the UK, Scott Bader continues to work with Ownership at Work, the EOA's independent think tank with a national study of the social impact of employee-owned businesses. The evidence this project will deliver will convince more business owners that employee ownership is a credible succession option, and it will help other employee-owned companies benchmark against good practice.



Sam Boustred



MEMBER ENGAGEMENT

The GMB define member engagement as:

| | | |
|---|--|---|
| INFORMED Understand governance and our Guiding Principles | ACTIVE Participate in the democratic processes | VALUES-DRIVEN Work in line with our Core Values |
|---|--|---|

In 2022 there has been a focus on 'Informed'. During the Constitution review we took the time to revisit our Core Values and Guiding Principles and it was here that we made the decision to enhance these and make them fit for purpose without losing any of the original spirit with which they were written.

Scott Bader is a values-driven organisation so to make any changes to our beliefs requires a significant investment in communication. The communications team worked extremely hard in providing multiple platforms to engage with all colleagues so they would understand the changes and vote in favour of all the enhancements. The work paid off with a voting turnout the highest in over a decade and over 95% of colleagues being supportive. We are pleased to have set ourselves a new standard in active membership.

| | | |
|---|--|---|
| COMMONWEALTH MEMBERSHIP 596 (50 new) | AVERAGE VOTER TURNOUT 75% | AVERAGE NUMBER OF CANDIDATES STANDING FOR ELECTION 3 |
|---|--|---|

COMMUNITY RELATIONS

In addition, Scott Bader's UK head office supports its local community in the following ways:

- **Keep House** which is an asset of Scott Bader Commonwealth Ltd, is currently let to three local charities at a very competitive rate. There is also a small museum and meeting room available for hire. The museum which was opened in 2021 showcases the history of the building and Scott Bader in general. This provides Scott Bader with a great opportunity to speak about our unique organisation. The house also has a sensory garden which offers a calm place for reflection for both colleagues and the service users of the charities.
- **The Commonwealth Centre** is a facility for the local community to hire at a reasonable rate to hold their social events.
- **The Scott Bader swimming pool** for colleagues and local residents is offered at a discounted rate. There are also opportunities for schools, preschools and special needs groups to hire the pool exclusively.
- **Greenhouses and allotment plots** are available for colleagues and local residents to grow produce in a sustainable way which is shared with others, free of charge.

| COMMUNITY INVESTMENT | 2020 | 2021 | 2022 |
|---------------------------|------|------|-------|
| Charitable donations (£k) | 254 | 332 | 383 |
| as a % of pre-tax profit | 2.4% | 3.8% | 16.7% |
| Matched funding (£k) | 11 | 16 | 19.5 |
| Volunteering (hours) | 83 | 406 | 635 |



Compared to the B4SI 2022 global average of 0.79% in 2022, Scott Bader went far and above to donate 16.7% of its profits (before tax) towards community development, maintaining historic levels of charitable investments despite reduced profits during a difficult trading year.

Reference: Corporate Citizenship 2022.

LOOKING FORWARD

Following the completion of its Constitutional review in 2022, the Commonwealth Board (CWB) trustees have started to address the systemic improvements needed in the way the board operates and will continue to implement the following improvements:

- **Charity** – we will bolster and reconfigure charitable activities to deliver our charitable aims and responsibilities. Funding ratios for charitable donations will remain as present and we wish to widen the meaning of charitable giving to include encouraging and re-energising the volunteering undertaken by colleagues. We aim to replicate the Keep House model elsewhere in the Scott Bader

Group globally. This will provide local opportunities for good practice and outreach around selected locations across the Group.

- **Income** – we will agree a new way of securing a reliable income to fund the activities of the Commonwealth Office which supports a spectrum of charitable activities as well as the servicing of the democratic system.
- **Key Performance Indicators** – we have developed a set of measures to review how the company is performing. These will not solely be strategic and financial but cover other key components of excellent performance, including the discharge of Scott Bader Principles.

