



# GLOBAL COMPACT REPORT 2014

SCOTT BADER d.o.o.

Zagreb, 03.2015



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## Profile 1 – Strategy and Analysis

# Global Compact Report

### Chairman of the Board's Report on Supporting Global Compact

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

Our business had a successful recovery in the last couple years, after business conditions and profitability on global market were strongly effected during the crisis started by the end of the previous decade, which forced the most of companies on significant reduction of costs and previously defined plans.

However our business principles and practice were not changed in times of crises and recovery, strengthening our opinion that in difficult times everyone should even stronger apply fairness and other right principles in own business environment. We believe that a business is successful only if the profit is gained from socially responsible business activities, not to be sacrificed for (usually short-term) financial goals only and that Global Compact principles keep their importance no matter of changes we witness on the global market.

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

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

March 2015

President of the Management Board

Andrej Potežica



## Profile 2 – Organisational profile

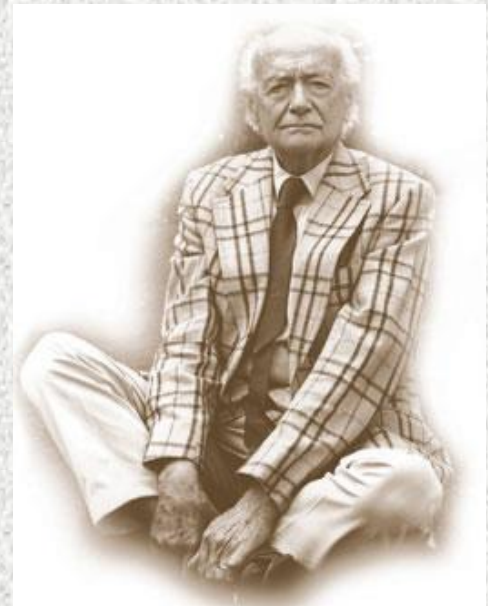
### Social Responsibility in Business Performance

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

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

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

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



#### The Commonwealth

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

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

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

## SCOTT BADER - Partner For Excellence

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

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

In April 2011 Scott Bader Group celebrated important jubilee – 60 years of Commonwealth, i.e. 60 years since the former Ernest Bader gave his company to employees for common management and trusteeship.

### Where does Scott Bader operate today?



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

Over the last 50 years the company has expanded geographically and today has manufacturing companies not only in United Kingdom, but also in France, South Africa, Emirates, Croatia, Canada, India and South America. It also has distribution companies or research centres in Ireland, Czech Republic, Sweden, Germany, Spain, USA and China. It employs over 600 people worldwide.

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

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

## From Scott Bader customers...

### PRESS RELEASE

Largest UK Manufactured Vacuum Infused Sailing Yacht Hull Infused Sailing Yacht Hull Uses Scott Bader's New High Performance Gelcoat Crystic® Permabright with Matched Resin System Uses Scott Bader's New High Performance Gelcoat



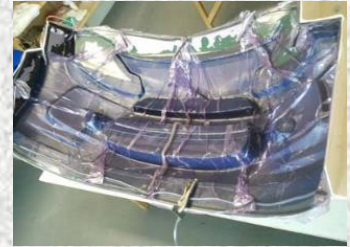
The largest fibreglass sailing yacht produced by resin infusion in the UK to date is currently being built by Discovery Yachts, at Marchwood, near Southampton. The transition by Discovery Yachts from traditional wet layup to infusion production for their new Discovery 57 has been driven by the company's desire to improve the quality and performance of their yachts, to reduce styrene emissions and improve shop floor working conditions. The new Discovery 57 composite hull is fabricated from Scott Bader's vinyl ester (VE) infusion resin Crystic®VE 679-03 in combination with a 'matched' marine system using Crystic VE 679PA skincoat and Scott Bader's new Crystic Permabright D-Iso/NPG high UV performance, marine approved gelcoat.

### World Rally Champion's Citroën DS3 Rallycross 600hp Super-car Benefits from Lightweight Carbon-Kevlar® Crestapol® Resin Composite Body Panels

The former World Rally Champion, Petter Solberg, is currently competing in the 2013 European Rallycross Championships with a customized 600 horse power Citroën DS3 super-car fitted out with new lightweight carbon-Kevlar® composite body panels. The new lightweight FRP composite parts were designed and manufactured by Motorsport composite specialists Galway Carbon. Each of the eleven new composite body panels for Solberg's Citroën DS3 was vacuum infused using Scott Bader's high performance Crestapol®1250LV urethane acrylate type acrylic resin reinforced with carbon fibre and Kevlar fabrics. To further reduce weight, a foam core was also used in the bonnet. Crestapol 1250LV acrylic resin was selected by Galway Carbon in preference to an epoxy infusion resin due to a combination of faster processability, reliable application performance in use and lower costs.

Sean Hession explained: "There are several reasons why we chose Crestapol 1250LV. The resin's mechanical performance is exceptional, combining the strength and durability needed to reliably cope with harsh rally car racing conditions; being a Scott Bader product we have a high level of confidence in its quality. From the processing side, it is extremely good for vacuum infusion, with very rapid cycle times at room temperature which is way ahead of any comparative epoxies, and the surface finish is

excellent. The final reason is that overall Crestapol has proved to be more cost effective than any epoxy resin we have ever used as we don't need to do any oven curing."



The now world famous powerboat, as driven up the Thames by David Beckham to bring the Olympic flame to the stadium for the London 2012 Olympics opening ceremony was a Bladerunner Br RIB35 manufactured by ICE Marine Ltd, fabricated using Scott Bader Crystic products. The Bladerunner BR RIB35 laminate design uses a Lloyd's approved Scott Bader matched marinesystem. ICE marine has been using Crystic resins and gelcoats to make their high performance powerboats for over 14 years.

Jeremy Watts, Managing Director of ICE Marine says:

*"We have been very impressed with the quality and performance reliability of Scott Bader products, which are also easy to use on the shop floor as they have excellent batch to batch consistency, so we know what we are getting every time."*



## **What is expected of Scott Bader people?**

The international business structure brings with it distinct challenges in operating as a common trusteeship. All Scott Bader companies wherever their location must work to a common set of principles:

- Care
- Equality (of opportunity)
- Ethics
- Involvement
- No discrimination
- Respect (human dignity)
- Service

Following development, organisation and very dynamic changes in business and global world in general, Scott Bader Group continuously monitor and review own policies, not moving further from main principles, those are universal and with no time limits.

During year 2011, after large consultation and opinions collected all around the Group, it was agreed existing principles, respecting the past and shaping the future, to cumulate into four main values, those define all principles we apply in achieving our goals, as well as values that should be applied in the activity of each of us in the Group. Those values are (each equally important, no matter of its place when written):

- Commitment
- Responsibility
- Team working
- Fairness

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

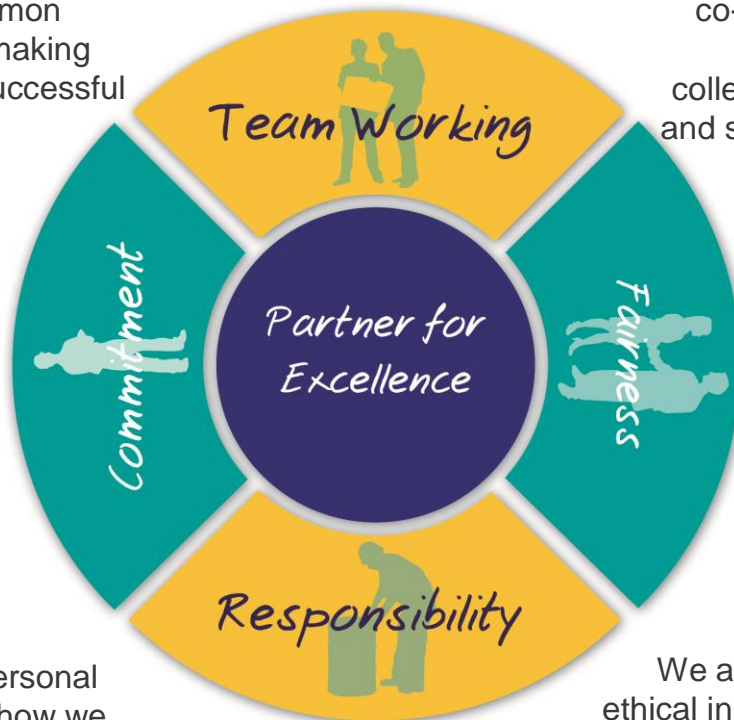
Employees of Scott Bader Group and members of Scott Bader Commonwealth are aware of the values that the Group nurtures and develops, those are visible in the organisation and functioning of each of Group companies, enabling a positive working environment and helping to each team in achieving their targets.

