



GLOBAL COMPACT REPORT 2017

SCOTT BADER d.o.o.

Zagreb, March 2017



SCOTT BADER

"We pioneer the future of chemistry, making a positive difference to all businesses we serve and each life we touch."

Content

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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 continued with successful recovery and growth in last several 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 SCOTT BADER d.o.o. I can confirm that we continue to apply and promote the concept of socially responsible business conduct and every single principle of Global Compact.

March 2018

President of the Management Board

Andrej Potežica



Profile 2 – Organisational profile

Social Responsibility in Business Performance

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

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

The founding of the SCOTT BADER Company and Group

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



The Commonwealth

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

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

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

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

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

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, Croatia, South Africa, Middle East, Canada, India and South America. It also has distribution companies or research centres in Ireland, Czech Republic, Sweden, Germany, Spain, USA and China. It employs over 650 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...

The recently opened **Ferrari Land theme park** in Spain includes the spectacular new Ferrari Experience building with striking red panels made from Scott Bader Crestapol®. The façade designers, Permasteelisa, and our customer, Miraplas S.L, producer of the moulded components were confident in using Crestapol® after the success of the EDEM Business School at the University of Valencia.

To produce the panels for this project, 7 tonnes of Crestapol® 1212 with 170phr fire retardant filler (ATH) was used.

Reminiscent of a sleek red Ferrari, the 4000m² Ferrari Experience is the most impressive building at Ferrari Land and is home to:

‘Ferrari Land Gallery’ - *A journey through the history of Ferrari*

‘Racing Legends’ - *A journey through time with Scuderia Ferrari*

‘Flying Dreams’ - *Around the world with Ferrari*



Limbo Marine

a manufacturer of high quality angling boats for over 20 years, has traditionally made their moulds of Crystic® Gelcoat 15PA, Crystic® VE679NA and a UP resin from another supplier. Previously it has taken 5 to 7 days to build up the layers of Crystic® VE679NA and the UP resin to reach the required 15-18mm thickness causing shrinkage. To solve this shrinkage issue, Limbo Marine turned to our matched tooling system for the production of their 16 metre long hull mould.

The total mould area was around 90m², and Crystic® Resin RTR 4000PA used to build up the laminates, totalling 9 layers of 450g/ m² CSM. The laminates were finished in 3 days (4 days faster than their old system) due to the rapid tooling resin. Our rapid tooling resin has allowed Limbo Marine to halve the time it takes to produce a mould.

Following on from this success, Limbo Marine will be using our matched tooling system for their next project - a 24 metre long hull mould.



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Skargards

produce a premium line of Swedish hot tubs and today is one of Europe's leading wood-fired hot tub producers delivering their products throughout 15 European countries. Skargards produces its hot tubs in a factory on the coast of lake Vänern in Sweden offering 3 different models that seek to combine innovative ideas with the charm of traditional wood-fired hot tubs. To produce long-lasting products, Skargards uses Crystic® Gelcoat G 976 SMK, as well as the hardener Butanox M-50 to produce their ergonomic glass fibre tubs. The gelcoat is suitable because it provides a high chemical and hydrolysis resistance which allows customers to use chlorine, salt and active oxygen to remove bacteria from the water.



GSI Shanghai

is the Chinese manufacturing plant for the GSI Group. The plant produces composite components for the agricultural, automotive, commercial vehicle, design and electricity markets.

GSI Shanghai chose Scott Bader's Crestabond® M1-20 to bond their skylight roof construction for use in their trucks. The roof is manufactured out of Sheet Moulding Compound (SMC), the surface of which is pre-polished before dosing 50ml of Crestabond M1-20 around the edge of the roof construction. Each product needs around thirty seconds working time before being placed into a 60 centigrade oven for curing. When the surface of adhesive has hardened the operator will take it out and install the remaining parts.

GSI Shanghai produce around a thousand skylight roofs per month.



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SCOTT BADER GROUP SHOWS IN YEAR 2015, 2016 and 2017

2015

Japanese Automotive Show - an automotive trade show

Compotec Show - a composites show held in Italy

Ecobuild - UK based sustainable design, construction and energy event

JEC - the world's largest composites event held in France

European Coatings Show - held in Germany

FAST (Fastening & Assembly Solutions and Technology) a fastening and bonding show held in the UK

US Truck Show

FAST Exhibition held in the UK

China Adhesives Exhibition held in Shanghai

The International Boatbuilders Exhibition & Conference (IBEX) held in the US

Composites Europe show held in Germany



2016

CAMX – North America

FEIPLAR – South America

JEC – France

EXPERIENCE COMPOSITES – Germany

INNOTRANS – Germany

METS – Holland

CHINA COMPOSITES – China

ADVANCED ENGINEERING SHOW – U.K

SHIPWRIGHT LECTURES – U.K

COMPOSITES EUROPE – Germany

MIDEST – France

CHINACOAT – China

Kompozyt Expo – Poland



The exhibition season highlights Scott Bader's global reach. With customers across the globe, it's vitally important we attend exhibitions to not only enhance current relationships but also build new ones! As a business we are striving to make a positive difference across the globe.

