

2020 SUSTAINABILITY REPORT

**TOWARDS OUR 2036 VISION:
SCOTT BADER EMPLOYEE, ENVIRONMENT,
SOCIAL AND GOVERNANCE (EESG): 1ST REPORT**



ACKNOWLEDGMENTS

We would like to thank all those who contributed to the research, writing, review, design and publication of this report, including many of our colleagues, in particular Tade Mustapha, an MSc Project Management student on placement from the University of Northampton. We would also like to thank the external associates, David Logan, Campbell McDonald and Adrian Pryce, who worked with Tade and the project team to support, challenge and guide us in the delivery of this, our inaugural EESG corporate responsibility and sustainability report, as an important part of our journey towards and reporting on our 2036 Vision.

Scott Bader was founded in 1921 by Ernest Bader. In 1951, he gifted his company to the workers when the shares of the chemical manufacturing company were transferred to Scott Bader Commonwealth Limited, a Registered Charity.

The shares were gifted to place Scott Bader Company Limited in common ownership where it would be directed and managed not only for the benefit of those working in the Company but also for the wider community and for future generations.

In 1976, Scott Bader received Certificate No. 1 when the Industrial Common Ownership Act was passed. Scott Bader Commonwealth Limited is a membership organisation and everyone employed by the Company can apply to become a Commonwealth Member after one year of service. They then have the right to vote and be involved in the democratic self-governing structure of the organisation.

Scott Bader was a co-founder of the Employee Ownership Association (EOA). Since then, it has continued to support the EOA, which provides a dynamic platform to gather like-minded people to learn from each other and to promote this type of governance.



2036 VISION



We envision a world where humanity thrives, without compromising the natural systems it depends on. Scott Bader provides essential technologies that address the challenges of our changing society 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



1 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.



2 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.



3 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.



4 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.



5 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.



6 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.



7 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.

OUR 2036 VISION WAS DEVELOPED WITH REFERENCE TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS



HIGHLIGHTS

- To drive our sustainability agenda, Scott Bader Company Limited (SBCL) established a Board sub-committee focused on sustainability.
- Throughout the COVID-19 pandemic, the Group moved quickly to ensure the well-being of its employees across all locations, rapidly responding to available guidance as the pandemic progressed, including shutting down operations as required. Health remained at the forefront of decision making, ensuring staff were able to operate in a suitably safe environment.
- Across our sites and offices, the Commonwealth has made a total donation of £254k in 2020 to various charities around the world.
- Paul Smith and Kevin Matthews were officially appointed Chairman and Chief Executive Officer for SBCL respectively.
- The formation of Polymer Mimetics was completed, as a new company registered as a subsidiary of Scott Bader Company Limited, to develop a new polymer chemistry platform in conjunction with the University of Liverpool building on the strong relationship developed in recent times.
- Scott Bader Australia Pty Ltd was established and acquired the assets of Summit Composites Pty Ltd, who had been distributing our high-performance resins, gelcoats and adhesives to the Australian market. This supports our objective of establishing a long-term presence in the Australian composites market.



SCOTT BADER'S

1st EESG report

COVID-19 PANDEMIC RESPONSE

Safety 1st

£254K

DONATED TO CHARITY



**SUSTAINABILITY
SUB-COMMITTEE
ESTABLISHED**

**DIVERSITY & INCLUSION
UK DIVERSITY COMMITTEE
ESTABLISHED**



**DIVERSITY
& INCLUSION
AT SCOTT BADER**

CORPORATE GOVERNANCE CODE

Adopted QCA

NEW APPOINTMENTS



Chair and Chief Executive

NEW SUBSIDIARY FORMATION



polymer mimetics
A subsidiary of Scott Bader Company

CONTENTS

INTRODUCTION

Message from our CEO Dr. Kevin Matthews	6
-----------------------------------------	---

THE BUSINESS – HISTORY OF A FUTURE

Our heritage	8
--------------	---

Growth and internationalisation	9
---------------------------------	---

Our markets	10
-------------	----

Our family of brands	11
----------------------	----

Key markets	15
-------------	----

COLLEAGUES AS OWNERS – BE THE BEST WE CAN BE

Empowered, engaged and informed colleagues	17
--------------------------------------------	----

Colleagues sharing in the value created	18
-----------------------------------------	----

Colleague development and opportunity	19
---------------------------------------	----

Diversity and inclusion	20
-------------------------	----

Gender pay gap	21
----------------	----

Keeping colleagues safe and well	22
----------------------------------	----

Supporting colleagues through COVID-19	23
----------------------------------------	----

Looking forward	23
-----------------	----

ENVIRONMENT –

MAKING A POSITIVE DIFFERENCE GLOBALLY

Energy	24
--------	----

Emissions	25
-----------	----

Waste	26
-------	----

Water	26
-------	----

Packaging, storage and transportation	27
---------------------------------------	----

Biodiversity	27
--------------	----

Product stewardship and the circular economy	28
----------------------------------------------	----

Ethical and sustainable sourcing	29
----------------------------------	----

Research, development and innovation	29
--------------------------------------	----

Looking forward	31
-----------------	----

SOCIAL – SUPPORTING OUR COMMUNITIES

Commonwealth objectives	32
-------------------------	----

Strategic approach	33
--------------------	----

Charitable giving	34
-------------------	----

Volunteering and match funding	36
--------------------------------	----

Community relations	37
---------------------	----

International impact	38
----------------------	----

Looking forward	39
-----------------	----

GOVERNANCE – THE SPIRIT OF SCOTT BADER

The constitution and our governing bodies	40
-------------------------------------------	----

Board compensation	42
--------------------	----

Ethics and values	42
-------------------	----

Corporate governance	43
----------------------	----

Risk management	45
-----------------	----

Stakeholder engagement	46
------------------------	----

Stewardship	47
-------------	----

Looking forward	47
-----------------	----

APPENDICES

I. Glossary	49
-------------	----

II. Analysis of our charitable giving	50
---------------------------------------	----



MESSAGE FROM THE CEO DR KEVIN MATTHEWS



Kevin Matthews



In this our Centenary Year, we have prepared our inaugural Employee, Environment, Social and Governance (EESG) Report about corporate responsibility and sustainability. The purpose of doing so is to provide greater transparency for the stakeholders of Scott Bader on the activities of the Company, its impact on society and the environment and the progress it has made towards meeting its 2036 Vision.

Personally, as a scientist, I believe that data allows us to 'shine a light' on the reality of our situation. This has never been more so than in the last year when the impact of COVID-19 has emphasised that we live in a world that is more globally connected yet individuals are more isolated, where the standard of living for many has improved significantly but inequality and discrimination are ever present and finally where the impact of human consumerism is threatening the planet we live on.

The extent of these challenges is resulting in a reawakening of social activism, with Greta Thunberg and David Attenborough highlighting the critical need for society to take action on climate change, the death of George Floyd in America reigniting the Black

Lives Matter movement and the growth of the #MeToo movement shining a light on gender issues following the high-profile case of Harvey Weinstein. Our Founder, Ernest Bader, would recognise this fight against injustice which he embodied in the principles of the Scott Bader Commonwealth.

The founding principles, operating practices and business focus of Scott Bader have resulted in the successful and profitable international business that exists today. Just as Scott Bader has navigated through fundamental changes over its 100-year history to reach this Centenary year it is certain that the journey is not over, and the Company will need to continue to respond to profound changes over the next 100 years. The world and society cannot

continue to operate as in the past. It is in this context that Scott Bader developed its 2036 Vision and 7 Strategic Goals.

The ability of Scott Bader to deliver the 2036 Vision is fundamentally driven by the talent and values of its people. In 2021, the Commonwealth is undergoing a constitutional review, looking to update the Scott Bader Constitution in line with the development of good governance and the needs of a modern, international business. One of the key elements of this review is to revisit and refresh the values and principles set out in the Constitution and its Code of Practice so as to reflect our aspirations and these are summarised below. This EESG report is a measure of how these foundational ideas are being turned into actions.



HUMANITY

PEOPLE AND VALUES

- Integrity and honesty
- Commit and deliver
- Teamwork
- Diversity and Inclusion
- Fairness and equality
- Innovation and empowerment
- Compassion and care

"Be the best we can be"



BUSINESS

APPROACH AND PRINCIPLES

- Safety and wellbeing
- Ethical business
- Sustainability
- Responsible stewardship
- Beyond compliance
- Promote Scott Bader values

"To solve customer problems"



ECOLOGY

IMPACT ON SOCIETY

- Reduced emissions
- Reduced waste
- Sustainable products
- Supplying sustainable industries
- Development of colleagues
- Charity and volunteering
- Investment in local communities

"...and make a positive difference globally..."

MESSAGE FROM THE CEO DR KEVIN MATTHEWS

The purpose of Scott Bader has been restated recognising that our ability to deliver to our customers depends on empowering our people. To this end

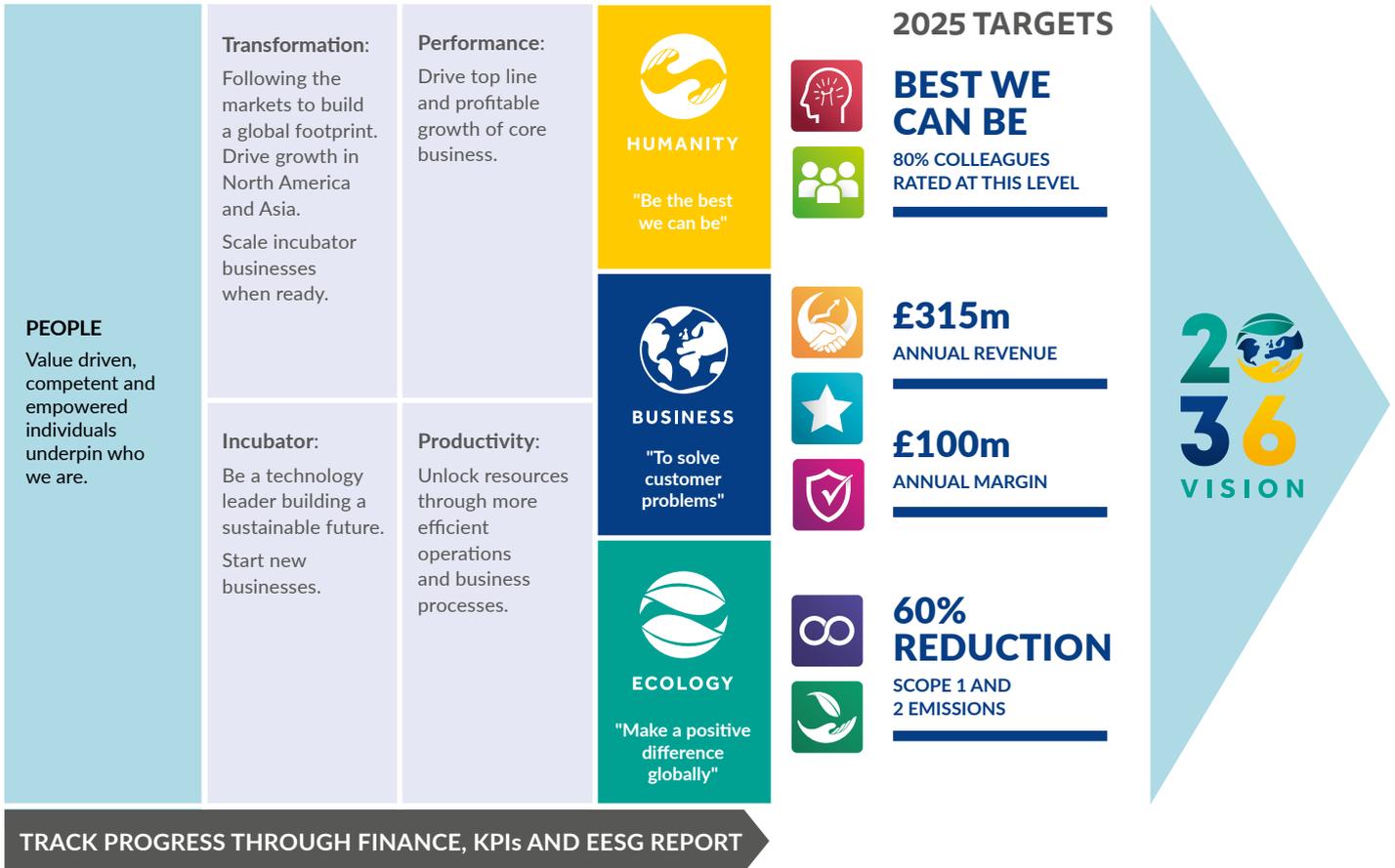
the strategy and the steps required to implement the strategy have been summarised, with clear targets for 2025 within each of the three pillars

of Humanity, Business, and Ecology as milestones on our journey towards the 2036 Vision.