### Commitment

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

### Team working

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



### Responsibility

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

### Fairness

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

## **The arrival of Scott Bader to Croatia**

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

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

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

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

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

## **Business activities and company organization**

### **2.1.**

Name: SCOTT BADER d.o.o.

### **2.2.**

SCOTT BADER d.o.o. produces polyester, vinyl ester, alkyd and acrylic resins.

### **2.3.**

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

### **2.4.**

The Company operates at a single location, in Zagreb's Industrial zone. The Company's headquarters are located at Radnička cesta 173 i, HR-10 000 Zagreb, Croatia – the change of the street name and the number was made based on City of Zagreb decision, registered in the Company register on March the 6<sup>th</sup> 2012.

### **2.5.**

SCOTT BADER d.o.o. sales its products mostly in Central and Eastern Europe, and in several countries with its own developed distribution network, trademarks and years of presence on the markets of Germany, Austria, Italy, Poland, Czech Republic, Slovakia, Slovenia, Bosnia-Herzegovina, Serbia, Macedonia, Romania, Bulgaria, Russia, Ukraine, UK, France etc.

**2.6.**

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

**2.7.**

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

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

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



**2.8.**

The Company currently employs 59 people, 15 of which are women and 44 men.

A higher number of men are employed in Operations/Technical sector – there are men employed in the plant, warehouse and maintenance, while both men and women are employed in other organisational units.

Employee structure by gender at year end

Gender	2010	2011	2012	2013	2014
men	39	41	42	40	44
women	14	14	13	15	15
TOTAL	53	55	55	55	59

Employee structure by education at year end

EMPLOYEE STRUCTURE BY EDUCATION	2010	2011	2012	2013	2014
Master degree	1	1	1	1	2
University degree	8	8	9	10	11
High-school degree	25	28	27	26	28
High skilled workers	1	0	0	0	0
Skilled workers	11	11	11	11	11
Semi-skilled workers	1	1	1	1	0
Unskilled workers	6	6	6	6	7
TOTAL	53	55	55	55	59

Employee structure by age at year end

EMPLOYEE STRUCTURE BY AGE	2010	2011	2012	2013	2014
under 18 years of age	0	0	0	0	0
18 - 20	0	0	0	0	0
21 - 30	4	5	5	7	10
31 - 40	8	7	8	10	12
41 - 50	11	9	9	9	9
51 - 55	10	10	8	8	8
over 55	20	24	25	21	20
TOTAL	53	55	55	55	59

**During the reported period SCOTT BADER d.o.o. was awarded with  
HSE Award 2010 for 5S**

SEIRI-tidiness  
SEITON – orderliness  
SEISO – cleanliness  
SEIKETSU – standardization  
SHITSUKE – discipline



**During the reported period Scott Bader group was awarded with**

**The Gandhi Foundation International Peace Award 2014**

The Gandhi Foundation International Peace Award 2014 has been jointly awarded to Godric Bader, Life President of Scott Bader, and to the Scott Bader Commonwealth for the better business model created by him and his family, which continues today as a cornerstone of the Scott Bader Group globally. The award was presented during a special ceremony in London at the House of Lords on Thursday 30th October 2014. The event was attended by over 100 guests comprising members of the Bader family, friends, colleagues and associates of Scott Bader, as well as members of the Ghandi Foundation.



The award was received by Godric Bader, for his personal lifetime achievements and in recognition of the Scott Bader Commonwealth.



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

An Integrated Management System (IMS) has been established in SCOTT BADER d.o.o. in accordance to ISO 9001:2008 (quality), ISO 14001:2004 (environment) and OHSAS 18001:2007 (occupational health and safety) standards.

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

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

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

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

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

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

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





## CERTIFICATE OF APPROVAL

This is to certify that the Occupational Health & Safety Management System  
of:

**SCOTT BADER d.o.o.**  
**Radnička cesta 173i**  
**10000 ZAGREB**  
**Republic of Croatia**

has been approved by Lloyd's Register Quality Assurance to the following  
Occupational Health & Safety Management System Standard:

**OHSAS 18001:2007**

The Occupational Health & Safety Management System is applicable to:

**Development, manufacturing and sales  
of unsaturated polyester resins, vinylester resins,  
alkyd resins and acrylic resins in solvent**

Approval  
Certificate No: LRC 0120096/3

Original Approval: 30.01.2014

Current Certificate: 30.01.2014

Certificate Expiry: 29.01.2017

Issued by: Lloyd's Register Quality Assurance  
Italy Srl for and on behalf of Lloyd's Register  
Quality Assurance Limited



001

This document is subject to the provision on the reverse

Via Cadorna 69, Vimodrone (MI) 2090, Italy

For and on behalf of 71 Fenchurch Street, London EC3M 4BS United Kingdom

This approval is carried out in accordance with the LRQA assessment and certification procedures and monitored by LRQA.  
The use of the UKAS Accreditation Mark indicates Accreditation in respect of those activities covered by the Accreditation Certificate Number 001  
Macro Revision 13



## CERTIFICATE OF APPROVAL

This is to certify that the Environmental Management System of:

**SCOTT BADER d.o.o.  
Radnička cesta 173i  
10000 ZAGREB  
Republic of Croatia**

has been approved by Lloyd's Register Quality Assurance  
to the following Environmental Management System Standard:

**ISO 14001:2004**

The Environmental Management System is applicable to:

**Development, manufacturing and sales  
of unsaturated polyester resins, vinylester resins,  
alkyd resins and acrylic resins in solvent**

Approval  
Certificate No: LRC 0120096/2

Original Approval: 22.12.2010

Current Certificate: 23.12.2013

Certificate Expiry: 22.12.2016

Issued by: Lloyd's Register Quality Assurance  
Italy Srl for and on behalf of Lloyd's Register  
Quality Assurance Limited



This document is subject to the provision on the reverse  
Via Cadorna 69, Vimodrone (MI) 2090, Italy  
For and on behalf of 71 Fenchurch Street, London EC3M 4BS United Kingdom.  
This approval is carried out in accordance with the LRQA assessment and certification procedures and monitored by LRQA.  
The use of the UKAS Accreditation Mark indicates Accreditation in respect of those activities covered by the Accreditation Certificate Number 001  
Macro Revision 13



## CERTIFICATE OF APPROVAL

This is to certify that the Quality Management System of:

**SCOTT BADER d.o.o.  
Radnička cesta 173i  
10000 ZAGREB  
Republic of Croatia**

has been approved by Lloyd's Register Quality Assurance  
to the following Quality Management System Standard:

**ISO 9001:2008**

The Quality Management System is applicable to:

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

Approval  
Certificate No: LRC 0120096

Original Approval: 20 February 1996

Current Certificate: 14 January 2013

Certificate Expiry: 13 January 2016

A handwritten signature in cursive script, appearing to read 'Malinnet'.

Issued by: Lloyd's Register Quality Assurance  
Italy Srl for and on behalf of Lloyd's Register  
Quality Assurance Limited



001

This document is subject to the provision on the reverse  
Via Cadorna 69, Vimodrone (MI) 2090, Italy

For and on behalf of 71 Fenchurch Street, London EC3M 4BS United Kingdom

This approval is carried out in accordance with the LRQA assessment and certification procedures and monitored by LRQA.  
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Macro Revision 13

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

### **3.1.**

The Global Compact Report encompasses the period partly covered already in previous Report, and continues to period from 1st of January 2014 to 31st December 2014, with reflection to previous period with the goal of achieving better understanding of certain trends.

### **3.2.**

This is the fifth SCOTT BADER d.o.o.'s COP.

The previous one was submitted on 15th March 2014.

### **3.3.**

Report submission is on annual basis.

### **3.4.**

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

The Report was delivered by:

1. Ružica Geceg, Member of the Management Board, Finances, Administration and Human Resources
2. Andrej Potežica, President of the Management Board, Operations, Sales
3. Damir Brdarić, , Investment and Engineering Manager
4. Ružica Tomić Kezunović, REACH and Environment
5. Željka Grabner, Administration and IT
6. Ankica Sertić, Human Resources

### **3.5**

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

### **3.6**

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

### **3.7**

The Report is based on level C application of GRI Framework for Sustainability Reporting.

The complete COP Report shall be published on UN Global Compact web-site [www.unglobalcompact.org](http://www.unglobalcompact.org), and SCOTT BADER web site [www.scottbader.com](http://www.scottbader.com).

### **3.10**

Information and data from previous report are not changed.

### **3.11**

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

### **3.12.**

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

### 3.13

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

Financial data were verified through the audit of annual financial reports and activities of internal control, expressed a positive opinion. The audit was performed by iAudit d.o.o., Rijeka, Croatia, a local partner of Chantrey Vellacott, UK.