2017

- [Dubai Rail Show](#), 7-8 March 2017
- [JEC World](#) (Paris), 14-16 March 2017
- [European Coatings Show](#) (Nuremberg), 4-6 April 2017
- [Automechanika](#) (NEC), 6-8 June 2017
- [China Composites](#), 6-8 September 2017
- [CAMX](#) (US), 12-14 September 2017
- [IBEX](#) (US), 19-21 September 2017
- [Composites Europe](#) (Stuttgart), 19-21 September 2017
- [Bondexpo](#) (Stuttgart), 9-12 October 2017
- [Advanced Engineering](#) (NEC), 1-2 November 2017
- [METS](#) (Amsterdam), 14-16 November 2017

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 is, have to work with the common set of principles:

- Commitment
- Responsibility
- Team working
- Fairness

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

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

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

SCOTT BADER

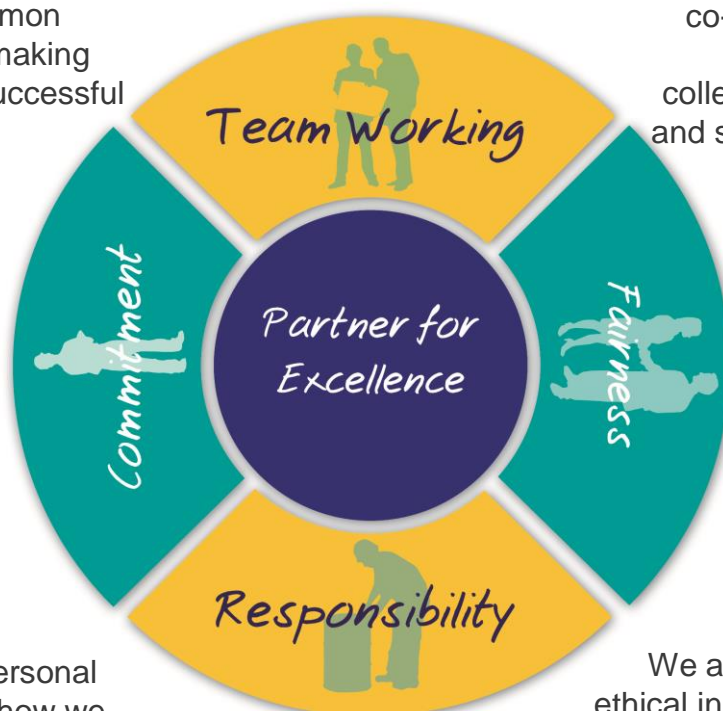
"We pioneer the future of chemistry, making a positive difference to all businesses we serve and each life we touch."

Commitment

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

Team working

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



Responsibility

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

Fairness

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

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

Those are reflected in our way of working:

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

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

SCOTT BADER

"We pioneer the future of chemistry, making a positive difference to all businesses we serve and each life we touch."



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

OUR 7 STRATEGIC GOALS



PIONEERING THE CIRCULAR ECONOMY

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



ACTING BEYOND COMPLIANCE

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



DELIVERING VALUE TO SOCIETY

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



STRIVING FOR EXCELLENCE

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



UNLEASHING COLLEAGUES' POTENTIAL

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



PARTNERING FOR SUCCESS

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



PROTECTING OUR ENVIRONMENT

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



Making a **positive** difference

Our Purpose Statement

Making a Positive Difference...

As of 6 July 2016 Scott Bader Group has a new company purpose statement:

"We pioneer the future of chemistry, making a positive difference to all businesses we serve and each life we touch."

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

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

During the reported period SCOTT BADER was awarded with

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.



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Scott Bader wins innovation award

Scott Bader's joint submission with customer Far-UK won the Composites UK 2015 'Innovation in Design' Award for the innovative "Intrado" car which was manufactured by Far-UK Ltd using our Crestapol® 1250LV Resin.

Scott Bader Wins 2016 'Most Innovative Supplier' Award from LM Wind Power

Scott Bader was presented with 'Most innovative supplier 2016' award for its new, 'zero styrene' spray gelcoat technology. The prestigious supplier award certificate was presented by Marc de Jong, CEO of LM Wind Power to Malcolm Forsyth, Director, Global Strategy for Scott Bader, who has overall strategic partnership responsibility for LM Wind Power. LM Wind Power is a long standing key global customer, whose factories use Scott Bader gelcoat and structural adhesive in the production of FRP wind turbine blades around the world.



Scott Bader UK was recognized with the Gold Award by the organization Investors In People (IIP). About 2% of the ~ 10,000 companies accredited IIP are granted a gold award. It reflects companies' effective management and development of their people. As IIP stated to us: "Your success not only reflects your own commitment but is also an acknowledgement of the effort of everyone who works for your organisation." As IIP becomes more and more known internationally, we will explore if this accreditation can be deployed beyond Wollaston

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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. manufactures polyester, vinyl ester, alkyd and acrylic resins and similar products.

