



**CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT  
2022/2023**

[www.scandye.it](http://www.scandye.it)

## THE WORD OF THE CEO



*I am proud and happy to introduce our sustainability report which examines and delineates our achievements and future objectives in the fields of social responsibility, production management and environmental protection. This report shows our continued commitment to the principles of the UN Global Compact, the values of sustainable development and business ethics.*

*For us, social responsibility isn't merely a catchy slogan – rather, it serves as a proven framework for everyday activities. We strive to make sustainability an integral part of all our business processes. Guided by the principles of sustainable development and pollution prevention, we continue to show progress in optimizing resource use in production. We are also dedicated to the principles of sorting and recycling, underlining our steadfast commitment to sustainable and environmentally responsible practices.*

*A socially responsible company is like a family that is appreciative of all ide-*

*as that may be helpful to the environment and the community. If the company also has a strong organizational culture, these ideas can grow and become new standards of collective behaviour and workplace ethics.*

*We remain unwavering in our commitment to prioritize work safety, optimize production processes, and champion environmental protection initiatives:*

- *For the past nine years, Scandye has been utilizing electricity generated from renewable energy sources. All electricity needs are covered by “Green Lithuanian Energy”. This label marks electric energy produced in Lithuania exclusively from renewable energy sources.*
- *In 2022/2023, electricity produced by our own solar plant covered 17.1% of our annual electricity needs.*
- *All dyes and chemicals used in dyeing in finishing processes correspond to EU regulations for chemical materials (REACH), Oeko-Tex and Ecolabel standards.*
- *We are using an automatic dye and chemical dosage system that eliminated direct employee contact with dyes and chemicals. The system also reduced chemical concentration in the working area, helped optimize the usage of dyes and chemicals, and reduced the need for reprocessing.*
- *We are continuing the implementation of LEAN methods that improve production efficiency, reduce the need for corrective work, and optimize the use of energy resources.*

- *We are optimizing waste quantities and improving the process for waste management and sorting. Office paper waste, packaging board waste, plastic waste and electronic equipment waste are all treated as secondary raw materials.*
- *More than 87% of our paper and plastic packaging waste gets recycled.*
- *To reduce gas consumption for steam production, we dye wool at a temperature of 90°C.*
- *We are investing in both formal and informal training programs for our employees to facilitate their professional growth and ensure that they stay updated on workplace health and safety practices.*
- *We are seeking to be a valuable member of the community not only by creating jobs, but also by supporting local cultural and social projects.*

*Every achievement and every project, regardless of size, serves as inspiration for us to set higher goals. This commitment drives our pursuit of sustainable growth for the company, our contribution to the broader community, and our adherence to the principles of the Global Compact.*

*Have a Pleasant Reading.*

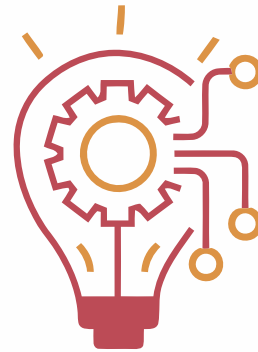
CEO

*Rasa Ladyginienė*

scandy



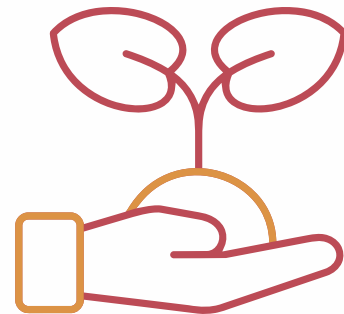
Development of new services for clients-shareholders.



Development of innovations and new products.



Introduction of new measures to optimize the production process.



Implementation of environmental projects to optimize the use of natural and energy resources.

## THE PUBLICATION AND PUBLIC ACCESSIBILITY OF SOCIAL RESPONSIBILITY REPORT

The corporate social responsibility report of JSC “Scandye” is available at [www.scandye.lt](http://www.scandye.lt) in both Lithuanian and English. The report will also be presented to UN Global Compact partners.

All interested parties can contact us for more information:

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## MISSION

We are a flexible and sustainable company creating high quality and high value products in the field of textile dyeing and finishing.

## VISION

To be an appreciated, reliable, and reputable provider of wool dyeing and finishing services.

## VALUES

**Cooperation.** We are united by our common goal.

**Responsibility.** Our activities are transparent. Every decision is made with a sense of responsibility for the results.

**Reliability.** We always keep our word. We respect the universal principles of morality.

**Progress.** We seek new knowledge. And we always seek to implement the good practice.



# THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

The social responsibility report was prepared according to the ten principles of the Global Compact.



## HUMAN RIGHTS

Business should

### Principle 1

support and respect the protection of internationally proclaimed human rights;

### Principle 2

make sure that they are not complicit in human rights abuses.



## LABOUR STANDARDS

Business should uphold:

### Principle 3

the freedom of association and the effective recognition of the right to collective bargaining;

### Principle 4

the elimination of all forms of forced and compulsory labour;

### Principle 5

the effective abolition of child labour;

### Principle 6

the elimination of discrimination in employment and occupation.



## ENVIRONMENT

Business should

### Principle 7

support a precautionary approach to environmental challenges;

### Principle 8

undertake initiatives to promote environmental responsibility;

### Principle 9

encourage the development and diffusion of environmentally friendly technologies.



