ARCHROMA
LIFE ENHANCED

THE ARCHROMA WAY
TO A SUSTAINABLE WORLD

**Sustainability report
Fiscal year 2021**

IT'S OUR NATURE

CONTENTS

All material topics are presented
in alphabetical order for convenience.

OUR MAIN CONTRIBUTORS

Andreas Wickli
Andreas is Senior Vice President Global Operations and a member of the Archroma Sustainability Taskforce. He is an outdoor enthusiast who is keen to continuously improve his tennis game and to hike up and down hills anywhere in the world, making him passionate about both improving performance and preserving the nature. Andreas spends most of his time ensuring our production assets and processes are ever safer, more sustainable and efficient. He is located in Pratteln, Switzerland.

Claire Bordy
Claire is Business Development Manager in our Global Competence Center for Paper Dyes, and a member of the Archroma Sustainability Taskforce. Claire loves nothing more than diving when she needs to reconnect with nature. That of course makes her cherish her job even more, as she helps our customers adopt more sustainable colors for paper and develop alternatives to single-use plastics. Claire is based in Strasbourg, France.

Giuliana Germana
Giuliana is Global Head of Training, Development, Diversity & Inclusion (D&I), and a member of the Archroma Sustainability Taskforce. Giuliana loves to connect with nature on the beach and in the countryside on her mountain bike or just walking. She gets around by bike or metro as much as possible and applies the 5R principle in her daily life. As the Head of D&I, Giuliana aims to contribute to the development of the individual talents of each employee. She is based in Prat, Spain.

Peet de Waal
Peet is Global Head of Safety, Health & Environment at Archroma. Peet spares no time and effort to keep our employees and communities safe and sound. He spends most of his free time in nature on his mountain bike or hiking along the hilly trails in the Barcelona area. Indoor, his favorite hobby is to brew IPA beer with a low carbon footprint, and to grow mushrooms from coffee waste. Peet is based in Prat, Spain.

Anna BJ Wang
Anna is Sourcing Manager for China and a member of the Archroma Sustainability Taskforce. She is very proud to see how her home country has taken the environmental challenges at heart and developed leading regulations for e.g., water preservation, something she cares deeply about. Anna is deeply involved in Archroma's efforts towards sustainable sourcing, overseeing projects and relations with partners such as Together for Sustainability (TfS), EcoVadis and the Institute for Public & Environmental Affairs (IPE). Anna is based in Tianjin, China.

Daniel Madueno
Daniel is Global Head of Quality Management. He enjoys spending time outdoors to show leaves, trees, plants, flowers, tiny insects, and seashells to his kids. He finds it amazing how they are developing a natural love of nature just by exploring the outside world. Daniel finds purpose in driving continuous improvement in line with international standards and helping the company's businesses and sites manage their environmental impacts. He is based in Prat, Spain.

Muriel Werle
Muriel is Head of Communications & Culture and a member of the Archroma Sustainability Taskforce. You'll see her zipping around on her bicycle and she has opted for a plant-based diet as her way to help protect the planet. Muriel is the project manager for this report as well as a driving force behind community activities around safety, Earth Day or International Women's Day. She is located in Pratteln, Switzerland.

Silke Wischeropp
Silke is the General Counsel of Archroma and a member of the Archroma Sustainability Taskforce. She has made it her personal mission to push the company's compliance agenda to new ambition levels. To connect with nature, Silke lovingly tends to her plants and her bees, takes long day trips with her road bicycle and loves hiking in the mountains with her two dogs. She also offsets her carbon footprint whenever possible by planting trees. Silke is located in Pratteln, Switzerland.

Carole Mislin
Carole is Head of Global Product Stewardship and a member of the Archroma Sustainability Taskforce. She loves nothing more than strolling in the forest and along winery paths in Alsace, her beautiful birthplace in France, and this drives her ever renewed attachment to nature. Carole is passionate about product safety, guiding Archroma product managers and R&D experts through the existing regulations and towards more sustainable ingredients and formulations. She is located in Pratteln, Switzerland.

Danielle Blomert
Danielle is Chief Sustainability Officer and leader of the Archroma Sustainability Taskforce. It is safe to say that no one is more passionate about sustainability and ESG (environmental, social, and governance) topics in our company. Danielle cares about reducing her impacts in her daily life too; she is engaged into the zero-waste movement, and you are more likely to meet her in trains than in a car. Danielle is responsible for all things sustainable at Archroma including sustainability reporting and in particular climate change. Danielle is based in Pratteln, Switzerland.

Oscar Rodriguez
Oscar is Chief Information Officer and a member of the Archroma Sustainability Taskforce. He is the driving force behind the Archroma digitalization roadmap initiated in 2016. He enjoys adventuring in long distance trail runs through the mountains or hiking with his wife, nowadays with their baby daughter in the backpack. Oscar is passionate about exploring technology as a mean to drive innovation and sustainable progress in day-to-day activities to achieve Archroma ambitions. He is based in Prat, Spain.

Nuria Estape
Nuria is Head of Global Marketing & Promotion for the textile market and a member of the Archroma Sustainability Taskforce. As a lover of nature and a chemist, she has spent the past 20 years working hard to implement sustainability projects in the textile industry, in particular EarthColors® which she has been driving from the first idea to market launch, in the deep belief that technology and nature can work together for the best. She is located in Castellbisbal, Spain.

MESSAGE FROM OUR CEO

It is my pleasure to present our sustainability report for our fiscal year 2021 (October 2020 - September 2021).

As the world continues to navigate through the COVID-19 pandemic, we at Archroma decided to decisively march on with our vision and journey aiming at transforming our core industries towards a sustainable world.

In October 2021, we joined the Science Based Targets initiative (SBTi) in line with our net zero ambition, and we continue to be committed to the Ten Principles of the United Nations Global Compact (UNGC) on human rights, labor, environment and anti-corruption. These principles are embedded into our strategy, culture and day-to-day operations, as articulated in our guiding principles of our company: **"The Archroma Way to a Sustainable World: Safe, efficient, enhanced, it's our nature!"** (See page 26).

Our sustainability report serves as our Communication on Progress for the reported period and we remain committed to sharing this information with all our stakeholders through our primary communications channels.

We have a solid foundation as a leader in sustainable, R&D-enabled chemistry, and that allows us to serve our customers despite the ongoing disruptions and challenges worldwide.
And this strategy is paying off: After the first months of the pandemic in 2020 which impacted all our industries and markets, we have seen a regular recovery, and are now almost back at pre-pandemic performance levels.

It is essential to support our commitment to sustainability with investments and focus in areas such as health and safety, greenhouse gas (GHG) emissions, energy and water consumption, sustainable sourcing, diversity and inclusion, and "green" innovation.

This commitment translates in our commercial strategy. We proactively work with our customers and brand partners towards the adoption of more sustainable solutions. 42% of our sales in FY2021 actually come from this part of our portfolio, and we aim to increase this number significantly in the years to come.

Our ESG efforts and impacts are recognized. In its 8 years of existence, Archroma has become a prominent name for more sustainable colors and performance ingredients, collaborating with leading brands such as Patagonia, G-Star, Esprit, Primark and many more who proudly mention our name on their articles.

The Ellen McArthur Foundation selected Archroma's plant-waste based EarthColors® in September 2021 for its online biodiversity and circular economy case study library.

During the reporting period, Archroma was also awarded with the EcoVadis platinum rating in corporate social responsibility, placing our company within the top 1% of the best rated companies in its industry.

Archroma also ranked #1 in the "industrial chemicals" list published in November 2020 by the Institute of Public & Environmental Affairs (China) for driving transparency in the supply chain.
Such impact cannot be created overnight.

We at Archroma are lucky to have shareholders who support our vision, as well as diverse and talented teams who help us bring this vision to life every day, everywhere.

Heike van de Kerkhof
CEO

* Archroma Management LLC and all of its subsidiaries, affiliates, and joint ventures, collectively known as "Archroma".

ABOUT THE REPORT

- **This report covers Archroma's fiscal year 2021 (FY2021), from 01 October 2020 to 30 September 2021. Archroma's Sustainability Reports follow a yearly cycle. The previous report was published on 15 May 2021.**

- **The report covers Archroma's sustainability approach and strategy, summarizing the sustainability performance and associated activities.**

- **The scope of the report covers all wholly owned subsidiaries and any joint ventures in which Archroma Management LLC ("Archroma") has a majority shareholding and significant influence on operations.**

- **The data and information presented in this report come from Archroma's official documents, both those publicly available and internal reports.**

- **The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.**

- **This report has also been prepared to be the Communication on Progress (COP) for the United Nations Global Compact initiative for the calendar year 2021.**

- **This report includes a Core Metrics Summary based the guidelines of the World Economic Forum; Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation (see page 100).**

Any questions regarding the report or its contents should be directed to: sustainability@archroma.com

OUR COMPANY

A YEAR OF CARING

23 NOVEMBER 2020
Archroma topped Institute of Public & Environmental Affairs (IPE) list of industrial chemical companies driving supply chain transparency.

Read the full story.

24 NOVEMBER 2020
Archroma joined the Together for Sustainability Initiative on sustainable chemical supply chains.

Read the full story.

02 FEBRUARY 2021
Archroma and CleanKore announced that they had joined forces to promote sustainable, cost-effective indigo dyeing process.

Read the full story.

16 MARCH 2021
Archroma and Jeanologia launched 'PAD-OX G2 COLD', a new water-saving dyeing process for denim and casual wear.

Read the full story.

01 JUNE 2021
Archroma introduced a new grade in Appretan® NTR range of water-based polymeric binders based on renewable natural ingredients.

Read the full story.

05 AUGUST 2021
Primark launched a collection using EarthColors® dyes from plant and food waste.

Read the full story.

21 SEPTEMBER 2021
Archroma introduced the 'Safe Edge' online regulatory & compliance platform.

Read the full story.

27 OCTOBER 2021
Archroma awarded EcoVadis Platinum Medal for its CSR performance, joining top 1%25 best rated company.

Read the full story.

Read the full story at:
- https://www.archroma.com/press/releases/archroma-tops-institute-of-public-environmental-affairs-ipe-list-of-industrial-chemical-companies-driving-supply-chain-transparency
- https://www.archroma.com/press/releases/archroma-joins-the-together-for-sustainability-initiative-on-sustainable-chemical-supply-chains
- https://www.archroma.com/press/releases/archroma-and-cleankore-join-forces-to-promote-sustainable-cost-effective-indigo-dyeing-process
- https://www.archroma.com/press/releases/archroma-and-jeanologia-join-forces-to-launch-pad-ox-g2-cold-a-new-water-saving-dyeing-process-for-denim-and-casual-wear
- https://www.archroma.com/press/releases/archroma-launches-new-grade-in-appretan-ntr-range-of-water-based-polymeric-binders-based-on-renewable-natural-ingredients
- https://www.archroma.com/press/releases/primark-launches-collection-with-using-earthcolors-dyes-from-plant-and-food-waste
- https://www.archroma.com/press/releases/archroma-introduces-the-safe-edge-online-regulatory-compliance-platform
- https://www.archroma.com/press/releases/archroma-awarded-ecovadis-platinum-medal-for-its-csr-performance-joining-top-1-best-rated-companies

WHAT THEY SAY ABOUT US

Over the years, Archroma has been selected and recognized as a leader in sustainable innovations by major brands, partners and certifiers.

PRIMARK®

In August 2021, Primark launched its first fashion and home collection using Archroma's EarthColors® dyes made from plant and food waste.

Commenting on the launch, Director of Primark Cares Lynne Walker said:

We're really proud of this latest collection, made using organic cotton and cotton from our Primark Sustainable Cotton Programme. It not only looks great but also repurposes something which would have otherwise gone to waste. We're working hard to expand the range of products we offer under the Primark Cares label, which use more sustainable materials or methods while keeping the same great low prices that our customers love.

Jeanologia
THE SCIENCE OF FINISHING

In March 2021, Archroma and Jeanologia joined forces to launch 'PAD-OX G2 COLD', a new water-saving dyeing process for denim and casual wear.

For Jean Pierre Inchauspe, Business Director of G2 Dynamic at Jeanologia:

This association is another step to change traditional, more polluting and water consuming processes in the textile industry for new ones using technology, improving, and boosting subsequent production stages up to the finishing of the garment, making them more efficient and allowing companies to be more competitive, increase productivity and offer a product that is completely sustainable with high quality.

Together for Sustainability (TfS)

In November 2020, Archroma joined the TfS Together for Sustainability Initiative on sustainable chemical supply chains. TfS gathers multinational chemical companies working to assess and improve the environmental, social and governance performance of their procurement operations and supply chains.

Announcing the news, TfS President Bertrand Conquéret said:

I am very proud to welcome [Archroma] to the TfS community. In line with TfS' strategic priority, the growth and the diversity of our membership extends our reach and expands our collective impact on the sustainability performance of chemical supply chains. Given the challenging market environment, increased regulatory pressure and growing societal demand for transparency and accountability, TfS enables chemical companies to become more resilient while ensuring supply security and pro-active management of risk.

EVERLANE

In January 2022, Everlane launched a denim collection noticed by Elle Magazine for its vibrant and eco-advanced Archroma colors. On its website, Everlane explains its choice:

To create our garment dyed colored denim, we partnered with Archroma, leaders in the dye technology industry. Their innovative approach develops dyes that are less harmful for the planet. Because of the water used in garment dyeing, it was important for us to find a partner that developed safe dye techniques that both used less water and created less toxic waste water.

PANGAIA

Jeanswear, sustainability-focused materials science and apparel company Pangaia released its third denim collection in February 2022, featuring Archroma's EarthColors®. The company stated:

Pangaia continues to research, identify, and refine materials science innovations across every stage of production, including the dyeing stage. We're constantly searching for new solutions and partnering with breakthrough innovators to scale the next generation of dyes that are kinder to the planet.