2.3.

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

2.4.

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

2.5.

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

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2.6.

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

2.7.

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

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

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



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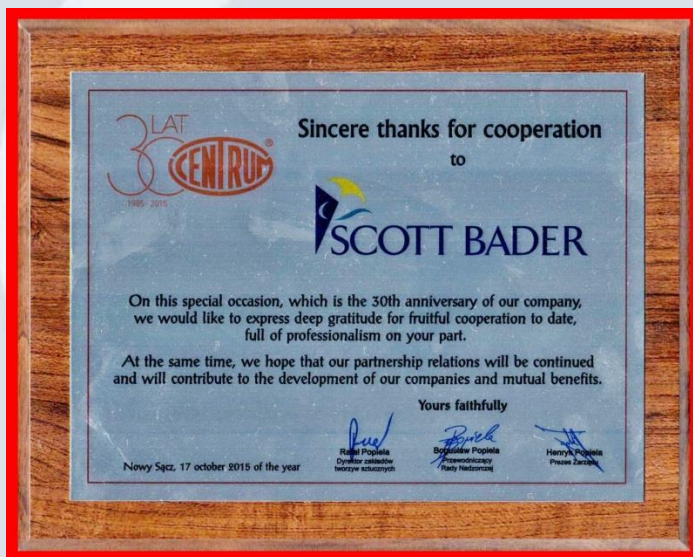
During the reported period SCOTT BADER d.o.o. was awarded with 2nd sales achievement in growing margin, 2015

For an astounding performance in 2015



PLAQUE FROM CUSTOMER

Expressing deep gratitude for fruitful cooperation and full professionalism.



2.8.

The Company currently employs 60 people, 15 of which are women and 45 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	2014	2015	2016	2017
men	44	47	45	45
women	15	16	16	15
TOTAL	59	63	61	60

Employee structure by education at year end

EMPLOYEE STRUCTURE BY EDUCATION	2014	2015	2016	2017
Master degree	2	3	3	3
University degree	11	10	10	11
High-school degree	28	34	38	36
High skilled workers	0	0	0	0
Skilled workers	11	10	7	7
Semi-skilled workers	0	0	0	0
Unskilled workers	7	6	3	3
TOTAL	59	63	61	60

Employee structure by age at year end

EMPLOYEE STRUCTURE BY AGE	2014	2015	2016	2017
under 18 years of age	0	0	0	0
18 - 20	0	0	0	0
21 - 30	10	11	12	10
31 - 40	12	17	21	24
41 - 50	9	9	10	10
51 - 55	8	8	7	5
over 55	20	18	11	11
TOTAL	59	63	61	60

There was a generation change in our company, as visible from the table with age structure. In these couple years over 15 employees left the company for retirement and new employment is enabling smooth takeover from experienced colleagues to younger/new employees.

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.





Lloyd's Register
LRQA

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 polyester resins, vinyl ester resins, alkyd resins and acrylic resins in solvent

Approval
Certificate No: LRC 0120096/3

Original Approval: 30.01.2014

Current Certificate: 30.01.2017

Certificate Expiry: 29.01.2020

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 below.

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For and on behalf of 1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom.

This approval is carried out in accordance with the LRQA assessment and certification procedures and monitored by LRQA.
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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 polyester resins,
vinyl ester resins, alkyd resins and acrylic resins in solvent**

Approval
Certificate No: LRC 0120096/2

Original Approval: 22.12.2010

Current Certificate: 23.12.2016

Certificate Expiry: 14.09.2018

Issued by: Lloyd's Register Quality Assurance
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The use of the UKAS Accreditation Mark indicates Accreditation in respect of those activities covered by the Accreditation Certificate Number 001
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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 polyester resins,
vinyl ester resins, alkyd resins and acrylic resins in solvent**

Approval
Certificate No: LRC 0120096/1

Original Approval: 20.02.1996

Current Certificate: 14.01.2017

Certificate Expiry: 14.09.2018

Issued by: Lloyd's Register Quality Assurance
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Profile 3. - The Report Parameters

3.1.

The Global Compact Report encompasses the period partly covered already in previous Report, and continues to period from 1st of January 2017 to 31st December 2017, with reflection to previous period with the goal of achieving better understanding of certain trends.

3.2.

This is the ninth SCOTT BADER d.o.o.'s COP.
The previous one was submitted on 11th March 2017.

3.3.

Report submission is on annual basis.

3.4.

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

The Report was delivered by:

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

3.5

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

3.6

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

3.7

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

The complete COP Report shall be published on UN Global Compact web-site www.unglobalcompact.org, and SCOTT BADER web site www.scottbader.com.

3.10

Information and data from previous report are not changed.

3.11

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

3.12.