Certain parts of the Report refer to the functioning of the quality system according to ISO 9001:2008 standard, environmental system according to ISO 14001:2004 as well as OHSAS 18001:2007 for the system of occupational health and safety, and for all of them regular audits confirm positive results.

## Profile 4. – Management, obligations and participation

### 4.1.

Supervisory Board and Management Board

Supervisory Board:

- Mr. Jean Marc Bain, President
- Mr. Philip James Bruce, Member
- Mr. Andrew John Forrester, Member

Management Board:

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

### 4.14./4.15.

## SCOTT BADER d.o.o. stakeholders

### The report of stakeholders, communication and improvement

#### Customers

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

#### Suppliers

- We treat our suppliers as our partners in achieving our desired quality.

- We inform our suppliers of annual quality ratings of their supply of products and services and our cooperation as a whole.
- We expect our suppliers to operate in accordance with basic principles of business correctness, sustainable development and positive impact on the community in which they operate.

### **Owners**

- The owners as stakeholders are continually involved and informed of the Company's business performance and other important events in both the company and its environment through pre-defined reporting forms and through an on-going communication within the Group.

### **Employees**

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

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

- There are surveys organised in the Group on employees satisfaction with working in Scott Bader (how they happy with informing around the Group, with treatment by their managers, with health and safety conditions in the company they work, about their opinion on values and principles of the Group etc.)

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

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

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

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

**Local and wider community**

- The Company grants donations to charitable organizations from the Scott Bader Commonwealth Fund
- The Company and its employees, in accordance with the principles of Commonwealth, strives to be a useful member of local community
- Employees are encouraged to work in their local communities with a day off for such activities during the year

**Business and other associations**

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

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

The activities of SCOTT BADER d.o.o. in the Croatian Employers Association as well as its other activities are aimed at contributing to the improvement of the overall business climate in Croatia, especially in the area of industry and export.

# MAIN COMPANY AIMS AND POLICES

## MISSION

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

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

## **VISION**

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

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

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

Current improvements to organization and work processes that are components of the introduction of ISO 9001, ISO 14001 and OHSAS 18001 standards, the complete integration into the Scott Bader Group, computer-guided manufacturing and continual improvements to work practices, and care for employees, the workplace and the environment, shall enable Scott Bader to retain and enhance its status as a major supplier of resins to its customers and bolster its reputation of a company in which all employees see their long-term prospects.

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

### **1. INTRODUCTION**

This Code constitutes a set of postulates and guidelines to which all employees of the company SCOTT BADER d.o.o. adhere and to which they aspire, and of provisions on responsibility for their implementation. The term 'employee' encompasses all persons employed by the company full-time, part-time or under contract.

### **2. POSTULATES AND GUIDELINES**

The employees of Scott Bader hereby assent and warrant that the right to work is a fundamental human right and that it serves general progress only if it is based on morality, law and freedom of thought. This right is exercised by means of joint and individual activity, although accountability is always individual. Activities must be based on respect for others and mutual esteem. Management is the highest form of this activity, and its success is not possible without unity and firm personal integrity.

Pursuant to these postulates, all employees of Scott Bader knowingly and consistently accept the following guidelines:

- 1) Adherence to all company by-laws and laws and legal regulations.
- 2) Maintenance of the highest standards of ethics and morality regardless of pressure exerted by individuals or groups inside or outside of the company. Each employee is entitled and duty-bound to refuse to comply with orders which include the violation of this Code with no legal nor moral consequences whatsoever for such refusal.
- 3) Adherence to technological and labour discipline and conscientious execution of all contracts and agreements. In this regard, verbal orders, agreements and pledges have the same ethical force as their written counterparts.
- 4) A continuous aspiration to a high level of individual achievement and professional, intellectual and mental betterment, and selfless assistance to others for this purpose.
- 5) Orientation of one's activity toward the preservation and enhancement of the company's intellectual and physical assets, and its reputation and status in society, with particular emphasis on protection of all employees during work processes and protection of the environment as a whole. Within the framework of this guideline, all of the innovations and technical and operational improvements accomplished by an employee during the regular performance of his/her duties shall be deemed the intellectual property of the company.

6) Readiness to cooperate and unselfish sharing of one's knowledge with all employees of Scott Bader, and with its business partners, unless such knowledge constitutes one of the company's trade secrets.

### **3. RESPONSIBILITY**

The management, managers and all employees shall be obliged to adhere to this Code and foster the conditions where under each employee is able to adhere to its standards.

Any violation of this Code represents unprofessional conduct, especially where it involves endangering the well-being of the Company and its employees, endangering its natural environment, proven malice, a serious lack of expertise, ill judgement, distorting facts, forgery, bribery, revealing business secrets, and the abuse of assigned authorizations with the intent of making an employee violate the Code or for personal gain. Any such violation of the Code is considered a serious breach of job responsibility and may result in a withdrawal of previously assigned authorizations or one's position in the organization, suspension, while, in more serious cases, may provide a basis for termination of employment.

Any violation of this Code which at the same time represents a violation of legal regulations shall result in legal action being taken as well as sanctions stipulated by law.

Repetitious violation of the Code shall be sanctioned as an extremely dishonourable act.

The provisions of this Code shall be interpreted and implemented by the Board of SCOTT BADER d.o.o., with participation of the representative(s) of the employees' trade union and the Commonwealth.

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

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

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

- Deliver resins which comply with commissioned quality standards while ensuring a proper level of services
- Continually seek out and introduce improvements in all areas of activity with the goal of achieving the satisfaction of customers and other business partners, which will encourage full cooperation
- Systematically educate and train employees to promote awareness of quality with emphasis on activities directly influencing quality
- Manage quality, environment and occupational health and safety in compliance with ISO 9001, ISO 14001 and OHSAS 18001 standards under the constant supervision of the company's IMS representative who shall have the full support and cooperation of the Management
- Continually observe and implement improvements to the Quality, Environment and Occupational Health and Safety Management System
- Systematically follow and coordinate our activities with legislation and other mandatory requirements
- Implement measures aimed at ongoing improvements to workplace safety and environmental protection
- All employees of SCOTT BADER d.o.o. shall demonstrate their attitude to the job and their co-workers by adhering to the Code of Ethics and Business Conduct.

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

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

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

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

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

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

## CODE OF PRACTICE FOR COMMONWEALTH MEMBERS

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

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

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

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

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

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

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

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

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

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

**F** We must:

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

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

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

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

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

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

**K** Our social responsibility also extends to

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

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

# THE FOUNDING PRINCIPLES OF GLOBAL COMPACT

## The founding principles of Global Compact

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

### Human Rights

#### Principle 1:

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

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

#### Principle 2:

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

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

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

### Labour Standards

#### Principle 3:

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

Every employee of SCOTT BADER d.o.o. has the opportunity to exercise their right to freedom of association. 58% of employees are members of the Trade Union of Chemical Industry Workers and 95% are members of the Commonwealth, a union of employees within the Group, through which they exercise their right to participate in reaching decisions regarding the most important issues related to the Company's business and other issues related to the Statute of the Company.

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

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

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

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

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

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

The principle is clearly stated in our internal acts.

Below is age structure per main departments in the company:

Years	Administration					Operations				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Below 18 years	0	0	0	0	0	0	0	0	0	0
18-20	0	0	0	0	0	0	0	0	0	0
21-30	1	0	0	1	3	3	5	5	6	7
31-40	1	2	2	3	3	7	5	6	7	9
41-50	4	2	2	2	1	7	7	7	7	8
51-55	2	4	3	4	5	8	6	5	4	3
above 55 years	3	3	2	1	0	17	21	23	20	20
Total	11	11	9	11	12	42	44	46	44	47

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

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

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

Our internal acts include a description of a mechanism which is at the disposal of our employees for protection from any form of discrimination, as well as procedures set and

named persons responsible for resolving any situation in which an employee might feel discriminated in any way.

## **Environment**

### **Principle 7:**

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

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

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

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

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

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

Here are some of the large-scale interventions and investments made during the course in 2010 and 2011:

- technological improvement of the production process by introducing Molten PA charging system reconstruction and implementation, by which the production process was made shorter, safety was improved, working conditions were made significantly easier and safety in the protection of the ecological system was improved.
- improvement in the sewage system of the entire site. This large-scale intervention is carried out over a three-year period and it was completed 2011. It includes a complete reconstruction of the technological water sewage system and the reconstruction of the catchments, precipitation and waste water system, all in compliance with a project approved by Hrvatske vode (Croatian Waters).