- **Engagement** – we will implement a refreshed way in which colleagues learn about the features and responsibilities of democracy in Scott Bader. This will include both the induction, orientation, and onboarding for new recruits along with the ongoing refreshment necessary to keep everyone committed and engaged. We recognise that this will have resource implications, and a need for a cultural change both within the Commonwealth and the Company as a whole, as we rise to the challenge to maximise our impact whilst promoting good practice in others, in line with our public benefit statement.



GOVERNANCE - THE SPIRIT OF SCOTT BADER

COMPLIANCE

We continue to work to ensure our products and processes align with all local and global chemical regulations. In 2022 we invested in a number of specialist skills to further improve our compliance envelope, tax, treasury, product regulatory for Asia, and company secretarial. Also, in 2022, 95% of colleagues completed compliance training.

Our Whistleblowing policy continues to be effective, and our external hotline remains available both as website reporting and through the phone and colleagues are urged to report any incidents of unethical behaviour including bribery, fraud, corruption and non-compliance. Two incidents were reported anonymously through Safecall (operated by the third-party provider) and two internally through the management line. All reported issues were investigated and addressed as required and we continue to identify and close legacy issues. We were also aware of two occasions when colleagues were approached with potential bribes. In both cases the event was reported and all interactions with the external person and company were discontinued.



| INDICATOR | 2020 | 2021 | 2022 |
|----------------------------|------|-------|--------|
| Whistleblowing | 0 | 4 | 4 |
| Training (% of colleagues) | 99% | 97% | 95% |
| Violations | 3 | 2 | 4 |
| Fines (£) | 419 | 2,863 | 19,877 |

Scott Bader remains committed to 'Acting beyond compliance', proactively driving a safe, transparent and ethical chemical industry, promoting exemplary conduct to deliver products and processes that safeguard people and planet whilst ensuring our colleagues act in line with our Core Values.

RISK MANAGEMENT

Risk is an accepted part of doing business. The real challenge for any business is to identify the principal risks and to develop and monitor appropriate controls. A successful risk management process balances risk and reward and relies on a sound judgement of their likelihood and consequence.

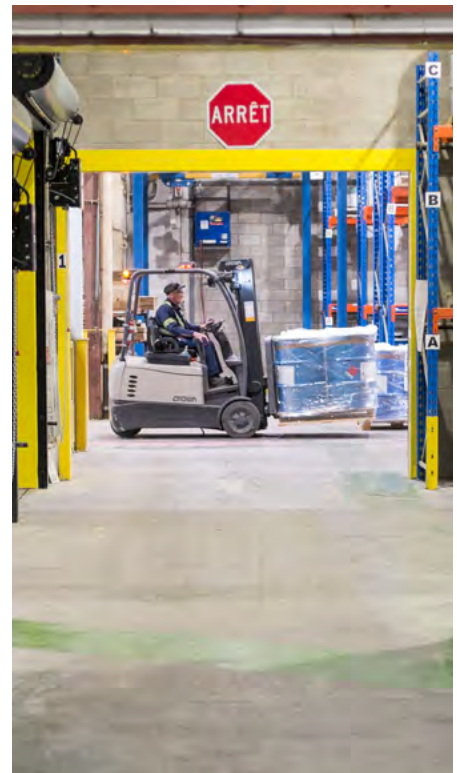
Scott Bader's Board and Management are responsible for developing and implementing a risk framework which supports the identification and mitigation of risks to Scott Bader's operations. Individual roles and responsibilities are set out below:

- **The Board** is responsible for setting overall risk appetite, approving the risk management framework, and approving the main risks identified by the risk committee for inclusion in our Annual Report.
- **The Risk Committee** is established to oversee risk management and make recommendations to the Board on the risk management framework and risk appetite. The committee is also responsible for reviewing the principal risks facing Scott Bader and escalating risk matters to the Board.
- **Management** is responsible for implementation of the risk management policy and framework within their respective areas of responsibility. Management is also responsible for setting 'tone at the top' in respect of risk management culture.