## ANTI-CORRUPTION

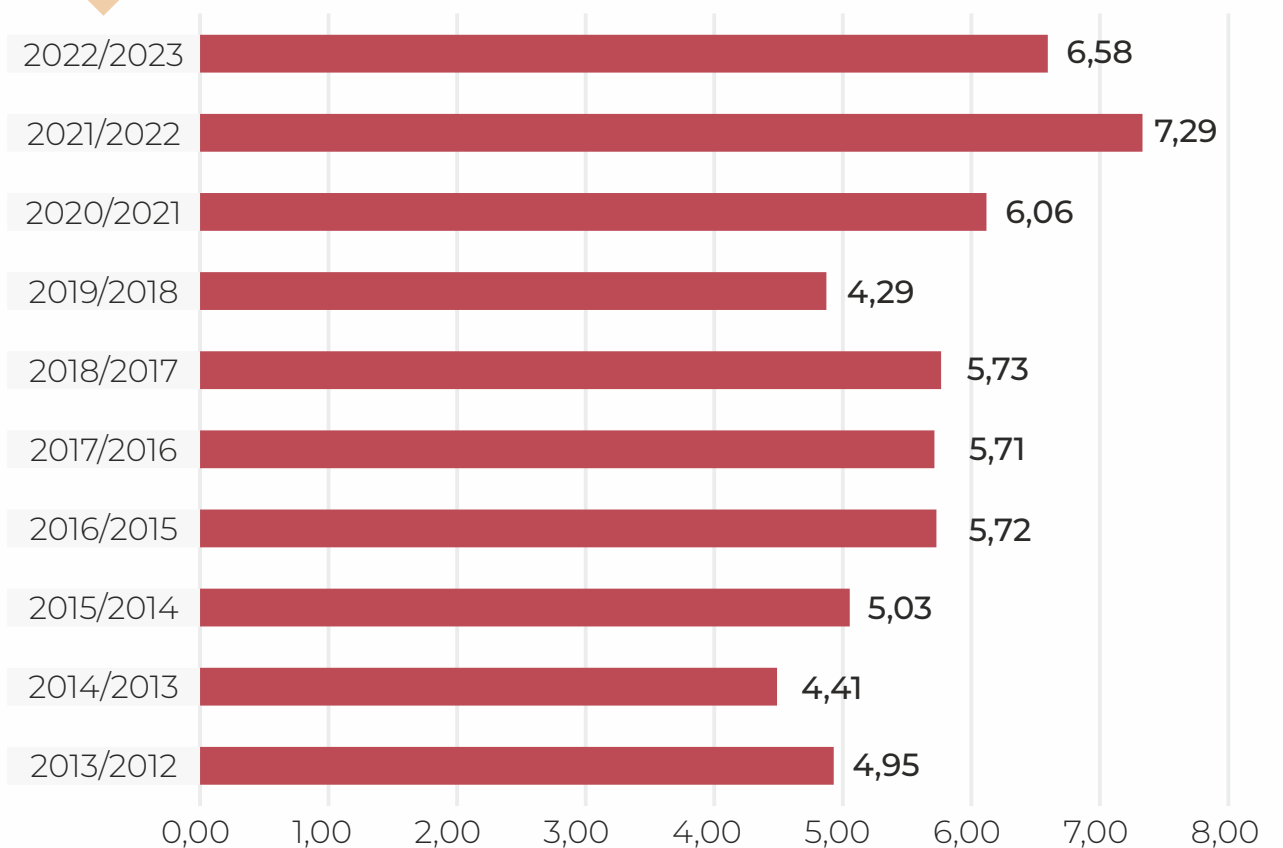
### Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

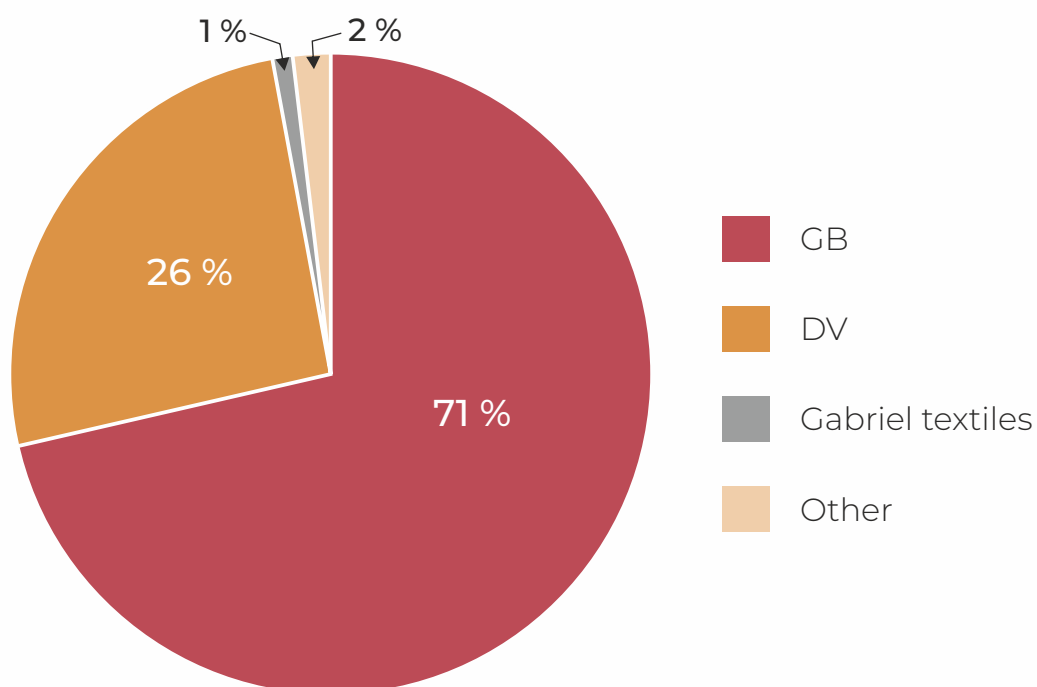
[<http://www.unglobalcompact.org/aboutTheGC/TheTenPrinciples/index.html>]

# PRODUCTION AND REVENUE RESULTS

## JSC "SCANDYE" ANNUAL RESULTS (MLN. EUR)



## MAIN BUYERS IN 2022/2023



The company's financial year runs from 1 October to 30 September.

# THE CULTURE OF UNCEASING PROGRESS

Contemporary market environment demands both technological excellence and efficient knowledge management methods. To stay competitive, we are always growing in both areas. That is why we consider a strive for progress to be our company's core value. To offer clients products of consistently high added value, a company must remain thirsty for progress, knowledge, and results.

We keep on perfecting all our processes, so that we can offer favourable completion terms, reduce production costs, and match the most stringent security requirements. Each year, we invest in new equipment, as well as modern information and production technologies. We continue to be committed to employee training. This commitment not only helps increase production quality, but also improves organizational microclimate and the overall wellbeing of every employee.

Production processes are constantly improved in line with Scandy's integrated management system. The system includes daily accountability boards; management of discrepancies in the B-source programme; mea-

surement of production objectives; internal audits; quality days with clients; client satisfaction surveys; annual meetings dedicated to the analysis of the management system; regular reporting to the management. These measures help us evaluate the situation and make the right decisions to optimize the processes that allow us to achieve our strategic objectives.

Accountability to third parties is also part of our culture. We are open to receiving visits, inspections, and audits from third parties to ensure our compliance to integrated management system standards (ISO 9001, ISO 14001, ISO 45001, SA 8000). All third-party complaints, observations and suggestions are carefully analysed and evaluated. If found necessary, appropriate decisions are then taken to further improve adherence to the aforementioned standards.



# CERTIFICATES AND LABELS

Scandy production meets the requirements of our main clients "Gabriel" and "Devold". These requirements prohibit the unsafe use of chemically hazardous materials. Most of the products are certified and come with organic labels. These labels prove that products are safe and environment-friendly.