Sources:
https://www.primark.com/en/primark-cares/newsroom/waste-we-wear-primark-launches-its-first-fashion-and-home-collection-made-using-natural-dyes-from-plant-and-food-waste/
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https://www.archroma.com/press/releases/archroma-and-jeanologia-join-forces-to-launch-pad-ox-g2-cold-a-new-water-saving-dyeing-process-for-denim-and-casual-wear
https://www.archroma.com/press/releases/archroma-joins-the-together-for-sustainability-initiative-on-sustainable-chemical-supply-chains
https://www.archroma.com/press/releases/archroma-joins-the-together-for-sustainability/ and https://www.everlane.com/products/womens-way-high-jean-ind?collection=womens-jeans
https://www.elle.com/fashion/shopping/a38866939/everlane-colored-way-high-jean/ and https://www.everlane.com/products/womens-way-high-jean-ind?collection=womens-jeans
https://www.elle.com/fashion/shopping/a38866939/everlane-colored-way-high-jean-archroma-earthcolors-hemp-carpenter-jeans-natural-dye-326812/
https://sourcingjournal.com/denim/denim-brands/pangaia-denim-workwear-archroma-earthcolors-hemp-carpenter-jeans-natural-dye-326812/

ARCHROMA IN A NUTSHELL

Archroma is a global, diversified provider of specialty chemicals serving the branded and performance textiles, packaging and paper, and coatings, adhesives and sealants markets. Headquartered in Pratteln, Switzerland, Archroma operates in over 100 countries, with more than 2 800 employees located in 31 countries and 25 production sites.

Archroma is passionate about delivering leading and innovative solutions, enhancing people's lives and respecting the planet.

The company is committed to the principles of "The Archroma Way to a Sustainable World: Safe, Efficient, Enhanced. It's our nature!"; an approach reflected in its innovations, world-class quality standards, high service levels, cost-efficiency and resource saving solutions.

1886
Foundation of **Kern & Sandoz**

1995
Specialty chemicals to **Clariant** spin-off and IPO

1997
Acquisition of **Hoechst** Specialty Chemicals

2013
Textile, paper and **emulsions** businesses are acquired by **SK Capital Partners** and become **Archroma**

2014
Acquisition of **49%** **M. Dohmen**

2015
Acquisition of **BASF** textile chemicals business

2017
Increased ownership of **M. Dohmen** to **75%**

2018
100% ownership of **M. Dohmen**

2019
Acquisition of **BASF** stilbene-based OBA business

OUR HISTORY

The heritage of our company dates back to 1886, when Kern & Sandoz was founded in Basel, to produce textile dyes. In 1995 Clariant was formed, as a spin-off from Sandoz, and in 1997 acquired the specialty chemicals business of Hoechst.

In September 2013, SK Capital acquired the Textile Chemicals, Paper Specialties, and Emulsions businesses of Clariant AG. The three divisions were combined into an integrated, market-focused, and collaborative company and were renamed Archroma upon becoming an independent entity. The Archroma group comprises Archroma Management LLC and all of its subsidiaries, affiliates, and joint ventures, collectively known and referred to in this report as "Archroma".

SK Capital targets investments in the specialty materials, chemicals and pharmaceuticals sectors, working collaboratively with management to support the realization of their strategic, operational, financial, and sustainability objectives. Its portfolio companies currently generate revenues of approximately USD 14 billion annually and employ approximately 20 000 people globally. As of December 2020, SK Capital had approximately USD $5.5 billion of assets under management.

Archroma continues to grow with additional acquisitions. We made a first move in this direction when we acquired the textile chemicals business of BASF in 2015. In 2018, Archroma completed the acquisition of the M. Dohmen SA group and its three production sites in Germany, Switzerland and South Korea.

In December 2019, we acquired BASF's stilbene-based OBA business for paper and powder detergent applications which included an additional production site in located in India.

Through this direct lineage, Archroma has accumulated a knowledge and expertise of specialty chemical manufacturing spanning more than 130 years.
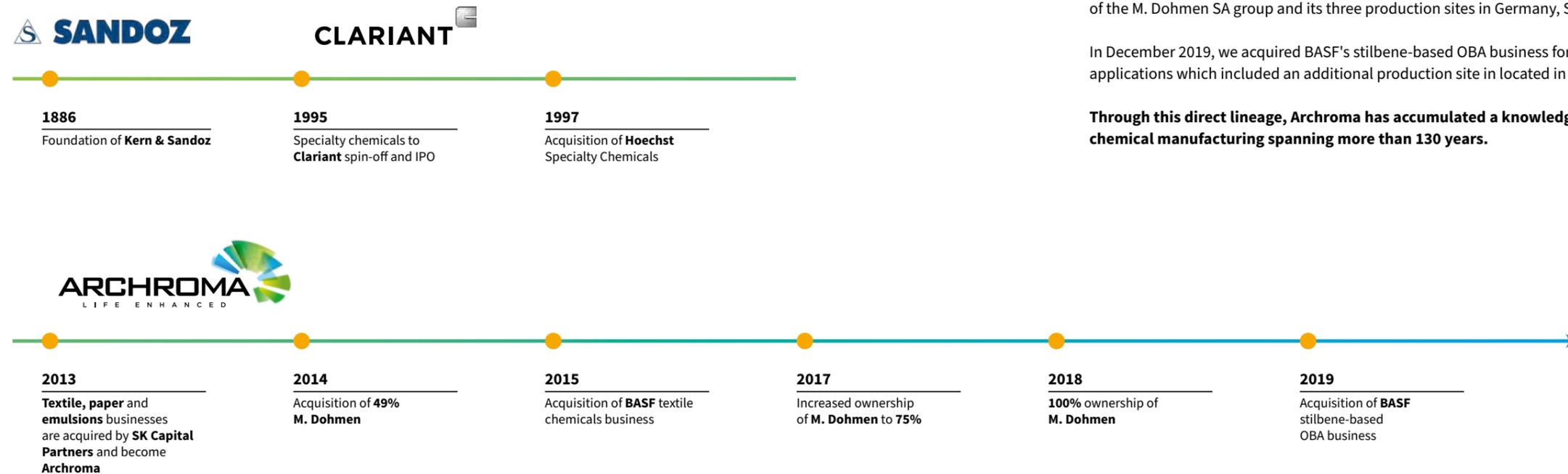
OUR MARKETS

BRAND & PERFORMANCE TEXTILES

From fiber to finish, Archroma plays a key role throughout the entire textile supply chain, with special chemicals for pretreatment, dyeing, printing and finishing of textiles. Our system packages enhance the properties of apparel and other textiles in applications as diverse as high fashion, home textiles, automotive and special technical textiles.

Textile value chain

Archroma offers systems to brands, manufacturers and processors of yarn, fabrics and garments.

Significant systems & services

The Archroma Way; 47 systems for 6 market sectors:

Automotive & transport	Workwear & uniforms
Denim & casual wear	Outdoor & activewear
Fashion & formal wear	Home & intimate textiles

ONE WAY Impact Calculator: Process simulator software for resource and cost calculation
Color Atlas by Archroma®, color books, specifications and standards

Significant brands

Fiber: Afilan®, Arkofil®
Whiteness: Kieralon®, Leucophor®
Coloration: Drimaren®, Foron®, Dorosperse®, Nylosan®, Denisol®, EarthColors®, Diresul®
Performance finishing: Arkofix®, Nuva® N, Sanitized®, Smartrepel®

PACKAGING & PAPER

Archroma provides expertise in the management of whiteness, coloration, special coatings and strength for all kinds of papers. By combining our focused product systems with the application services of our paper experts around the globe, we enhance both the optical and functional properties of packaging, paper and tissue.

Paper value chain and key markets

Archroma offers systems to packaging and paper manufacturers.

Significant systems & services

9 Systems for 4 market sectors:
Non-woven
Packaging & board
Tissue & toweling
Printing & writing

Significant brands

Coloration: Carta®, Cartosol®, Cartazine®, Diresul®, Cartaren®, Flexonyl
Whiteness: Leucophor®
Surface & coating: Cartabond®, Cartaguard®, Cartaseal®, Cartacoat®
Process: Cartafix®, Cartaspers®, Cartafen®, Antimussol®

COATINGS, ADHESIVES & SEALANTS

From paints, adhesives and construction to the textile and paper industries, Archroma provides solutions for a wide range of applications. Literally thousands of satisfied customers have been a witness to the outstanding success of Archroma's Mowilith® emulsions since its first patent obtained in 1912.

Coatings, adhesives and sealants value chain and key markets

Paints - Decorative interior/exterior, primers, varnishes, industrial applications
Construction - Concrete applications, roofing, tiling, sealants, primers, mortars admixtures
Adhesives - Wood, paper, lamination, packaging and Pressure sensitive adhesives

Significant brands

Mowilith®, Mowicoll®

Global current presence 91 Markets served (in color), 52 locations thereof 25 production sites

Archroma production & sales sites   ● Headquarters   ● Offices   ● Production, offices   ● Laboratories, offices   ● Production, laboratories, offices   ○ Sales

Markets served

We currently serve 91 markets worldwide, organized into seven Business Clusters: Asia-Pacific, India, Pakistan, Latin America, North America, Europe, and Middle East and Africa.

Scale of operations

Archroma currently has 52 locations in 31 countries worldwide, thereof 25 production sites.
10 of these locations are shared sites, where the sales organization is located on the same site as one of the 25 production facilities, and 27 are offices with additional service centers.
We have significant operations in Brazil, China, Germany, India, Indonesia, Mexico, Pakistan, Spain, and in the USA.

OUR GOVERNANCE STRUCTURE

Archroma has a flat management structure that allows us to effectively communicate the strategic direction throughout the organization, closely monitor the implementation of initiatives and required activities needed to implement the strategy, and to rapidly respond to business needs, opportunities and challenges.

The main executive decision-making body is the Executive Committee (EC). The EC possesses a wide range of competencies, business and financial skills, chemistry and market knowledge and international experience, and is responsible for determining the strategy and structure to set the pace for current operations and future development. The EC consists of six senior executives of the company and is responsible for the execution of the strategy and direction approved by the Board of Directors (BoD). This includes reviewing and evaluating current and future threats and opportunities and resultant risk to the business, and to decide upon the strategic options and the means required to implement and support them. The EC structure incorporates all the key management functions.

The EC is supported by a Sales Leadership Council that is responsible for the governance and global alignment of the seven geographical Business Clusters of Archroma (Asia-Pacific, Europe, Middle East & Africa, Latin America, North America, India, and Pakistan). Archroma also operates with Global Marketing Competence Centers that are responsible for global marketing, innovation and business development, as well as Global Functional Competence Centers that are responsible for the governance and global processes in their functional areas (HR, Finance, Legal, etc.), and with a global Sales, Inventory and Operations Planning process.

The BoD supervises the EC, on behalf of the main shareholder, and has two levels of operation. Its primary function is to work closely with the EC and review and approve the proposed strategy, the underlying tactics to achieve the strategy, and financial planning including targets. Remuneration and risk management also fall within the BoD responsibility.

Its secondary function is to actively support specific projects within Archroma, this being dependent upon the competencies of the individual directors appointed to the board. Thus, the BoD has a two-tier working principle equivalent to a traditional single tier board.

Third party quality management audit of Archroma to international standards falls within the responsibility of the Quality Management team, reporting directly to the Global Head of Operations.

Furthermore, Archroma has a Group Compliance Committee, which has the responsibility to ensure an ethical business culture in line with the Archroma Code of Conduct and incorporates a Whistleblower Policy as well as a Whistleblowing Hotline operated 24/7. It is chaired by the Chief Sustainability Officer with our Chief Human Resources Officer and General Counsel as members.

Archroma Holdings Sarl Board of Directors

Barry Bahram Siadat
President

Miguel Kohlman
Member

Alexander Roeland Wessels
Vice-President

Jared Kramer
Member

Guna Krastina
Member

Bertrand Lhomme
Member

Archroma Executive Committee

Heike van de Kerkhof
Chief Executive Officer (CEO)

Simon Clementson
Chief Human Resources Officer (CHRO)

Marcos Furrer
Chief Operating Officer (COO)

Thomas Bucher
Chief Financial Officer (CFO*)

Michel Zumstein
Chief Commercial Officer (CCO), Senior Vice President Asia Pacific*

Silke Wischeropp
General Counsel, Secretary of the BoD

* BoD and EC composition as the date of publication of this report.
  Changes in the EC: Michel Zumstein is CCO and member of the EC since 01 August 2021.
  Thomas Bucher is CFO and member of the EC since 01 October 2021, taking over from Roland Waibel.
  Danielle Blomert was member of the EC as Chief Digital & Sustainability Officer (CDSO) until 31 March 2021.
 She is now Chief Sustainability Officer.

OUR INTEGRATED QUALITY MANAGEMENT

Archroma and all its subsidiaries operate according to a global integrated management system based on the following international standards:

- SN EN ISO 9001:2015 Quality Management System
- SN EN ISO 14001:2015 Environmental Management System
- SN EN ISO 45001:2018 Occupational Health and Safety Management System

Archroma has consolidated the migration from OHSAS 18001:2007 over to the ISO 45001:2018 standard during the reported period. ISO 45001 requires the incorporation of health and safety aspects into the overall management system of the organization. Organizations are required to consider what their interested parties expect from them regarding health and safety. The standard requires organizations to identify and control risks rather than hazards, as well as to consider how suppliers and contractors are managing their risks.

The new standard brings a more holistic approach to the overall goal, which is to reduce unacceptable risks and ensure the safety and wellbeing of everyone involved in an organization's activities.

Integrated quality management plays a critical role in our activities to prevent either the introduction or production of unwanted hazardous substances in our commercial products.