- reconstruction of the flooring in production plants. Its aim is to match the latest environmental and production standards.
- Reconstruction of the pools in which hazardous substances are stored
- new pumps and pipes (to prevent leakage)
- old level indicators on all monomer underground tanks was replaced with new ones
- new waterproof floor in peroxide warehouse
- replacement of insulation system (sheet and wool) on all tanks and Pthalic Anhydride storage tank

The section "Environmental impacts" contains indicators of the application of this principle in more detail.

Due to our legal obligations to get environmental licence (IPPC directive) most of our investments in 2012 was related with ecological and energy savings improvement:

- nitrogen in house production. Nitrogen generator was installed and now we are producing nitrogen from compressed air.
- steam heating of buildings replaced 2012 and 2013 with new more efficient central hot water heating system (steam losses are reduced)
- 150 meter of old underground water pipelines was replaced with new one (water losses are reduced)
- investment in central dust collector system (dust emissions are reduced to minimum)
- two new underground double walls tanks for solvent and monomer storage was bought and old single walls tanks are replaced
- we invested last few years in new chemical resistant and watertight floors in monomer and solvents warehouse, oils and alcohols warehouse, solid raw materials warehouse and in production plant building in order to prevent soil and underground water
- in September 2013 we finished and connected in a new sewage system DN800 to municipal sewage system
- in 2014 we got construction permit for 1<sup>st</sup> stage of VOC treatment plant for waste air from SCOTT BADER d.o.o. process plant. We also finished 1<sup>st</sup> stage (connecting all process waste air outlets to collecting and measuring line). We are continuing with project and planning to finish 2<sup>nd</sup> project stage (choose, order and install VOC treatment plant) until end of 2015
- in 2014 we changed all windows in the building with the plant and production offices (decreasing heat loss factor) and renewed production offices roofing with 100 mm thicker heat insulation

- during 2014 adaptations are finished in production plant control room, bathrooms, rest room and workers wardrobes

**Principle 8:**

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

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

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

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

## STATEMENT REGARDING REACH

SCOTT BADER d.o.o., as a responsible company, and in an effort to prevent any surprises regarding the REACH Regulation 1907/2006, because Croatia was not EU member on that time, has named Scott Bader Co. Ltd. as its sole representative in the EU, and has pre-registered all substances and all substances used in preparations acquired from the EU market and from non-EU markets. Although confirmations have been received from almost all suppliers that they started the pre-registration process, this alone still provides no guarantee regarding the completion of the registration process. SCOTT BADER d.o.o. has therefore adopted the so-called "safety net" approach, in accordance with the recommendations given by the European Chemicals Agency (ECHA), and pre-registered all identified substances which are used as monomers or additives.

For REACH purposes, SCOTT BADER d.o.o. is a manufacturer of polymeric products, which are themselves exempt from REACH Registration requirements. However, the raw material substances must be registered. For all supplied raw materials and for those traded products that are not exempt from the REACH Regulations, SCOTT BADER d.o.o. relies on the supply chain to also have completed Pre-Registrations, and to complete Registrations according to the applicable deadlines (December 2010, June 2013 or June 2018). To this end, we are continuing to work in close contact with our suppliers, including those located outside the EU, to ensure that all REACH obligations are met without interrupting supply.

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

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

In accordance with Commission Regulation (EU) No 453/2010 all SDS for our products (mixtures) comply with Annex I (Annex II) to this Regulation after 1 December 2012.

**Principle 9:**

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

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

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

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

**Anti-Corruption**

**Principle 10:**

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

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

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

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

# ECONOMIC DIMENSION

**EC1**

SCOTT BADER d.o.o. is the only manufacturer of composite resins and specialty polymers in Croatia, recognised on the regional market, but as well as, together with other producers of the Scott Bader Group, on the European and global market.

SCOTT BADER d.o.o. enhanced its years-long tradition of supplying high-quality products to its customers, who are industrial producers as well, by introducing product brand and ranges of Scott Bader.

The future of our Company and the Group, as well as any other company that strives to succeed in chemical industry, depends on investments into product development and new technologies, as well as the ability to continually monitor and use the development achieved by our customers and suppliers, in order to respond in a fast and proper manner to all quality requirements in each business segment.

SCOTT BADER d.o.o., being mostly an exporter and also a producer of chemical products, is exposed to oscillations on both the raw-materials market and on the final products market. We operate on a very complex market, subject to extremely swift changes.

The Company therefore tries and succeeds in utilising its capacities to a maximum level through continuous improvements of the organization, technology, quality, cost management and human part (personnel) of the business.

SCOTT BADER is an important exporter and with a large share of its product range it is an important regional producer. In the last several years export presents 85% of total sales.

Year 2014 was another successful year for our company. Although volume of our product sold of 14.583 tonnes was lower than 16.203 t in 2013, and sales from turnover of 181 mil was also lower to last year achieved 200 mil HRK, final results are higher due to improved product mix i.e. with larger sales of better value added products, but also due to market position of the industry.

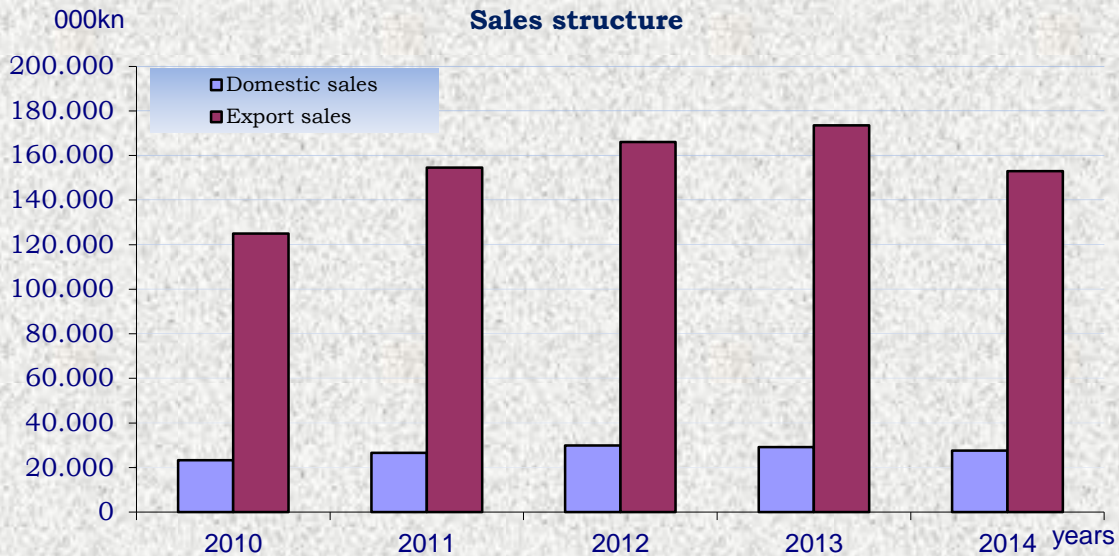
These main factors, supported with Company's efforts on cost saving, increasing efficiency and applying internal solutions for further costs (energy) saving, helped in achieving profit before tax for the year 2014 of 2,47 mil HRK, i.e net result after taxes of 1.96 mil HRK.

Increased profitability is even more important as the market we operate on is still very difficult, exposing manufacturers to the continuous fluctuations of raw material prices. Following that, there is a significant pressure on the market by the competition too, that is also trying to regain own market position, partly by decreasing own earnings to a minimum. We managed to stabilise market position of our sales, with no debts in risk or losses of collections.

With the aim of minimising risks (mainly exposure regarding collections) on markets, we would like to see more development of local and regional market, those are still slowly recovering, as we are keeping our leading position on domestic market and strengthening our position in the region.