This is a label for **green Lithuanian energy**. It means that 100% of electric energy used by Scandye was produced from renewable energy sources. Renewable energy is a way to reduce atmospheric waste which contributes to climate change.



In 2022/2023, our solar energy plant produced 507 MWh of electric energy. This amounted to 17.1% of total electric energy consumed. Greenhouse emissions were reduced by 199 tons.



This label (**Oeko Tex**) ensures that the products were made without using environmentally harmful chemicals or dyes. The label is a guarantee that the product was tested according to the international requirements of Oeko-Tex association. These requirements relate to chemicals which are or may be harmful: formaldehyde, chemical waste with acidic or basic properties, pesticides, phenols, heavy metals, special colorants, and phthalates. There are four basic groups of requirements that apply to different usage (in relation to body) of textile.



The flower label is the **“EU Ecolabel”**. It means that production meets the strict criteria for organic certification, and that production processes were based on principles of renewable energy, resource preservation, and reduction of hazardous materials. In the field of textile, the label refers to the quality of the materials, care of untreated wool, and the elimination of chemically hazardous or toxic materials, as well as heavy materials (in both the end-product, and the production processes). In other words, not only the product itself, but the whole life cycle of the product must be environmentally friendly.



**“Cradle to Cradle”** is a label that relates to the life cycle of the product. Products must be biodegradable, whereas other products used in the production should be reusable in new production processes. The idea was developed by the team of Michael Braungart (Germany), and William McDonough (USA) in 2002. For “Cradle to Cradle” certification, the product undergoes testing in five different classes: renewable energy; water consumption; identification of health risks; social responsibility; recycling. According to this evaluation,

specific tier certification is awarded.



“The Nordic Swan” is an environmental label that also encompasses certain aspect of social responsibility. Production processes must respect the environment and comply with the requirements of social responsibility: from the extraction of raw materials to the final product. These requirements apply to all countries of the world.

## CULTURE OF SOCIAL RESPONSIBILITY

For us, social responsibility isn't merely a catchy slogan – rather, it serves as a proven framework for conducting business and cultivating robust relationships with our environment. This extends to our commitment to our employees, partners, and the broader society, embodying a steadfast dedication to ethical and sustainable practices. We take full responsibility for the impact our activities have on the environment and society. We make sure that we are committed not only to achieving our strategic business objectives, but also to doing that in a socially responsible way. Following the principles of ethical employment, we are building successful and transparent relationships with employees, buyers, suppliers, and other interested parties.



### EQUAL OPPORTUNITIES

Our company is committed to upholding human rights and avoid any possible infringements of these rights. The principles of equality, honesty and transparency are fundamental to us. Our activities are grounded in the sixth principle of the Global Compact – we are committed to providing equal work conditions for everybody without any forms of discrimination, harassment, or coercion. Our commitments in this respect are communicated in our Ethical Employment Policy. Specific measures are expressed in our Rules of the Workplace.

This document delineates our principles for equal opportunities and the means of implementing them. We

unequivocally reject all forms of discrimination, be it grounded in gender, race, ethnicity, nationality, citizenship, language, origins, social status, religion, perspectives, age, sexual orientation, marital status, family planning intentions, political or union affiliations, disability, or health (except in cases where health impairments genuinely impede the performance of work tasks). An employee's decision to exercise their rights or guarantees should never serve as a basis for discrimination. The principle of equality is fundamental to the company's activities. Therefore, we make sure that employment decisions are based solely on work-related criteria.

The management has solidified its commitments in important internal documents:

- **Violence and Harassment Prevention Policy.** Our work environment is devoid of offensive, unethical, demeaning, aggressive, threatening, and hurtful actions that could undermine an employee's (or a group of employees') sense of dignity, as well as their physical and psychological well-being. Violence, harassment, and unethical behaviour are unequivocally unacceptable, regardless of one's position in the company, employment status, or any other circumstances.
- **Rules for Managing and Storing Personal Data.** We are dedicated to upholding the highest standards for the safety and protection of personal data. Employing efficient technical solutions and organizational methods, we ensure the meticulous management and secure storage of personal data in the most effective and reliable manner.
- **Whistle-blower Protection Policy.** Whistle-blowers must be granted the right and opportunities to safely report illegal activities that pose a threat to or undermine the public interest. The company is obligated to take every possible measure to prevent such activities and ensure the protection of whistle-blowers in the event that such activities are reported.

Scandye adheres to all relevant laws and agreements that protect personal dignity and the privacy of personal data in work relationships. We are proud to inform that, in 2022/2023, there were no internal, or external reports of discrimination.



## FAIR PAY

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At Scandye, wages, bonuses and other payments are paid fairly and without discrimination. We adhere to the principle 'equal pay for equal work' and we do not condone any gender or social-status-based exceptions to this principle. To foster a fair and motivating environment, we make sure that all payments are based on competence, responsibility, and difficulty of work. What is more, all work-pay related rules must be transparent and easy to understand. The fair pay principle is essential in motivating employees to contribute to the company's mission, vision, values, and objectives. The rules for calculating and paying wages and other pay-

ments are explained in our work pay policy document. We respect everyone's right to minimum wage and employ a special method for calculating the Minimum living wage.

Employees receive primary salaries, structured either on a monthly or hourly basis, determined by the terms of their work contracts. Additionally, they are eligible for supplementary payments contingent upon monthly and annual Key Performance Indicators (KPIs).

We are utilizing a system for determining the qualification level of production operators and mechanics.

The objective of this system is to motivate our employees to raise their qualification and to acquire skills in different working zones. Employee salaries are being regularly reviewed based on achieved qualification levels. This system guarantees that salaries are determined based on qualifi-

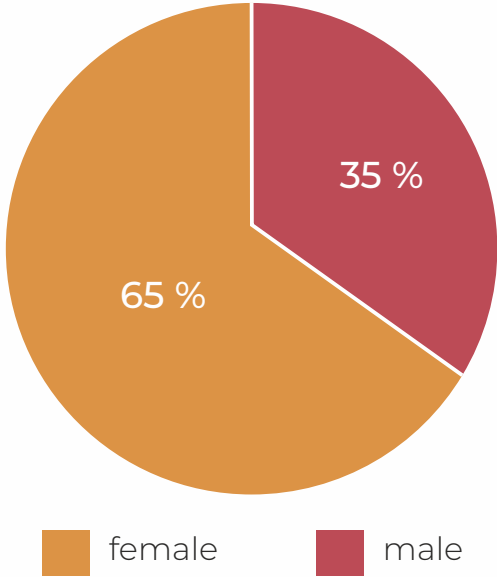
cation and merit, and not on gender, age or other characteristics that are not related to employee skills and workfunctions.