PURPOSE

TO ENABLE OUR CUSTOMERS TO SUPPLY MORE EFFECTIVE AND SUSTAINABLE PRODUCTS USING INNOVATIVE POLYMER SOLUTIONS AND TO EMPOWER OUR PEOPLE TO LIVE BY OUR VALUES.



This report will enable us to benchmark ourselves against industry and corporate best practice, not only as reference points but also to add some external pressure to drive necessary change within the organisation to make sure we live up to the Commonwealth's stated objectives.

The report is focused on four core themes which we consider most relevant to our business, our employees and our external stakeholders. These themes, making up our 'EESG' report, are:

Employees – colleagues and the impact of employee ownership

Environment – addressing ecology and climate change

Social – our role within the communities in which we operate

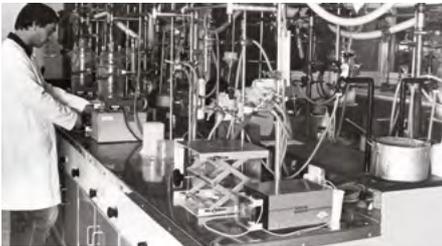
Governance – building on the past, preparing for the future

We will continuously seek to develop our metrics and data sets in order to provide our stakeholders with relevant and transparent reporting of our

EESG performance. This report is not an endpoint but rather a step on a journey, not only towards our 2036 Vision but towards regular and meaningful measurement of Scott Bader's employee ownership status and our material environmental and social impacts.

Dr Kevin Matthews
 Group Chief Executive Officer
 May 2021

THE BUSINESS - HISTORY OF A FUTURE



OUR HERITAGE

Scott Bader Company Ltd (SBCL - 'the Company') is a multinational speciality chemical company with a turnover around £200m, employing c.a. 700 people worldwide and is a recognised leader in the manufacture of adhesives, gelcoats, resins and functional polymers. The Company was formed as a chemicals merchant in 1921 by Ernest Bader. Scott Bader moved to Northamptonshire in 1940 where its headquarters remain today. In 1951, the Bader family gifted the Company shares to The Scott Bader Commonwealth Ltd, an independent company with no external shareholders

and a distinct self-governing structure 'owned in common' by all who work in it. The founder Ernest Bader wanted to create an environment where profits would be shared amongst the workers, and believed that a business should be;

- Founded on ethical principles
- Organized democratically
- Contribute to the good of society

This vision is highly consistent with the current expectations underpinning the movement on ESG reporting. Today Scott Bader features in the Employee Ownership Association's (EOA) 2020

Top 50 Report as one of the fifty largest employee-owned companies in the UK. It is a prime example of how a business can be run differently, whilst also being successful. As it cannot be taken over, the Company is able to think and act long term as a business, with colleagues fully involved in both the business strategy and operations.

We continue to maintain the balance between our social purpose and our business needs as we pursue our ambitious 2036 Vision, in a way that lives up to our founder Ernest Bader's vision.

PILLARS:



HUMANITY BUSINESS ECOLOGY

STRATEGIC GOALS:

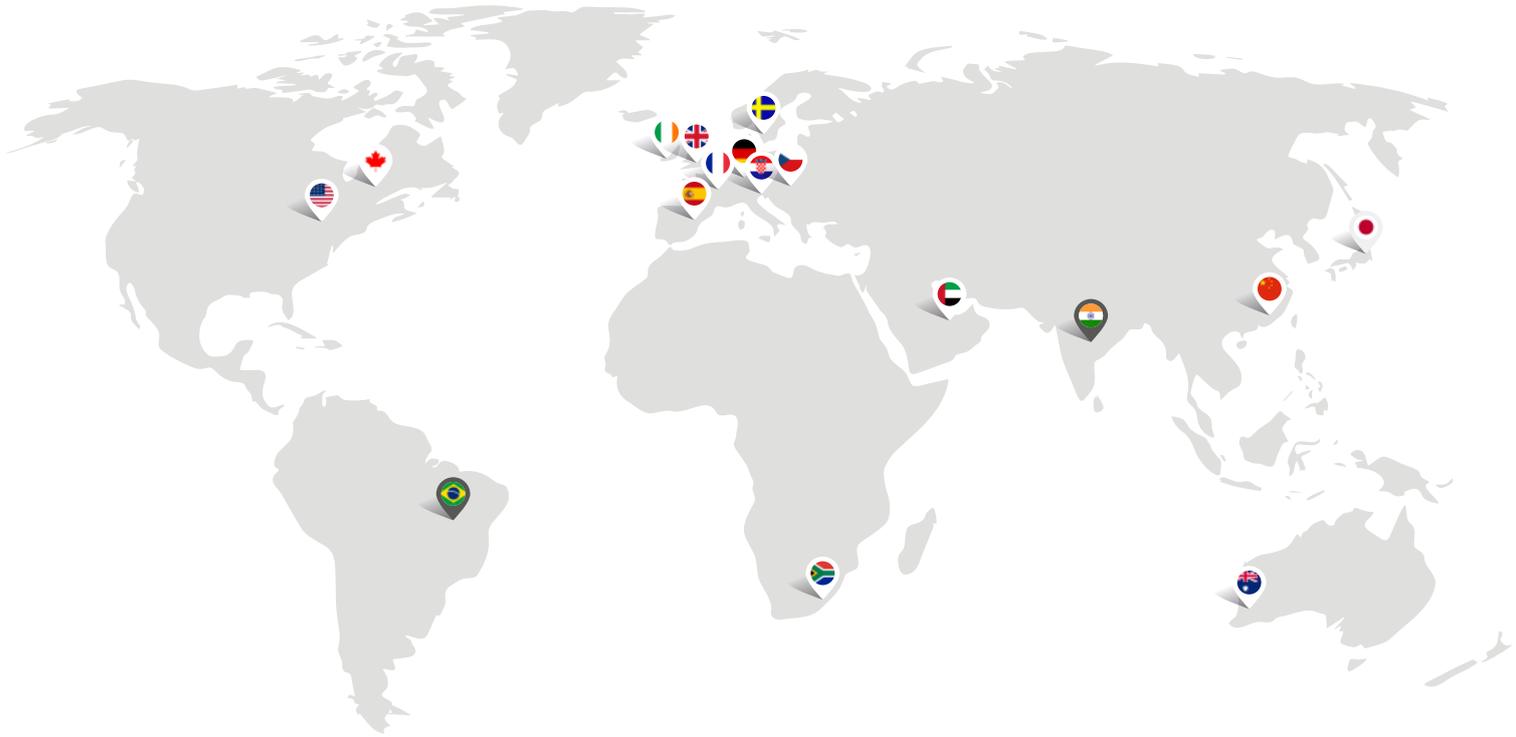


UN SDGs:



THE BUSINESS - HISTORY OF A FUTURE

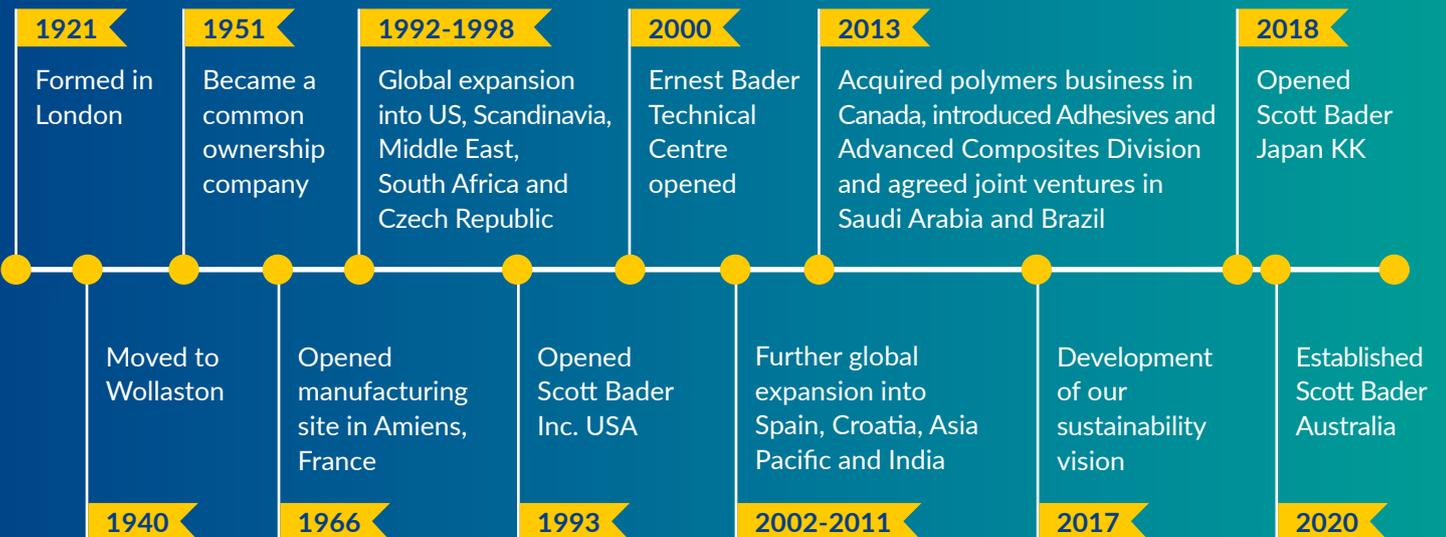
GROWTH AND INTERNATIONALISATION



Over the last century, the Company has grown and successfully expanded internationally, and now has manufacturing sites in Canada, Croatia, Dubai, France, South Africa and the UK

with distribution outlets in Eire, Czech Republic, France, Spain, Sweden, USA, China, Japan and Australia and joint ventures in Brazil and India.

The Company has seen steady growth in turnover through a constant stream of innovative new products as well as international expansion.



Today, like our competitors and so many companies around the world, Scott Bader faces a number of challenges from COVID-19, to a potential global

recession. New and fast-growing markets in North America and Asia present great opportunities for Scott Bader, but require significant investment and

resources, and the need for change in the organisation, change which will inevitably challenge and impact upon our colleagues.

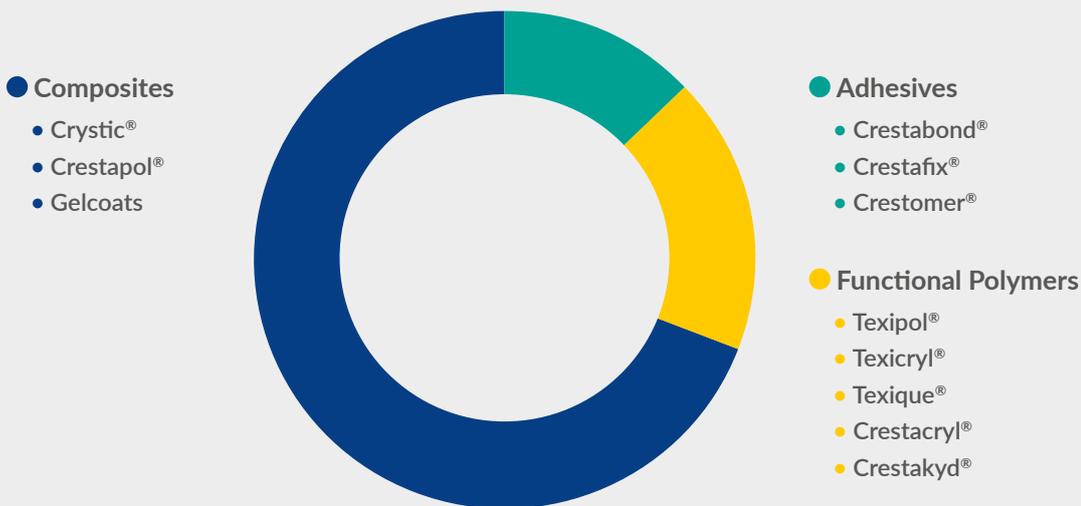
RECENT ACQUISITIONS AND DISPOSALS

- The formation of Polymer Mimetics was completed in June 2020, as a joint venture with the University of Liverpool. Scott Bader Company Limited is the majority shareholder and the purpose of the new venture is to develop a novel polymer chemistry platform.
- Also, in June, the group announced that Scott Bader Australia Pty Ltd had been established, acquiring the assets of Summit Composites Pty Ltd, who had been distributing Scott Bader's high-performance resins, gelcoats and adhesives to the Australian market for over 10 years.