Documented information is a key asset of any company – documents are a critical process information source for now and for the future, and as such they must be correct, relevant, and readily available.

The Quality Management department, as process owner, implemented a new document management system (DMS) in 2020.

Its goal is to ensure that the latest version of approved documents is stored and can be retrieved anytime anywhere by all employees, and that documents are protected against unintended alterations.

The DMS has already improved data security and compliance, allowed better collaboration, as well as easy backup and recovery.

OUR RISK MANAGEMENT

Archroma is committed to a strong risk management throughout the company, supported by the Executive Committee and Board of Directors. The risk management function is under the responsibility of the Head of Risk Management & Internal Audit, reporting on risk management areas to the Chief Finance Officer in his capacity as member of the Executive Committee.

The company has a Risk Management Policy in place since 2015 and has been undergoing regular risk evaluation reviews.

In February 2019, a completely new risk mapping exercise was performed and since then, a review with the Executive Committee is regularly performed. These reviews include the definition of risks in terms of impact and likelihood as well as establishing and follow-up of action plans and persons responsible for execution.

The results of every update to the risk mapping are shared with the Audit Committee of the Board of Directors.

Archroma initiated the risk management project with the objective to have an overview of the main risks affecting the company and subsequently to society. Risk management is a very broad topic and therefore requires to be prioritized to identify the areas that require attention.

Archroma manages risks at different levels and each of the risk owners is clearly identified, separating the management of occupational risk, health and safety, IT security, etc.
The output of those risk assessments and their management are monitored and reported to the Executive Committee to provide a clear overview of risk management at Archroma.

The only risk specifically mentioned by the GRI criteria is focused on societal risk or climate change, but we know from a commercial perspective there are many other risks, and Archroma has identified about 45 areas of potential risks, for example environmental risk, credit risk, raw material supply etc., that we monitor and assess on a regular basis. In FY2021, the pandemic remains one of our most significant risks, although Archroma performed actions to limit its impact, as well as provided sustainable solutions that contributed to overcome the sanitary crisis.

The need for stronger focus for risk management was supported by the Audit Committee of the Board of Directors of Archroma, as managing proactively Archroma's risk portfolio is key to minimize their impact and convert risks into opportunities. Our approach to risk management was well perceived by our external stakeholders, such as our external auditors.

In order to better support its risk management process going forward, the company also decided to implement a tool allowing to map and rate risks in terms of likelihood and impact. This will allow to consolidate the results, and to set up our action and overall audit plan.

Internal audits are also used as a further source of risk identification and mitigation.

The company is keen to raise awareness about risk management across the organization. The most effective factor in doing so is the frequency of the risk assessment, and action planning and execution. The effectiveness of the approach is demonstrated by the fact that our insurance and financial partners are taking Archroma's risk mitigaton efforts in account when determining our insurance premiums.

OUR AFFILIATIONS AND MEMBERSHIPS

Archroma engages with relevant stakeholders in order to support and drive initiatives that are bringing concrete and ambitious solutions and innovations.

We feel that only through active positive participation will we be able to bring about measurable change.
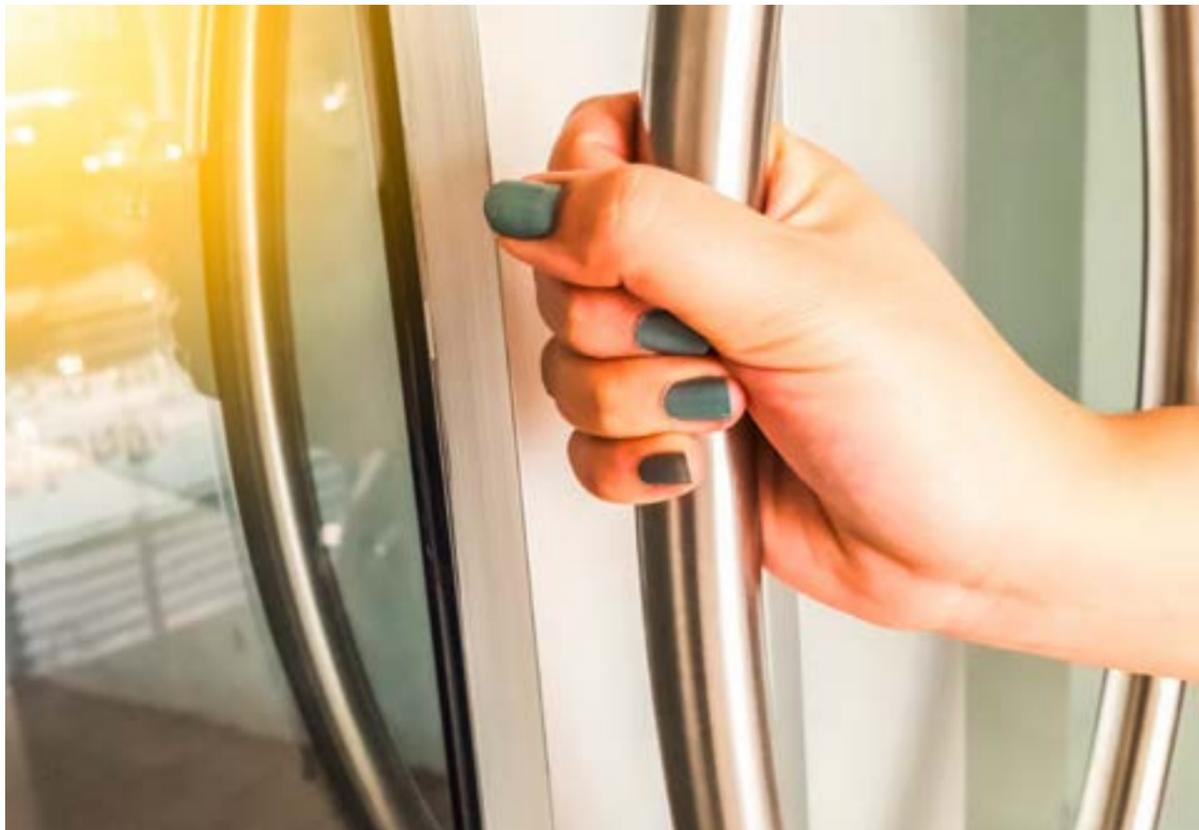
Archroma is a member of the United Nations Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support the United Nations Sustainable Development Goals.

Archroma is a signatory of the International Council of Chemical Associations Responsible Care® Global Charter since 2014. Responsible Care is a commitment to an ethic of safe chemicals management and performance excellence in the chemical industry.

Archroma is a member of the European Chemical Industry Council (CEFIC), a non-profit organization devoted to promoting a thriving chemical industry that is broadly recognized to provide sustainable, safe and resource efficient solutions.

Archroma is a bluesign® technologies system partner, an independent organization that represents the vision and mindset of responsible and sustainable manufacturing of textile consumer products, that acts as an independent verifier to secure trust and transparency.

Archroma is a member of the Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD), which supports responsible care principles and product stewardship and cooperates with authorities to harmonize health and environmental regulations.

Archroma is a member of the Association of Manufacturers of Process and Performance Chemicals TEGEWA (Textil, Gerbstoff u. Waschmittel).

Archroma is a contributor of the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, a global initiative of more than 160 contributors within the fashion and footwear industry.

Together for Sustainability (TfS) is a joint initiative of chemical companies that delivers de facto global standard for environmental, social and governance performance of chemical supply chains.

EcoVadis is an organization specialized in assessing the corporate social responsibility (CSR) performance of companies on a global basis. Archroma received its "Platinum" rating placing us within the top 1% in our industry.

The Institute of Public & Environmental Affairs (IPE) is a non-profit environmental research organization based in China and dedicated to collecting, collating and analyzing government and corporate environmental information to build a database of environmental information.

Archroma is one of the 7 leading chemical companies who founded SCTI (Sustainable Chemistry for the Textile Industry) in October 2020, aiming to drive transformational change in the textile and leather industries.

Archroma is a member of the American Association of Textile Chemists and Colorists (AATCC), which develops the test methods the textile industry uses for product quality.

THE ARCHROMA WAY
TO A SUSTAINABLE WORLD:
SAFE, EFFICIENT, ENHANCED.
IT'S OUR NATURE.

THE ARCHROMA WAY TO A SUSTAINABLE WORLD: IT'S OUR NATURE

In 2018 we redefined our approach to our business. This ensures that we are consistent in the way we operate and behave, and communicate our core values to the market. It also helps our organization to focus on those aspects of our business, from research and development, production all the way through to sales, which positively affects our footprint and that of our suppliers and customers. In this way we are motivated to identify and address current deficiencies in the value chains that we serve, and positively challenge the status quo.

This we termed the "The Archroma Way to a Sustainable World". The Archroma Way is articulated around three elements: safety, efficiency and enhanced value.

Danielle Blomert, Chief Sustainability Officer of Archroma, explains: "As a global manufacturer and supplier of specialty chemicals and colorants to the textiles, paper and coatings industries, the impacts of Archroma products extend far beyond our own operations. As it travels through the supply chain", she adds, "the impact of a single kilogram of an Archroma product can grow exponentially as it helps, for example in the textile industry, transform fiber to yarn to textile to finished product. Throughout our own operations, we strive to ensure that these indirect impacts are positive and always improving the overall value along the supply chains we serve".

We believe that sustainability does not have to come at a higher cost. We are committed to demonstrate this to our partners by using our ONE WAY Impact Calculator. This production process simulation software is designed to provide our customers and partners with an accurate estimate of their process costs, resource utilization, effluent discharge quality, and CO_2 emissions of the existing production process and of the newly evaluated system. This is how we validate, quantify and support the "Efficient" pillar of The Archroma Way. Further details can be found on page 84 of this report.

The growth of many of the industries we serve was built on cheap (often free) and easy access to clean fresh water with no requirements of how that water would be used or returned to the environment. The result has been that these industries were able to grow and prosper by purchasing inexpensive low quality materials and chemicals and polluting huge volumes of water that was supplied to them at little or no cost. As we have learned more about the harmful effects and impacts of this business model and about the scarcity and value of water, it has become obvious that the only way for these industries to sustain their business will be with raw materials and chemicals that are safe, efficient, and that add value. At Archroma, we believe that we can make our industry more sustainable, and that we will do this by providing products that are higher quality, safer, more efficient and that provide resource savings for our customers all along the value chain.

Innovation at Archroma is a collaborative effort. We engage with internal and external experts, in order to get their input on imminent challenges and opportunities that our customers and partners are facing. This enables us to focus on our customers, and to prioritize the projects that will have the greatest impact for them.

Our product stewardship organization provides insights into the dynamic landscape of public concerns and government regulations pertaining to the chemical industry. This ensures that Archroma is leading in our efforts to produce chemicals that are safe to use in a responsible manner.

External collaboration is also an important part of our approach, and we have strong relationships with leading raw material suppliers and the technology providers who make the machinery necessary for our customers to use our products. This collaborative and engaging foundation ensures that our approach to innovation is strategic, intentional, and purposeful.

SAFE – It's our nature to protect
A solid core: Our deeply rooted goal to protect people and our planet.
Safe to use, safe to release and also safe to wear.

EFFICIENT – It's our nature to rethink sustainable manufacturing
Innovating application processes that minimize resources and maximize productivity, both in our and our customers' manufacturing as well as by setting ourselves ambitious sustainability goals.

ENHANCED – It's our nature to add another level of value
Innovation is critical. With it, we create additional effects, functionalities and aesthetics and sustainable differentiation to bring additional value, helping consumers to achieve their goals, for a life enhanced.

After all, **it's our nature....**

17 PARTNERSHIPS
FOR THE GOALS

OUR MATERIAL TOPICS

Driven by our commitment to make our industry sustainable, and by engaging our stakeholders, Archroma identifies the sustainability topics most material to our business, and prioritizes them according to the following methodology:

Methodology

1. **Define purpose and scope:** The purpose and scope of the materiality matrix are defined according to the standards of the Global Reporting Initiative, Core option and the UNGC Sustainable Development Goals, within the Archroma Sustainability Taskforce, which has been created in FY2020 to define and ensure cross-functional focus and execution of the Archroma sustainability objectives and projects.

2. **Identify:** The Archroma Sustainability Taskforce creates an exhaustive list of topics with direct or indirect impact to our business and stakeholders' interests, based on business knowledge, existing literature and specialized organizations (UNGC, Bloomberg). During the 2020 review, Archroma identified and appraised two new material topics: Circularity and Digitalization.

3. **Assess:** In January 2021, Archroma conducted for the first time a quantitative survey to identify and appraise the most critical topics for its internal and external stakeholders. A similar survey will be conducted every 2 years.

4. **Prioritize:** The relevant key topics identified by the survey are rated according to their potential impact on our activity and their importance for the stakeholders. The matrix on the right shows the 2 dimensions against which these topics were prioritized, the topics occupying the top right quadrant having the greatest priority.

5. **Seek management endorsement:** The resulting materiality index is reviewed by the Archroma Executive Committee.

6. **Seek stakeholder feedback:** Archroma continuously collaborates with its stakeholders to evaluate how we follow up on the reported topics.

Stakeholder inclusiveness and engagement

Communication with stakeholders is done both in a formal and ad hoc manner, depending on the requirements and relevancy to the information.

Our stakeholders are:

		Archroma interfaces
Internal stakeholders	Employees	Human Resources
	Management	Executive Committee, Global Leaders
	Owners	Board of Directors
External stakeholders	Regulatory bodies	Product Stewardship
	Customers	Sales, Competence Centers
	Communities	Site management
	Media	Communication
	Consumer via brand owners	Brand Studio, internet, news
	Suppliers	Procurement
	NGO/NPO/Associations	Sustainability
	Investor(s)	Executive Committee

A quantitative materiality survey has been conducted in January 2021 with 983 participants. This survey showed a strong participation of our employees, including our top 100 global leaders as confirmation that sustainability is deeply rooted in our organization. Archroma also recorded a good participation of customers, suppliers, brands and retailers for this first survey.