In 2022/2023, employee salaries were increased by 7 to 10 percent.



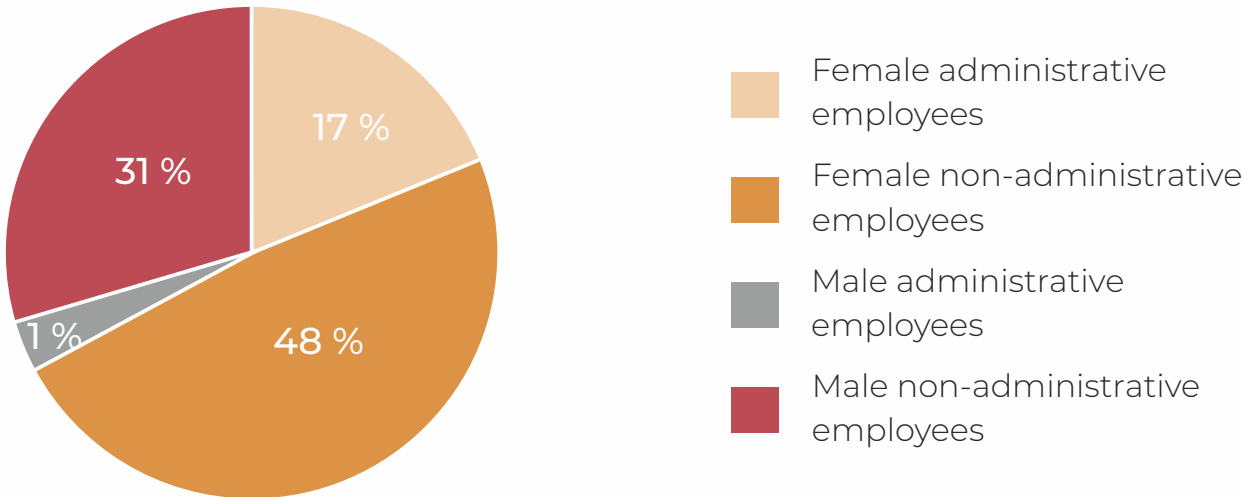
**LYTIS**

**EMPLPOYEE BREAKDOWN BY GENDER, 2022/2023**



**Important:** as of September 30, 2023, Scandye had a workforce of 75 employees. Compared to last year (September 30, 2022), the number of employees decreased by 7%. Gender distribution trends remain stable. Women outnumber men by a ratio of 2-to-1 (just as it was in 2021/2022). Women in administrative positions outnumber men in administrative positions by a ratio of 4-to-1. In the non-administrative positions, there are 17% more females than males.

**EMPLPOYEE BREAKDOWN BY POSITION AND GENDER, 2022/2023**

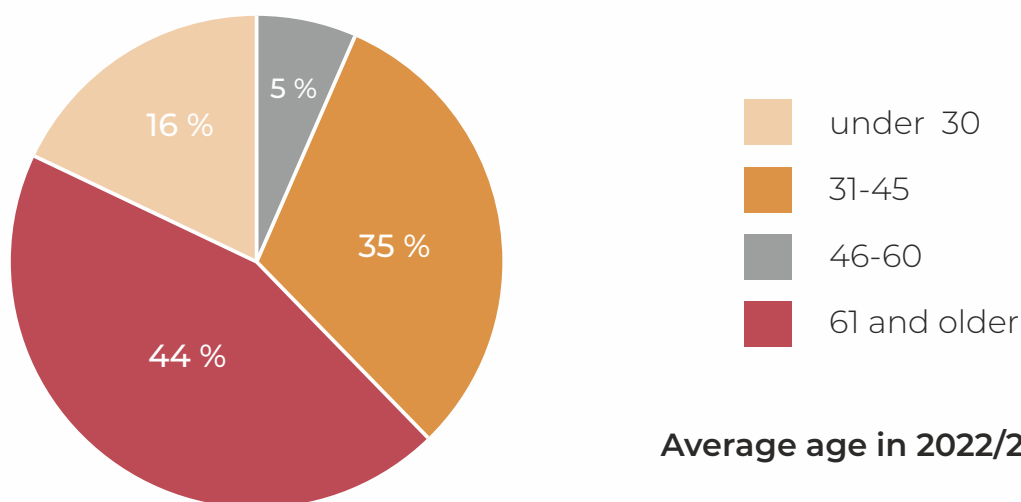


It must emphasized that a careful analysis of these data shows that they are not indicative of discrimination. At Scandye, there are – and cannot be – no “male” or “female” positions. When new positions open up, it is always unambiguously communicated that both male and female candidates are welcome to apply. Female employees outnumber male employees because

employment at Scandye is more often sought by women than by men. Whenever a new person is hired, we make sure to choose a person who is best for the job in terms of qualifications and fit with company values. All employment decisions are based on the principles of equality, honesty and transparency.

## AGE

### EMPLOYEE BREAKDOWN BY AGE, 2022/2023



**Important:** Age averages in both groups (administrative and non-administrative) show an annual increase. There are several factors at play here. First, staff turnover is low: our employees are loyal and show long-term commitment to the company’s objectives. Therefore, average age has a natural tendency to grow. Second, we are open to hiring older people because we do not practice age dis-

#### Average age in 2022/2023:

- Administrative employees – 45.
- Non-administrative employees – 40.
- All employees – 47.

crimination. At Scandye, we do not make employment decisions based on employee age, but rather on a candidate’s qualification and work ethic. It is also important to mention that employees – if they wish so – can and do continue working at Scandye and contributing to the company’s objectives even after reaching retirement age.



## EMPLOYEE TRAINING AND TRANSFER OF EXPERIENCE

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The prosperity of our company is intricately linked to the knowledge and skills possessed by our workforce. Therefore, it is imperative to systematically cultivate and enhance key competencies, while concurrently providing avenues for professional development and continuous knowledge acquisition.

Employee qualification and competence requirements are set out in employee responsibility regulations. Employee training is planned and implemented according to “Personnel Management” rules. Another key focus of training is the improvement of internal communication. Training for new employees introduced them to the company, its structure,

traditions, management and work organization processes, internal communication channels, and employee representatives.