We welcome both organisations and their employees to the Scott Bader family.

OUR MARKETS

The Company's principal activities are the development, manufacture, distribution and sale of high-performance gelcoats, resins, adhesives and polymers. The business is made up of three main product categories:



THE BUSINESS - HISTORY OF A FUTURE

OUR FAMILY OF BRANDS



Composites GELCOATS

We have been a pioneer in glass fibre composites since the 1940s, and our Crystic® and Crestapol® brands have gained a world-wide reputation for quality, reliability, and innovation. Today, composite products make up about 70% of our global business.

Scott Bader's global composites range supplies resins, gelcoats, fire retardant materials and ancillaries to a variety of markets including building and construction, wind blade production and repair, marine and land transport. Construction and marine, both key markets for this sector, suffered from the effect of COVID-19 during 2020.

Composites play a significant role in transport through lightweighting, considerably reducing the weight and energy utilisation of automobiles. This is one of our end markets as we focus on long-term sustainability. Through our 2036 vision, Scott Bader is committed to reducing its environmental footprint. During 2020, Scott Bader launched new zero-styrene Crystic® gelcoats and resins as well as resins with up to 30% bio-content.



CRYSTIC® 422

As part of our commitment to sustainability, we recently developed Crystic® 422 a high-performance bio-based resin. This clear non-accelerated polyester resin with added UV absorbers is suitable for casting and pultrusion, able to accept high filler loadings and excellent for production of composite stone, artificial marble, and wood composite.

FEATURES AND BENEFITS

Crystic® 422 exhibits

- Excellent resistance to hydrolysis and yellowing from UV light
- Balance of flexural and heat resistance properties

REVENUE

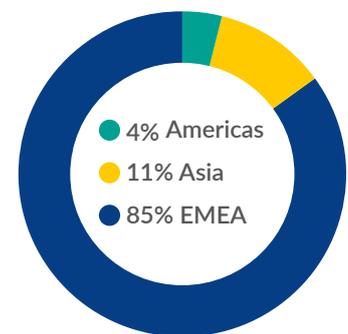
£136.2m*

(Growth of -15%)

PRODUCTS SUPPLIED INTO

79 countries

GLOBAL PRESENCE



MAJOR BRANDS



*Includes £4m of revenue from purchased products.

THE BUSINESS - HISTORY OF A FUTURE



Over the years, Scott Bader has consistently innovated successfully developing products such as Crestabond®, a range of market leading primer-less structural adhesives and Crestomer®, our urethane acrylate adhesive range used in a wide range of applications.



Adhesives are a key enabling technology in the drive for lightweighting, especially within the land transport and automotive sectors. As efforts towards more efficient fuel systems gathers pace, we see the demand for adhesives increasing further in these markets.

Scott Bader's global adhesives range supplies adhesives and tooling materials to a variety of markets including marine, building and construction, wind blade production and repair and land transport including automotive.

The marine market remains the single most important market for Scott Bader's adhesive products. Geographically this is the most diverse of our business sectors with 32% of revenue generated outside the EMEA region.

As the use of structural adhesives are becoming more important with stringent requirements, we are focused on developing a full range of performance adhesives to support lightweighting which have more bio-derived content.

REVENUE

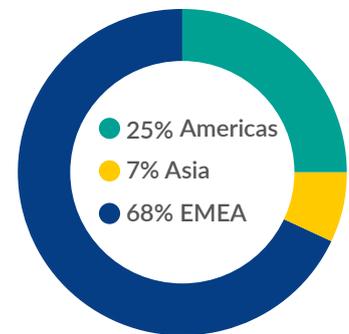
£24.8m

(Growth of -3%)

PRODUCTS SUPPLIED INTO

67 countries

GLOBAL PRESENCE



MAJOR BRANDS

CRESTABOND®

Primerless MMA Structural Adhesives

CRESTAFIX®

Polyester, Vinyl Ester and Hybrid Bonding Pastes

CRESTOMER®

Urethane Acrylate Structural Adhesives

CRESTAMOULD®

Matched Tooling Systems

Functional Polymers

Our Functional Polymers draw on innovative water-based and oil-based emulsion polymers, and solvent borne acrylics, allowing manufacturers to stick, thicken, seal, and coat a variety of substrates - from wallpaper paste to protecting the underside of vehicles, from sealing windows to improving the quality of printed fabrics. We were the first company to introduce emulsion polymer technology for the textile printing industry.



The personal care, construction and coatings sectors remain key sectors for this business. Sales into personal care grew 50% in 2020, driven by sales of thickeners for use in hand cleanser applications.

Geographically the business has grown in both Asia and the Americas, reducing its dependence on revenue from the EMEA area to 76% down from 87% in the previous year. There are a number of initiatives in place that will further drive growth in our target regions of Asia and the Americas.

Scott Bader will be introducing a number of new products in 2021 that will have a higher content of bio-derived raw materials, particularly in our personal care range that will further reduce our products impact on the environment in line with our 2036 vision.

In contrast to composites, our personal care products at end of life run to the water system (sewage) and as such the bio degradation of these product is important. These products need to be designed to have improved bio content and more importantly bio-degradation. We are therefore in the process of developing a new range of high-performance rheology modifiers and speciality additives based on a bio-derived and biodegradable platform. These products will enable our customers benefit from high performance and luxurious feel without compromising on sustainability.

We recently joined an international consortium of like-minded companies and research institutes to develop fully sustainable polymers for demanding applications. We will use the CHAMPION project (Circular High-performance Aza-Michael Polymers as Innovative materials Originating from Nature) to use bio-based materials to create structural adhesives with reversible curing mechanisms to enable responsible end of life options.

REVENUE

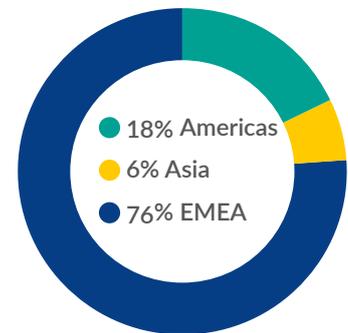
£35.5m

(Growth of 5%)

PRODUCTS SUPPLIED INTO

51 countries

GLOBAL PRESENCE



MAJOR BRANDS



KEY MARKETS

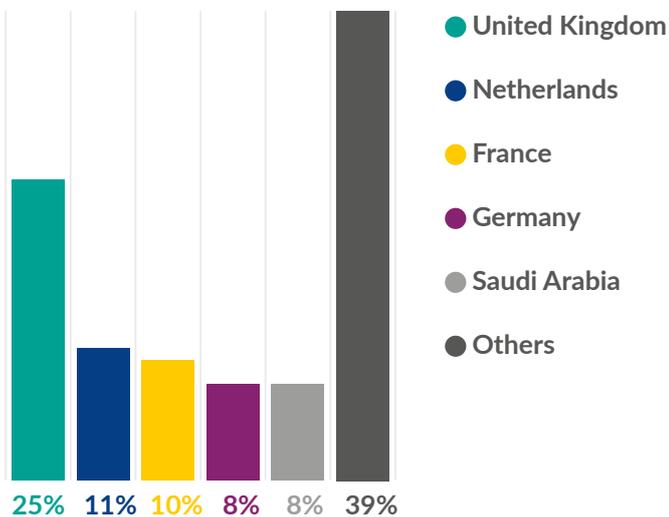


CUSTOMER AND SUPPLIERS

At Scott Bader, we are committed to building lasting partnerships with our customers. We service over 2,600 customers in 86 countries, partnering with some customers for over 55 years. We encourage our customers to involve us in their ambitions and challenges.

We also look to develop long-term partnerships with nearly 1,700 suppliers which are mutually beneficial and work closely with suppliers that reflect the values of Scott Bader to develop greener solutions, promoting sustainability at every opportunity.

SUPPLIER SPEND BY COUNTRY



Our customers and suppliers are key commercial stakeholders, with whom we maintain regular contact, but with whom we are increasingly looking to widen the conversation to include collaboration on environmental and social as well as commercial-trading issues.

We have formalised processes to assess our suppliers and customers and ensure their core business activities and values are aligned with Scott Bader's. Customers are assessed on the nature of products they make. Our Constitution prohibits us from supplying products for the manufacture of weapons. For information about our supplier selection, please see the Environment section on page 24.



**REVIEWING OUR
IMPACT**

We are aware that our greatest impact on society probably comes through our mainstream business activities. The jobs we create, the taxes we pay, the suppliers we support, the research and development we do and customers we serve, especially through sustainable products, all impact the society in different ways.

By looking more broadly at the scope of our activities in an annual EESG report, we will be increasingly able to show how a wider range of stakeholders, beyond our colleagues and the community, are touched by our activities and report on the benefits they gain from the Company's activity and their engagement with us.



COLLEAGUES AS OWNERS - BE THE BEST WE CAN BE

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

One of the largest and oldest EO firms in the UK, Scott Bader’s 687 colleagues benefit from our highly distinctive business and governance model. In 2020, we established Scott Bader Australia and created a new subsidiary joint venture with the University of Liverpool, together bringing 11 new colleagues into the business.

Colleagues prize the values of fairness and humanity built into how we operate. In treating everyone as owners, we systematically share transparent information, meaningful influence, and fair reward with colleagues. Our Constitution commits us to supporting the economic, physical, and mental wellbeing of our colleagues providing opportunities for their professional development and career advancement.

PEOPLE (1 Jan - 31 Dec)	2019	2020
WORKFORCE		
Permanent colleagues	682	676
Apprenticeships, placements and internships	21	11
Number of colleagues at year end: Group	703	687
UK and Eire	305	291
Continental Europe	194	198
Rest of the World	204	198
Full time	96%	95%
Part time	4%	5%

PILLARS:



STRATEGIC GOALS:



UN SDGS:



EMPOWERED, ENGAGED AND INFORMED COLLEAGUES

Scott Bader provides exceptional opportunities for colleagues to make their voice heard and affect change through our unique democratic commonwealth structure. Every colleague is invited to become a Member of our Commonwealth after one year of service and currently 93% of eligible individuals are Members. Members can be elected to one of 54 representative roles spread across our three global governance bodies and five local employee bodies. That is 8% of our workforce at any one time, participating directly in company democracy over and above their day jobs on behalf of colleagues. We recognise the need to improve training for these colleagues to allow them to fulfill their elected roles to the best of their ability.

Through their elected representatives, all colleagues (Members or not) can engage and hold management to account, and influence votes on key issues, senior appointments and approval of major decisions such as acquisitions or major investments. All Members are invited to participate in our Annual General Meeting (AGM) and vote on important issues such as approving how much profit is shared every year. In 2020, two out of three Members participated in our AGM.

In addition, Scott Bader has built strong employee voice into its regular practices. Last year 100% of colleagues agreed objectives with managers through individual appraisals that take place at least twice a year. Union representation also supported where it exists. Our new Champions of the Quarter initiative has enabled colleagues to make 98 nominations in 2020 to celebrate peers who excel, and we have announced 17 Quarterly Champions. From those, our three governance boards selected four

Champions of the Year:

- **Business Champions for 2020 are the UK Polymer team** for swiftly scaling up production of Texicryl® 13-322 into the larger reactors during shutdown to meet a big order and help secure business from a US customer.
- **Ecology Champion for 2020 is Nayyar Abbas from Dubai** who managed to get non-moving quarantine stock product qualified and sold and thus prevented this material from being disposed of as waste.
- **Humanity Champion for 2020 is Sheliah Lazare from South Africa** who showed immense compassion by assisting a colleague who had been diagnosed with cancer and driving her to the hospital, helping her with the filling in of all the forms, and sitting with her for nearly six hours whilst she underwent blood tests and chemotherapy and then drove her home again.
- **Values Champion for 2020 is Carl Greasley from the UK** who demonstrated his commitment through his excellent project management work for the Brexit project.

To ensure colleagues can act as effective and empowered owners, Scott Bader prioritises sharing regular and transparent business information, with quarterly interactive business updates, virtual monthly Group Leadership Team (GLT) briefings that encourage feedback and regular one-off email updates. We are always looking for additional ways to improve information sharing, and support colleagues' ability to interrogate the information they receive.



COLLEAGUES AS OWNERS - BE THE BEST WE CAN BE

COLLEAGUES SHARING IN THE VALUE CREATED

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

On base salary, we have completed a worldwide salary benchmarking exercise to ensure we are either meeting, or have a clear action plan in place to get to, local market rates. We will benchmark again in 2022 and continue to monitor to ensure we remain fair and competitive.