Materiality matrix

The topics have been internally re-evaluated from the previous reporting period. Their relative importance has not fundamentally evolved, therefore the matrix stays unchanged.
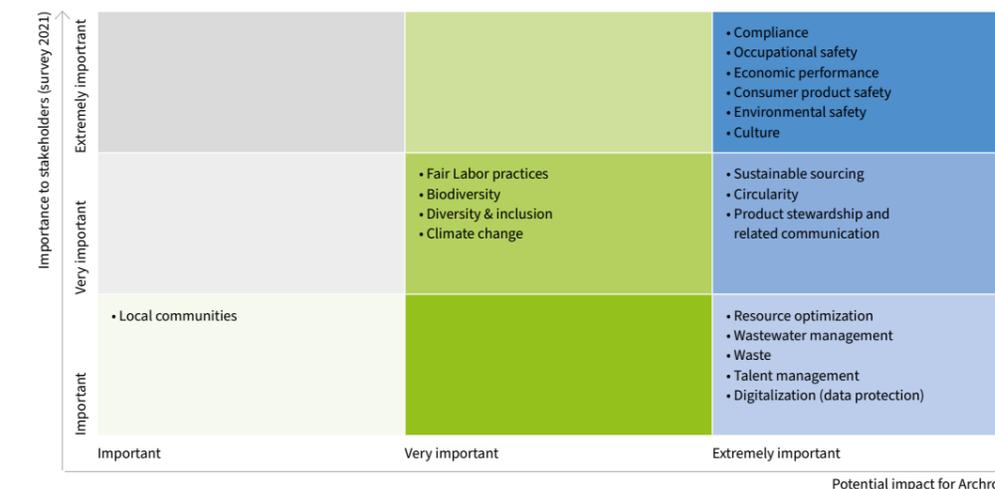
All topics identified by our external and internal stakeholders as being material to our business are presented in the following pages according to the Global Reporting Initiative: Core option. They are presented in alphabetical order for convenience.
The material references can be found in the GRI Content Index in the Appendices beginning on page 98.

OUR COMMITMENT
AROUND THE GLOBE

Michel Zumstein, CCO and Head of Business Cluster Asia Pacific
The trend for more sustainable production and consumption continues to amplify all around Asia, with consumers and brands demanding safe and responsible goods and manufacturing, authorities increasing the pressure for more sustainable operations, and our own customers looking at safer and eco-friendlier alternatives. As an example, Bangladesh a has one of the highest rate of LEED (Leadership in Energy and Environmental Design) certified garment factories worldwide, and our Tianjin factory in China is one of the few companies who has been named 'Green Factory' by the local authorities. With our sustainable systems and solutions and our technical know-how in more environmentally-friendly applications for the industries we serve, we are best positioned to help our customers reaching their sustainability goals.

Beate Plueckhan, Head of Business Cluster Europe
As Europe is slowly learning to live with the coronavirus, we are at a crossroads when it comes to supporting the shift towards creating more sustainable goods. Consumers are going back to the shops – online and brick-and-mortar – with a closer attention to the safety and ecology of materials and ingredients that go into an article. We can see more recyclable and natural materials being explored in textile and packaging. With the European Union setting out plans to bring more sustainability, in particular to the textile industry, there is hope that sustainable products can become the norm. And we at Archroma have been ready for a long time, with our system solutions and innovations, to help manufacturers, brands and retailers to create articles that are better for the people and the planet.

Anjani Prasad, Head of Business Cluster India
As India recovers from the impact of COVID-19, we face the renewed challenges of climate change and rising costs. Customers are looking towards reducing their consumption and extracting the most out of the resources through recycling and reuse. We see a growing demand for our sustainable systems and solutions, which we support with a holistic consultative approach and our India-based global product stewardship laboratory. We also see a growing interest in our newer chemistries that are safer or based on natural raw material. India has adopted the UN Sustainable Development Goals as its guidelines, and the country has made progress for instance in the area of waste reduction. Our focus on sustainability at Archroma therefore drives our own manufacturing sites to reduce our carbon and waste footprint and using minimal resources. We also conduct initiatives to plant trees, help marginalized members of society and support universities in line with Archroma's mission to help transform our industry towards a sustainable world.

Fernando Henandez Espinosa, Head of Business Cluster Latin America
The COVID-19 pandemic has allowed the conversation to shift even more in favor of policies aimed at addressing the very real threats to our health and nature. On the other hand, several countries in Latin America are dealing with the impact of the pandemic on their already fragile economies, and the risk is high that our industries could not perceive the urgency of the fight against global warming. Industry leaders such as Archroma have a duty to help our customers and partners realize that economic growth will have to go hand in hand with necessary efforts on preserving natural resources and the health of all beings, delivering new potential opportunities.

Emrah Esder, Head of Business Cluster Middle East & Africa
Archroma is seeing a significant increase in the demand for sustainable systems in Middle East & Africa. The shift in the customer mindset towards sustainability, supported by the growing interest and pressure from brands and retailers, is very encouraging. Change is here and I am certain it will last. Producers are now increasingly considering their environmental impacts, and so do the consumers in the region. Gen Z especially is extremely sensitive to the topic, and as their buying power grows, the speed of change will grow too. The shift is also visible in the success of our sustainable product portfolio. Recent changes in ZDHC requirements have also triggered demand for sustainable innovation such as e.g., our aniline-free* indigo. We at Archroma are proud to support and contribute to that permanent change in the industry and in consumer behavior.

Sameer Singla, Head of Business Cluster North America
Whilst in Europe and Asia, advances have been made in favor of addressing the challenges of climate change, countries such as the United States and Canada have been prioritizing economic growth, with the notable exception of California. This is clearly changing, as general public awareness grows about consumer product safety, waste and circularity. The pandemic has allowed the conversation to shift more in favor of policies aimed at addressing the very real threats to our health and on nature. Our customers are, for the most part, already a step ahead when it comes to adopting solutions to make applications such as textile, paper, packaging, paints, etc. safer for their workers, for consumers and ultimately for the environment.

Mujtaba Rahim, Head of Business Cluster Pakistan
Sustainability is a way of life at Archroma in Pakistan. Our country ranks fifth in the list of countries most vulnerable to climate change according to the Global climate Risk Index 2020 published by the environmental think tank Germanwatch, and we take issues such as water and energy scarcity very seriously as the impact on our populations is very real. That is why sustainability is embedded in our hearts and minds, with e.g., our aniline-free* indigo for denim. We make it in Jamshoro at our award-winning sustainable effluent treatment plant based on zero liquid discharge. The water saved is reused and also shared with the neighborhood community. And we are clearly meeting a strong, heartfelt demand in Pakistan, with the local denim industry now moving fast forward to adopt this innovation, and more generally looking to work with partners like Archroma who are most committed to enhancing sustainability standards.

BIODIVERSITY

The potential impact of our activities on biodiversity in our various locations is important to us and other stakeholders such as NGOs. Therefore, we seek to understand, avoid and respond to any potential impacts our activities may have on biodiversity. We also look for opportunities, where we operate, to make a positive contribution to conservation.

None of our production sites are within biodiversity areas, as identified by the World Database of Key Biodiversity Areas **(http://www.keybiodiversityareas.org/home).**

However, we remain sensitive to biodiversity and as such we know that 7 Archroma sites are within a 10-kilometer proximity to well-known biodiversity locations:

Production Site	Key Biodiversity Area
Lamotte, France	Forêt picardes
El Prat de Llobregat, Spain	Llobregat Delta
Ameriya, Egypt	Wadi El Natrun
Roha, India	Phansad Wildlife Sanctuary
Bangpoo, Thailand	Inner Gulf of Thailand
Wiesbaden, Germany	Rheinaue Bingen-Ingelheim
Zarate, Argentina	Reserva Natural Otamendi

In the reporting period there were no incidents or activities at our sites that could pose a threat to any endangered species, and therefore no additional prevention or remediation activities have been initiated. We remain extremely vigilant to ensure that no such incidents or activities occur at our any of our sites.

CIRCULARITY

Archroma recognizes the importance of fostering a circular economy, and evolving from linear (take, make, discard) to circular (reduce, reuse, recycle) manufacturing.

Please refer to pages 35, 94 and 96, where we report our commitments and impacts on circularity along the 'GRI 306: Waste 2020', the reporting standard for companies to provide a complete picture of waste impacts along their value chain.

Actions, including circularity measures to prevent waste generation and to manage significant impacts from waste generated, include:

- Reducing the use of raw and finite materials by procuring secondary materials or renewable materials; e.g., Archroma is using recycled and reconditioned packaging material e.g. intermediate bulk containers (IBC) for part of its product portfolio;
- Substituting inputs that have hazardous characteristics with inputs that are non-hazardous: Archroma replaced chlorinated organic raw materials with agricultural waste to produce EarthColors®;
- Engaging in or setting up industrial symbiosis as a result of which the organization's waste or other outputs (e.g., by-products from production) become inputs for another organization; e.g., Archroma absorbs ammonia generated in a particular chemicals process in water and uses the diluted ammonia solution in the production of a water soluble agent for stickies control;
- Engaging in or setting up product take-back schemes and reverse logistics processes to divert packaging materials from disposal: e.g., Archroma works with well-known packaging material suppliers and engages in their countrywide recollection network;
- Recovering selected waste streams through preparation for reuse and recycling, e.g., Archroma reached out to its contacts in the industry and found partners which can consume some particular salt containing wastes in their processes to avoid landfilling.

CLIMATE CHANGE

Greenhouse gas (GHG) emission management is included in our overall environmental management process. Results per production site are consolidated into tons of carbon dioxide equivalent (tCO_2e) in both absolute amounts and in terms of intensity (emission per unit of production). Data are gathered and consolidated monthly centrally from our production sites, forming the basis for monitoring against, and if necessary corrective actions for, the annual targets. Conversion and emission factors used for the report were developed in consultation with the Greenhouse Gas Protocol developed by World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). As the GHG emissions are directly related to energy consumption, operational targets are expressed in energy intensity (GJ/t produced). Further details can be found in this report under "Resource efficiency".

For this reporting period we have not considered non-production sites (offices, off-site warehousing, etc.). We have initiated steps to include these metrics in future reports, although our expectation is that the impact on our total emissions will be relatively low.

Scope 1 and scope 2 GHG emissions for FY2021 amounted to 86 694 tCO_2e. This represents a 5% reduction compared to FY2020 (91 513 tCO_2e) and a reduction of 17% compared to our baseline year FY2018 (104 624 tCO_2).

Scope 1 emissions amount to 42 545 tCO_2e, representing 49% of the total scope 1 & scope 2 emissions. Of this amount, 39 146 (92%) is derived from the combustion of natural gas, the remainder consisting of diesel and heating oil. None of the Archroma sites use coal as a fuel for on-site generation of energy.

Scope 2 emissions amount to 44 150 tCO_2e, representing 51% of the total scope 1 & 2 emissions. Of this amount, 35 913 tCO_2e (81%) is derived from purchased electricity, the remaining 8 237 tCO_2e (equivalent) from purchased steam.

We remain committed to the net zero journey we embarked on in 2018, and to achieving further significant reductions in our scope 1, 2 and 3 GHG emissions, while continuing to meet the expectations of our stakeholders. In order to underpin this ambition, and ensure the robustness and adequacy of our targets and reporting methodology, we joined the SBTi in October 2021. Considering the nature of our business activity, the evolution of key parameters, and our ambition to comply with the latest SBTi guidance*, we do want to review our short and long term net zero targets during 2022, and will report the changes in our next sustainability report which shall be released before the end of 2022.

Scope 3 emissions have not been calculated or estimated for the reporting period, due to the complexity of our upstream and downstream supply chains. This will be an area of focus going forward.

For the required fossil fuel based emission factors, we have used the 2019 Defra Greenhouse Gas Emission Factors, developed by the UK Department for Business, Energy & Industrial Strategy and the UK Department for Environment, Food and Rural Affairs (Defra). Electricity emissions factors have been determined based on the data supplied by the respective energy provider.

COMPLIANCE

Archroma fully supports and complies with the 1948 United Nations Universal Declaration of Human Rights. Archroma does not undertake any business with any country or regime with known human rights abuses. Archroma fully supports and complies with international sanctions regulations worldwide, including those from the United Nations, the USA and the European Union.

For Archroma, there is no other way to do business than in a sustainable and responsible way. Archroma is therefore committed to act with integrity and in strict compliance with the law.

Archroma has a Code of Conduct, signed by the Chief Executive Officer and publicly available, which sets out the binding rules and guidelines for the employees and officers of Archroma. This enables employees to rely on the Code as a navigation guide, and one another's good judgement, to uphold a high standard of integrity for the individual and Archroma.

Each employee is required to make a personal commitment to abiding to the Code of Conduct when joining the group. As a general rule, Archroma conducts refresher training on the Code of Conduct for all employees on an annual basis. In addition, compliance topics are included in all meeting agendas to reinforce awareness throughout the organization.

Silke Wischeropp, General Counsel of Archroma, says: "The Archroma Code of Conduct links all Archroma employees around the world in a collective commitment to integrity and excellence in all they do, by providing tools that will guide them in making consistent, sustainable decisions."

Archroma takes responsibility for its employees, its customers, its suppliers, its other stakeholders and the environment in order to achieve profitable long-term business development. Archroma commits to maintaining an ethical and sustainable operation, and business development in all activities according to its own Code of Conduct and Responsible Care®.

Archroma also has a Whistleblowing Policy and a Whistleblowing Hotline being operated 24/7/365 that allows the anonymous reporting of any suspicious situation of violations of our Code of Conduct or the law.