In 2022/2023, the company allocated more than 4000 hours for formal and informal training (3532 hours – production, and 622 hours – administration). Employees were trained to perform special functions. Training programmes were also selected to renew employee knowledge of work health and safety, as well as environmental protection. During some of the training sessions, employees experimented working in work zones other than their own and were encouraged to exchange knowledge and experience with their colleagues.





## COMMUNICATION AND COLLABORATION

Fluent internal communication is a top priority. Long-term success depends on sustainable workplace culture and actionable values. One of these values is collaboration. To foster collaboration, we actively maintain open lines of communication to facilitate discussions about workplace

successes and setbacks, accomplished and unmet objectives, as well as the attainment or shortfall of Key Performance Indicators. We believe that active internal communication is essential in motivating employees to learn about company strategy and take ownership.



## MEASURES USED TO INCREASE EMPLOYEE INVOLVEMENT IN COMPANY LIFE

- Direct and indirect communication with managers.
- Information exchange via the direct managers of employees.
- Communication through representatives in the company work council.
- Information exchange with the company's social efficiency team regarding compliance to SA8000 standard requirements.
- Indirect, anonymous, and confidential sharing of information through the "Questions-Answers" boxes. The messages are addressed to the management, and the social efficiency team.
- Discrepancies related to social responsibility, employee safety and health, environment, and quality, are entered in B-source computer programme.





- Table tennis in the relaxation zone.
- Festive concert in Klaipėda Švyturio arena.
- Participation in „National Mobility Challenge“ using the Walk15 application.
- In 2023, Scandye celebrated its twentieth anniversary. To commemorate this special occasion, our entire team embarked on a

twentieth anniversary. To commemorate this special occasion, our entire team embarked on a journey to the remarkable historical venue, Ilzenberg Manor. Our employees delighted in an engaging and enlightening educational excursion, followed by a celebratory dinner. As part of the evening festivities, heartfelt gratitude was extended to each team member for their unwavering commitment to the company, accompanied by the presentation of gifts.







## EXTRA BENEFITS FOR EMPLOYEES

- Insurance against accidents.
- Extra support measures in case of accidents.
- Annual bonuses for great annual corporate results.
- Extra bonuses for great monthly corporate results.
- 70% discount for hot drinks purchased from the hot drinks vending machine.



## EMPLOYEE OPINION SURVEY

According to the results of the 2022/2023 opinion survey, employees feel good about working at JSC “Scandye”. Percentage of general satisfaction stands at 84%. Employee satisfaction with their working environment stands at 81%. While this is a positive result, it also offers room for

improvement. In order to further improve employee satisfaction with their working environment, we have analysed all the suggestions, and are moving forward with improvements that will help create a more pleasant and comfortable workplace environment.



## SAFE AND HEALTHY WORK

Employee safety and health is our company’s paramount priority. We do everything in our power to create a safe and non-hazardous work environment. These efforts include complex preventive measures to protect employee working capacity, health, and life. Effective prevention systems and safety-awareness among the employees are the two most important factors in securing a safe working environment.

We record incidents and take proactive measures to eliminate potential risks. Not only division managers, but

all employees can play an active part in these undertakings. Two different teams oversee employee safety and health: Employee safety and health council, and Employee safety and health committee. These teams work to identify and correct possible health and safety risks. We also pay special attention to employee training regarding safety and health topics, updating learning materials and improving their distribution methods. Both collective and personal safety measures are applied to secure employee health and safety, as well as to reduce professional risks.

### EMPLOYEE SAFETY AND HEALTH PROCESS OBJECTIVES

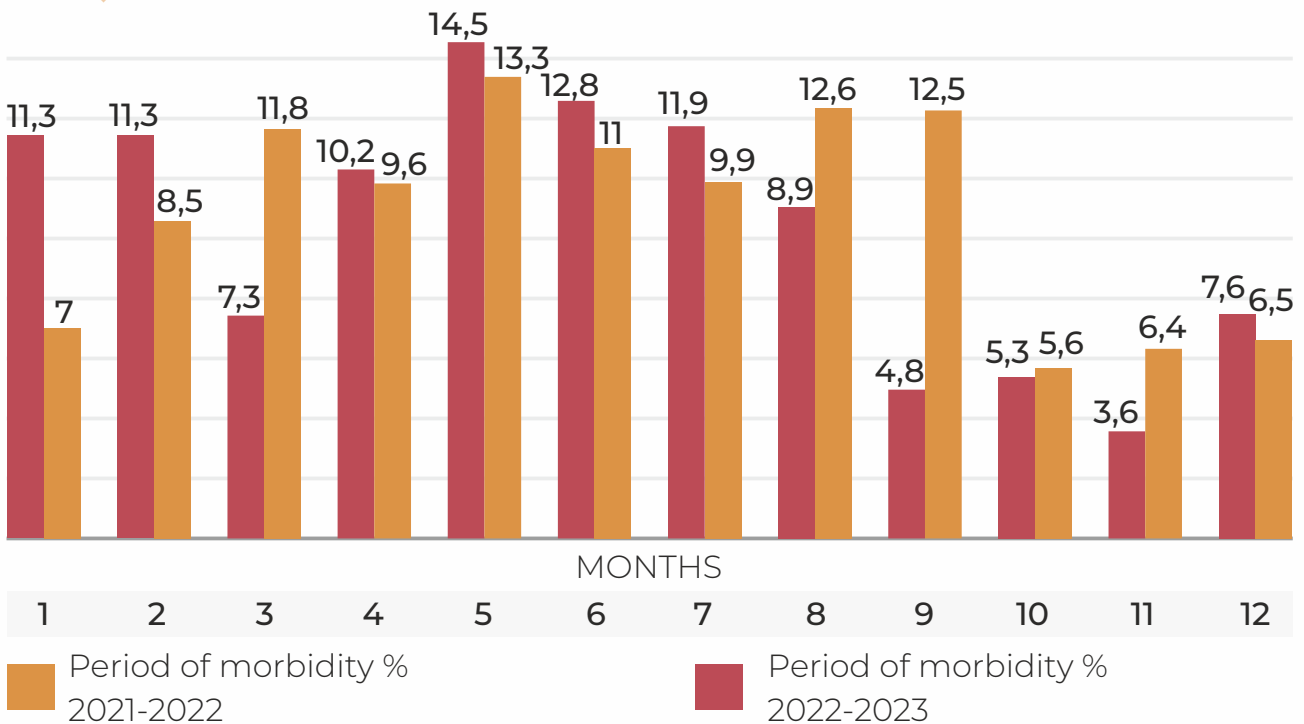
2022/2023 OBJECTIVE	TARGET	FACT
Reduction of illness among employees	< 5 %	9,6 %
Workplace accidents	0 cases	1 case (the case was not serious, but it did necessitate an employee to take a single day off for rest and recovery)
Workplace emergencies (according to F19 “Accident Readiness and Response Plans “)	0 cases	2 cases related to pipeline accidents (no harm experienced by employees)

In 2022/2023, one workplace accident occurred during which an employee experienced a minor health issue. The accident was carefully examined – the source of the problem was found and eliminated to make sure similar accidents do not occur in the future. Scandye is carefully monitoring all possible risk factors and making timely adjustments to ensure effective prevention of accidents.