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

3.13

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

Financial data for 2016 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, which is working with the Group's auditor Moore Stephens, 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. Jean-Claude Pierre, 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

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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

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

Employees

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

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

- our employees are also informed through the Members Assembly, a body that include representatives of employees – stakeholders for each Group company.
- There are surveys organised in the Group on employees satisfaction with the work in Scott Bader (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.

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- 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.

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

MAIN COMPANY AIMS AND POLICIES

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
- Identify, analyze and address risks in business and manufacturing processes and strive to find opportunities for new improvements
- Continually observe and implement improvements to the Quality, Environment and Occupational Health and Safety Management System
- Systematically follow and coordinate our activities with legislation and other mandatory requirements
- Implement measures aimed at ongoing improvements to workplace safety and environmental protection
- All employees of SCOTT BADER d.o.o. shall demonstrate their attitude to the job and their co-workers by adhering to the Code of Ethics and Business Conduct.

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

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

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

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

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

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

CODE OF PRACTICE FOR COMMONWEALTH MEMBERS

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

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

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

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

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

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

D Being in a position of authority Managers must:

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

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

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

F We must:

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

G In the event of a downturn in trade we will consider whether circumstance

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make it desirable or practical to share all remaining work rather than expect any of our fellow members to be deprived of employment, even if this requires a reduction in earnings.

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

- H** We have agreed not to hold second jobs without having first sought the approval from the company.
- I** The foundation/creation of our Commonwealth abolished the existence of Scott Bader shareholders and with it the power of share ownership. For this reason we will not acquire other companies, without offering their staff Commonwealth membership as quickly as possible.
- J** We have a responsibility to the society in which we live and believe that should we have a special talent or interest, it would be right to offer this to the wider community. Members are encouraged to engage in some to form of social or public service, however small.
- K** Our social responsibility also extends to
 - 1. Limiting the use of our products to applications beneficial to the community, in particular excluding specific applications used in manufacturing weapons of war
 - 2. Reducing any harmful effects our work has on the natural environment, e.g. by rigorously avoiding the negligent discharge of pollutants
 - 3. Constantly working towards reducing activities that waste the earth's natural resources
- L** As members of the Commonwealth we support and commit to the principles of the Commonwealth and will do our best to live these out in both our working and private lives

THE FOUNDING PRINCIPLES OF GLOBAL COMPACT

The founding principles of Global Compact

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

Human Rights

Principle 1:

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

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

Principle 2:

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

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

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

Labour Standards

Principle 3:

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

Every employee of SCOTT BADER d.o.o. has the opportunity to exercise their right to freedom of association. 1 % of employees are members of the Trade Union of Chemical Industry Workers and 98% are members of the Commonwealth, a union of employees within the Group, through which they exercise their right to participate in reaching decisions regarding the most important issues related to the Company's business and other issues related to the Statute of the Company.

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

Principle 4:

The elimination of all forms of forced and compulsory labour

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

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

Principle 5:

The effective abolition of child labour

SCOTT BADER d.o.o. fully supports the abolition of child labour which is not a 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			
	2014	2015	2016	2017	2014	2015	2016	2017
below 18 years	0	0	0	0	0	0	0	0
18-20	0	0	0	0	0	0	0	0
21-30	3	3	2	0	7	8	10	10
31-40	3	3	4	5	9	15	17	19
41-50	1	1	1	1	8	8	9	9
51-55	5	3	2	2	3	4	5	3
above 55 years	0	2	3	3	20	16	8	8
Total	12	12	12	12	47	51	49	49

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

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

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

Principle 7: Environment

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

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

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

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

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

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

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

Below are some of the large-scale spendings and investments made during the period from year 2014 to year 2017:

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- 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 thermal wool) on all outside storage tanks and Pthalic Anhydride and Maleic Anhydride storage tank

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

- in 2014 we got construction permit for 1st stage of VOC treatment plant for waste air from SCOTT BADER d.o.o. process plant. We also finished 1st stage (connecting all process waste air outlets to collecting and measuring line) in 2015
- in 2014 we have started DCS migration project. Replacing old process control system with new one Honeywell DCS. It was finished during 2017.
- in 2014 adaptations are finished in production plant control room, bathrooms, rest room and workers wardrobes
- from 2014 to 2017 we changed all windows with new thermal insulated and we put additional thermal outside cladding at production, warehouses and offices buildings (decreasing heat loss factor) and renewed production offices roofing with 100 mm thicker heat insulation (decreasing heat loss factor)
- in 2016 we did new waterproof floors in additives preparing and measuring storage
- in 2016 we changed all windows and doors, in order to decrease heat loss factor, in oils and alcohols warehouse.
- in February 2017 we installed VOC pollution control system: RTO (Regenerative Thermal Oxidizer) and official TOC, NOx and CO measurements shows very low emissions of hydrocarbons from production.

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.