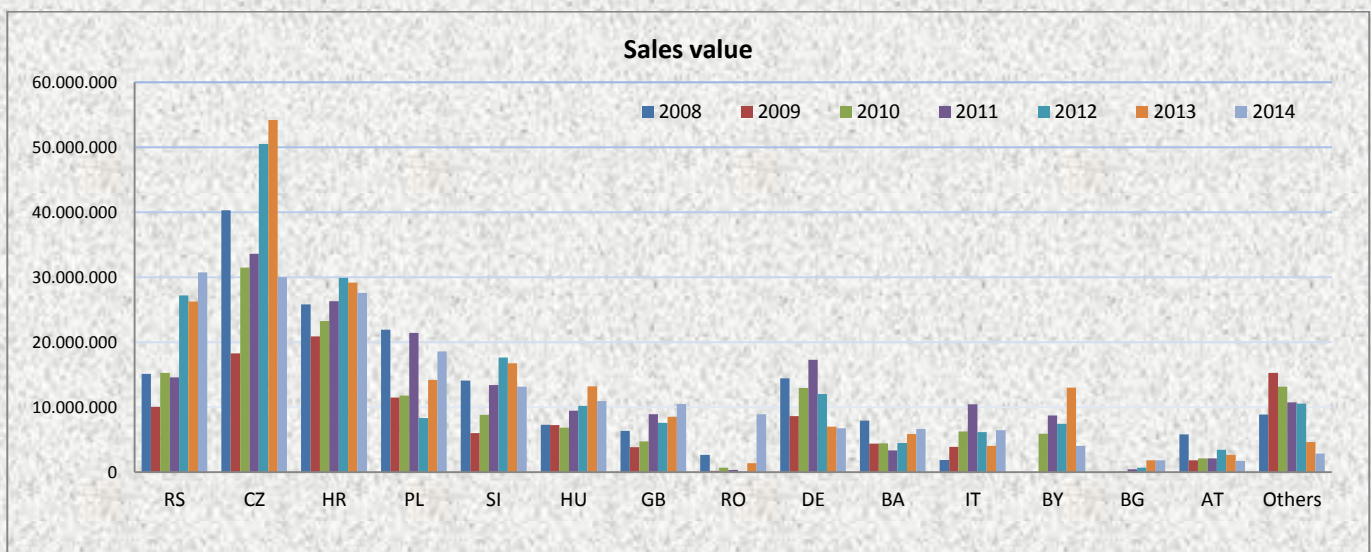
## Sales structure

Sales structure HRK 000s	2010.	%	2011.	%	2012.	%	2013.	%	2014.	%
Domestic sales	23.338	15,74	26.601	14,69	29.867	15,24	29.188	14,40	27.606	15,29
Export sales	124.975	84,26	154.505	85,31	166.118	84,76	173.537	85,60	152.970	84,71
<b>TOTAL</b>	<b>148.313</b>		<b>181.106</b>		<b>195.985</b>		<b>202.725</b>		<b>180.576</b>	



Our products are delivered directly from our site in Zagreb in over 20 countries, and through our distributors wider market is supplied.

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



## Direct, achieved and distributed economic value

Direct, achieved and distributed economic value					
	2010	2011	2012	2013	2014
<b>Direct economic value</b>					
a) Income	148.821	182.283	197.910	204.161	181.853
<b>Distributed economic value</b>					
b) Business expenditures	123.329	166.021	174.681	181.767	159.147
c) Employee's salaries and benefits***	9.241	9.252	9.468	9.511	10.027
d) Payments to capital providers	376	331	314	270	159
e) Payments to the State	1.124	1.419	1.579	787	2.052
f) Investments into Community*					

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

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

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

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

Paid interest includes the interest paid for a loan granted by a Scott Bader Group company. The intercompany credit decreases the Company's exposure towards third parties and enables a more favourable financial arrangement than it would have been should a loan be granted by a third party (e.g. domestic banks). A nominally paid interest amount is decreasing and does not represent a significant financial burden to the Company.

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

\* Investments into the Community: this segment shows the specific characteristics of the organization and functioning of the basic principles in the Scott Bader Group and the existence of Commonwealth. The Scott Bader Group is expressively turned towards its local and wider community, and its financial participation is performed through donations, voted on Assembly by all members of the Commonwealth and paid from a joint fund on the Group level. Therefore the amounts of donations are not shown in the table above, as no expense for local company occurred, although the donations were made to Croatian charities, following the proposal of SCOTT BADER d.o.o. employees.

## Donations

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

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

In the year 2014 SCOTT BADER d.o.o. has got from Scott Bader Commonwealth Limited amounts of 7.980 GBP to be donated.

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

During 2014 we added few more charity associations to be donated where we recognize the need for help.

Charity / year	2011	2012	2013	2014
SNAGA	1.500	1.000	1.500	1.000
SOS village, Lekenik	1.500	1.500	1.500	1.000
Krijesnica	1.500	1.000	1.500	500
Croatian Association of the Blind	1.500	1.500	1.580	1.000
Put u život	1.500	1.300	1.500	1.000
Debra	0	0	0	1.000
MIPZ	0	0	0	500
Rehabilitation center "Stančić"	0	0	0	980
Rehabilitation center "SILVER"	0	0	0	1.000
Duge pruge	0	1.000	0	0
<b>Total</b>	<b>7.500</b>	<b>7.300</b>	<b>7.580</b>	<b>7.980</b>

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

### **The SNAGA (STRENGTH) Association of persons with cerebral palsy**

NGO "SNAGA" is providing information for cerebral palsy sufferers considering innovative therapeutic options for their invalidity thus converting them from hopeless to treatable patients with hope for recovery and gaining full life and work capability as well as providing funding for required medical services.

Charity was founded in 2004 by parents of cerebral palsied children seeking innovative methods of rehabilitation based on new insights in neuroscience. Neuroplasticity is a phenomenon which gives possibilities of treatment so far non treatable neurological patients and was recognized about 20-15 years ago. Since institutions of medical system are slow in implementing new ideas in everyday practice they wanted to make an out of institutional medical project complying with their aim. So they found medical doctors willing to work in a new paradigm thus providing users with project of integral neuro rehabilitation.

Main achievement consists in reduction of invalidity degree in their members who are cerebral palsy sufferers, submitted to integral neuro rehabilitation program. The progress is documented by video footage "before and after" as well as with GMFM 66 and 88 questionnaire scoring.

Project "INTEGRAL NEUROREHABILITATION OF CEREBRAL PALSY" is based on new ideas in neuroscience which claim regenerative capacity of injured brain based on ideas of neuroplasticity ([www.dr-roje.com](http://www.dr-roje.com)). Thus previously hopeless patients (invalids) with cerebral palsy (especially children) have new hope for their recovery. So far results of project are excellent.

The need for this project is huge because it helps children with severe disability to reduce the disability and regain neurologic health. Children treated with integral neuro-rehabilitation without it will stay disabled. Using it they will have a normal life.

Project of integral neuro-rehabilitation benefits the public because if implemented correctly, it reduces the number of disabled individuals in the community.



### **SOS Children Village**

SOS Children's Villages look after children without parents or parental care, regardless of their race, nationality or faith, providing them with love and security in the family environment, as well as a permanent home and education needed for happy and peaceful childhood.

Association SOS Children's Village Croatia has been active since February 25, 1992, as a full member of SOS Kinderdorf International, the world's largest NGO in the field of child and youth care. SOS-KDI is seated in Innsbruck, Austria. SOS Children's Village



**SOS DJEČJE  
SELO  
HRVATSKA**

Croatia provides home for 250 children in two SOS villages, one in the village of Lekenik, close to Zagreb, and one in the village of Ladimirevci, in eastern part of Croatia.

## A loving home for every child!

Children who arrive to SOS Children's Village Croatia (SOS CVC) sometimes need special expert assistance that cannot be provided by SOS CVC staff. One of those special needs refers to the special learning and reading impediments and SOS CVC has to engage external experts.

In school year 2014/2015 they will have 26 children who will need the assistance in relation to their learning and reading impediments. From this group, 15 children will need to start or continue regular specialist sessions with speech therapist in order to develop or improve their speech quality. The remainder of the group – 11 children with learning disability caused by different conditions (ADHD, dyslexia, dysgraphia, emotional difficulties) who attend primary school will need ongoing expert assistance of the defectologist who will help them to follow the school curriculum. Priority is that the children who are in care of SOS CVC get all the possible assistance that will enable them to successfully complete primary school education on their way to getting a degree which will lead them to independent life once they are released from our care.

The funds they applied for will be used for expert assistance in the SOS Children's Village Ladimirevci at the beginning of the school year 2014/2015.



SCOTT BADER d.o.o. also donated SOS selo Ladimirevci in kind. Action was taken in June and July 2014.

### **Udruga Krijesnica (Firefly)**



Firefly is a humanitarian association for helping children and families facing malignant diseases. It is operating in Zagreb but supports families from whole Croatia as well as families from neighboring countries (Bosnia and Herzegovina, Serbia, Macedonia, Slovenia).