As for employee morbidity, the trends are not very positive. Compared to the rates observed in 2021/2022, there has been a 1.6% increase in the annual morbidity rate. At Scandye, we are dedicated to scrutinizing morbidity

rates and their underlying causes. Notably, during a specific period, we observed a higher incidence of extended absences mostly attributable to planned operations, and non-workplace accidents.

## TOTAL MORBIDITY IN PERCENTAGE



## IMPLEMENTED MEASURES 2022/2023

- In May of 2023, the National public health surveillance laboratory conducted an external evaluation of professional risk factors at our company.
- Employee training on the topic of the benefits of COVID-19 vaccines in stopping the spreading of the virus.
- Updated company documentation: F19/8B “Accident Readiness and Response Plans” (general part) and F19/8 “Accident Readiness and Response plans”. New measures incorporated: No 14 of F19/8 “Accident Readiness and Response Plans” – “Cyber Attacks”.
- Employees familiarized with and signed the updated versions of company policies.
- Fire safety evacuation simulation and training regarding the proper use of fire extinguishers.

- Implementation of the "Employee Training and Attestation Plan" involved the organization of comprehensive training sessions encompassing both formal and informal qualification enhancement programs, as well as specialized work safety initiatives.
- Employee professional development training. To expand employee rotation possibilities, production workers were trained to perform the functions of colleagues from other work zones.
- Updated internal personnel management documentation:
  - ✓ TR13/3 "Rules of Procedure";
  - ✓ TR 13/3, supplement NO 2 "Internal guidelines for ensuring workplace safety amid the threat of Covid-19."
- A novel system has been devised to assess operator qualification levels, facilitating accelerated professional development and wage growth for operators.
- Employee salaries were increased by 7 to 10 percent.

## SOCIAL RESPONSIBILITY OBJECTIVES 2023/2024

- 1 0 workplace accidents.
- 2 Employee morbidity rate reduction by 5%.
- 3 0 workplace emergencies.
- 4 Retention of a skilled workforce: ensuring the retention of existing employees while also attracting new talent as needed.
- 5 To improve employee capacity to work in new work zones.
- 6 To improve employee satisfaction and loyalty. To achieve the desired employee satisfaction rate of 88%.
- 7 To upgrade the personnel documentation process in order to reduce costs and improve efficiency.





## TIES WITH LOCAL COMMUNITY 2022/2023

Social responsibility is all about creating a harmonious relationship with the environment and the larger community. JSC “Scandye” seeks to be a valuable member of the community not only by creating jobs, but also by supporting local

**We donate materials to:**

- Ryškėnai Centre of Culture;
- Dance group of seniors in Telšiai region.

**We offer financial support to:**

- Telšiai-based dance studio for children and adults “Divain”;
- Telšiai district Drama Theatre of Žemaitė.

**We share our knowledge and experience**

by continuing the good practices.

## TRANSPARENCY

The principle of transparency guides us in acting honestly and openly. We share all relevant information and communicate clearly with all interested parties. By acting openly and responsibly, we are strengthening the company’s reputation and ties with third parties.

We strive to build stable and trust-based relations with employees, suppliers, clients, the community, and the public institutions. We operate transparently and do not tolerate corruption. We do not accept gifts of any kind from job applicants. We do not accept gifts of any kinds from employees for the improvement of their employment conditions. We work

against corruption in all its forms, including bribes for public institutions. We are leading by example to promote fair competition, and to foster an ethical business culture.



# ENVIRONMENT-FRIENDLY SOLUTIONS

At Scandye, it's not only the results that matter, but how you get there, too. That is why our strategic priorities include environmental protection and preservation, as well as sustainable

use of natural and energy resources. We, therefore, pay special attention to crucial environmental objectives, and take measures to achieve these objectives.



## ENVIRONMENTAL AREAS OF ACTION 2022/2023

### ELECTRICITY CONSUMPTION

Our 400kW terrestrial solar power plant produced an annual total of 400.56 MWh of electric energy. This covered 18 % of our total needs. A new 305kW roof-top solar power plant produced 115.1 MWh of electric energy (68.7 of which we could use for our needs). Another terrestrial solar power plant is also scheduled to be built.

Scandye has been relying on renewable energy since 2015.

### USE OF GROUND WATER

We are continuing the implementation of the water treatment project which will help us reuse at least half of the water used in production.

### USE OF NATURAL GAS

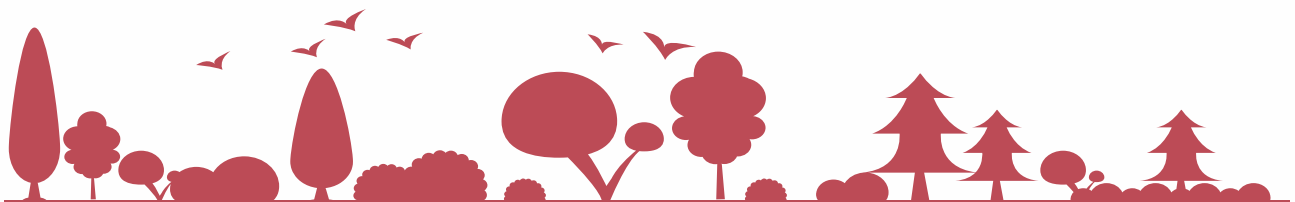
We are continuing the implementation of LEAN methods that improve production efficiency, reduce the need for corrective work, and optimize the use of energy resources.

### INDUSTRIAL WASTEWATER

We are continuing the implementation of the water treatment project "Waste Water Treatment and the Secondary Usage of Water in Production", which will help us reuse at least half of the water used in production.

### PES WASTE

We are continuing our project for the reduction of PES (Polyester fibre) waste formation and secondary reprocessing. PES waste is recycled by JSC „Neaustima“.



## CHEMICAL AND DYE CONTROL

All dyes and chemicals used in dyeing in finishing processes correspond to EU regulations for chemical materials (REACH), Oeko-Tex and Ecolabel standards. What's more, Scandye is using an automatic dye and chemical dosage system that eliminated direct employee contact with dyes and chemicals. The system also reduced chemical concentration in the working area, helped optimize the usage of dyes and chemicals, and reduced the need for reprocessing.