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

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

STATEMENT REGARDING REACH

SCOTT BADER d.o.o. is a manufacturer of polymeric products, which are themselves exempt from REACH Registration requirements. However, the raw material substances must be registered. For all supplied raw materials and for those traded products that are not exempt from the REACH Regulations, SCOTT BADER d.o.o. relies on the supply chain to also have completed 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.

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

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

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content and low emission of styrene are also being developed along those lines. Furthermore, new acrylic resins with environmentally acceptable solvents (butyl acetate instead of toluene etc.) are also being developed.

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

Anti-Corruption

Principle 10:

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

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

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

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

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

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ECONOMIC DIMENSION

EC1

SCOTT BADER d.o.o. kept its position as the sole manufacturer of composite resins and speciality polymers in Croatia, being the leader on the regional market and recognised on the European and larger market, together with other producers of the Scott Bader Group.

Our company nurtures and successfully keeps its years-long tradition of supplying high-quality products to customers all around the world, by introducing product brands and ranges of Scott Bader.

In order to respond in a fast and proper manner to all quality requirements of our customers, we have to understand their needs, work closely with them to find and offer new solutions for their production. This requires investments into product development and new technologies, following the Vision and the Strategy of our Company and the Group.

SCOTT BADER d.o.o., as a manufacturer and also an exporter 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 fast and non-predictable changes.

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

A significant part of our successful business is due to internal solutions and actions in the plant and other area, with different technical improvements and cost savings.

After the record profits achieved in 2016, the year 2017 was also successful for the Company, although with the final profits below previous year, which is due to the changed market conditions.

The volume of product sold in 2017 was 16.906 t, which is 5,8% above 2016 with 15.973 t and also is higher than budgeted 15.823 t.

Turnover from sales in 2017 was 194 m HRK, with share of export sales of 83%. The biggest market out of Croatia for our Company remains Czech Republic, with the further distribution to Russia, Ukraine, Poland, Slovakia, with total share in our exports of 24,94%, then follows Serbia (12%), Hungary (9,22%), Romania (7,08%), Poland (6,47%), Great Britain (6,12%), Slovenia (5,62%), Italia (5,58%), then Germany, Bosnia and Herzegovina, Ukraine, France, Bulgaria, Greece, Spain, Israel etc.

Costs of production are mostly related to the utilisation of raw material and in 2017 the value of those was depending on changes / increase of raw material prices, which significantly effected / decreased margins in the first half of the year.

Other cost of the company, especially those that company could influence, were in 2017 kept on the low levels with the continuous control, internal contribution to savings and with investments those would bring cost savings in future periods. A significant part of our successful business is due to internal solutions and actions in the plant and other area, with different technical improvements and cost savings.

Profit before tax for 2017 was 2,97 m HRK (in 2016: 8,24 m) and profit after tax was 2,42 m HRK (in 2016: 6,6 m).

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In 2017 our company invested more around 4 m HRK, on which the larger part was related to further environmental protection improvements, as well in manufacturing process automatisation.

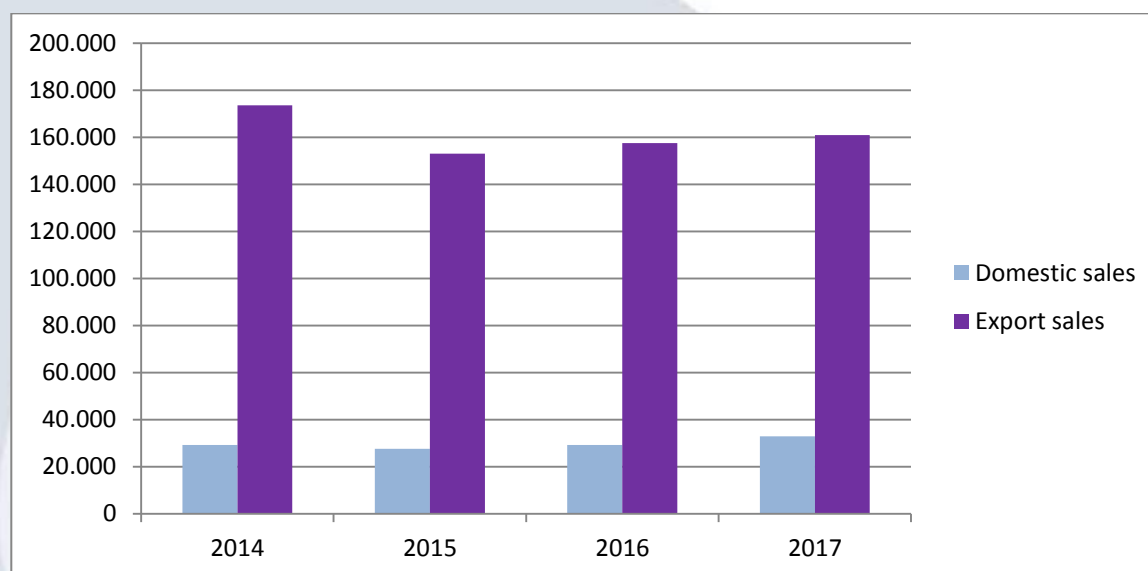
Similar to previous year, in 2017 there were either no larger issues with debt collections and there is no non collected invoices from the period.