Scott Bader respects the dignity of hard work and is proud to be an independently verified and accredited **Living Wage Employer** in the UK. Our global salary benchmarking ensures we pay at or over an equivalent rate across all our territories. To ensure that relative levels of pay remain fair within the business, all our key governance bodies (including elected employees) see the ratios of the highest three incomes to the lowest three in each of our territories. The ratio of the CEO's pay to the lowest pay is tracked annually and is currently 14:1 in the UK. We are currently engaged in a benchmarking exercise around

additional benefits including retirement and medical support. We ensure all our colleagues are building a meaningful provision for retirement through occupational pension schemes or by contributing relevant social costs to state pension arrangements depending on location.

Beyond baseline, we pay two main types of bonuses. Up to 16% of salary is available as performance-related bonus (Profit Performance Plan, PPP) based on the achievements of each country as well as the global business. For 2021, our national and global targets have been revised based on the previous year's outcome rather than budget, and the approach updated to do more to recognise contributions from individual sites, with the intention that if we hit our targets associated with our strategic plan, colleagues should receive a full PPP payment.

Importantly as an employee-owned organisation, we also pay out a Group Staff Bonus (GSB, a dividend-equivalent) which is shared as an equal amount to every colleague factored for spending power. After a strong year in 2020 the amount to be made available for the GSB will increase from 5% to 7.5% of adjusted trading profit, roughly doubling the payment due to colleagues in 2021 compared to 2020.



COLLEAGUE DEVELOPMENT AND OPPORTUNITY

Supporting professional development and career opportunities for all colleagues is a fundamental commitment of Scott Bader. After a year in which opportunities for training have been restricted, in 2021-22 we will invest over £1 million in effective training and recruitment to support growth and ensure the business has the people and skills needed to succeed.

We are rolling out a new approach to **Unleashing Colleagues' Potential** which includes investing in skills development, leadership capability (particularly for under-represented groups) and specialist governance training to strengthen our industrial democracy.

We are introducing a new framework for leadership and functional competencies that drive the right values and behaviours, as well as a new online learning platform which alongside peer learning and mentoring will address individually tailored personal development plans.

Scott Bader UK has held the coveted Investors in People Gold Award since 2017 and is undertaking reassessment in 2021. We are using our new online platform to ensure our offer to colleagues is gold-standard equivalent across all our locations. We recently won Employer of the Year at the Business Excellence Awards for Northamptonshire where our global headquarters is based.

In 2020 the business was able to offer 11 work experience opportunities to students through apprenticeships, placements, bursaries and internships across our sites which aim to provide training and opportunities.

LEARNING AND DEVELOPMENT

Average training and development hours received per employee

18

7

RECRUITMENT AND RETENTION

Voluntary turnover

6.4%

3.6%

Promotions

-

10%

Internal hires

32%

45%



LUYANDA MBONGWA,
SCOTT BADER SOUTH AFRICA

Luyanda had just completed his 2nd year at the University of Kwazulu-Natal in South Africa when he got the invitation to apply for and was subsequently awarded a Scott Bader bursary to finish his studies. The bursary which covered



Spending time in the UK meant a lot to me. It was my first time leaving South Africa. I got to know the Company, learn how stuff works at Scott Bader while also learning new cultures and new ways of looking at the future. It has also helped me build a strong relationship with my colleagues. I am looking forward to coming back to the UK."



his full tuition and transport expenses for his final two years at university helped him graduate with a BSc in Chemistry and Chemical Technology and a postgraduate honours degree in Polymer Science.

In 2020, Luyanda joined Scott Bader as a full-time chemist based in our Hammersdale site. He got to travel from South Africa to the United Kingdom where he spent six months working in the different areas within R&D at Scott Bader.

DIVERSITY AND INCLUSION

Scott Bader is committed to creating an equitable, diverse, and inclusive workplace with equal opportunity for career progression, and is constantly striving to improve our current practice.

We have made Diversity & Inclusion (D&I) a strategic priority and an action plan is being developed and implemented across the business to:

- Complete the roll out of e-learning globally on D&I
- Support the establishment of employee groups at every site to drive effective change
- Capture relevant data (in a sensitive and legally appropriate manner) to help set targets and drive improvement

- Ensure rigorous, non-biased, competency-based recruitment and progression
- Achieve BSI code of practice BS76005 on Valuing People Through Diversity and Inclusion

We have made excellent progress in advancing gender balance in leadership roles through face-to-face training, virtual support and mentoring. Of the inaugural 12 Women in Leadership 2019 cohort, 67% have moved to new or expanded roles. In the wider business, 35% of all advancements in grade and salary in 2020 were women, compared to a 10% promotion rate across the wider business. A further 30 female colleagues undertook a virtual version of the programme in 2020, with mentoring provided by the initial group.

At the end of 2020, Scott Bader has 45% female representation in the Members' Assembly with 33% women on the Group Board and on the Commonwealth Board. This is in line with the Hampton-Alexander Review which set a benchmark target for 33% representation of women on the boards of the UK's FTSE350 by December 2020. The Women in Leadership programme was very successful, and a new 'RISE' programme will be delivered in 2021 which focusses on Diversity in Leadership. The participants of the RISE programme will be sponsored by members of the GLT.

GENDER PAY GAP

In the UK, Gender Pay reporting legislation requires private sector companies in the UK above a certain size to publish and report the difference in average earnings of men and women in an organization. From 2020, Scott Bader commits to annually reporting and publishing its gender pay gap.

GENDER DIVERSITY	2019	2020
Gender balance (% female)	23%	24%
Total management	26%	27%
GLT	17%	17%
Group Board	22%	33%
Commonwealth Board	25%	33%
Members' Assembly	42%	45%

We have a mean gender pay gap of 12.5% and a median gender pay gap of 0.7%. The median gender pay gap is widely considered as the most representative because the mean gender pay gap figures can be skewed if there are some particularly highly paid employees. At 0.7%, we are proud to report that our gender pay is significantly lower than the national average of 15.5% as estimated by the Office for National Statistics (ONS). This is also a considerable improvement from our 2017 gender pay gap of 6.4%.

OUR MEDIAN HOURLY PAY SHOWS THAT WOMEN EARN

0.7% LESS THAN MEN



NATIONAL MEDIAN HOURLY PAY SHOWS THAT WOMAN EARN

15.5% LESS THAN MEN

KEEPING COLLEAGUES SAFE AND WELL

As an employee-owned chemical manufacturer, the health, safety and wellbeing of all our colleagues is paramount in everything we do. Health and safety is top the Group Board agenda and in 2020 we continued to invest in building on our foundations, including:

- A Group Health and Safety function established to provide competent advice, guidance, consistency and leadership
- Four of our six manufacturing sites hold the ISO45001 standard for Occupational Health & Safety, with the two remaining on course to achieve accreditation in 2021
- Health and Safety representatives appointed in all manufacturing sites and company divisions
- All necessary Personal Protective Equipment provided
- Colleagues trained, emergency response procedures rehearsed and safety issues discussed
- Risk assessments in place at all sites including for hazardous materials and air quality
- Defined accident and incident reporting processes in place

In 2021 we will deploy an updated HSE strategy aligned to our 2036 Vision aimed at developing robust and effective systems, encompassing Process Safety, Occupational Health and Safety and Environmental management. This strategy will move us beyond compliance with continual improvement and benchmarking best practice externally.

Both the physical and mental health needs of all colleagues are prioritised. Group HR and Health and Safety leads are collaborating to ensure on-site occupational health support is rolled out across all locations. Our Mental Health First Aiders scheme was launched in the UK in 2020 with the intention to roll out across the business (though the training was paused because of COVID-19) and we are taking our Employee Assistance Programme to every country to provide support to address any difficult issues, including structured therapy and face-to-face counselling if required.

As we move forward, the business will track and understand how satisfied colleagues feel as owners, recognising all of the choices we make that impact overall wellbeing, motivation and engagement. We will be introducing a newly structured all-employee survey in 2021, which will be repeated every two years and supplemented by regular 'pulse surveys' to ensure we are listening and responding to our colleagues.

OCCUPATIONAL HEALTH AND SAFETY	2019	2020
Fatal Accidents (incl. contractors)	0	0
Lost Time Accident Rate (per 200,000 hours)	1.3	1.1
Process Safety Incident Rate (per 200,000 hours)	3.4	3.8

SUPPORTING COLLEAGUES THROUGH COVID-19

2020 has been an unprecedented year at Scott Bader and both the business and our colleagues have gone to great lengths to support and protect one another through this global crisis:

Support to manage physical and mental health risks

- COVID-19 Site Management teams were formed to support working from home, protect physically vulnerable or shielding colleagues, and ensure colleagues on site were able to work safely (including temperature checks and COVID-19 designed working protocols).
- Mental health guidance materials were made available through multiple channels, and the business marked World Mental Health Day by encouraging colleagues to hold virtual tea breaks and connect with one another.
- We significantly increased our level of communications (delivering 17 Group-wide briefings and updates between January-May) and held our first ever virtual AGM to ensure colleagues could continue to participate and engage.

Support to manage economic impact

- Reduced economic activity led to site closures in Canada and South Africa where we put in place income protection and provided 80% of salary.
- Where colleagues were furloughed in France and the UK we provided at or above government support to provide 80% of salary.
- Colleagues impacted could use their holiday, or take an advance on the projected profit performance bonus, to top up salary to meet immediate spending needs.
- Our Colleague Hardship Fund was created offering loans to support colleagues struggling to meet financial commitments. Payments were drawn down from a fund including a £120,000 donation from the business, and over £37,000 donated by individual colleagues at all levels.
- Once the business was able to, in 2020 all colleagues were paid a one-off half year bonus based on local performance. All government financial support received during the pandemic will be returned where possible. Where this

is not possible, an amount equal to the value of the support will be donated to local charities to support those most heavily impacted by the pandemic.

Support for those affected by redundancy

Regretfully a combination of the economic impact of the pandemic and necessary changes to the business led to a number of redundancies. Extensive consultation was carried out with colleagues who were able to put themselves forward on a voluntary basis. The UK and South Africa experienced majority of the small number of compulsory redundancies. In South Africa, the business consulted the Members' Assembly and for these individuals went beyond statutory requirements on severance terms to offer:

- Additional financial support
- Re-employment and out-placement support
- Extended medical support and counselling

LOOKING FORWARD

As an employee-owned business, Scott Bader will continue to strive to enhance the support we offer our colleagues. In the coming year:

- Our revised performance-related bonus scheme will help incentivise colleagues to hit targets, driving business growth and increasing the amount of profit we are able to share.
- Significant investment in our people development activities, including in our learning and support offer, will help colleagues build their skills and competency and access opportunities for advancement.
- We will continue to strengthen our strategic focus on D&I with sustained investment to drive change and achieve the BSI75000 standard.
- Our ongoing emphasis on health and safety will drive continuous improvement, benchmarked against external best practice.
- We will do more to listen to colleagues via a renewed survey approach that helps us to understand, measure and improve the level of engagement and satisfaction.



ENVIRONMENT - MAKING A POSITIVE DIFFERENCE GLOBALLY

Our products are vital to many businesses, communities and individuals, yet we recognise that we are dealing with materials that before processing may be harmful and that are converted into products that are not bio-degradable at end of life. We are conscious of our responsibilities in this area, and through **Acting Beyond Compliance** we aim to be not only compliant but increasingly act beyond compliance and be ahead of the curve in terms of ecological pressures, trends and fast-changing regulations.

Ensuring that Scott Bader's activities have the minimum adverse impact on the natural environment is central to our ethos and our 2036 Vision. It is the primary responsibility of our Sustainability Committee, set up to improve our understanding of environmental impacts and integrate sustainability into our decision-making. The chair of the Sustainability Committee sits on the Company's Group Board.

ENERGY

Across all our sites, we aim to purchase electricity from low or zero carbon suppliers. Unfortunately, this is not possible across the group and in regions such as South Africa and Dubai, electricity supply is still dominated by the burning of coal and oil, respectively. As part of our commitment to **Protecting the Environment**, we are working with partners to explore options for onsite and offsite self-generation of electricity. This would allow us to become energy self-sufficient and further reduce our operational carbon footprint across all sites. Meanwhile we have also made conservation and efficiency improvements through the removal of cooling towers, replacement of old boilers, the installation of LEDs across the group and the use of photovoltaic solar panels on our UK warehouse and South African office building. Looking forward we are committed to converting energy demanding assets into energy efficient ones and use sustainability metrics to drive investment decisions.