"In addition", Silke Wischeropp adds, "Archroma and its affiliated companies are committed to integrity and an open culture where everybody feels secure in seeking advice or raising concerns, and has confidence that reports are handled in a professional and transparent way. To help in its ability to provide advice and enable employees to report concerns or misconduct, the Archroma Code of Conduct and Whistleblower Policy are essential elements of integrity in the commitment to an open culture where people feel secure in seeking advice and in raising concerns." Archroma ensures a retaliation-free environment to anyone who comes forward in good faith to ask questions or report violations.

Archroma strictly prohibits all forms of corruption and any business conduct that could create the appearance of improper influence. Archroma applies a zero tolerance policy regarding bribery in every kind of commercial setting.

These principles are summarized in three rules:

1. No bribery under any circumstance;

2. Do not accept or offer kickbacks, even if moderate in value;

3. Third parties hired by Archroma are subject to the above-mentioned principles.

It is a duty and responsibility of all employees and associated persons to take whatever reasonable steps are necessary to ensure compliance with these principles. According to the company's Code of Conduct and Whistleblower Policy, employees shall immediately disclose to the company any knowledge or suspicion of plans to offer, promise or give a bribe or to request, agree to receive or accept a bribe in connection with the business of the company.

Archroma has set up a Group Compliance Committee and a Compliance Officer holding regular meetings and responsible for investigating any potential violations in a professional and consistent manner, while safeguarding fundamental legal principles such as confidentiality, fairness and objectivity.

Any breach of the Code of Conduct is reported to the Group Compliance Committee, investigated and, if necessary, prosecuted according to the company's disciplinary procedure and/or criminal action, should the case apply.

In line with the Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (commonly known as "EU Whistleblowing Directive"), and not waiting for the Directive to be transposed by the State Members, Archroma improved in 2020 its compliance process by establishing the rule of concluding compliance investigations within a 3-month period.

Regular internal audits are performed by the Group Internal Audit function. The audit plan is based, in addition to other elements, on the Corruption Perception Index, published annually by Transparency International.

CONSUMER PRODUCT SAFETY

Of high importance to our value chains, increasing focus is being given to ensure that products used in manufacture do not pose a health and safety risk to the users and final consumers. Environmental health is referred to under the other topics of "Climate change", "Resource optimization", "Waste (solid)" and "Wastewater management".

The Product Stewardship organization is fully integrated within Archroma's processes in order to ensure that hazardous chemical risks are identified and controlled. Deep knowledge of current and future regulatory requirements, often specific to countries and regions, is essential. In addition, other value chain stakeholders (consumers, brands, NGOs) influence market demand and specifications in order to manage the risk of chemistry which may pose a hazard to consumers and the environment. All these requirements have to be gathered, consolidated and communicated to all internal stakeholders to ensure that product design, innovation, registration, production and the resultant application conforms to these changing requirements.

For example, we support the goals of the EU Chemicals Strategy for Sustainability and are ready to work with the Commission and Member States to deliver on the policy goals and ensure that they remain proportionate and enforceable.

We have an enormous challenge ahead of us in the next years with upcoming policy changes. Future "group restrictions" under REACH, such as the restriction on skin sensitizers, on PFAS, or on microplastics, will impact the textile industry in the EU in the coming years with more than 5000 substances falling under the scope of these planned restrictions. On the other hand, these changes also represent a huge opportunity for substitution and transformation.

The Product Stewardship organization is the gatekeeper in the raw material sourcing and production processes. In this respect, an essential process required in specialty chemical manufacturing is a competent chemical inventory management system incorporated in master data management systems.

The Archroma Product Stewardship organization operates with two testing laboratories, in Pakistan and India, dedicated to controlling and confirming product compliance to market-related restricted substance lists in addition to regulatory requirements. In order to support the necessary regulatory support processes and market required compliance certifications, we have invested in a dedicated global team, trained and qualified with the necessary scientific knowledge in order to deliver the highest standard of product stewardship in our industry.

In particular, Archroma is committed to develop our products in compliance with the major eco-labels or other third-party certification requirements of our industries and transparently communicate these statuses in our supply chain.

In order to improve and accelerate this service, Archroma developed and launched in March 2021 the "Safe Edge", an online portal unique in the chemical industry, allowing instant compliance checking of a given product with standards such as bluesign®, Global Organic Textile Standard, ZDHC, Cradle to Cradle Certified™, Nordic Swan, Blue Angel, or for products that are suitable for food contact applications or compliant with the REACH regulation for example.

Today, 81% of our sales in volume are products that are approved by bluesign®, a standard widely used by fashion brands and retailers due to its high requirements in terms of product safety.

During the reporting period we did not have any reported incidents of non-compliance concerning the health and safety impacts of our products and services.
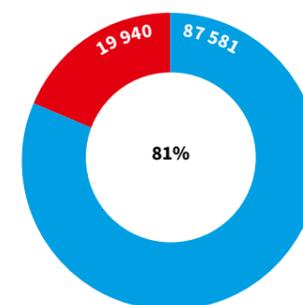
Volume of bluesign® certified products sold into the fashion end segment (metric tons)

- 87 581 — bluesign® approved
- 19 940 — Not approved
- 81%
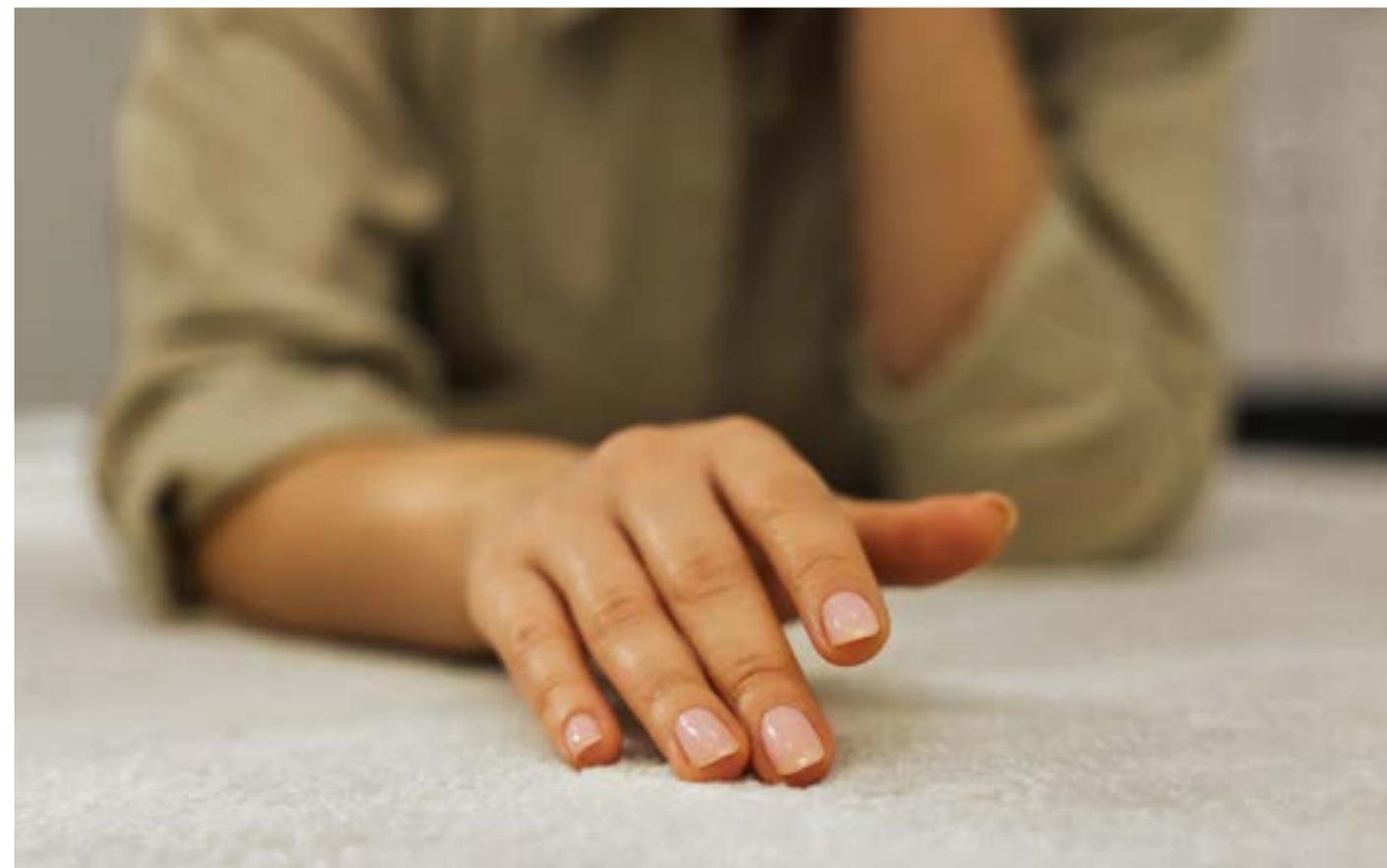
IMPACT STUDY:
RAIN AWAY

As explained earlier in this report, "The Archroma Way to a Sustainable World", is based on 3 pillars: Safety, efficiency and enhanced value.

When it comes to the **SAFE** pillar, we strive to protect people and our planet with ingredients that are safe to use, safe to release and also safe to wear.

A good illustration is **RAIN AWAY,** a durable water repellent system that protects our gear outdoors, whilst keeping us and the planet safe.

The RAIN AWAY system is based on Archroma's innovative Smartrepel® Hydro, a range of PFC-free* durable water repellent that is not based on fluorine. The system has a biodegradability of over 80% (OECD Test 302B) and provides compliance with REACH, bluesign®, and ZDHC.

The system is also designed to create longer lasting end articles for lower-impact clothing.

More information on
https://www.archroma.com/systems/rain-away

*Below limits of detection according to industry standard test methods. Not intentionally added.
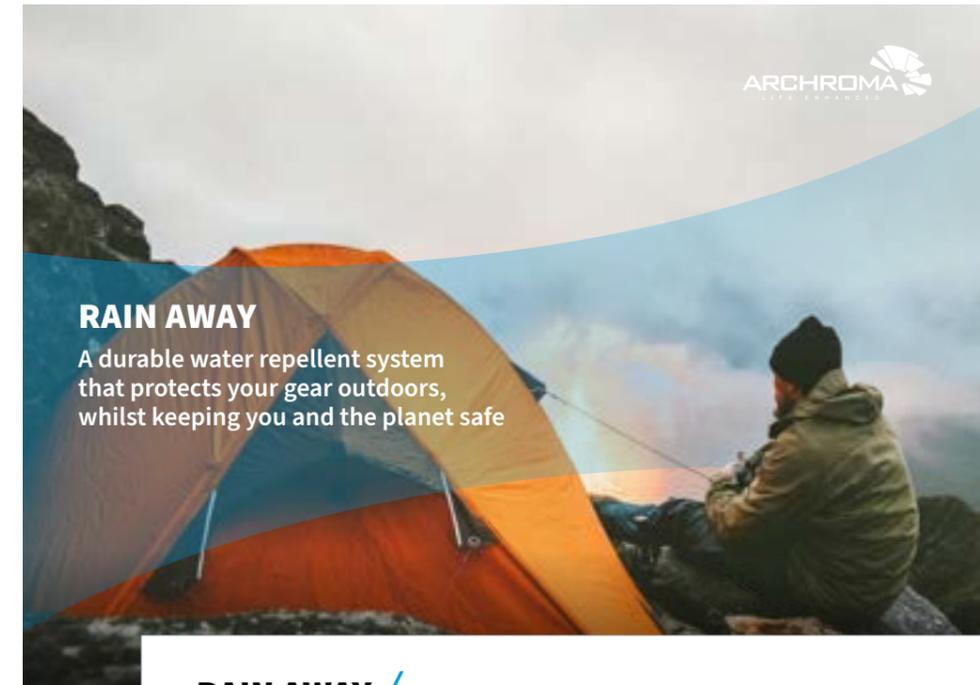
RAIN AWAY

A durable water repellent system that protects your gear outdoors, whilst keeping you and the planet safe

RAIN AWAY / Main benefits in a nutshell

- Safe products from a reliable global partner who applies international safety standards
- Controlled and safe chemistry for workers & end consumers
- Free of Perfluorochemicals (PFC-free)
- Biodegradability >80% (OECD Test 302B)
- Excellent water repellency and anti-wicking properties
- Keeps fabric breathability
- High durability
- No adverse effect on shade
- Minimal impact on softness
- High peel strength to solvent-based PU coatings

'SAFE' WITH:
Archroma's RAIN AWAY system

'ENHANCED' WITH:
Archroma's RAIN AWAY system

* Below limits of detection according to industry standard test methods.
** Biodegradability >80% (OECD Test 302B)

RAIN AWAY / Performance components of the system

Smartrepel® Hydro
Durable Water Repellence PFC-free
- Excellent Water repellency
- Long-lasting weatherproof finish
- Good sewability performance
- Shade and softness unaffected
- High stability and good runnability

Designed for **Cellulosic** articles and its blends
Smartrepel® Hydro CMD

Designed for **Synthetic** articles and its blends
New! Smartrepel® Hydro TS
Improved stability and performance

Fluowet® UD
Wetting agent
- Very low hydrophilic character
- Very low re-wetting properties
- High efficiency

Arkophob® DAN New
Crosslinker
- Durability improver
- Based on blocked isocyanate
- Free of 2-butanone oxime
- C2C – Certified

* Below limits of detection according to industry standard test methods

CULTURE

Archroma has 4 cultural pillars, collectively known as the "ACTS", that guide the organization to foster trust and sustainable relationships with all our stakeholders:

ACCOUNTABILITY FOR PERFORMANCE

CUSTOMER & MARKET FOCUS

TEAMWORK & COLLABORATION

SPEED & SIMPLICITY

Archroma continually reinforces these culture pillars within the organization. Each aspect of the culture pillars is integrated in every employee job specification and form a part of the annual performance appraisal.