Financial situation of the company is stabil, all liabilities are settled on time. Further applying of the policy of strict risk monitoring resulted with minimal uncollected debts at year end.

There is a continuous investment in our people too. After the larger generation change, when a number of our colleagues are leaving for pension, we employed more younger people than it was the case for longer period, organising all needed trainings, education and smooth full involvement in our team and preparation to respond to all needed requirements of our specific production and organisation.

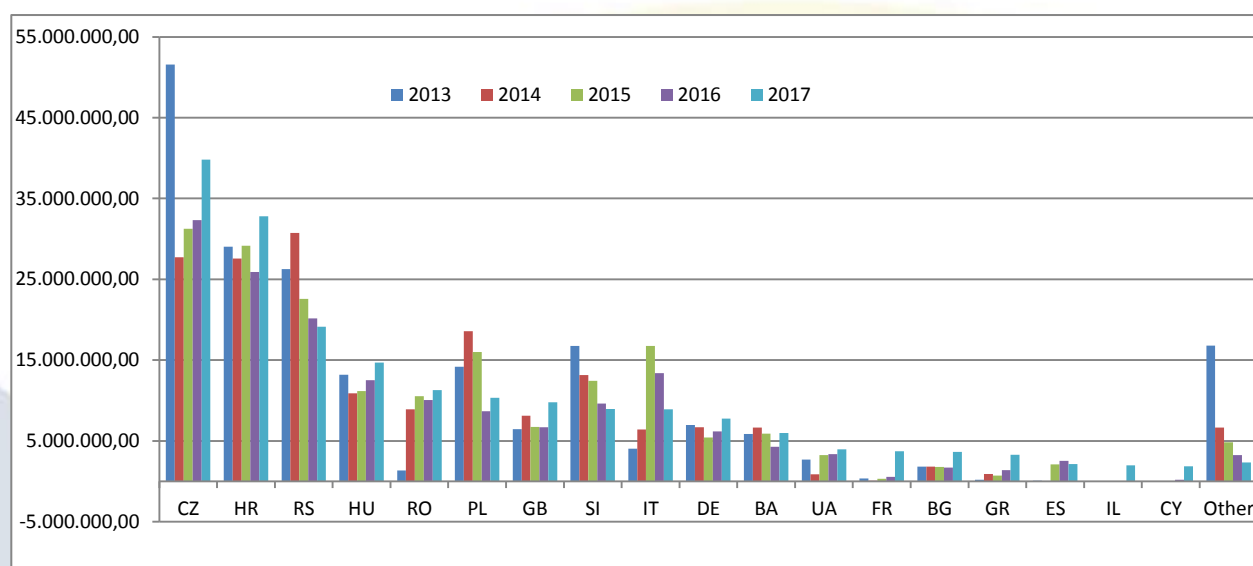
Sales structure

Sales structure HRK 000s	2014.	%	2015.	%	2016.	%	2017.	%
Domestic sales	27.606	15,29	29.182	15,63	25.905	15,17	32.939	16,99
Export sales	152.970	84,71	157.562	84,37	144.885	84,83	160.914	83,01
TOTAL	180.576		186.744		170.790		193.853	



Our products are delivered directly from our location in Zagreb to 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

	2013	2014	2015	2016	2017
Direct economic value					
a) Income	204.161	181.853	187.417	171.866	195.010
Distributed economic value					
b) Business expenditures	181.767	159.147	157.889	141.545	165.355
c) Employee's salaries and benefits***	9.511	10.027	10.885	10.784	9.818
d) Payments to capital providers	270	159	0	0	0
e) Payments to the State	787	2.052	2.419	2.785	4.896
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 travel costs, security and fire protection, royalties, forex, working protection, insurance, bank fees etc.

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

Paid interest would include the interest paid for a, but there was none in 2017. Existing non-interest bearing intercompany credit decreases the Company's exposure towards third parties and enables a more favourable financial arrangement than it would have been should a loan be granted by a third party (e.g. domestic banks).

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

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

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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.

The Income of Charity (the Group Charity Fund)

is equal to the amount payable as Group Staff Bonus, or 1% of the Scott Bader Group Staff Salary Cost, whichever is the greater.

Matched Funding

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

So far during 2017 Commonwealth Members across the SB Group have raised circa £11,000 under this scheme. This means that 20 charities, locally, nationally and internationally have received double the amount that what they would have received because of the efforts of Scott Bader colleagues: Terry Fox Run and Flea Market as part of Company (UO) day

TERRY FOX RUN



Third year in a row SCOTT BADER's 14 employees participated at the charity run held on Zagreb's Jarun Lake on 24 September 2017.