ENERGY	2019	2020	
Production volume (T)	136,965	101,259	
Total energy use (GJ)	192,180	197,549	
Renewable energy (GJ)	3,001	2,970	Location-based
Non-renewable energy (GJ)	189,179	194,579	
Renewable energy (GJ)	45,476	44,826	Market-based
Non-renewable energy (GJ)	146,704	152,723	
Energy efficiency (GJ/tonne of production)	1.4	2.0	

PILLARS:



STRATEGIC GOALS:



UN SDGS:



EMISSIONS

Scott Bader is committed to being carbon neutral by 2028. This will be achieved by continuous reduction of our Scope 1 and Scope 2 emissions, with any residual emissions offset via the purchase of high-quality certified carbon credits. We will drive down emissions by transitioning from fossil fuel sources of energy to renewable ones and we are currently evaluating a number of options as a first step towards becoming energy self-sufficient and creating a model we could roll across all our group sites.

We have chosen to adopt the dual reporting mechanism for Scope 2 GHG emissions. This requires the disclosure of location-based and market-based emissions for GHG for full transparency. Market-based emissions allow us to take advantage of our zero carbon energy contracts whereas location-based emissions take the average emissions from the grid where the energy comes from.

GREEN HOUSE GAS EMISSIONS	2019	2020	
GHG emission (kTe CO ₂ e)	11,474	11,150	
Scope 1 GHG emissions (kTe CO ₂ e)	7,341	7,186	Location-based
Scope 2 GHG emissions (kTe CO ₂ e)	4,133	3,964	
Scope 1 GHG emissions (kTe CO ₂ e)	N/A	N/A	Market-based
Scope 2 GHG emissions (kTe CO ₂ e)	1,918	1,803	
GHG emission intensity (kTe CO ₂ e/tonne of production)	0.08	0.08	

*Estimates have been used for non-hazardous waste in some manufacturing sites.

SUSTAINABILITY IN ACTION: CLEAN ENERGY

UK - Our Scope 2 GHG emissions have dropped to 0kg CO₂/MW simply by changing to a green energy supplier.

CANADA - Along with two-thirds of Canada, our North America site in Drummondville uses hydroelectricity.

CROATIA - Purchasing green energy means Scott Bader Croatia can use the protected green energy mark and earnings are invested into renewable energy projects for disadvantaged public sector users.

MIDDLE EAST - Scott Bader Middle East is taking advantage of the local climate by painting some raw material tanks black to efficiently preheat the tanks before processing.



FRANCE - Our Amiens site has the lowest carbon intensity of all our sites due to an extensive usage of low-carbon electricity rather than fossil fuel.

SOUTH AFRICA - Our Hammersdale site has embraced the abundance of sunshine by installing an impressive 60 330w solar panels, inverter, and a solar geyser on site.

WASTE

One of the key measures of operational excellence at Scott Bader is waste reduction. We are focused on reducing the waste generated during our current business activities so that we can reduce material use, energy consumption and waste generation on our own sites. Hazardous waste generated in our sites are disposed of responsibly through our accredited waste partners. We recognise that our current waste streams may be of value to other players and are exploring ways to reuse or recycle them to ensure value is recovered.

We are working on a complete map of all waste streams at our production sites, quantifying and classifying all our waste streams. We are also actively seeking ways to repurpose our current waste products to avoid the need for landfilling or incineration.

WASTE	2019	2020
Production volume (T)	136,965	101,259
Total waste (T)	11,421	10,499
Hazardous waste (T)	5,796	5,731
Non-hazardous waste (T)	5,625	4,768

WATER

We monitor our water usage at Scott Bader, and we have implemented water conservation methods at most of our corporate offices and facilities, reusing water where possible. At our South African site, following some severe droughts in the country, we started rainwater collection and storage for use in sanitation. We collect rainwater in Croatia while our France and UK sites recycle production water. We also reuse water from distillate UPR production in the cement industry as water/fuel.

WATER	2019	2020
Total water withdrawal (ML)	117	174
Surface water (ML)	2.2	2.2
Ground water (ML)	34.9	54.3
Municipal water (ML)	80.0	117.8
Water Intensity (ML/Tonne of production)	0.001	0.002

BROKEN PALLETS TURNED INTO FURNITURE



Broken pallets are rarely disposed of at Scott Bader South Africa hence reducing waste going to landfill. This fits in with our drive towards zero waste to landfill. Our Hammersdale site often has too many wooden pallets that are not fit for purpose either broken, incorrect dimensions or incorrect specification. These pallets are received with raw materials from suppliers and cannot be used internally.

They identified a few carpenters from the local community who were interested in making use of these pallets to create furniture. This initiative has helped empower the local community thereby enabling them to make a living. Before these pallets are deemed safe to hand-over to the local carpenters, a full inspection is carried out by the Waste Management colleagues to ensure they are free of contaminants.



ENVIRONMENT - MAKING A POSITIVE DIFFERENCE GLOBALLY

PACKAGING, STORAGE AND TRANSPORTATION

We aim to reduce packaging waste across our supply chain wherever possible. We use liners in our drums to allow them to be easily re-used. A large proportion of our products support and enable the construction of lightweight composites which facilitates the reduction of carbon footprint. Other environmental applications for our materials include pipe re-lining, wind turbines and batteries for electric vehicles.

To ensure safe and efficient storage of chemicals, we implement the Globally Harmonised System (GHS) of labelling globally, even in regions where it is not yet a requirement. We use refrigerated marine containers for the efficient handling, transportation and use of chemicals, with no recorded storage or transport incidents. To minimize transport-related environmental impact of our distribution and supply chain, our UK office reviews all orders to consolidate deliveries and thus reduce environmental impact.

We strive to reduce the impact of all our business travel through increased use of virtual conferencing and minimisation of air and road travel. We promote the use of electric cars, provide free on-site charging at our UK office and we are adjusting our car policy towards hybrid or electric vehicles as current vehicles are replaced.

IN 2020, THE IMPACT OF COVID-19 AND ASSOCIATED REDUCED TRAVEL LED TO REDUCED EMISSIONS OF AT LEAST

36,000 kgCO₂e.



BIODIVERSITY

Safeguarding the natural environment at Scott Bader includes actively promoting biodiversity in our sites, especially those in protected areas and areas of high biodiversity value.

At our 43-acre UK head office, we look after woodlands, a meadow with 25 species of nectar-rich native flowers, a 30m wide pond and paddocks loaned to the Wildlife Trust charity for conservation.

Our Croatian site has almost 40% green space which we manage. Our site in South Africa is situated on a nature reserve and home to many species of insects, flowers, butterflies and moths, inspiring one of our managers to publish a book about butterflies!



PRODUCT STEWARDSHIP AND THE CIRCULAR ECONOMY

Our commitment is to reduce our impact on the planet throughout our supply chain, from raw materials through manufacturing and beyond – and consider the end-of-life of items made with our products. We continually review our product formulations, working in partnership with customers to find ways of addressing end-of-life impact, and have a growing portfolio of sustainable products.

We regularly review all raw materials for opportunities to avoid human and environmental hazards. We have eliminated the use of ethylene oxide in our products as we seek to phase out materials of international concern such as Stockholm convention substance and SVHC. Our 2036 Vision for raw materials is to be sourced from recovered, recycled materials or by-products, with fresh input streams coming from renewable, plant-based sources, where this can be shown to be the lowest impact option. Until we can achieve this vision, **Acting beyond Compliance** also means reducing the risk of harm to our suppliers and customers by selecting the safest possible technologies and providing advise on their appropriate use so hazardous products are not employed where they can be avoided.

Scott Bader is also helping to drive sustainable development across the composites industry in the UK. Composites UK is the UK trade body and Steven Brown, our New Technology Manager and elected Group Board member, sits on the Composites UK Board as Sustainability Director, chairing the Sustainable Composites Group.

Together, in 2018, Scott Bader and Composites UK co-authored a circular economy study, and in 2019 brought together 31 professionals from across the composites supply chain to develop a vision and roadmap for sustainable composites.

Composites are enablers of a circular economy and Scott Bader is actively contributing to industry studies on Life Cycle Analysis (LCA) for composite products and value chains, and on potential Circular Economy models for composites products. We work with LCA practitioners to measure, report on and reduce the carbon footprint of our resins and adhesives driving evidence-based decisions on how to make positive changes. We are engaged in active research programmes to address end-of-life options for composites, which include repair systems, de-bondable structural adhesives and reversible thermoset resins.

We are part of CEFIC, the European Chemical Industry Council's subcommittee on Wind Energy and the IACMI-ACMA Recycling Project in the United States, focused on collective responsibility for manufacturers' end-of-life for products. Through our participation in these bodies, we help create policy and thus seek to be ahead of the curve on legislative issues. To this end, we have active programs aimed at eliminating toxic and hazardous chemicals from our supply chain, to stay beyond compliance and keep our colleagues and customers safe.



ENVIRONMENT - MAKING A POSITIVE DIFFERENCE GLOBALLY

ETHICAL AND SUSTAINABLE SOURCING

Purchasing of raw materials, goods and general services is always carried out with our values in mind. We regularly review our supply base and always look to strengthen and improve our supplier partnerships. Although currently the majority of our raw materials are petroleum-based or mined, we are continually seeking to source from environmentally friendly and natural sources to increase our portfolio of bio-based products.

Scott Bader is committed to working with suppliers whose values are aligned to ours. In 2019, Scott Bader signed up

to EcoVadis, a world leading provider of business supplier sustainability ratings and improvement tools for global supply chains. We will leverage this platform to reduce risk, encourage innovation and deliver on our commitment to put sustainability at the core of what we do.

EcoVadis will support Scott Bader's mission to measure, monitor and improve supplier performance across key sustainability criteria and identify high-performing partners willing to collaborate with us. Currently 25 of our most important suppliers have been assessed while 8 more are being rated towards building up an understanding of our supplier base and formulating a strategy.



RESEARCH, DEVELOPMENT AND INNOVATION

Innovation is at the heart of the company, embedded in our Constitution through our Code of Practice and Guiding Principles. With key capabilities in Polymer Synthesis & Development, Measurement Science (Analytical Chemistry & Materials Testing), and Formulation Materials Development, research and development is of strategic focus at Scott Bader as we work towards a more sustainable future.

In 2020, 1.7% of our revenue was invested in new research and technology with at least 6% of our workforce in technical roles. Our recent organisational restructuring led to the R&D function being split, with technical services transferring into the Commercial team to drive closer customer responsiveness. We engage with stakeholders through regular collaboration. One of such partnership is with the University of Liverpool, a prestigious research institution in the UK. In 2020 we were

able to rapidly develop a range of thickeners for hand sanitizer applications and we have also been developing 3D printing resins which we expect to launch in 2021.

We aim to develop up to five new technology plays over five years.



polymer mimetics

A subsidiary of Scott Bader Company

Scott Bader Company Ltd and the University of Liverpool formed a joint venture, Polymer Mimetics, to develop a novel polymer chemistry platform. With a funding of more than £1m, Polymer Mimetics will build on technology developed by Professor Steve Rannard, from the university's Department of Chemistry.

The technology takes widely available chemical building blocks and, in a facile, highly scalable process, transforms them into high performance polymeric products with the potential to engineer in degradability. It is envisaged that this new generation of materials will have broad applicability in several markets including coatings, composites and speciality additives. Based in Liverpool, the joint venture with the University of Liverpool demonstrates Scott Bader's commitment to work with technology leaders to develop sustainable new technologies.



Polymer Mimetics is a genuine industry-academia translation of new chemical technologies into a vehicle that will allow economic impact and we are highly grateful to Scott Bader for their faith in our chemistry and the vision to invest early in its development."

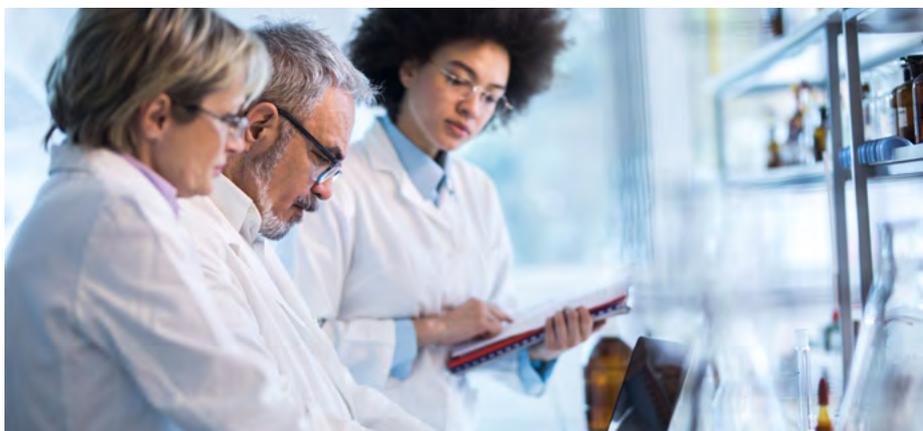
Professor Steve Rannard,
University of Liverpool

Our Group Chief Technology Officer Mark Cooper has recently joined a Royal Society of Chemistry (RSC) industry task force on for PLFs (Polymers in Liquid Formulations). As Mark says "Scott Bader will play an integral part in this new industry task force to help shape an industry roadmap through the Synergy programme. It will explore how circular economy principles could apply to polymers in liquid formulations across a range of different industries and markets and, by doing so, will closely align to Scott Bader's 2036 Vision".