In 2022 the business continued to invest in improving risk assessment and management systems in health and safety, tax compliance, treasury, sales and operations planning, payroll processing and business processes. There was also a significant amount of work related to the Ukraine war to ensure that we met all the sanction requirements that were imposed and ceased all commercial activities with Russian companies or their subsidiaries. The knock-on effects of the war were also actively managed including energy which was generally hedged. Raw material cost increases were also unprecedented with the consequential requirement to manage pricing and working capital along with the underlying inflationary pressures. Finally, the Group also delivered a project to improve the resilience of the supply chain with multi-site manufacture and alternative energy options.

The cash position of the Group supported the high levels of capital spending despite higher raw material prices driving up working capital. The Directors renewed and increased the Group's financing capacity in Q1 2023 and remain confident that the Group will be sufficiently well capitalised for the foreseeable future because of current and projected business performance.

Details of the risks faced by the Company are clearly set out in Scott Bader's Annual Report.



STAKEHOLDER ENGAGEMENT

Our stakeholders are a valuable part of our business. Scott Bader's Constitution requires us to take into account stakeholder interests, including but not limited to Commonwealth Members, colleagues, customers, and the community. Evidence of our engagement is discussed in more detail in earlier chapters of this report.



CORPORATE GOVERNANCE

The most significant activity related to governance in 2022 was the Constitutional review which was overwhelmingly approved by Commonwealth Members at the 2022 AGM.

The previous Constitutional changes in 2010 served their purpose, but recent changes in the laws related to the UK Companies Act, and the Charities Commission, combined with the increasing internationalisation of the Scott Bader Group and a commitment to our 2036 vision required a more fundamental review. As a result, the company committed to a root and branch review to ensure that the Constitution was fit for purpose, aligned with our 2036 vision and that it protects and reinforces our Core Values and Guiding Principles, and in particular, our continued independence and industrial democracy.

The changes now approved by Commonwealth Members reflect our determination to protect the core elements of the Scott Bader Group.

LIVING OUR CORE VALUES

Responsibility & Empowerment

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



Commitment & Delivery

Commitment & Delivery

We are committed to the principles of common trusteeship and making Scott Bader a successful and resilient organisation with longevity.



Responsibility & Empowerment

Making a positive difference



Fairness & Compassion

Team Working & Innovation

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



Team Working & Innovation

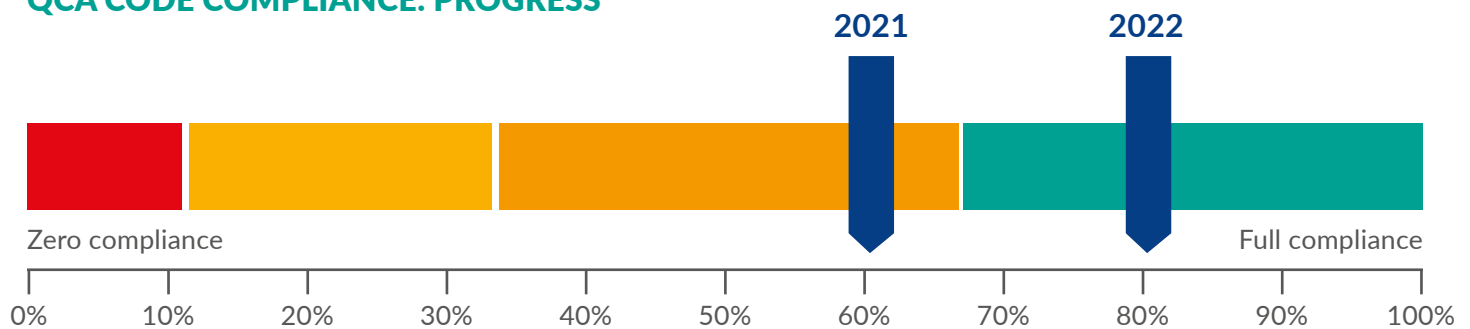
Fairness & Compassion

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

QUOTED COMPANIES ALLIANCE (QCA)

The QCA Corporate Governance Code is a principles-based, corporate governance code. Although not bound by the QCA Code, the Group is committed to fully aligning to the recommended guidance to further enhance our global governance, risk and compliance framework and a number of non-compliant aspects were addressed as part of the Constitutional Review.