The Terry Fox Run is an annual non-competitive charity event held in commemoration of Terry Fox, a young man whose leg was amputated due to cancer.

In 1980 he embarked on a cross-Canada run called the Marathon of Hope to raise money for cancer research.

Some walked, some ran, some cycled.... it was the taking part that mattered!

Colleagues purchased a t-shirt, and in doing so 850,00 kn was raised for charity. This will be match funded and 1,700.00 kn will be donated to the Ruđer Bošković Institute for breast cancer research.

Thanks to SCOTT BADER Group Matched Funding Scheme, the entire amount raised by SCOTT BADER's employees will be matched and the amount of 1.700 kn will be donated to the Ruđer Bošković Institute for the research of cytostatics or antitumor drugs for clinical application.



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During year 2017 SCOTT BADER employees were collecting plastic bottle caps for Multiple Sclerosis (MS) society.

Exactly 100 kg Plastic caps were collected and donated on 26th September, the MS day.



Blood Donors Association

Also several SCOTT BADER employees participated in action held by Blood Donors Association



TEAM BUILDING 2017

SCOTT BADER d.o.o. organized Team building for employees. The day included team exercises, paintballing, wall climbing and archery!

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Scott Bader Hold A Creative Company (EO) Day

The day included craft workshops; from making furniture from wooden pallets through to flower pot painting and planting! Many of the items produced were to support an organisation called Brave Phone. Brave Phone provides a free anonymous counselling service for children. A representative from Brave Phone attended to day to tell colleagues about what they do.



As part of Company Day Flea market was held. Raised money was Matched funded to Association Brave Phone.



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WORLD HEALTH DAY

Scott Bader Croatia marked World Health Day by offering free apples to colleagues.

An apple a day keeps the doctor away!



Scott Bader Croatia marked Down syndrome day (WDSD) by wearing different, brightly colored and mismatched socks.

World Down Syndrome Day is a day set aside to raise awareness and educate the general public about Down Syndrome. The point is to get people talking about Down Syndrome



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.

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In the year 2017 SCOTT BADER d.o.o. has got from Scott Bader Commonwealth Limited amounts of 7.500 GBP to be donated.

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

During 2014 and 2015 we added few more charity associations to be donated where we recognize the need for help.

With this we continued in 2016 also so we donated few new associations.

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

Charity / year	2014	2015	2016	2017
SNAGA	1.000	1.140	1.000	1.000
SOS village, Lekenik	1.000	1.000	1.000	1.500
Krijesnica	500	1.000	0	0
Croatian Association of the Blind	1.000	0	0	0
Put u život	1.000	1.000	1.000	1.000
Debra	1.000	1.000	1.000	750
MIPZ	500	700	500	1.000
Rehabilitation center "Stančić"	980	980	1.000	750
Hummingbirds	0	0	500	750
Choose life	0	680	500	0
Women's House	0	0	500	750
Association of blood donors	0	0	500	0
Total	6.980	7.500	7.500	7.500

(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.

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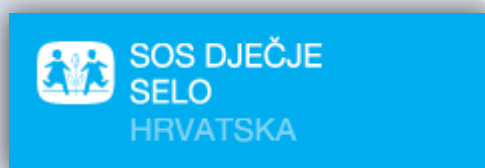
Main achievement consists in reduction of invalidity degree in their members who are cerebral palsy sufferers, submitted to integral neuro rehabilitation program. The progress is documented by video footage "before and after" as well as with GMFM 66 and 88 questionnaire scoring.

The 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). 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 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.

The remainder of the group – 12 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.

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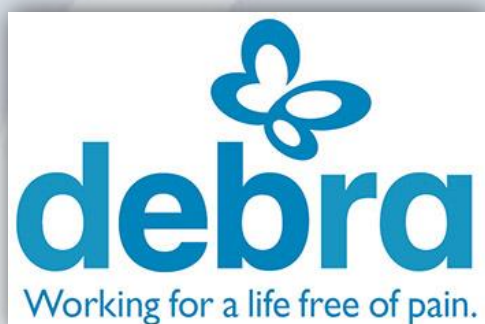
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The funds applied for were used for expert assistance in the SOS Children's Village Ladimirevci in the last quarter of 2017.

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



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.

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The main current activities are providing services in the Croatia to improve the quality of life of people with EB via 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 daily assistance to people with EB Debra Centre is organized. 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 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 daily care as well as the rent of the 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).

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

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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 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



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.

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.

In 2015 they continued with the program Healthy-Happy that was started in 2014, with new children and with children that started this program at the very beginning in 2014. Continuation of this program is needed so that results and positive changes could become stable and children could progress further.

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 £)

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.

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.

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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 anti-depressive) and their serious side-effects.

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.

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.



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.

Daily Centre Vrbovec provides daily educational and rehabilitation services for 35 children. Through daily experience they have become aware that there is an increasing need for snoezelen therapy. Snoezelen is multi-sensory environments are relaxing spaces that help reduce agitation and anxiety, but they can also engage and delight the user, stimulate reactions and encourage communication. Snoezelen offers relaxation, stimulation, development, therapy. Snoezelen is for all ages and abilities.