We are working on a sustainability technology roadmap which will further strengthen our sustainability efforts."

METRIC	2019	2020
Research and Development expenses (£m)	3.2	3.3
Research and Development as a % of revenue	1.5%	1.7%



LOOKING FORWARD

Our ambitions extend beyond carbon neutrality, and we aim to become a net zero company, where all emissions from our presence are balanced by the absorption of an equivalent amount from the atmosphere. This will require a greater understanding of our full value chain and a true measurement of the impact that Scott Bader has on the planet. Our Scope 3 emissions will include everything that occurs upstream and downstream from our operations including the choices we make with respect to the materials we buy, the products we make and the markets we serve.

Scott Bader operates globally, and as our presence extends into new regions, diverse markets and with novel technologies, it is of essential importance that we ensure our products and processes align with all local and global chemical regulatory environments. Five out of six of our manufacturing sites are ISO14001 certified for our environmental management systems, and we aspire to have all six sites audited and certified within the next year.

Looking forward, we will embed regulatory awareness into our global culture, commit to **Acting Beyond Compliance** and continue to improve on how we measure and monitor all our ecological impacts, with a view to becoming a provider of essential polymer solutions, operating in balance with nature and thus truly harnessing the power of chemistry as a force for good.



SOCIAL - SUPPORTING OUR COMMUNITIES

COMMONWEALTH OBJECTIVES

We regard profit as just one measure of business success, necessary to sustain Scott Bader but also a means by which we can fulfil our social purpose. Under our Humanity pillar, we aim to make a positive social impact wherever we operate, both internally through how we support our colleagues and externally, supporting local charitable and community causes.

Scott Bader Commonwealth Ltd, the registered charity which holds the shares of Scott Bader Company Ltd, has three main responsibilities, which are to ensure that:

- Scott Bader is governed effectively and in accordance with the Guiding Principles of the founder
- Colleagues are actively engaged and the Scott Bader community is strong and healthy
- Scott Bader fulfills its charitable objectives

The objectives for which the Commonwealth was established (its public benefit statement), as stated in our Constitution and to which it is answerable to the Charity Commission, are as follows:

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

These outward facing objectives require Scott Bader to not only manage its own business in line with clear principles but to encourage others to do so as well, for the benefit of the environment (planet) as well as society and communities (people). The Constitution gives the Commonwealth Board (CWB) wide powers in terms of research, education, partnerships and promotion to undertake projects with third parties. In the past two years, we have been refreshing our approach to our charitable activities and objectives.



3 DELIVERING VALUE TO SOCIETY

Incorporating the following ambassadorial and PR tasks: advocate sustainability, share our know-how, profit and vision; measure social value



5 UNLEASHING COLLEAGUES' POTENTIAL

Member Engagement is a key success factor in achieving this goal

PILLARS:



HUMANITY

STRATEGIC GOALS:



UN SDGS:



SOCIAL - SUPPORTING OUR COMMUNITIES

STRATEGIC APPROACH

Scott Bader's approach to social activities and engagement is driven by the Commonwealth. In support of our 2036 Vision, our giving and volunteering increasingly focuses on our local communities and in particular:

Education and legacy	Investing in the education, training and development of local people
Social and environmental impact	Responding to the most pressing social and environmental needs, especially to young people and those facing poverty, disability, and disadvantage
Foundation and incubation	Leveraging our skills, resources and networks to assist science and socially-driven organisations

We consider the local communities where we operate as key stakeholders and Scott Bader sites around the world are encouraged to support their local communities. We regularly engage with these communities through various channels including social media and through engagement with the charities in these communities. This helps the Commonwealth understand and meet local needs.



CHARITABLE GIVING

Every year, approximately 5% of Scott Bader's operating profit is given to the Commonwealth to be invested in charitable activities and projects around the world. The sum of £371,620 was paid by the company out of 2019 profits to the Commonwealth, to be used for charitable and philanthropic activities in 2020. In 2021, this donation doubled to £795,000 equivalent to 7.5% of operating profit. With the implementation of Optimy, our new grant management tool in 2020, we now have a more effective process for organizing and tracking charitable giving across the group.

To support the CWB's strategy for greater local impact in each of the Scott Bader locations, allocations from 2020 followed a new structure:

- **Glocal Strategy Fund** - Using a Think Globally, Act Locally approach, each site receives an allocation based on the number of colleagues to enable them to support local projects that address social and environmental issues.
- **Commonwealth Community Hardship Fund** - Applications for grants from £500-£10,000 are submitted from any site to address local financial distress from COVID-19.
- **The Scott Bader Annual Chemistry Challenge Prize** - In 2019, a £10,000 fund was made available as prize money for a research project involving green chemistry innovation and solutions in markets served by Scott Bader.

2016		£154K
2017		£204K
2018		£222K
2019		£236K
2020		£254K



SOCIAL - SUPPORTING OUR COMMUNITIES

TARGETING SPECIFIC SOCIAL CAUSES

Charities also benefit from the Honorary Life President's Fund, which gives away £7,500 to charities chosen by Godric Bader, the founder Ernest's son and our Life President, who at 97 years of age still takes a keen interest in Scott Bader's affairs.

Our grants are now mostly targeted at helping young or disadvantaged people suffering deprivation and discrimination, such as poor, homeless, vulnerable women and children, minority communities, particularly where people are affected by poverty, lack of education, malnutrition, and disease. Colleagues also had a say in deciding where our four largest grants went. At the 2019 AGM, the following charities got the highest votes from Commonwealth Members, each receiving £25,000.



INSTITUTION AND PROJECT:

LIVINGSTONE TANZANIA TRUST

To support the building of a new classroom block in Sawe, Tanzania, with a kitchen, which will improve access to and the quality of education for 1,600 children every year, enabling them to reach their potential and break the cycle of poverty, and ensuring every child receives a nutritious hot meal each day.



SEND A COW

To empower 1,100 vulnerable women farmers Petauke Women's Project, Zambia to achieve self-reliance, gender equality, food and income security, access to clean water, training in health and hygiene, and sustainable livelihoods. The project will enable the women to meet their family's food, nutrition, and income needs.



TASTE

To provide education to 3,000 adults and children on good water, sanitation and hygiene (WASH) practices, with training to 40 Health Promoters and establishing two solar powered boreholes with a capacity of 50,000 litre/day, with eight tap points supplying nearly 20,000 people.



ACE AFRICA

To improve long-term nutrition for 1,000 children and their families, through fruit tree cultivation in 20 primary schools in Western Kenya. Forty teachers will be trained in fruit tree production and management, expanding existing kitchen gardens run by the children themselves, for long term impact.



Please see **Appendix II** for a full analysis of our charitable giving in 2020.

PROMOTING INDUSTRIAL DEMOCRACY

The Commonwealth actively supports the UK Employee Ownership Association (EOA), hosting regional events and attending its annual conferences. In 2020, the Commonwealth granted a donation of £10,000 (matched by the Company) to the EOA's new independent think tank, Ownership at Work, and also granted £5,000 seed funding to a potential national study of the social impact of employee-owned businesses.

More active engagement in and support for the EOA (on whose board Scott Bader's Chief Financial Officer Matthew Collins sits) is part of a move to raise the profile of Scott Bader to meet our objectives to promote industrial democracy, corporate social responsibility and sustainability.

In our centenary year of 2021, COVID-19 permitting, we hope to

reinstate the Annual Scott Bader Lecture, a high-profile series of special guest lectures that took place from 1973-91 inviting international thought leaders to talk on topics of industrial organisation, ownership and evolution.

SOCIAL - SUPPORTING OUR COMMUNITIES

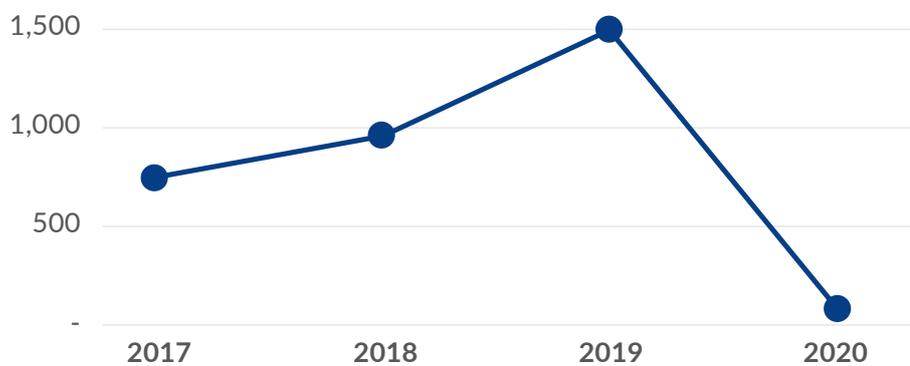
VOLUNTEERING AND MATCH FUNDING

Another way we support our local communities globally is through volunteering to encourage colleagues to volunteer for a not-for-profit organization. From 2014 we have provided one day's paid leave per person each year to use for volunteering.

This gives colleagues the opportunity to contribute to and connect with the local community, building relationships and supporting our founder's principle of a wider social responsibility.

In addition, every summer we usually hold a Company Day, where teams of colleagues take on and tackle projects for a number of local charities. Sadly, we were not able to do this in 2020 due to COVID-19.

VOLUNTEERING HOURS



Volunteering hours have steadily grown, doubling in the past two years, totalling 1,500 hours in 2019 with colleagues participating in a large range of activities from clearing hospital gardens and painting schools to working with disadvantaged young people and the homeless.

MATCHED FUNDING

2016		£23K
2017		£23K
2018		£30K
2019		£32K
2020		£12K

In addition, Scott Bader matches every £1 raised by colleagues in charitable fundraising activities up to a maximum of £1,000 per person per year, thus charities locally, nationally, and internationally receive double the amount from the efforts of colleagues. In 2019, approximately £32k was allocated mainly in the UK through the Matched funding scheme with over 40 charities benefiting from the scheme. In 2020, this figure fell by more than 60% due to COVID-19 restrictions.



VISORS FOR THE NHS WOLLASTON, UK

At the onset of the COVID-19 pandemic in 2020, there was a shortage of PPE in the UK. Scott Bader responded to a call for volunteers to support the NHS and frontline workers in assembling PPE.

Colleagues volunteered at our UK site to service local care homes, NHS hospitals and surgeries, producing about 2,500 essential face visors.

COMMUNITY RELATIONS

Scott Bader aims to capitalise on its exceptional historical legacy by deploying facilities and volunteers to support the community local to our headquarters, something we encourage all our sites to do.

In the UK, we sponsor and organise a range of local community events such as trips to the local funfair for young people with disabilities and an annual Christmas tea party for elderly residents. We also offer local people the use of a number of our facilities including our swimming pool for children's swimming lessons and sessions for the over 50s. There are several allotment plots and greenhouses for local residents, current and retired colleagues to use.

In our Wollaston UK base, the Commonwealth Centre, a conference facility with its own kitchen is available as a community asset and hosts many events including weddings. The Company also owns the adjacent pub, called The Hill, which is open to and used by colleagues and the general public. It is managed by a social committee.



The Scott Bader swimming pool operates 10-12 hours per day, with:

- 100 internal members (Scott Bader colleagues, families, and pensioners)
- 250 external members (from the local community)
- Approximately 175 children on swimming lesson scheme.

The pool is used by five schools, two scuba clubs, Wellingborough swimming club, three autistic / special needs groups, and the Scott Bader Rookie Club. Run by volunteers for over 20 years, there are weekly sessions for junior lifesavers promoting water safety, first aid, rescue techniques as well as social trips to the panto and fun open water venues. Many of the members have gone on to become fully qualified lifeguards employed at the pool.