Archroma also regularly takes the pulse of the organization. This was the case in April 2021 when we conducted an online culture survey. More than 500 employees participated from many countries, functions and levels, confirming that everyone at Archroma is understanding the importance of our culture and sustainability.

In 2021 Archroma also organized its first Sustainability Awards, open to all employees and recognizing projects and success supporting our efforts towards sustainable growth. The awards comprise categories such as Business Win, Diversity & Inclusion, Excellence Improvement, Innovation, Safety & Health, Environment, and Sustainable Partnership. The winners were selected through a two-step process with final vote open to all online. The winning teams were announced at a virtual ceremony hosted by the Chief Executive Officer, the Chief Digital & Sustainability Officer, and the Chief Human Resources Officer, and attended by more than 1 600 employees.
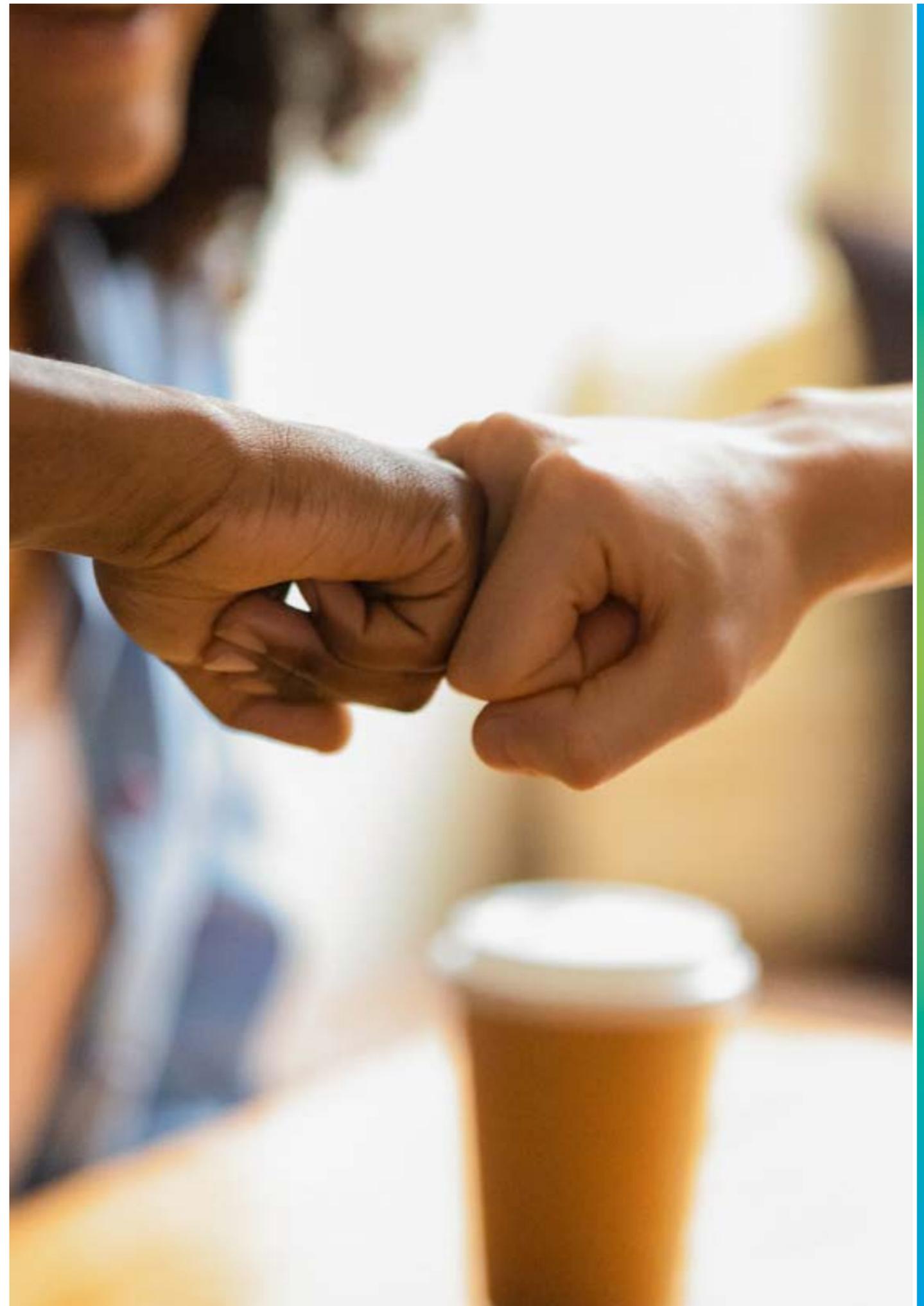
DIGITALIZATION & DATA PROTECTION

Archroma continuously invests in technologies and innovations to digitally transform our global business operations and services and provide differential value to our customers and business partners, aiming for simpler, and more reliable and efficient interactions.

The Archroma Digital Roadmap aims to achieve more sustainable ways of working as a key driver of transformational change, through data driven processes and with information security in mind.

Digital business empowerment

Our digital workplace and communications strategy has allowed 70% of Archroma employees to smoothly transition to a hybrid work-home model since the beginning of the COVID-19 pandemic. Our business continuity plans, information security measures and digital ecosystem, in conjunction to the high commitment of Archroma employees, have seamlessly enabled the continuity of our regular business operations.

In the reporting period, we also completed a network transformation program in all Archroma locations, with the implementation of next-generation software-defined networks, improving our bandwidth capacity, performance, stability, advanced security and monitoring capabilities.

Data-driven decision making

Providing data insights to the Archroma business community is key to drive the development of our business operations and management decisions. Our digital reporting tools ensure confidentiality, reliability, integrity, and availability for up-to-date information and dashboards to all business areas and functions. In the reporting period, Archroma has initiated the implementation of capabilities for advanced data analytics and process mining.

Customer digital journey

In FY2021, Archroma launched the "Safe Edge", an innovative and state-of-the art customer digital platform solution, developed by our own IT and product stewardship experts to provide self-service capabilities for regulatory and compliance information of Archroma products to all our customers and partners. With the implementation of the "Safe Edge", we have taken a step change and set the foundations to integrate additional digital services in the near future. We believe that the "Safe Edge" will become a key platform towards more sustainability in our industry. (See page 76 for more details.)

Reducing resource impact

The impact of information and communications technologies is estimated to be as high as 2 to 4% of global GHG emissions*.

In Archroma we commit to a responsible use of technology as an enabler and key contributor to our sustainability goals. Through our transition to cloud solutions, we have radically simplified our IT infrastructure and operations. We also maintain our infrastructures and end-user devices for longer user life.

This allows us to continuously review and allocate digital resources where they are most needed to keep on reducing our carbon emissions through energy optimization and operational efficiencies.

* See: **https://arxiv.org/ftp/arxiv/ papers/2102/2102.02622.pdf**

In the reporting period, our digitalization journey has contributed to reduce our IT infrastructure costs and operations by 18%, costs partly redirected to further invest in innovative and more sustainable solutions and technology. In particular, Archroma is currently developing its own software solution to collect, manage and report environmental data through our value chain.

In the reporting period we received two grants awarded by the EQA (European Quality Assurance Certificados I+D+i), which rewards projects aimed at implementing new innovation technologies for our new state-of-the-art cloud data center and customer relation management system.

Information security & data protection

Archroma is strongly committed to the protection of the information and data of its employees, customers, and partners in general.

Cyberthreats are on the rise and always evolving, particularly fueled by the prospect of artificial intelligence and remote working scenario. Archroma therefore continuously focuses on information security.

The Archroma Code of Conduct contains rules and guidelines aiming to protect sensitive and confidential customer information. The company also has a Data Protection Officer, and applies active accountability policies to ensure compliance.

The Archroma information security management system is based on ISO 27001. The company also has an Information Security and other related policies in place. The Information Security team, which includes a Global Information Security Manager and a Security Analyst, reports to the Chief Information Officer.

Our information security team follows a proactive risk management approach to determine suitable strategies and tactics to protect the confidentiality, integrity and availability of Archroma information assets, including vendor security assessments.

Archroma's IT systems, including internet and intranet management systems, databases, customer relations management (CRM) tools, enterprise resource planning (ERP) system, end-user computing applications, and other operating systems, are protected by solid firewalls and with multifactor authentication accesses.

The cloud migration and full network transformation completed in 2021 provides Archroma with best-in-class cybersecurity standards and controls. All end user computing devices are protected with up-to-date antivirus, latest operative system and periodic security patches. the company also has a zero-trust network access approach; users are never actually inside the Archroma network and internet security controls are in place.

In the reporting period, Archroma has deployed a breach-and-attack solution and is in the process of implementing an external penetration testing service, expected to be ready during 2022.

Mandatory security training is regularly required from all employees. Internal phishing campaigns are executed to improve and measure Archroma phishing-prone rate, with latest indicator of 4.5 % remains lower than industry benchmark of 7,6%.

During the reporting period, Archroma also organized a cyberattack simulation based on a ransomware scenario.

In the reported period, Archroma recorded no incidents nor complaints related to the theft, loss, or leaks of customer information, and no incidents of breaches of confidentiality.

DIVERSITY & INCLUSION

Archroma recognizes the dignity, privacy and personal rights of all individuals working together with various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual identity, worldview and gender.

Our aim is to:

- Create an environment in which individual differences and the contributions of all our employees are promoted, recognized and valued;
- Create a working environment that promotes dignity and respect for all, where no form of intimidation, bullying or harassment will be tolerated;
- Ensure that training, development and progression opportunities are available to all;
- Regularly review all employment practices and procedures to ensure that job applicants and employees are treated on an equal footing;
- Treat breaches of the diversity policy seriously and take disciplinary action when required.

Archroma does not tolerate discrimination against anyone based on these characteristics or any other comparable offensive behavior.

In December 2020, our Hiring Policy was reviewed and included a 50/50 rule that means that the short list of candidates must include diverse candidates, at least both male and female candidates. This policy was signed by our CEO and communicated to all employees.

In January 2021, our CEO signed the Diversity & Inclusion Policy that is cyclically reviewed.

Archroma values diverse and talented colleagues and supports them so that they can contribute to their full potential. We enjoy diverse nationalities and cultures. There are 59 nationalities working in Archroma, which is representative of our geographical reach.

We have 2 770 employees working across 7 Business Clusters, actively engaged, and driving our business forward. 21% of the workforce comprises women and this number changes marginally from Cluster to Cluster. This overall ratio has increased by 0.73% in comparison to the previous reporting period.

We have a good representation of women at all levels of the workforce including in leadership roles.

Women leaders play a critical role in the management of Archroma and represent 31% of the total management category, up by 0,1 % compared to the previous period. Our target for FY2023 is to increase this ratio to 33%.

Number of diverse nationalities Sept. 30, 2021

Nationality	Count
Spanish	382
Chinese	334
Brazilian	267
Indian	266
Pakistani	261
German	242
American	134
Indonesian	120
Mexican	112
French	89
Thai	59
Argentinian	54
Egyptian	46
Chilean	44
Italian	38
Turkish	35
Swiss	32
British	32
Other	181

Diverse nationalities
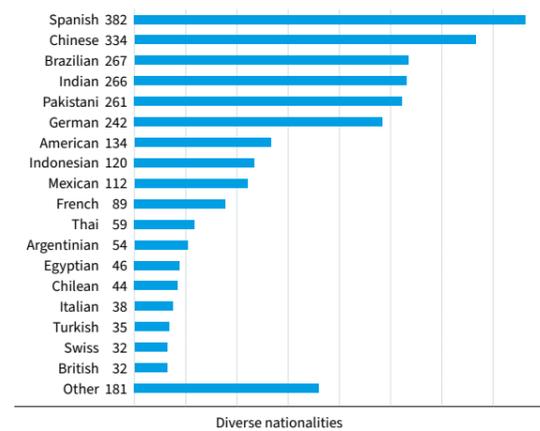
Diversity employee profile by Business Cluster

Cluster	Women	Men
Asia Pacific	168	444
Europe	221	653
India	22	236
Latam	103	419
MEA	21	55
Noram	35	112
Pakistan	6	255

Employees per gender and cluster

- Men
- Women

Employee profile per gender and age group

924 · 200 · 1 646
2 190 · 580

- Men
- Women
- < 30 years
- 30 - 50 years
- > 50 years
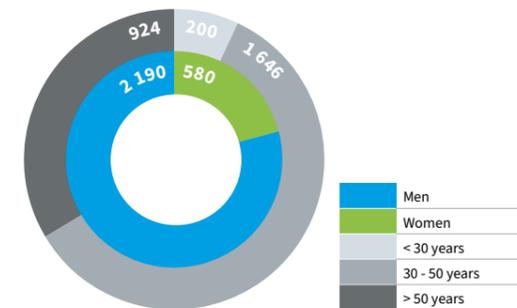
Employee structure per position

Senior executive (12)

1 357 · 129 · 460 · 812

- Senior executive
- Senior management
- Middle management
- Junior management
- Staff

Employee tier profile

513 · 48 · 852
981 · 432

Management
- Men
- Women
- < 30 years
- 30 - 50 years
- > 50 years

411 · 152
1 209 · 148 · 794

Staff
- Men
- Women
- < 30 years
- 30 - 50 years
- > 50 years
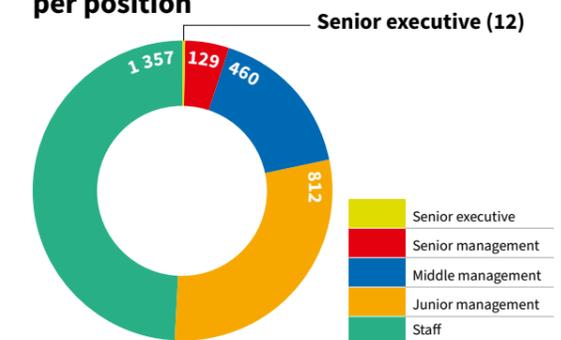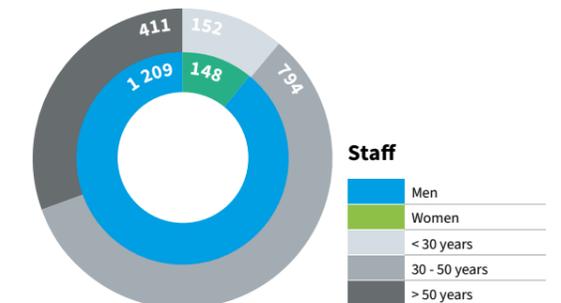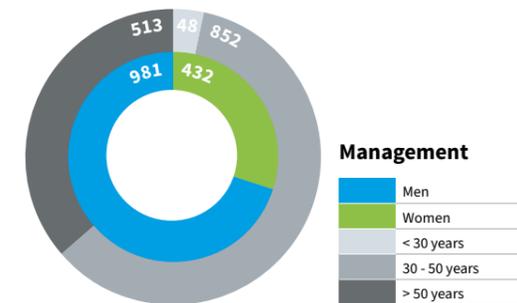
For Archroma, the equality in remuneration is an Important factor in retaining qualified employees. Therefore, we commit, as mentioned in our Diversity & Inclusion Policy, to fair compensation.