Autonomous Women's House Zagreb (AWHZ)

Autonomous Women's House Zagreb (AWHZ) is a non-governmental and non-profit organization organized around the principle of women's solidarity with an aim to enable women to live their lives free of violence and enjoy all the human rights in a gender equal society.

AWHZ was founded on December 14th, 1990, with the opening of the first shelter for women and their children in Croatia and Eastern Europe. AWHZ continuously provides free shelter and free counselling centre (including telephone and personal counselling) for women survivors of intimate partner violence and their children. In the past 26 years we have directly helped over 40,000 women and children. In the Counselling centre we provide personal, psychological and legal counselling for women. In the shelter we provide free accommodation at a secret address, personal, psychological and legal counselling, therapy and legal representation for women and their children.

In order to improve the realization of all the main objectives and programs of AWHZ, it is necessary to increase the visibility of their work, programs and services and to raise awareness about intimate partner violence against women in order to prevent further violence. The project anticipates that the services of counselling and the shelter are not used only by women from the Republic of Croatia and the Western Balkan region, but also from the European Union and worldwide. The same applies to the supporters of their work.

Accordingly, there is a need for updating the content of the existing website, translating the website into English, and better integrating the website with wider internet space and social media and that is where SCOTT BADER participated in 2017.

ENVIRONMENTAL DIMENSION

Environmental dimension

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

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

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

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

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

EN3

Direct power consumption

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

With an increase in production, rationalisations, introduction of new technologies and better production planning, gas consumption per product unit is decreasing. Problems in gas supply results in investment in gas burner with possibility to use gas and diesel fuel.

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

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

other hand, we had a huge decrease of steam consumption in 2013 for 41% and decrease of steam consumption in 2014 for 59% comparing to 2012.

EN4**Indirect power consumption**

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

Electric power is mostly used in production.

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

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

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

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

In 2016 and 2017 we have changed a part (one third) of classic lights with new high efficiency LED lights and we will continue with that in 2018.



As of September SB doo is consuming electric energy from 100% renewable resources. With 'green' electric energy we managed to reduce our total CO2 footprint for 30% and received the right to use protected green energy mark.

EN8 and EN10**Water**

All water used in the Company is purchased from local water supply system. The usage is under very strict control. For a number of years now the usage is checked on a daily

basis, with the purpose of providing a timely reaction in the case of a leakage or an error in manufacturing process.

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

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We also have new vacuum pumps system installed in 2010, with sealling water closed loop, that additionally 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.

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

EN16

Greenhouse gas emission

Burning gas in hot oil boiler for heating the plants results in CO₂ 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 CO₂ and NO_x emission generated by our Heater) but total CO₂ Scott Bader footprint decreased (see below).

Total CO₂ emission for Scott Bader doo

According new ecology standards and EU IPPC Regulative we are taking care for total CO₂ emission of our site (CO₂ footprint of hot oil Heater, steam heating and electricity consumption is included):

Year	Total CO₂ / production kg/tonne
2014	155,5
2015	129,8
2016	128,3
2017	128,1

After finishing heating system reconstruction in 2013 and all investments in thermal insulation of buildings and more efficient lights our site total energy consumption and CO₂ emission were decreased from 163,3 kg/tonne of product to 128,1 kg CO₂/tonne of product in 2017.

EN20**SO₂ and NO_x emission**

When using natural gas for fuel, there is no SO₂ emission.

Emission of NO_x increases with increasing production. Anyway with small reconstruction of hot oil burner in 2012 we decreased NO_x emission under regulatory obligated limit 200 mg/m³ (2015 =169,2 mg/m³). To achieve bigger reduction in NO_x emission it is necessary to change the burner on the hot oil boiler for heating the plant.

Year	NO _x / production kg/tonne
2014	0,0647
2015	0,0630
2016	0,0612
2017	0,0608

Dust emissions in air from production

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

EN21**Waste water release**

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

A new positive step forward was installation of new vacuum station with closed water sealing and cooling system in 2011. So we managed to decrease water consumption and waste water quantity from 0,94 m³/tonne of product in 2012 to 0,55 m³/tonne of product in 2016 and to 0,49 m³/tonne of product in 2017.

EN22**Total waste**

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

SCOTT BADER

"We pioneer the future of chemistry, making a positive difference to all businesses we serve and each life we touch."

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

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

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

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

Additional waste reduction was done in 2016. by separate collection of waste resin from pipeline, and sale of it as a resin mixture instead of disposal as dangerous waste.

EN26

Initiatives for reducing the impact on environment

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

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

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

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

In order to act environmentally responsible and fulfill IPPC requirements, recovery of the abounded water savage was finished in 2016.

From 2018 to 2020 we will continue with changing classic lights with new high efficiency LED lights to decrease electricity consumption.