Scott Bader is increasingly seeking to work with other organisations to develop community projects. In the UK, we have refurbished Keep House, a Grade II listed stone-built farmhouse comprising three floors with barns and gardens, situated at Scott Bader's head office in Wollaston. The property has now been let to a variety of new and small local charities on favourable terms, with the opportunity for joint projects.

The barns will be refurbished over a planned time period and made available to the community for let. Income received from the Keep House project adds to the Commonwealth's funds available for its charitable activities.

SOCIAL METRICS

COMMUNITY INVESTMENT	2019	2020
Charitable donations (£k)	236	254
as a % of pre-tax profit	3.07%	2.36%
Matched funding (£k)	32	11
Volunteering (hours)	1,500	82.5

As can be seen above, our charitable giving in 2020 equates to 2.36% of profit before tax. This compares favourably with 0.79% reported by Business for Societal Impact the companies using their framework to measure philanthropic activities.

INTERNATIONAL IMPACT

Internationally, each of our major offices have elected 'Commonwealth Coordinators' who liaise with the Commonwealth Office and meet regularly to discuss their community issues and activities, share best practice and encourage colleagues around the world to engage with their local communities. Members of this group disseminate ideas and information as well as feedback issues and concerns of colleagues in their regions.

The Commonwealth Coordinators were instrumental in a 2019 survey to identify the priority social issues for colleagues worldwide and ensure support for a 'Theory of Change' approach to addressing youth disadvantage as a priority.

In 2020, our sites and offices around the world invested a total of £254k, with a breakdown of the amounts and key beneficiary causes in each region shown in Appendix II.

SCOTT BADER NORTH AMERICA RESPONSE TO COVID-19

Food Insecurity - Established in Ohio, Scott Bader Inc used part of our local funds to donate to food banks and soup kitchen in the cities where colleagues live across the United States. We supported Feeding America who received a larger Scott Bader grant - Feeding America is the largest hunger relief organization in the US. Based on Feeding America's claim that for every dollar donated they can provide 10 meals, Scott Bader's combined donations were able to provide over 100,000 meals to families in need.

Domestic Violence - In providing for the greatest local needs, the Ohio office donated to a local battered women's shelter and also donated to The Cleveland Foundation's greater Cleveland COVID-19 Rapid Response Fund. This fund was designed to provide fast funding into local non-profits that directly support people impacted the by COVID-19 pandemic.

Facemasks - One colleague used her volunteer day and personal time to sew cloth facemasks for a local hospital.



RELIEF FOOD PACKAGES

BANGLADESH

Scott Bader Middle East have been working with Centre for the Rehabilitation of the Paralysed (CRP) to distribute dry food packages in Bangladesh.

Due to the global pandemic, Bangladesh was placed into lockdown in March 2020. This had a disastrous effect on the income of families across the country. Funding from the Scott Bader Commonwealth allowed 165 food packages to be delivered to families living in poverty.



SOCIAL - SUPPORTING OUR COMMUNITIES

LOOKING FORWARD

Throughout 2021 the CWB will continue to review and reflect on our current methods of engagement with our community stakeholders, to determine how we can make improvements, and will be seeking to partner more with other organisations.

Our aim is to use our money, time and skills in a more proactive and targeted way, leveraging our resources in coalition

with partners and other donors to make our charitable activities more:

- **Strategic** – linked to our business model and skills
- **Focused** – intense efforts to address a key social issue
- **Local** – supporting the communities where colleagues work and live,
- **Aligned** – with the issues that matter most to our colleagues and their communities

We realise, though, that this will have resource implications, and a need for a cultural change both within the Commonwealth and the Company as a whole, as we rise to the challenge not only to improve our own actions and impacts but promote good practice in others, in line with our public benefit statement.

COMMONWEALTH IMPACT SUMMARY – 2020

167 (2019: 85)
CHARITIES BENEFITTED FROM OUR DONATIONS

£254K (2019: £235k)
DONATED TO CHARITIES

27 (2019: 22)
COUNTRIES BENEFITED FROM OUR GIVING

69% (2019: 68%)
COMMONWEALTH MEMBERS VOTED IN THE AGM

93% (2019: 95%)
OF ELIGIBLE COLLEAGUES ARE COMMONWEALTH MEMBERS

82.5 (2019: 1,500)
HOURS SPENT VOLUNTEERING BY COLLEAGUES

Causes supported

- DISABILITY AND DISADVANTAGE
- YOUTH WELLBEING
- HEALTH
- POVERTY
- EDUCATION
- SOCIAL AND ENVIRONMENT
- COVID-19

£50 - £10K
DONATED TO EACH CAUSE



GOVERNANCE - THE SPIRIT OF SCOTT BADER

THE CONSTITUTION AND OUR GOVERNING BODIES

When Ernest Bader established the Commonwealth in 1951, he set out the fundamental values and principles which he believed should form the cornerstone for the way in which the Commonwealth and the Company operated. These are enshrined in the Scott Bader Constitution which was updated in 2010.

Clause 28 of the Constitution states that the basic purpose of Scott Bader is "to provide the best possible service as a corporate body to humankind". It goes on to lay out seven fundamental Guiding Principles, namely

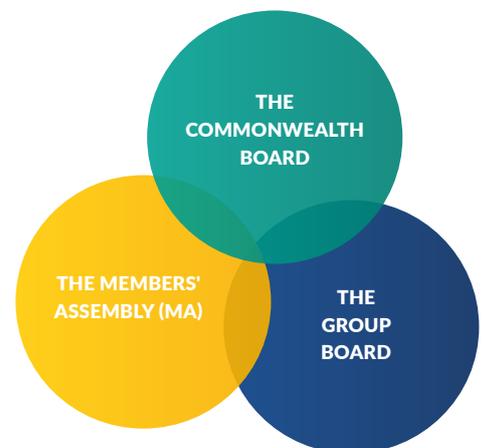
GUIDING PRINCIPLES	Sustainability – of the business
	Fair trading – for the good of society
	Environment – minimum impact on the planet
	Innovation – continuous research and development
	Developing partnerships – seeking collaboration with our stakeholders
	International presence – and impact
	Ethical business – in everything we do

The Constitution makes provision for the three Governing Bodies, each of which colleagues are entitled to be elected. The Governing Bodies are:

- The Commonwealth Board
- The Group Board
- The Members' Assembly

The Commonwealth Board (CWB)

The CWB represents and controls the holding company of Scott Bader Company Limited and is a registered charity. All Members of this board are Directors and Charity Trustees and as such have to ensure that the charity is run in accordance with Charity and Company laws. The CWB does not get involved in the day to day running of the Scott Bader Company Limited business, but it does have the responsibility for ensuring that the assets of the Trust continue to be well managed and the Company continues to adhere to Commonwealth Principles. The Board is consulted about such things as strategy, major acquisitions or disposals, and profit distribution, and monitors industrial democracy within Scott Bader.



PILLARS:



STRATEGIC GOALS:



UN SDGS:



GOVERNANCE - THE SPIRIT OF SCOTT BADER

There are nine members of this Board:

- Five externally nominated Guardian Trustees (including one nominated by the Bader Family, and one former colleague and member of the Commonwealth)
- Three internally elected Directors
- The Group Chair

The charity trustees have a duty to ensure the Commonwealth's founding intention of being an example to the world of a different way of doing business is acted upon, evaluated, researched and promoted. The role of the Guardian Trustees, who in certain circumstances have special voting rights, is to safeguard the Constitution and ensure that the Commonwealth stays true to its founding purpose and Guiding Principles. They have the power to

- Veto changes to the Constitution
- Veto any measures proposed by the Group Board or Members' Assembly that contravenes Commonwealth principles
- Arbitrate in any disagreement between the Group Board and the Members' Assembly

THE MEMBERS' ASSEMBLY (MA)

The Members' Assembly is the Group's democratic forum, to whom the Group Board are held accountable for the exercise of their responsibilities and for the health and success of the Scott Bader businesses. It represents Commonwealth Members and may discuss any issue but cannot displace the overriding authority of Commonwealth Members in General Meeting, to whom it is ultimately subordinate.

THE GROUP BOARD

The Group Board is the Operating Company's Board of Directors. Although the Board is accountable to the MA, management of Scott Bader Company Limited remains its responsibility. The Group Board also has the responsibility to help promote the Scott Bader Commonwealth vision, support its charitable objectives and operate in accordance with the Commonwealth's Guiding Principles.

Our overseas affiliated subsidiary companies are individual trading entities with at least one member of the Group Leadership Team (GLT) sitting on each

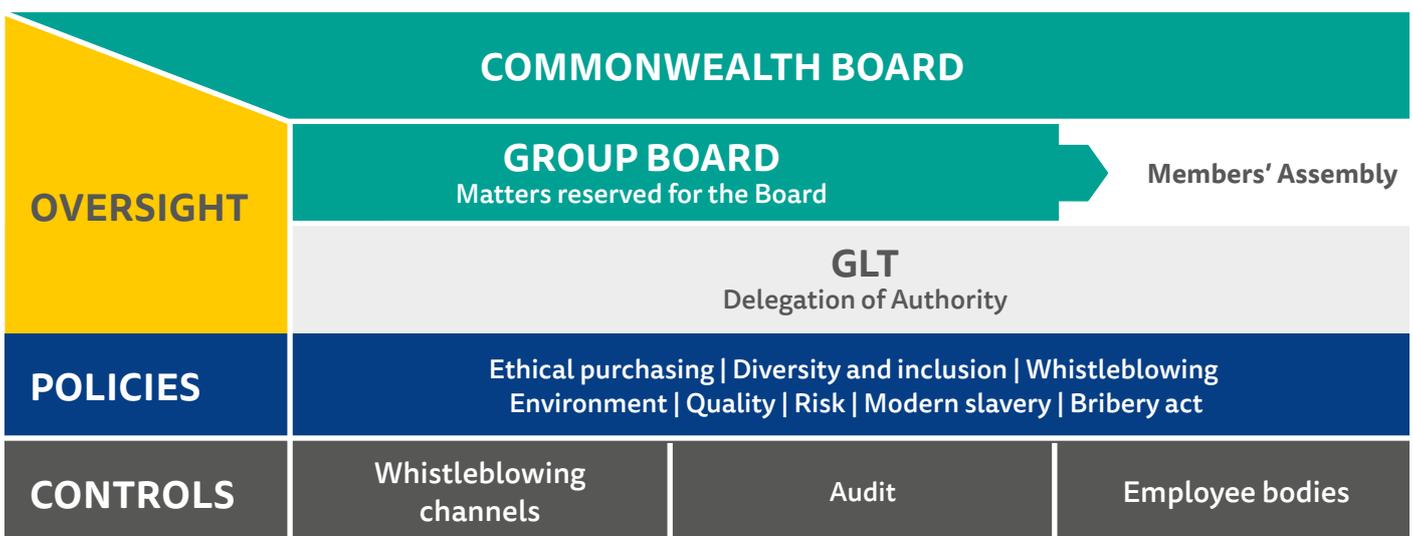
entity's board. They are managed through holding companies which report to Scott Bader Company Ltd, overseen by Scott Bader Commonwealth Ltd.

The Group Chair sits on the CWB, Group Board and MA bodies and regularly meets with the MA and CWB Chairs and the CEO, to exchange information and ensure our policies and procedures reflect our values and business strategy. Governance standards are a high priority and in line with our commitment to good governance practices, the Group Board has adopted the Quoted Company Alliance (QCA) corporate governance code (page 43).

In addition, in 2021 we are:

- Undergoing a full governance review
- Undertaking a Constitution review to restate our values and principles and strengthen their oversight

We believe that our business relationships are more sustainable because Scott Bader cannot be taken over – it is totally independent, with no outside shareholders.



BOARD COMPENSATION

The compensation of the CEO, the Executive Directors and the Company's Chair are determined by the Remuneration Committee, making recommendations to the MA and Group Board.

Employee-elected directors do not receive any additional compensation for their roles on the Board outside the remuneration they receive for their operational roles. The Chair and non-executive directors (NEDs) get a fixed salary.

The external Guardian Trustees on the CWB also do not receive any compensation for their roles on the Board except for out-of-pocket expenses.

ETHICS AND VALUES

When we talk about the Commonwealth and Commonwealth membership, we are really talking about the culture of Scott Bader and how we do things. We are driven by integrity, strong corporate and personal ethics that match our founding principles. The Constitution contains a Code of Practice for Commonwealth Members, which articulates the behaviors we expect colleagues to live up to in their day-to-day activities.