Ratio of basic salary and remuneration of women to men

|	
Senior executive	
Senior management	98,2%
Middle management	83,6%
Junior management	111,3%
No management	135,3%

IMPACT STUDY:
DEEP SOUL

As explained earlier in this report, "The Archroma Way to a Sustainable World", is based on 3 pillars: Safety, efficiency and enhanced value.

When it comes to the **EFFICIENT** pillar, we strive to rethink sustainable manufacturing with innovating application processes that minimize resources and maximize productivity, both in our and our customers' manufacturing.

A good illustration is **DEEP SOUL,** a system for overdyeing denim and woven fabrics for trendy wash-down looks using much less water and energy.

The DEEP SOUL system is based on the PAD-OX G2 technology developed with Jeanologia and allows significant savings of up to 89% in water and 46% in energy, as demonstrated by the Archroma ONE WAY Impact Calculator.

More information on
https://www.archroma.com/systems/deep-soul
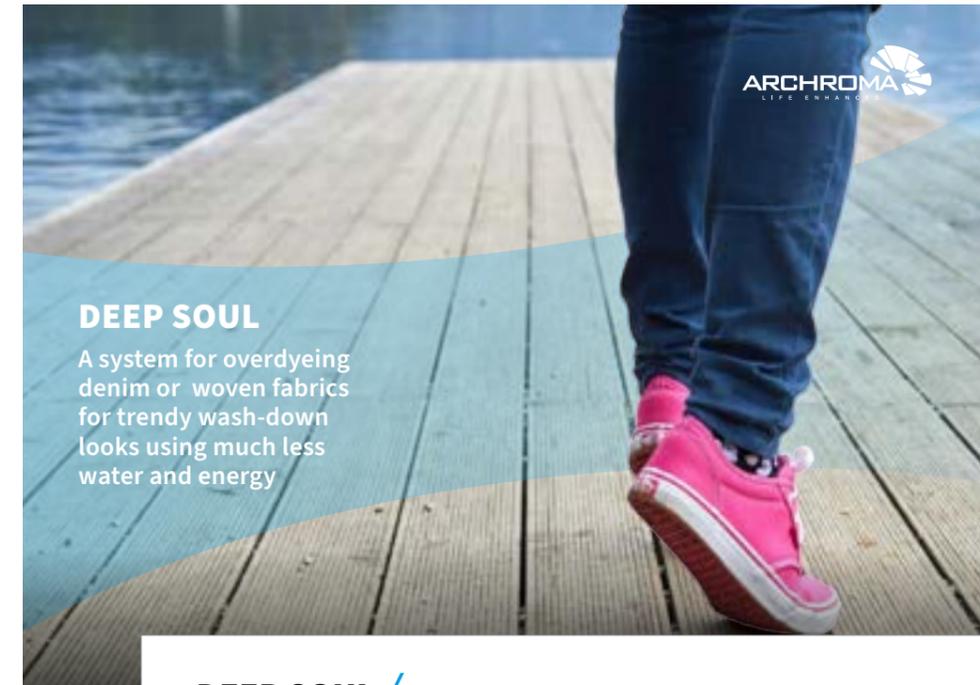
DEEP SOUL
A system for overdyeing denim or woven fabrics for trendy wash-down looks using much less water and energy

DEEP SOUL / Main benefits in a nutshell

- Safe products from a reliable global partner who applies international safety standards
- Increases profitability through lower processing & operating costs
- A short and robust system approach:
  - Significant resource optimization in terms of water & energy
  - Cleaner and lower wastewater
- Better luster and overall fabric aspect as compare to conventional pad steam due to the final ozone step with G2 Dynamic continuous machine
- Good overall fastness
- Suitable for wash-down effects
- Differentiation with improved resource...

'SAFE' WITH:
Archroma's DEEP SOUL system

'EFFICIENT' WITH:
Archroma's PAD-OX G2 technology compared to benchmark Pad-Steam

PROCESS TIME -20%   WATER CONSUMPTION -89%   ENERGY CONSUMPTION -46%   CO₂ EMISSION -32%

'ENHANCED' WITH:
Archroma's DEEP SOUL system

FASHION EFFECTS   PREMIUM QUALITY   WATER CONSCIOUS   CLIMATE-CONSCIOUS

SAFE / EFFICIENT / ENHANCED

DEEP SOUL / Performance components of the system

Diresul® RDT
Pre-reduced liquid dyestuffs with minimal sulfide content
- Dye range compliant with the strictest official eco-standards and requirements from retailers and fashion leading companies
- Unique selection of blues to obtain Indigo look
- Dyes manufactured in Archroma's eco-certified plant nearby Barcelona (Spain)
- This product has received the Cradle to Cradle Products Innovation Institute's Gold Level Material Health Certificate

Reducing Agent HP liq
New reducing agent for sulfur dyes suitable for **room temperature** application systems

Optifix® E-50 liq
New oxidation catalyzer
Strong by-cationic fixing agent, specially indicated for sulfur dye application to increase the fixation of the colors

ECONOMIC PERFORMANCE

Archroma's total revenue for FY2021 was USD 1.286 billion. This reflects a 15.3% increase compared to the previous reporting period. The sales volume also increased to 542 thousand tons.

Coping with the crisis

As the world continues to navigate through the COVID-19 pandemic, we at Archroma decisively marched on with our vision and journey toward transforming our core industries and building a sustainable world.

During the reporting period, we continued to support the fight against the virus, with antimicrobial barriers for the production of medical textiles, face masks and personal protective equipment, as well as colors and chemicals for clothing, home textiles, and packaging solutions used for online shopping and food delivery.

We closely managed ongoing supply and cost challenges with raw materials and finished goods, aiming to ensure business and service continuity.

"At the same time", **Thomas Bucher,** CFO of Archroma, explains: "we implemented decisive measures to protect our cash position through e.g., price management, organizational efficiency and process simplification."

Most of the segments and local markets that we serve have shown continued signs of recovery, in particular fashion, packaging, and coatings. In this context, we pressed on with our strategy to encourage our customers, brands and retailers to develop products and collections that are safe and sustainable for users and the planet.

Over the past 3 years, we have shifted 42% of our sales to sustainable innovations and solutions.

As a result, we progressively restored our business performance and closed our FY2021 with healthy and sustainable revenue and profit levels.

Markets served

During the reporting period, we served 91 markets worldwide with sales reported for three regional zones: the Americas, incorporating North, Central and South America; Europe, Middle East and Africa (EMEA); and Asia.

Americas
Sales
USD 355 million
(27%)

EMEA
Sales
USD 411 million
(32%)

Asia
Sales
USD 530 million
(41%)

Sales per business unit

- Brand & Performance Textile
- Packaging & Paper
- Coatings, Adhesives & Sealants

USD 135 million — 10%
USD 820 million — 64%
USD 332 million — 26%
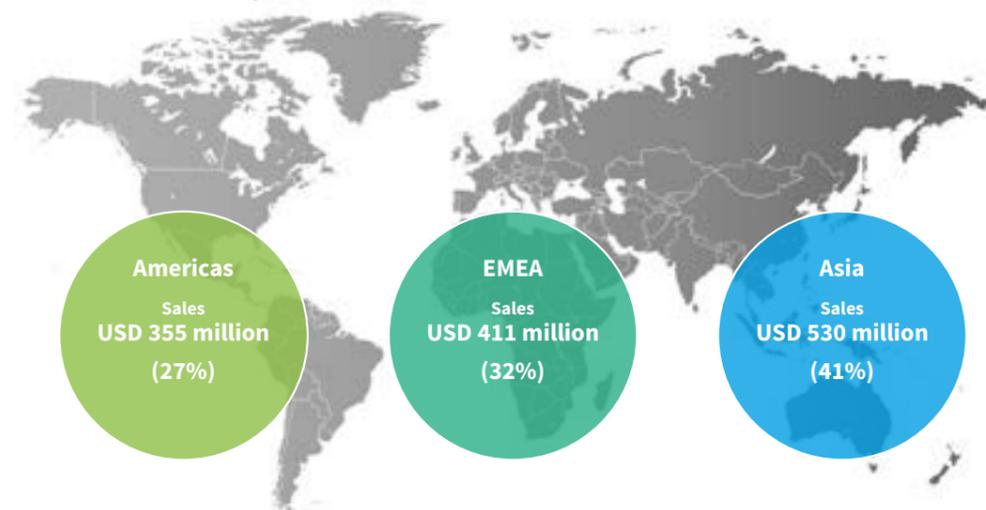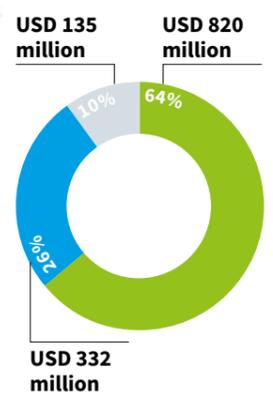
IMPACT STUDY:
DIGITALLY CLEAN

As explained earlier in this report, "The Archroma Way to a Sustainable World", is based on 3 pillars: Safety, efficiency and enhanced value.

When it comes to the **SAFE** pillar, we strive to protect people and our planet with ingredients that are safe to use, safe to release and also safe to wear.

When it comes to the **EFFICIENT** pillar, we strive to rethink sustainable manufacturing with innovating application processes that minimize resources and maximize productivity, both in our and our customers' manufacturing.

A good illustration is **DIGITALLY CLEAN,** an efficient digital printing system for cellulosic fabrics that keeps prints bright and colorful, and is safer for us and for the planet.

The DIGITALLY CLEAN system is urea-free*, formaldehyde-free and heavy metal-free, making it compliant with ZDHC, bluesign® and Oeko-tex Class I (baby wear), and GOTS approved.

The DIGITALLY CLEAN system allows to reduce water consumption by up to 37% and chemical use by up to 19%, as demonstrated by the Archroma ONE WAY Impact Calculator.

More information on
https://www.archroma.com/systems/digitally-clean

*Below limits of detection according to industry standard test methods. Not intentionally added.
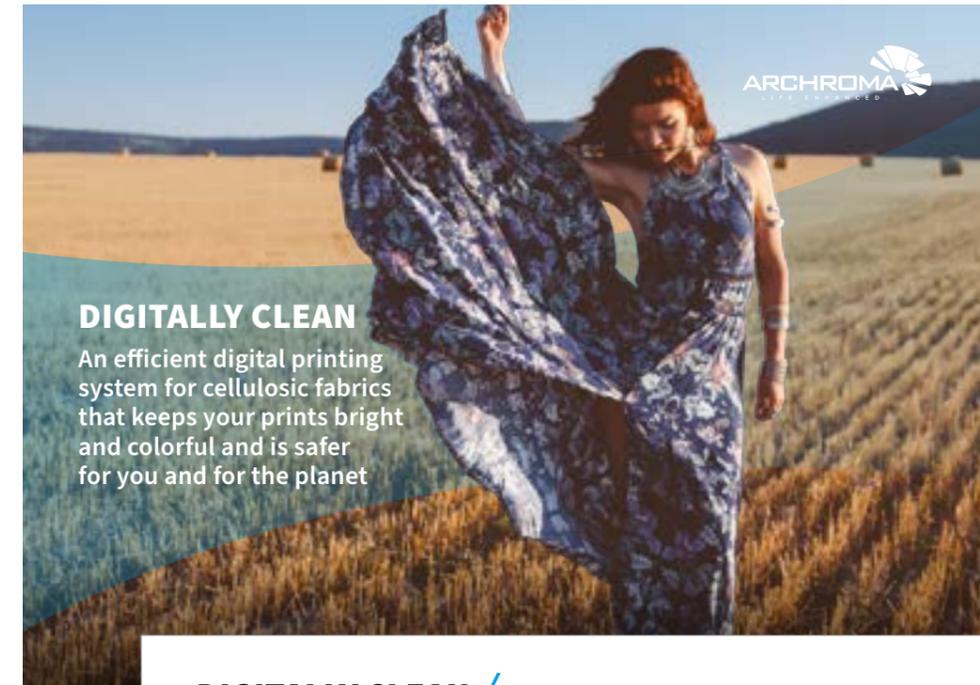
DIGITALLY CLEAN
An efficient digital printing system for cellulosic fabrics that keeps your prints bright and colorful and is safer for you and for the planet

DIGITALLY CLEAN / Main benefits in a nutshell

- Safe products from a reliable global partner who applies international safety standards
- A robust system approach:
  - Increase production capacity
  - Improved resource optimization
  - Lower use of chemicals
- Premium print quality with sharp and vibrant colors
- Soft touch of end article
- Good wet fastness for premium essential articles of high durability
- Differentiation with improved resource utilization for brands that demand and drive sustainable production & lower impact clothing
- Industry leading system

'SAFE' WITH:
Archroma's DIGITALLY CLEAN system

'EFFICIENT' WITH:
Archroma's DIGITALLY CLEAN system
ONE WAY Impact Calculator compared to digital printing benchmark

'ENHANCED' WITH:
Archroma's DIGITALLY CLEAN system

DIGITALLY CLEAN / Performance components of the system

Printogen® Inkjet DPE liq
Depth and definition improver
- Suitable for various fibres and blends
- Brilliant shades and print sharpness
- Depth improvement
- GOTS and Oeko-Tex(Class I) compliant

Printogen® Compound RP liq
Urea replacement for inkjet
- Enables partial or total urea replacement
- Enables same color yield and brilliant shades
- Increases print penetration on woven fabrics
- Less algae formation in tubes and pipelines
- Significant reduction of nitrogen load of effluent

Cyclanon® XC-W New liq
Soaping agent
- Suitable for continuous washing off procedures
- Fast and efficient removal of unfixed and hydrolyzed reactive dye to achieve the optimum fastness level
- Protects staining of white grounds

Printogen® Fixing Agent RP
Specific fixing agent
- Crock fastness improver, especially wet
- Designed for all types of cellulosic fabrics
- Maintains a nice hand feel

ENVIRONMENTAL SAFETY

We take initiatives to reduce environmental risks in the production, storage, distribution and usage of our products and in the disposal of waste. This includes the efficient use of energy and resources and the continuous improvement of our processes to minimize the impact of our activities on the environment.