QCA CODE COMPLIANCE: PROGRESS



Steady progress has been made through the year with the Group embarking on a number of initiatives bring us closer to full compliance with the principles of the QCA code. These include:

- **Completion of the Constitutional review** – clarifying the roles of the governing functions and identify the governing body responsible for assessing the Group Leadership Team (GLT) and Group Board against such criteria. The proposal was formally agreed at the AGM in May 2022. Final documentation is in the process of being prepared for distribution.
- **Execution of a skills assessment for the Group Board**

Three key actions remain open which prevent the Scott Bader self-assessment being noted as fully compliant: formal communication of the Constitutional review which is planned for the 2023 AGM, clarity around a stakeholder engagement policy and Board evaluation across all bodies.

The Group will continue to move towards full compliance in a structured, phased manner through 2023, as key open actions progress by building out the onboarding process for new Directors, review and publication of terms of references for our committees.

LOOKING FORWARD

Key priorities are :

1. Extended communication of the revised Constitution across the business and operation of the new roles within the GMB and CWB
2. Development of clear roadmaps and KPI's for key EESG objectives
3. Integration of risk into internal audit programme to create improved assurance

An aerial photograph of an industrial facility, possibly a paper mill or chemical plant, featuring several large buildings, storage yards with stacks of materials, and surrounding greenery. The image is overlaid with a large, semi-transparent blue triangle pointing downwards from the top left, and a solid yellow triangle pointing upwards from the bottom left, creating a dynamic geometric design.

APPENDICES

I. GLOSSARY OF TERMS



I. GLOSSARY OF TERMS

ABBREVIATIONS AND ACRONYMS

AGM – Annual General Meeting

CO₂ – Carbon dioxide

CWB – Commonwealth Board

D&I – Diversity & Inclusion

EESG – Employee, Environment, Social and Governance

EMEA – Europe, Middle East, and Africa

EO – Employee-owned

EV – Electric Vehicle

GHG – Green House Gas

GLT – Group Leadership Team

GRC – Governance, Risk and Compliance

GMB – Global Members' Board

HSE – Health, Safety and Environment

LCA – Life Cycle Analysis

ML – Megalitres

QCA – Quoted Companies Alliance

R&D – Research and Development

SBCL – Scott Bader Company Limited

SBCW – Scott Bader Commonwealth

SDG – Sustainable Development Goal

TEA – Techno Economic Analysis

TeCO₂e – Tonnes Carbon Dioxide Equivalent

UN – United Nations

UPR – Unsaturated Polyester Resin

GLOSSARY OF TERMS

Carbon intensity

Ratio of carbon used to produce a unit of product, typically measured in kgs of CO₂ per tonne of product.

Carbon-neutral

Reducing emissions which includes carbon offsetting, resulting in no net release of carbon dioxide into the atmosphere.

Circular economy

A regenerative systemic approach aimed at the continuous use of finite resources and eliminating waste.

Dual reporting

Reporting emissions using both location-based and market-based methodologies allows companies to compare their individual purchasing decisions to the overall GHG-intensity of the electricity grids on which they operate.

Green energy

Non-fossil fuel-based sources of energy such as solar, wind, hydroelectric and thermal.

Location-based

Reflects the average emissions intensity of electricity grids on which energy consumption occurs.

Market-based

Reflects emissions from electricity that companies have purposefully chosen. It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation (i.e., renewable energy credits).

Net zero

Negating the amount of greenhouse gases produced by business activities.

Rheology modifiers

Materials which impact on the flow and behaviour of a material.

Scope 1 GHG emissions

Emissions released to the atmosphere as a direct result of business activities. For example, emissions from company owned or company leased vehicles, onsite boilers/incinerators that use CO₂-emitting fuels.

Scope 2 GHG emissions

Indirect emissions that result from the generation of electricity, heat or steam purchased from a utility provider by the Company.

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