BRIBERY AND CORRUPTION

Scott Bader is committed to the highest possible standards of openness, probity, and accountability. In line with that commitment, we expect colleagues who have serious concerns about any aspect of the organisation's work to come forward and voice those concerns. It is important that any fraud, misconduct, or wrongdoing by colleagues is reported and dealt with properly and promptly.

We communicate our zero tolerance to bribery and corruption and our recently reviewed Whistleblowing Policy highlights qualifying disclosures and guarantees confidentiality. In 2020, we signed up to Safecall, an external whistleblowing hotline service designed to provide colleagues a safe and confidential reporting system for incidents of wrongdoing. The 24-hour service is available 365 days a year and in multiple languages. Since 2018, there have been no reported bribery incidents or sanctions.

MODERN SLAVERY

Scott Bader is committed to preventing slavery, exploitation, child labour and human trafficking in its corporate activities and supply chains. We have a Modern Slavery policy addressing our understanding of potential risks, and the steps needed to ensure there is no slavery or human trafficking in our business or its supply chains.

Key stakeholders in the organisation undergo training on The Modern Slavery Act. They are responsible for cascading this information to their respective teams.

We strive to produce goods not only beneficial to customers at a fair price and of high quality, but also for the general good of society. We have put in place policies and procedure related to materials and chemicals management, assessment and documentation of environmental risks, and a dedicated feedback channel to investigate any potential health and safety risk of our products and activities.

We commit to increased public reporting on key aspects of the business and improvement of data through our website and annual publication of an EESG report, of which this is the first.

COMPLIANCE

One of our 7 strategic goals is **Acting Beyond Compliance**. We ensure key relevant regulatory information is shared, understood, and integrated in our product and business development. We aim to achieve this through

- Strengthening internal competency and understanding of key compliance areas
- Updated Whistleblowing Policy
- Internal controls towards systematic maintenance of risks and control processes
- Building internal regulatory awareness by conducting more active training

It is essential that we ensure our products and processes align with all local and global chemical regulatory environments. In recent years we have heavily invested in systems and expertise to evaluate our entire product portfolio. As we aspire to be beyond compliance, we are putting in place internal controls to ensure Scott Bader maintains a sound system for the Group's risk and control processes to support its strategy and objectives.

METRIC	2019	2020
Whistleblowing	8	0
Training	-	99%
Violations	-	3
Fines	-	£419

In 2020, we have been actively identifying legacy issues and as a result, the number of violations and fines have increased versus 2019.

CORPORATE

In 2019, the Group board adopted the Quoted Companies Alliance (QCA) Governance Code. Compliance with the QCA is based on ten key principles, and we are committed to aligning to those recommended principles. We have made good progress towards full compliance and the Group has moved forward to be compliant with six of the ten principles.

The four remaining areas are deemed to be partially compliant, with the work required for full compliance identified and planned for 2021. These relate to closing out current Governance, Risk and Compliance (GRC) reviews with external parties, publishing additional governance data on our website, completing the constitutional review and progressing other internal reports such as this, our inaugural EESG report.



3 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.

QCA'S 10 PRINCIPLES OF CORPORATE GOVERNANCE

Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

DELIVER GROWTH		STATUS
1	Establish a strategy and business model which promote long-term value for shareholders	●
2	Seek to understand and meet shareholder needs and expectations	●
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	●
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	●
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
5	Maintain the board as a well-functioning, balanced team led by the chair	●
6	Ensure that between them the directors have the necessary up to date experience, skills and capabilities	●
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	●
8	Promote a corporate culture that is based on ethical values and behaviours	●
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	●
BUILD TRUST		
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	●

RISK MANAGEMENT

Risk is an inherent component of Scott Bader's activities and its proper management is critical to the achievement of our purpose. We take a proactive approach to risk management through identification and assessment of our key risks, risk appetite, tolerance, and implementation of a risk management system to measure, respond, monitor, and report risks.

The Group Board has overall responsibility for risk management and has set up a Risk Committee. The Board uses a Risk Matrix to monitor and manage business and operational risks. The CWB regularly reviews the Risk Matrix, and greater scrutiny of this now includes a review of our corporate culture and employee morale.

The Audit and Risk Committees work closely together to review the effectiveness of our risk management process, the implementation of appropriate controls and mitigating actions. Further information on risk management can be found in the Scott Bader Annual Report and Accounts on line.

The main sub-committees of the Group Board are as follows:

- Audit Committee
- Risk Committee
- Sustainability Committee
- Remuneration Committee



1 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.

STAKEHOLDER ENGAGEMENT

Our stakeholders are a valuable part of our business. Scott Bader’s Constitution requires us to take into account stakeholder interests, including but not limited to Commonwealth Members, colleagues, customers, and the community. We prioritise and regularly engage with both our internal and external stakeholders to address their concerns and feedback.

Engagement with our colleagues has been described elsewhere in this report. We interact with our commercial stakeholders, that is our customers and suppliers, on a regular basis, working in collaboration through our website, social media, exhibitions, and newsletters maintaining an open line of communication. We sit on industry bodies and liaise with regulators through site visits.

We recognise, however, that we can improve our engagement with non-commercial stakeholders in a way that is more regular, proactive and transparent, and we will be developing a stakeholder management system to ascertain the optimum frequency and nature of consultation and dialogue, at the same time being more open to collaboration and partnerships.

As part of the Constitution review, we will explore the inherent synergies - and at times tensions - between addressing the needs of our internal colleagues and those of external community stakeholders.



STEWARDSHIP

Our Constitution promotes sustainable development through prudent use of resources to provide the best possible service as a corporate body to humankind.

Our continued long-termism is articulated in our ambitious 2036 Vision. As stated, we have implemented a robust risk management process to build business resilience and there is an ongoing audit of our manufacturing assets for integrity, as we systematically work through legacy issues, at the same time as upgrading our legal framework and increasing training for our Board members.

LOOKING FORWARD

We aim to ensure that Scott Bader is well-placed for its second 100 years. The resilience, agility and commitment of colleagues, has allowed us not only to survive but thrive during 2020.

Initiatives underway, especially the Constitution review, will strengthen the workings of our Governing Bodies as we move from being a 'large small company' to a 'small large company' that requires robust governance and a 'think global, act local' mindset.

Looking forward, we will embed robust governance and regulatory awareness into our global culture, as we Unleash Our Colleagues Potential, Strive for Excellence, Act Beyond Compliance, Protect Our Environment by Pioneering the Circular Economy and increasingly Partner for Success to ensure we Deliver Value to Society - being recognised as a 'beacon' company by all stakeholders and building on our heritage.



BUSINESS
A century of lasting partnerships



ECOLOGY
Working towards a sustainable future



HUMANITY
Making a positive difference since 1921

An aerial photograph of an industrial facility, possibly a paper mill, with various buildings, pipes, and storage areas. The image is overlaid with a large, semi-transparent blue and green geometric shape that tapers from the top left towards the bottom right. A solid yellow triangle is positioned on the left side, partially overlapping the blue overlay.

APPENDICES

I. GLOSSARY

II. ANALYSIS OF OUR CHARITABLE GIVING



I. GLOSSARY

ABBREVIATIONS AND ACRONYMS

AGM	- Annual General Meeting
CO₂	- Carbon dioxide
CWB	- Commonwealth Board
D&I	- Diversity and Inclusion
EESG	- Employee, Environment, Social and Governance
EMEA	- Europe, Middle East, and Africa
EO	- Employee-owned
GHG	- Green House Gas
GRC	- Governance, Risk and Compliance
HSE	- Health, Safety and Environment
LCA	- Life Cycle Analysis
MA	- Members' Assembly
ML	- Megalitres
QCA	- Quoted Companies Alliance
R&D	- Research and Development
SBCL	- Scott Bader Company Limited
SBCW	- Scott Bader Commonwealth
SDG	- Sustainable Development Goal
TeCO₂e	- Tonnes Carbon Dioxide Equivalent
UN	- United Nations
UPR	- Unsaturated Polyester Resin

GLOSSARY OF TERMS

Carbon intensity

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

Carbon-neutral

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

Circular economy

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

Dual reporting

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

Glocal

Reflecting both local and global considerations.

Green energy

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

Location-based

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

Market-based

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

Net zero

Mapping out the whole value chain and measuring all Scope 3 emissions.

Polysaccharides

Natural polymers made up of sugar monomers.

Rheology modifiers

Materials which impact on the flow and behaviour of a material. This could be from improving how a product feels on the skin to how viscous it is for application and appearance.

Scope 1 GHG emissions

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

Scope 2 GHG emissions

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



II. ANALYSIS OF OUR CHARITABLE GIVING

2020	HEALTH	EDUCATION	DISABILITY AND DISADVANTAGE	POVERTY	SOCIAL AND ENVIRONMENT	YOUTH WELLBEING	COVID-19	
Bangladesh							£2,000	£2,000
Cameroon				£5,615				£5,615
Canada	£4,020			£2,680				£6,700
Central African Republic							£3,859	£3,859
China		£4,700						£4,700
Croatia	£4,680	£4,680	£2,000			£2,934		£14,294
Czech Republic	£1,000	£900	£1,600					£3,500
Egypt							£3,900	£3,900
France			£4,450	£4,500				£8,950
Germany	£2,200							£2,200
India							£12,160	£12,160
Ireland						£3,300		£3,300
Kenya							£1,000	£1,000
Malawi							£2,607	£2,607
Nepal			£2,160					£2,160
Nigeria							£5,000	£5,000
Pakistan		£6,480						£6,480
Philippines		£2,160						£2,160
Senegal		£5,435						£5,435
Sierra Leone							£4,000	£4,000
South Africa	£1,300	£6,500		£3,500	£2,000		£7,000	£20,300
Spain	£2,450							£2,450
Sri Lanka				£2,160				£2,160
Sweden	£3,100							£3,100
Tanzania							£11,358	£11,358
Thailand							£5,250	£5,250
Uganda							£4,374	£4,374
UK	£7,924	£4,700	£13,226	£4,100	£1,200	£7,350	£31,141	£69,641
USA				£2,230			£7,495	£9,725
	£26,674	£35,555	£23,436	£24,785	£3,200	£13,584	£101,144	£228,378
OTHER FUNDS AND SCHEMES								
Life President's Fund								£7,500
UK Nomination Scheme								£14,000
USA Nomination Scheme								£2,970
Grand Total								£252,848

SCOTT BADER GROUP COMPANIES



Head Office

Scott Bader Company Limited
Wollaston, England
Tel: +44 (0) 1933 663100
Email: enquiries@scottbader.com

Scott Bader France

Amiens, France
Tel: +33 3 22 66 27 66
Email: info@scottbader.fr

Scott Bader Spain

Barcelona, Spain
Tel: +34 93 553 1162
Email: diazs@scottbader.es

Scott Bader Germany

Weiden, Germany
Tel: +49 961 401 84474
Email: composites@scottbader.de

Scott Bader Ireland

Dublin, Ireland
Tel: +353 1801 5656
Email: composites@scottbader.ie

Scott Bader Scandinavia

Falkenberg, Sweden
Tel: +46 346 10100
Email: composites@scottbader.se

Scott Bader Eastern Europe s.r.o.

Praha 6, Czech Republic
Tel: +420 (0) 485 111 253
Email: composites@scottbader.cz

Scott Bader Croatia

Zagreb, Croatia
Tel: +385 1 240 6440
Email: info@scottbader.hr

Scott Bader North America

Stow, OH, USA
Tel: +1 330 920 4410
Email: info@scottbader-na.com

Scott Bader ATC

Drummondville, Canada
Tel: +1 (819) 477 1752
Email: enquiries@scottbader.com

Scott Bader South Africa

Hammarsdale, South Africa
Tel: +27 31 736 8500
Email: composites@scottbader.co.za

Scott Bader Middle East

Dubai, United Arab Emirates
Tel: +971 481 50 222
Email: info@scottbader.ae

Scott Bader Asia Pacific

Shanghai, China
Tel: +86 (21) 5298 7778
Email: info@scottbader.cn

Scott Bader Japan KK

Yokohama, Japan
Tel: +81 (0) 45 620 3745
Email: enquiries@scottbader.com

Scott Bader Australia

Perth, Australia
Tel: +61 (08) 9418 4555
Email: info@scottbader.com.au

Saryen Scott Bader Pvt. Ltd

Mumbai, India
Tel: +91 22 4220 1555
Email: info@satyenpolymers.com

NovaScott Especialidades Químicas Ltda

Civit II, Serra, ES 29165-973, Brazil
Tel: +55 27 3298 1100
Email: info@novascott.com.br



SCOTTBADER.COM