#### Regular activities:

- Providing everyday living space for families of children suffering from malignant diseases while they are waiting for a medical exam, test results etc.
- Organizing, intermediating and conducting certain benefits for parents and children (such as beneficiary parking tickets and discount on transportation tickets in the City of Zagreb, discount on train tickets in all parts of Croatia, toll free passage on motorway)
- Counseling in achieving social and health rights for parents
- Psychological support (support groups, individual counseling/psychotherapy) for parents whose child is in treatment, for parents whose child had died and other members of their families
- Providing support and assistance when death of a child occurs (counseling, support with completing documentation)
- Conducting international rehabilitation camp for children who have completed treatment
- Kayak rowing for children who have completed treatment
- Nutritional counsel (educations, cooking workshops, group and individual consultations)
- Education on achieving social and health rights
- Technical support for parents (use of telephone, fax machine, internet, copy machine etc.)
- Publishing materials tailored for children, parents and broader public
- Interactive video thesaurus for children and youth suffering from malignant diseases titled Oncology-and-Me
- Activities for raising public awareness and increasing society's sensibility for issues of children facing cancer
- Activities on advocacy for health and social care rights of sick children and their families

#### Key achievements:

##### ***Firefly – Association for helping children and families facing malignant diseases***

has continuously worked with the vision of increasing the quality of life of children facing malignant diseases and their families. During 14 years of our work, from 2000 to 2014, we have been available to the parents of the sick children 24/7 (24 hours per day, seven days per week) and over 1250 direct beneficiaries have benefited from their services. Some of key achievements are:

- Over 40 actions were conducted, aimed at gathering direct help for parents and sick children, for equipping oncology wards, acquisition of medication and regular association activities;
- 20 projects were conducted (of which there had been 10 rehabilitation camps for children who had successfully completed treatment for malignant disease, 3 camps were international because children from Serbia, Bosnia and Herzegovina, Macedonia and Turkey participated as well);
- Only centre in Croatia which conducts psychosocial support for parents, organizes support groups for parents whose child is suffering from a malignant disease and support groups for grieving parents, individual psychotherapy sessions for parents, children and youth who have completed treatment;
- Published sixteen different educational materials
- In the year 2014, the service of counseling in achieving social and health rights was provided to over 114 families. Psychological support group for parents whose child is in treatment or had passed away due to cancer has been attended to 26 people. The

service of long term accommodation was used by 40 families. Organizing, mediating and conducting certain benefits were used by 100 families.

*Firefly* nourishes cooperation and partnership established through membership in national and international associations (such as *ICCCPO - International confederation of childhood cancer parent organizations*, *Coalition of associations in health system*, *Coalition of associations for children etc.*) *Firefly* recognized a great need for development of palliative care in Croatia, especially palliative care in childhood. We have established regular contact with *Centre for palliative medicine, medical ethics and communication skills*, *Centre for coordination of palliative care in City of Zagreb* etc.

*Firefly* has been recognized by the parents as the first place to contact when in need of help and as a place where they can receive support during the entire period of dealing with the disease and even after that.

Because of *Firefly's* actions and work, during the last few years, all childhood oncology wards in Republic of Croatia have been fully equipped, and the greatest contribution has been made to KDB Zagreb. They are especially proud that a new oncology ward in KBC Rijeka has been opened in 2012 greatly due to *Firefly's* work.

### **Donation in year 2014:**

**Young Firefly's** is a project for young people treated from malignant disease, and thus enables connection over them at national and international level in order to contribute to increase the quality of life for their members.

The project includes a minimum of 70 young people treated for malignant disease in childhood, between ages of 16-29. Within the evaluation it is identify that the number of users is performed based on the number of young people treated for malignant disease in childhood in a closed Facebook group Youth *Firefly's* which on the day of June 10th of 2014 was 58, and their number constantly grows.

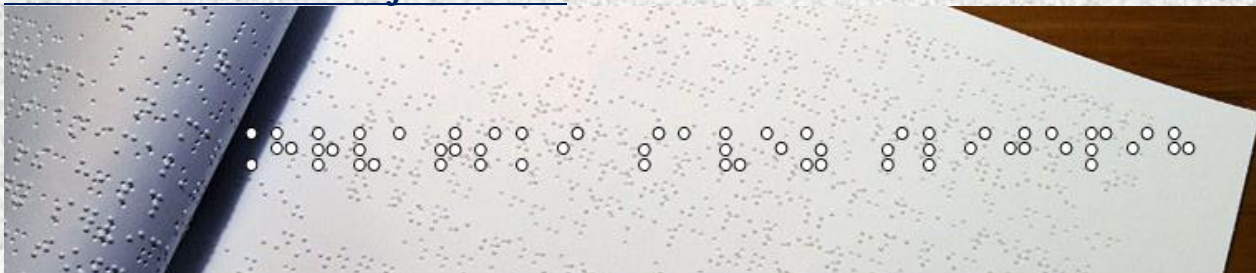
Within the project, Young *Firefly's* will be covered by regular gatherings through meetings, training and tours.

Their union will take place not only at national but also at international level through study visits to other countries and participation in international conferences. Each of their meetings will be structured and focused on their empowerment but also to create activities to those who are now in treatment and those who have completed treatment. Directed them to follow the local, national and international policies and initiatives relating to their group. For example, at the European level to develop a project that would allow monitoring the consequences of the disease and ensure preventive step for the preservation of health.

Donated funds were covering the travel costs for the Regional gathering of young people treated for malignant disease: II. Regional Convention *MladiCe* that took place from August 20-24. 2014.in Belgrade.

Regional convention gathered 50 young people from Serbia, Macedonia, Slovenia, Bosnia and Herzegovina and the Croatian. Croatia sent 16 youngsters treated for malignancy and one companion - an employee of the *Firefly*.

### **Croatian Association of the blind**



Croatian Blind Union (CBU) was founded on June 16th 1946, as a non-governmental institution.

From then on, persons with visual impairments across Croatia gather in one of their 27 core member associations within umbrella of Croatian Blind Union. These associations are functioning as local city or county associations covering all Croatian territory and gathering around 6200 members and 250 volunteers. Bringing to life the founders' motto „*Blind for the blind, also*”, they take their part in sharing the responsibility for a better future.

The mission of the CBU is as follows: to ensure respect of the human rights and elimination of all forms of discrimination against persons with visual impairments; to promote and implement a proactive policy in the field of social welfare including the provision of immediate humanitarian assistance necessary for persons with visual impairments; to ensure the practical application of the latest achievements in the field of education, rehabilitation and employment of persons with visual impairments; to act in protection and improvement of the health of persons with visual impairments; to participate in improving the environmental and physical planning and adjustment of certain real life solutions for persons with visual impairments; to affirm this population in all areas of social life; to sensitize the public for the social needs of this population; to achieve full inclusion of persons with visual impairments into the life of the community.



Background and objectives. Due to the feedback of VIPs on the current situation concerning their needs and rights and the results of evaluations of current three-year program, CAB decided to apply for this CFP. One of the problems of VIPs derives from the fact that they depend on sighted assistance which is often not available.

Also, many of the VIPs need to increase their competences in order to be more independent and undergoing rehabilitation once again in their local community. The overall objective of the project is contribution to the employment and better integration of Visually Impaired Persons (VIP) through development of the specialised community based social services. Specific objectives are:

1. Increase individual competences of the VIP for their better integration into community through providing (1) rehabilitation and (2) Personal Assistant Service (PAS);
2. Develop a quality PAS in the community through training Personal Assistants (PA) on how to assist VIP and therefore increase their employability and independence.
3. provision of the personal Assistant Service (PAS) on the field: 3.1. Organizing field work and other logistics for personal assistants + leads to result 3: 100 VIPs benefit from Personal Assistant Service (assistance in orientation, getting to know environment, e-mails, job seeking, paying bills, and provision of emotional support);
4. promotion of the action through advertising possibilities for PAS through various media channels and establishing partnership approach in developing community-based social services for VIPs implemented at the national level, leads to result a: public awareness and established partnership approach in developing community-based social services for VIP implemented at the national level.

The project will last 18 months.

Donations from The Scott Bader Commonwealth will be spent on procurement activities adapted aids for blind people that they will use in everyday life, as well as activities related to the production of brochures and guides intended for family members and sighted assistants.

## **DEBRA**



DEBRA Croatia was founded in 1996 with the goal of getting families with EB member together and organizing help and support for children affected by EB. Debra's activities are aimed towards improvement of health and social security.

\*Epidermolysis bullosa (EB) is a very rare severe genetic disease that apart from skin problems makes complications and causes many side effects on other organs (eyes, digestion system, locomotion system etc.). EB requires a multidisciplinary approach and systematic monitoring of the patients. Most of the EB sufferers are 80-100 % disabled only after few years of life.

Epidermolysis Bullosa\* means fragile and sensitive skin like butterfly wings. Everyday life with EB means new injuries, new dressings, pain and surgical interventions. EB in its most severe forms means constant dependence, help, care and support for the sufferers and those caring for them.

The main current activities are providing services in the Croatia to improve the quality of life of people with EB via our team of specialist and social care managers. Debra also tries its best to provide maximal assistance and support in procurement of health care products and overcoming of everyday difficulties (nurse/social worker) for whole family.



In order to provide better and adequate every day assistance to people with EB, we have organized Debra Centre. Our Centre is behind Children's Hospital, and consists of office facilities (as education center and distribution center) and accommodation (two-bedroom apartment) for families while visiting Hospital or just for various workshops and socialization. Patients with Epidermolysis bullosa sometimes need to do check-ups and medical treatments that may last for several weeks in Zagreb and for that time they need accommodation. To help EB patients and their families to overcome financially high costs we provide them free accommodation.