### CONSUMPTION OF ENERGY RESOURCES

Year	Water usage (m <sup>3</sup> /kg production)		Electricity usage (KWh/kg production)		Natural gas usage (m <sup>3</sup> /kg production)	
	Target	Fact	Target	Fact	Target	Fact
2014-2015	0,16	0,142	1,55	1,53	1,10	1,03
2015-2016	0,14	0,131	1,50	1,38	1,05	0,93
2016-2017	0,13	0,124	1,18	1,23	0,80	0,82
2017-2018	0,13	0,126	1,18	1,27	0,80	0,82
2018-2019	0,13	0,125	1,30	1,23	0,86	0,83
2019-2020	0,125	0,123	1,25	1,219	0,85	0,805
2020-2021	0,123	0,119	1,22	1,219	0,80	0,811
2021-2022	0,12	0,117	1,21	1,152	0,80	0,779
2022-2023	0,115	0,126	1,16	1,142	0,78	0,769



### IN 2022/2023, SCANDYE PRIORITIZED THE REDUCTION OF ENERGY RESOURCE CONSUMPTION

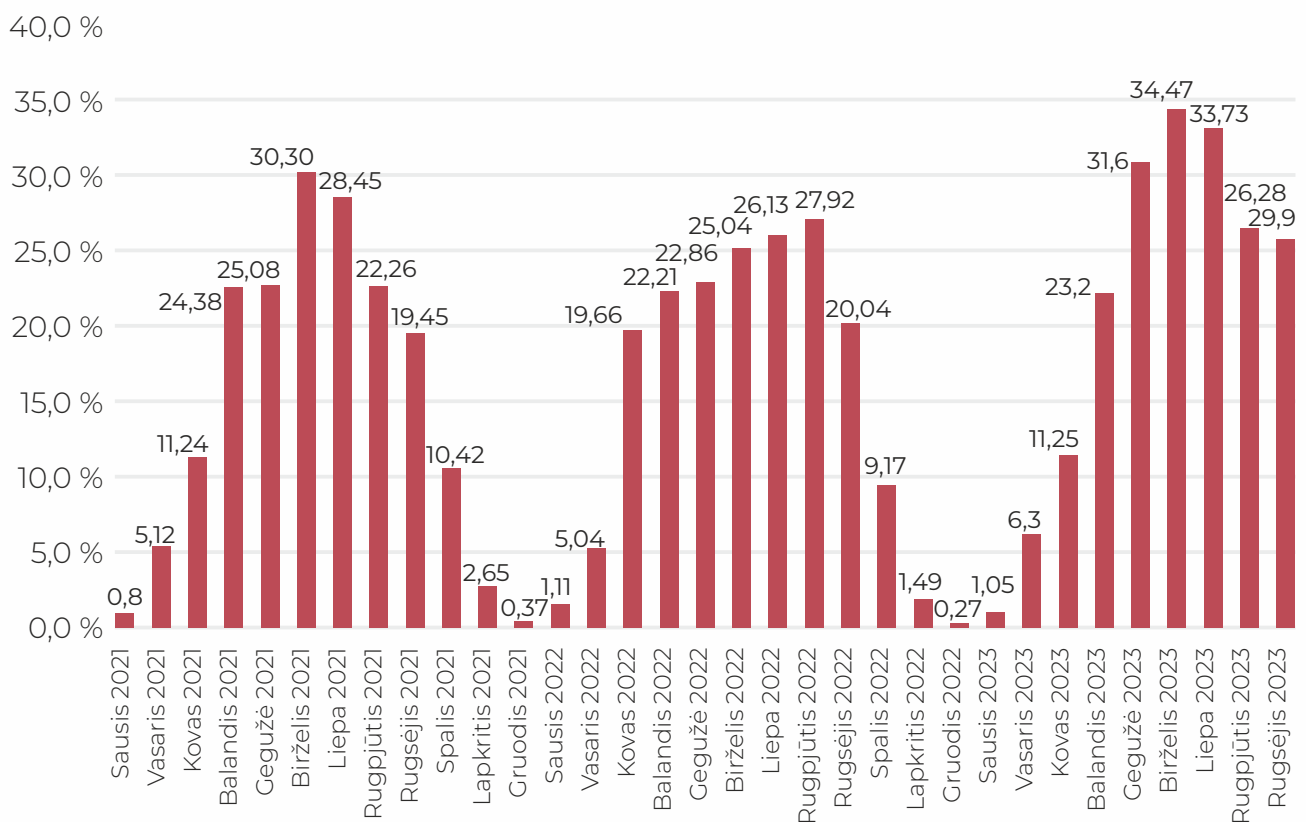


#### IMPLEMENTED MEASURES 2022/2023

- Scandye has been using electricity produced from renewable energy sources since 2015. All electricity needs are covered by "Green Lithuanian energy" (a label that marks electric energy produced in Lithuania exclusively from renewable energy sources).

- Since 2016, Scandye has been actively engaged in the search for alternative energy sources for electricity production. A comprehensive study was conducted to compare wind and solar alternatives. In 2020, having received EU funding under the measure 'Renewable Energy Resources for Industry LT+', Scandye installed a 400kW solar plant in the company territory.
- In 2022/2023, electricity produced by this solar plant covered 17.1% of company's annual electricity needs.

## PART OF SPP ENERGY IN TOTAL POWER CONSUMPTION (%)



- The company is making sure that all dyes and chemicals used in dyeing in finishing processes correspond to EU regulations for chemical materials (REACH), Oeko-Tex and Ecolabel standards.
- The company is using a dye and chemical dosage system which helped eliminate direct employee contact with dyes and chemicals. The system also reduced chemical concentration in the working area, helped optimize the usage of dyes and chemicals, and reduced the need for reprocessing.
- The company is implementing LEAN methods that improve production efficiency, reduce the need for corrective work, optimize the use of energy resources, and ensure the company's overall progress in environmental protection.