EB is very rare condition, so, for parent to stay with child in hospital is absolute necessity. Unfortunately our hospitals usually don't have such possibilities, so they are trying to support families to be as long as possible in hospital with child, and have assured accommodation very near. 24 hour service and everyday care support and a rent of apartment are financially very demanding.

Financial support from SCOTT BADER would contribute to make efforts of lasting Debra Centre sustainable in order to provide better care for EB sufferers and their families.

### **PUŽ (SNAIL)**

Put u Život (A Way into Life) – Association of parents of children with special needs was founded to improve the quality of life, medical and social protection of children with special developmental needs and their families through education, various therapeutic treatments etc.

Regular activities are divided into programs for children, parents and public, as well as programs for wider social community.

Programs for children consist of group activities (such as art workshop, Orff music workshop, computer workshop, playroom and similar) as well as individual programs (different rehabilitation programs such as Montessori, Marte Meo, DIR/Floortime, Sensory integration and speech therapy).

Programs for parents are based on education and assistance which are offered to parents of children with special needs by means of organizing and participating in seminars, conferences and workshops as well as by providing published information. Social gatherings are organized in order to share experience and take concerted actions. Their public activities are directed toward raising level of public awareness and sensibility, issues of integration and inclusion and similar. Also, we are organizing debates, contacting with the media, cooperating with faculties and other institutions that deal with problems of persons with special needs.

DIR/Floortime therapy is a specific technique to both follow the child's natural emotional interests (lead) and at the same time challenge the child towards greater and greater mastery of the social, emotional, and intellectual capacities. In this therapy is critical role of parents and other family members because of the importance of their emotional relationships with the child. DIR/Floortime therapy is a comprehensive framework which enables to construct a program tailored to the child's unique challenges and strengths. The role of the child's natural emotions and interests are in focus, because has been shown to be essential for learning interactions that enable the different parts of the mind and brain to work together and build successively higher levels of social, emotional, and intellectual capacities. DIR/Floortime includes sensory integration too.

Floortime is one of methods of rehabilitation, suitable for different kinds of disabilities because it focuses on basic developmental abilities regardless of the rate. It meets all children where they are and builds from there upon their strengths and abilities through interacting and creating a warm relationship..

Floortime ensures the basic developmental steps are strong and gives tools to improve thinking and communicating. A diagnosis does not and should not decide the limits of what child can achieve developmentally. It challenges them to go further and to develop who they are rather than what their diagnosis says.

DIR/Floortime approach is new in our country, only several educated therapists work with children. Two of them are our employees. This model gives opportunity for number of children with developmental problems to develop skills and improve general condition of them.

**MIPZ**

International Association of Natural Health  
(Međunarodni Institut Prirodnog Zdravlja)



International Association of Natural Health is a non-profit organization aimed at furthering and improving the quality of life and health of citizens, children and young people with special needs, including persons with disabilities.

The main activity of the Association is to provide adequate educational-rehabilitation programs aimed at improving health, overcoming disability and damage.

Through regularly conducted programs and projects: Health first of all, I have health-I have a life, Natural health of our children, A healthy child- A happy child, Our children- Naturally healthy, we achieved a number of results: the disappearance of allergies, vision improve, loss of claustrophobia, chronic bronchitis, strengthening the immune system, improved circulation, stop bedwetting, better communication within the school and in the family, security, tranquility, peacefulness, less aggressive children, better concentration and creativity, greater interest and willingness to learn and many other.

In program we're using natural methods: education, relaxation, specific exercises, acupressure and massage reflexotherapy whose presenters and therapists were trained by expert doctors of Traditional Chinese Medicine.

Program Healthy-Happy is for children and teenager-adolescent young people from 3 to 19 years of age with psycho-physical disabilities such as: ADHD, hyperactivity, concentration and motoric disorders, depression, anxiety, bed wetting, asthma, bronchitis, allergies, speech/articulation disorders, dyslexia, dysgraphia and many others. In program we're using natural methods: education, relaxation, specific exercises, acupressure and massage reflexotherapy whose presenters and therapists were trained by expert doctors of Traditional Chinese Medicine. Program is conducted every day for 1 hour and it consist education, relaxation, specific exercises, acupressure, reflexotherapy massages. Monthly costs for 5 children are 23433.00 HRK (2446.29 £)

Funds donated from Scott Bader will be spent on paying the rent (393.57 £), overhead expenses (water, electricity, gas... 241 £), president salary (365.38 £).

This is a highly efficient natural method, without pain, drugs and operations that gives fast and great health results. Doctors approve and support our program after seeing results of examinations that confirm improvement and progress of health status of users of our program.

## SCOTT BADER - Partner For Excellence

Hyperactivity, sudden mood changes and aggressiveness has become often and highly significant social problem that leads to violence and bullying among children and adolescent. Violence and bullying leaves physical and psychical marks on victims for life, it changes them from the inside and it leads to difficulties when they are adults. Treatments diminish hyperactivity, aggression, violence because children are more relax, peaceful; treatments direct children to peaceful solving of problems and conflicts, understanding, tolerance, agreements and dialogue. All that decrease violent and hostile forms of behavior in our society. This program also prevents appearance of hyperactive and aggressive behavior in children and adolescents.

Today the number of children and adolescent with allergies, asthma, bed wetting, depression, anxiety, mood swings is increasing and statistics show further increasing in upcoming years. This program allows them to solve these problems entirely, from the root, on natural way, without drugs (corticosteroids and antidepressive) and their serious side-effects.

Children and adolescent with psycho-physical disabilities have problems in social integration, communication with other children and adults. They can't express themselves or show their true potential because people don't understand them. That leads to alienation, dissatisfaction, anxiety, depression and unhappiness.

Project Health-Happy diminishes and prevents hyperactivity, bullying, violent forms of behavior and violence among children, adolescent and later among adult people. It stimulates communication, tolerance, peace, understanding, agreements, patience, tranquility, peaceful solving problems and conflicts. Children won't fight or bully each other. Society will be healthier, without unwanted incidences like fighting on streets, shooting in schools or on streets, drug using.

Improving of communication and understanding among each other and with people that are surround by, increase of concentration, attention, creativity and intelligence leads to better results in school and later in college/university and better jobs. Children grow up in quality, conscious, capable, advanced adults that contribute to society with their knowledge, ideas and creativity.

Children attending this program have more interests in school, sport, languages learning, dance and other afterschool activities. Less children hangout in bad society and streets because they have work to do, they have interests, goals and want to do something with their lives.

This program helps parents because it shows them how to help their children, how to work with them at home, how to understand more and encourage more their children. Parents can go to work (don't have to be at home with children 24/7), be more successful at work or be promoted, can earn money and don't have to depend on social help because they don't have to worry about their children in the way like they did before, they aren't under so much stress and pressure like before, they are more relax, calm, peaceful, they have more patience and better communication with their children. Family becomes a quality family because of communication, respect and trust.

Program works from individual, over family to society and this is the importance of this program and the reason why it has to be conducted.

A healthy individual - a healthy society

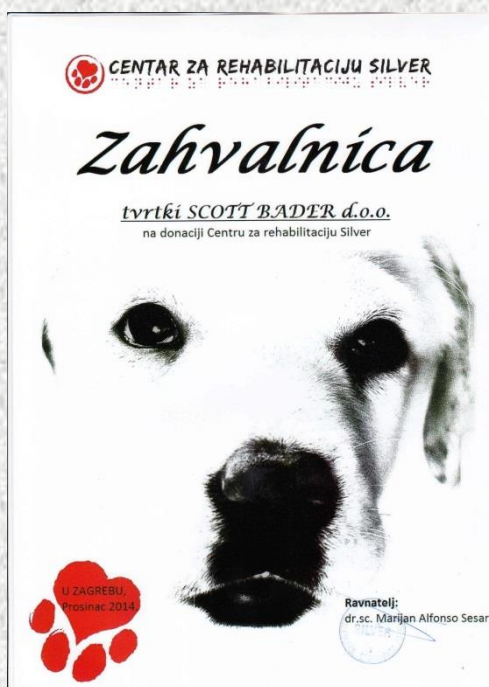
## **SILVER - Rehabilitation Centre Silver**

The Rehabilitation Centre Silver is a specific and unique institution in this region of Europe, which trains assistance dogs (guide dogs, service dogs for the people with mobility difficulties or people who use wheelchairs and service dogs for the children with developmental difficulties (cerebral paralysis, autism, blindness, children at risk of neurological disorders, ADHD, etc').

With project they will cover part of health care (vaccines, parasite repellents and treatments, and special food and food supplements) for all categories of our dogs - puppies, assistance dogs in training and retired assistance dogs.

CZRS's aim is to increase the number of appropriate health and suitable temperament dogs which will become an assistance dogs which can be assigned to the disabled people and children.

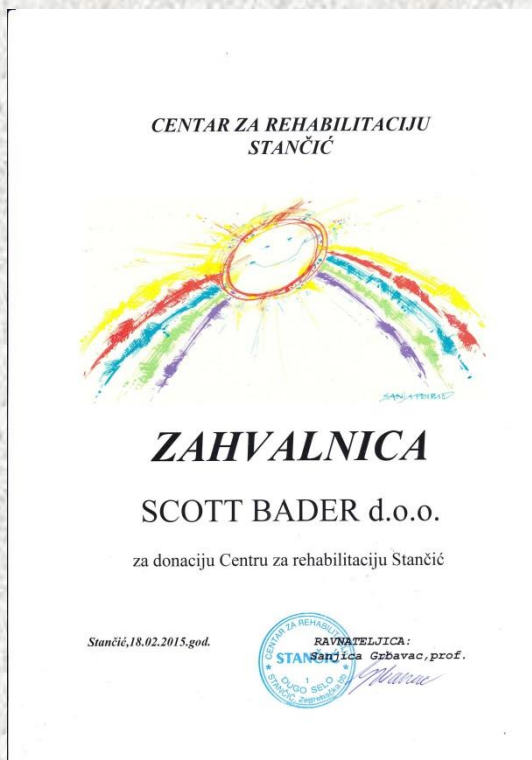
With increasing the number of the working guide dogs seeing every day on the streets, in shops and public transportations will also increase the public awareness for possibility for the blind and other disabled people to be independent and mobile. In Croatia is still low tolerance for the assistance dogs to enter the shops, banks and public transportations. With increasing the number of assistance dogs, during the time, will decrease the number of incidents and become normal that the blind person with guide dog have access to everywhere.



## **REHABILITATION CENTER STANČIĆ**



Center is social welfare institution which organizes the care of people with intellectual disabilities. Rehabilitation centre stančić provides service at several location in local community. At headquarters of the centre stančić is organised accomodation and care for 213 people with intellectual dissabilities. And also community living for 80 people in two location.



Center offers services for 55 children and adults through daily centres in two towns, Dugo selo and Vrbovec.

The donation from SCOTT BADER will be directed to increasing quality of services for children in Daily centre Vrbovec. Daily centre Vrbovec includes 25 children with intellectual dissabilities from 2 to 16 years old. These are children who came from their families and they are included in rehabilitation programs. Working with children conducted by different professionals: rehabilitator, speech therapist, occupational therapist, physical therapist and educator.

Donation will be used for purchase didactical material for work with children, office material and for organizing trips for children to zoo and some other educational places.

Children who are included in Daily Center Vrbovec come from families that are low-income. They need help through many services: early intervention, nursing, integration in ordinary school programs with aim of further life in their community, but their parents cannot afford all that thei children need.

# SOCIAL DIMENSION

## SOCIAL DIMENSION

### Aspect: Community

#### SO1.

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

#### 1. Importance

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

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

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

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

We are not in any way involved in public politics and we do not use any type of lobbying.

We have also never had, neither we ever shall make a donation to or support any political party or a similar institution.

No proceedings were ever launched against us regarding a (dis)respect of free competition.

In our recent history we were never fined or financially sanctioned for not respecting law and regulations.

#### 2. Compiling data

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

### **3. Definitions**

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

### **4. Documentation**

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

# ENVIRONMENTAL DIMENSION

## Environmental dimension

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

Taking care about effects on environments is visible through energy utilisation and emission to air and water, as well as cumulating dangerous and non-dangerous waste. There is a continuous request from all responsible sectors (R&D, manufacturing, maintenance) to decrease energy consumption at total, but also per product item. Emission to air is measured on 19 locations in the plant and laboratories and all results are below defined minimal values, that put request to repeat our check every five years. Emission in the air from burnings in our own hot oil boiler is measured, according to the law, every two years. Every year we submit requested reports on emission in the air to the Register ROO.

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

Surveillances made each year by inspections of different area (fire protection, health and safety, sanitary, vessel under pressure...) showed that in our company there is a high compliance with law regulations, that secures minimal effects on environment and people's health, as well as enable to prevent and avoid any accidents with risk for people and environment.

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

**EN3****Direct power consumption**

For heating of production reactors during resin production we are using 2,5 MW thermal oil heater with natural gas fired burner installed 1999. From 5.2013 we connected to the thermal oil heater also heating new central hot water system for buildings and storage tanks.

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

Problems in gas supply results in investment in gas burner with possibility to use gas and diesel fuel.

In 2010 we have made the reconstruction of the gas burner, which we further reduce gas consumption in 2011.

As we from 11.2012 to 5.2013 replaced steam heating of buildings (production plant, production offices and oil warehouse) and some technology heating systems (homogenizers, molten AMK storage tank) with hot water central heating (heat is produced by our natural gas fired Heater) we had increase of natural gas consumption per ton of production in 2013 comparing 2011 for 18,8 % but we had big decrease of steam consumption in 2013 for 41% and decrease of steam consumption in 2014 for 59% comparing 2012.

**EN4****Indirect power consumption**

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

Electric power is mostly used in production.

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

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

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

From 10.2012 until 5.2013 we replaced steam heating of buildings and production storage tanks with new more efficient central hot water heating system (we replaced also steam utilisation with more favourable power source natural gas). In 8.2013 we changed thermal insulation on all production vessels (reactors, tanks, columns). Result was steam consumption 3357 tones (-41 %) less in 2013 comparing 2012 and 4767 tonne (-59%) less in 2014 comparing 2012.

**EN8 and EN10****Water**

All water is obtained from local water supply system which is subject to strict control. For a number of years the meter is checked on a daily basis, with the purpose of providing a timely reaction in case of a leakage or an error in production process.

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

We also have new vacuum pumps system implemented in 2010, with sealing water closed loop, that additional decreased water consumption. Previously system used sealing water only in one direction, not in circulation.

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

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

## EN16

### Greenhouse gas emission

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

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

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

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

	Total CO <sub>2</sub> / production kg/tonne
2010	179,2
2011	180,5
2012	196,0
2013	163,3
2014	155,5

After finished heating system reconstruction in 2013, total our site's energy consumption and CO<sub>2</sub> emission was decreased to 156 kg CO<sub>2</sub>/tonne of product in 2014.

**EN20****SO<sub>2</sub> and NO<sub>x</sub> emission**

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

Emission of NO<sub>x</sub> increases with increasing production. Anyway with small reconstruction of hot oil burner in 2012 we decreased NO<sub>x</sub> emission under regulatory obligated limit 200 mg/mn<sup>3</sup> (2014 =184,3 mg/mn<sup>3</sup>). To achieve bigger reduction in NO<sub>x</sub> emission it is necessary to change the burner on the hot oil boiler for heating the plant.

	<b>NO<sub>x</sub> / production kg/tonne</b>
<b>2010</b>	0,0690
<b>2011</b>	0,0928
<b>2012</b>	0,0720
<b>2013</b>	0,0739
<b>2014</b>	0,0647

**Dust emissions in air from production**

In production we are using also solid raw materials and charge them through hoppers into reactors. In 2012 we have invested in Central dust collector and filter system. It is the best solution for reducing organic dust emission during our solid raw material charging. We measured dust emissions before and after installation of central filter.

We decreased with new filter system installation dust emission to air from 102 to 3,1 mg/m<sup>3</sup>.

**EN21****Waste water release**

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

A new positive step forward is seen when the closed gasket water system in 2011 is installed in the new vacuum station.

## **EN22**

### **Total waste**

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

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

For this reason, we have increasing quantity of non-hazardous waste.

Quantity of hazard waste is higher past four years due to our obligation according to IPPC regulation (reference documents for polymer production) is to send our reaction waste water to thermal treatment (waste incinerators).

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

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

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

## **EN26**

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

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

A very efficient system has been introduced 7 years ago in SCOTT BADER d.o.o., enabling that packaging from our customers is disposed in Croatia. The amount of packaging collected and disposed of is related to the sales on the domestic market, so in the year 2007, in the light of record sales on the domestic market, the quantity of disposed packaging was the highest ever.

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

## **EN30**

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

The last few years our expenditures related to ecology are over 1.000.000 HRK (131.600 EUR), especially in 2013 when we finished investment in new sewage system and started with designing treatment plant for waste air contaminated with VOC (volatile organic compounds) during resin production. VOC treatment plant is planned to be finished until end 2015.