## OBJECTIVES 2023/2024

- Optimization objectives for the use of energy resources:
  - ✓ Gas: 0,72 m<sup>3</sup>/kg (current average – 0,769 m<sup>3</sup>/kg).
  - ✓ Electricity – 1,14 kWh/kg (current average – 1,142 kWh/kg).
  - ✓ Water – 0,125 m<sup>3</sup>/kg (current average – 0,126 m<sup>3</sup>/kg).
- Scandye is continuing the implementation of the project named “Use of Renewable Resources in the Production of Electricity Needed by JSC “Scandye” – Stage II” (project No 02-011-K- 0009). The project is partially funded by the EU’s European Regional Development Fund. The primary goal of this project is to enhance the proportion of renewable energy within the overall energy consumption of our company. By strategically investing in solar power plants, we not only align ourselves with sustainable practices but also actively support Lithuania's national goals related to climate action, pollution reduction, and energy independence.
- Another key project is “Investments in the Substitution or Reduction of Fossil Fuels and the Use of Renewables” (project No BL-AM-IKM01-0044). A state-of-the-art 1300 kW tube heat exchanger, equipped with water pumps, will be installed alongside an advanced process control system designed to automatically regulate functions, water temperature, and flows. To facilitate the efficient operation of the system, two tanks, each boasting a 5 m<sup>3</sup> capacity, will be implemented for the intermediate storage of heated water. Additionally, a dedicated 7 m<sup>3</sup> tank will be assigned for the collection of hot wastewater generated by the painting machines. The entire operation will be seamlessly automated and managed through software. The industrial wastewater pipelines from 10 dyeing units, carrying hot and cold effluents, will be meticulously separated from each other. The hot wastewater will be directed to the heat exchanger, serving the dual purpose of heating the technical water required for new painting processes. The resulting warm water will be stored in the existing 100 m<sup>3</sup> tank. As of now, water is heated through the combustion of gas in a steam boiler boasting a 12 MWh capacity. The implementation of a secondary heat recovery system for hot wastewater is expected to yield an impressive 186.7 MWh/month of energy recovery, primarily utilized for water cooling. This initiative is projected to save approximately 212,300 m<sup>3</sup> of gas annually, contributing significantly to a reduction of CO<sub>2</sub> emissions by 485.92 tons per year.
- A new water treatment, reverse osmosis device will be designed for reducing water salinity in the boiler, which will decrease blowdown in steam boilers.
- A new project is planned for the reuse of heat generated by the drying device, aiming to maximize energy efficiency. It is anticipated that there will be a reduction in gas consumption by up to 19%, allowing for savings of up to 741 MWh of energy per year.



### IMPLEMENTED MEASURES 2022/2023

- We extended our contract with the public agency “Žaliasis taškas” (Green Point) regarding the recycling of packaging waste. As a result, more than 87% of our paper and plastic packaging waste gets recycled.
- In order to reduce the formation of PES waste, each month an analysis is undertaken to understand the reasons for PES waste formation. Analysis leads to measures that aim to tackle this problem.
- We are optimizing waste quantities and improving the process for waste management and sorting. Office paper waste, packaging board waste, plastic waste and electronic equipment waste are all treated as secondary raw materials.

### OBJECTIVES 2023/2024

1

Taking into consideration the production of PES, Scandye aims to maintain optimal levels of energy resource use:

- ✓ Gas: 0,77 m<sup>3</sup>/kg. (current average – 0,77 m<sup>3</sup>/kg).
- ✓ Electricity: 1,14 kWh/kg (current average – 1,142 kWh/kg).
- ✓ Water: 0,125 m<sup>3</sup>/kg (current average – 0,126 m<sup>3</sup>/kg).

2

Scandye intends to continue the implementation of the water treatment project “Waste Water Treatment and the Secondary Usage of Water in Production,” which will eventually help us reuse at least half of the water used in production.

3

Scandye intends to continue the implementation of LEAN methods that help improve production efficiency, reduce the need for corrective work, optimize the use of energy resources and achieve better results in environmental protection.

4

Scandye intends to continue promoting responsible employee behaviour, as well as employee involvement in environmental action both inside and outside the workplace. We are promoting waste sorting habits and educating our employees about the benefits of waste sorting.

# ETHICAL EMPLOYMENT POLICY

We respect human rights and freedoms and, as an organization, we accept our responsibility to protect and realize those rights and freedoms. Conforming to the social responsibility standard SA8000:2014, the management's social commitments are inscribed in Scandye's Ethical Employment Policy. This policy is clearly formulated and available to all interested parties. These are the policy's main tenets:

- ✓ To implement ethical employment policy.
- ✓ To act transparently and practice a zero-tolerance policy towards corruption in all its forms, including extortion, bribery, and unlawful forms of gratitude in relationships with interested parties.
- ✓ To adhere to social responsibility principles that are reflected in the laws of the Lithuanian Republic, International laws, and internal rules of the company.
- ✓ To improve the working of integrated management systems according to EN ISO 9001:2015, EN ISO 14001:2015, ISO 45001:2018, SA8000:2014 standards.
- ✓ To publish this policy in a way that is clear, easily understandable and accessible to all parties that are related to the company's activities.

## CHILD LABOUR

To protect young persons from factors that may be harmful to their physical and mental development, Scandye does not employ persons under the age of 18.

## FORCED LABOUR

Our respect for human rights and freedoms is incompatible with any form of forced labour, including unlawful employment conditions, employment fees, taking of personal documents, and restrictions of movement.

## SAFETY AND HEALTH

We see it as our utmost priority to protect the safety and health of our employees. We guarantee a safe and healthy work environment. To make further improvements in this sphere, we always follow the suggestions of the Employee safety and health committee, and we always listen to complaints and suggestions from individual employees.



## SAFETY AND HEALTH FREEDOM OF ASSOCIATION, AND THE RIGHT TO COLLECTIVE BARGAINING

We respect and acknowledge the right of our employees to form or join trade unions, and to use unions as platforms for collective bargaining regarding work conditions. We abstain from any kind of measures that

could be seen as restrictions of these rights. We are fostering a favourable environment for employee representation through an active dialogue with the work council.

### DISCRIMINATION

We do not tolerate, and we fight against all forms of discrimination.

### FAIR PAY

We respect the right of the employees to a salary guaranteeing a minimum standard of living. Weekly rates must never be inferior to the national or industry-specific minimal wage standards. Employee salaries must be sufficient to cover all basic expenses, as well as unexpected necessary expenses. Salaries are paid on time and according to agreed time intervals, and with full compliance with all laws and regulations. We do not tolerate, and we do not practice unlawful payment deductions.

### DISCIPLINE

We treat our employees with respect. We do not tolerate, and we do not practice physical punishments, nor do we practice psychological and verbal abuse. All disciplinary measures must, and do conform to the laws of the Republic of Lithuania.

### WORKING HOURS

Working hours conform to the laws and working time regulations of the Republic of Lithuania. At Scandye, overtime work is not a common practice. When it is practiced, we make sure to pay bonuses, and to adhere to the laws regulating work and overtime hours.