We apply a simple concept of analyzing our production processes to, where possible, avoid or reduce emissions and waste, recycle waste streams, and wherever necessary dispose of waste in an environmentally acceptable manner. We comply with all local regulations, and have online effluent monitoring in major sites which allows a control mechanism to achieve and surpass emission limits.

Accountability for environmental management lies with the Senior Vice President of Operations. Manufacturing processes are developed in line with the "Principles of Green Chemistry*" (see graphic below); maximizing process yields which ensures that minimum waste is generated, and to minimize unintentional contaminants of raw materials and intermediates within the final product. Production technology, that is the implementation, installation, monitoring and ongoing improvements of production processes, is globally managed in two areas: 1) Chemicals, and 2) Dyes & optical brightening agents. This has been done due to the distinctly differing natures of chemistries involved in these two areas.

Short-term and long-term key performance indicators and associated targets are defined for each production site for energy use, waste and effluent, both in absolute terms and per unit of production. These are monitored on a monthly basis using scorecards by the manufacturing department and corrective actions taken where necessary. In addition, specific projects are initiated regarding operational excellence, especially in process simplification and production yield improvement.

THE 12 PRINCIPLES OF GREEN CHEMISTRY*

1 SAFER SOLVENTS 6 AUXILIARIES
2 REAL TIME POLLUTION PREVENTION
3 SAFER CHEMISTRY FOR ACCIDENT PREVENTION
4 WASTE PREVENTION
5 ATOM ECONOMY
6 DESIGN FOR ENERGY EFFICIENT
7 DESIGN FOR DEGREDATION
8 DESIGNING SAFER CHEMICALS
9 LESS HAZARDOUS SYNTHESIS
10 RENEWABLE FEEDSTOCKS
11 CATALYSIS
12 REDUCE DERIVATIVES
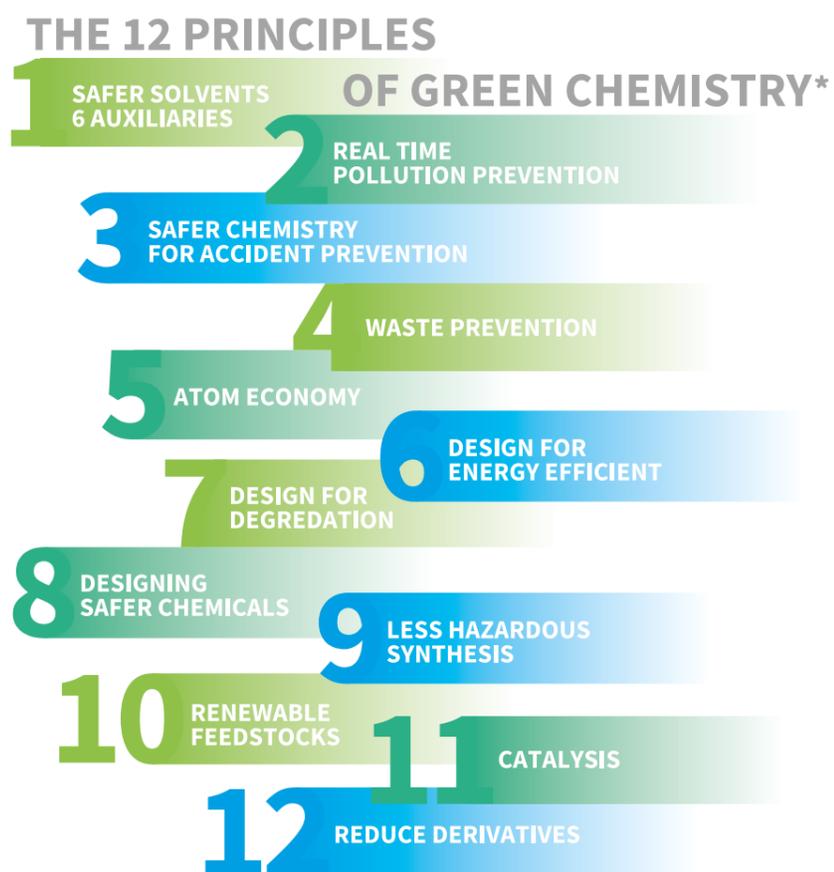
* Anastas, Paul T.;
  Warner, John C. (1998)
  Green Chemistry:
  Theory and Practice.

Non-conformances

There are strict guidelines covering environmental safety non-conformities. All sites and standalone laboratories have at their disposal a well prepared and trained emergency response team to cover spills, fires, accidents or injury. Training of these teams is conducted on a regular basis, and certified to conform to local regulations. The magnitude and/or the impact of an incident will determine the response level according to the global emergency management procedures, by either the Local Emergency Management (LEM) team or the Global Emergency Management (GEM) team. The local authorities are notified, and the appropriate remedial actions taken. Archroma employees are always a part of any emergency team, even if Archroma is not the site owner, as in some cases we have shared sites with third parties.

In addition to the specialized training received by the emergency management teams, all production employees are trained on safety, energy, waste and wastewater management as a part of the Archroma Academy "MAKEXPERT" initiative, developed to build knowledge from a bottom-up approach. This initiative also builds a good platform to define improvements towards achieving the particular annual and long-term goals.

Air emissions

Airborne emissions from the production plants include exhaust gas from operations and boiler flue gas. All production plants and standalone laboratories are equipped with modern facilities to collect and treat air emissions. All air emissions are continually monitored and meet with the relative standard limits as stipulated by local environmental authorities.

Water & effluent

Water is a critical resource for Archroma during chemical manufacture. It is primarily used as a processing aid in cooling, cleaning and air scrubbing/washing, and as a raw material in the production of commercial liquid-based formulations, such as liquid dyes, liquid optical brightening agents and polymeric dispersions. Water is also evaporated during the production of dry formulations.

Archroma withdrew a total of 7.48 million m3 of water in FY2021, which represents a 7% decrease compared to the reported figure for FY2020 (8.06 million m3). Of the total withdrawn 34 % is directly sourced from surface water and 27% from groundwater. The remaining 39% is supplied by third parties, such as water supply corporations and industrial site services.

WRI's Aqueduct tools reveal that 17 countries, home to one-quarter of the world's population, face "extremely high" levels of baseline water stress, where irrigated agriculture, industries and municipalities withdraw more than 80% of their available supply on average every year. 44 countries, home to one-third of the world's population, face "high" levels of stress, where on average more than 40% of available supply is withdrawn every year. Such a narrow gap between supply and demand leaves countries vulnerable to fluctuations like droughts or increased water withdrawals.

7 of the Archroma production sites are located in water stress areas as defined by the WRI Aqueduct Water Risk Atlas. This has not changed from the previous report.

More details can be found at:
https://www.wri.org/resources/maps/aqueduct-water-risk-atlas

Total water withdrawal

- Surface water
- Groundwater
- 3rd party supply
- Produced water

0% / 34% / 27% / 39%

7.48 million m³
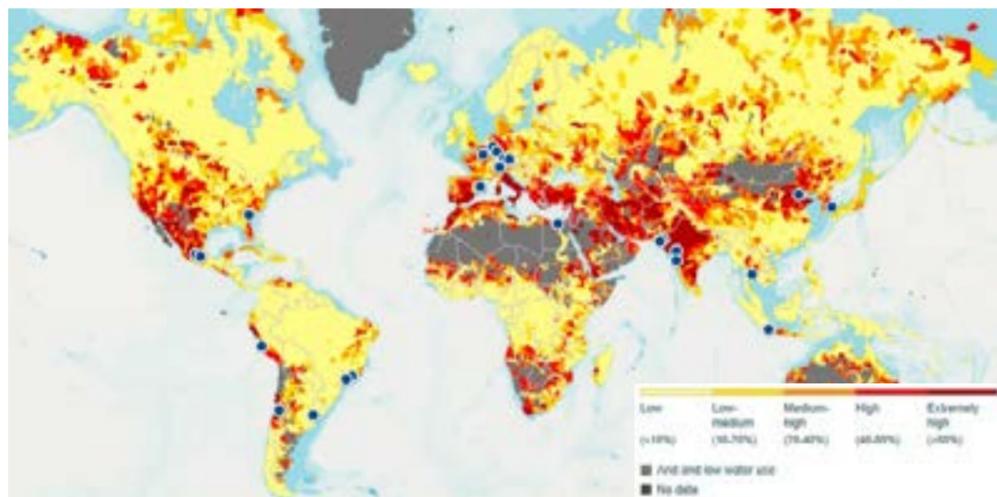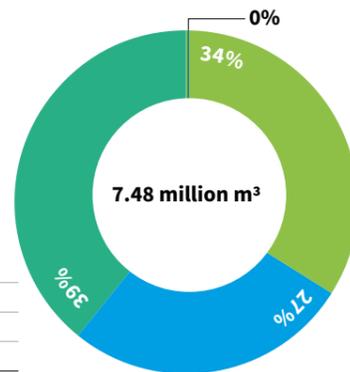
Water Stress Areas

Production Site	Baseline Water Stress Rating
Santa Clara, Mexico	Extremely high (>80%)
Salvatierra, Mexico	Extremely high (>80%)
Maipu, Chile	Extremely high (>80%)
Ameriya, Egypt	High (40-80%)
Suzano, Brazil	High (40-80%)
Lamotte, France	High (40-80%)
Korschenbroich, Germany	High (40-80%)

Baseline water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses.

In these sites Archroma withdrew 0.17 million m³ of water in FY2021. 11% of the water withdrawn in these areas was sourced directly from groundwater and 4% from surface water. The remaining 85% was supplied by third-party water suppliers. Of the total water supplied by third-party suppliers, 79% originated from surface water. Thus we are minimizing any effect on the aquifer in water stressed areas, in order to reduce the depletion of this valuable resource. Our target is to reduce water withdrawal in these locations by 40%, using FY2018 as a baseline, to a total 0.13 million m³ of water withdrawn by 2023.

ARCHROMA TOTAL	FY2018	FY2019	FY2020	FY2021	TARGET 2023
Stress water abstraction (m³)	218 665	188 389	167 313	166 703	**131 000 (-40%)***

* (-40%) refers to FY2018

Water withdrawal – Water stress sites

- Surface water
- Groundwater
- 3rd Party supply

3rd Party supply source

- Surface water
- Groundwater

21% / 4% / 11% / 85% / 79%
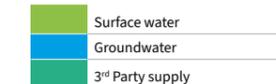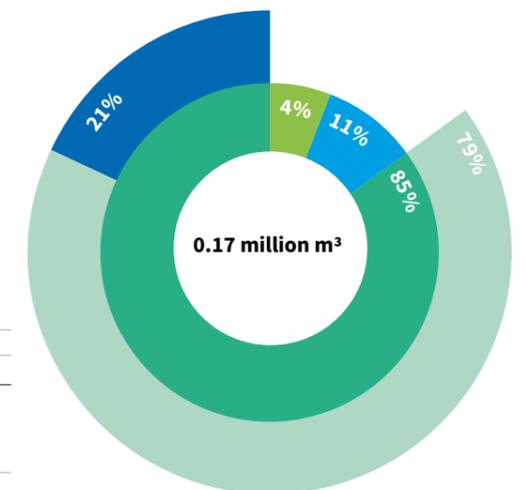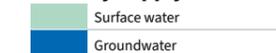
0.17 million m³

Water consumption in FY2021, which is water used for example as a raw material to generate steam or lost through evaporation, amounted to 1.78 million m³ which represents 24% of the total water withdrawn. In the water stressed areas, water consumption decreased to 33% of water withdrawn, which is resulting from the water recycling initiatives in some production sites.

Water consumption (m³)	All areas	Areas with water stress
TOTAL	**1 783 037**	**55 711**

FAIR LABOR PRACTICES

At Archroma, people are the core of our business.

We operate with the deep belief that only by aligning personal and business goals can we achieve sustainable growth.

Archroma fully supports and complies with the 1989 United Nations Convention of the Rights of the Child and the 1998 International Labor Organization Declaration on Fundamental Principles and Rights at Work. Archroma does not undertake any business with a company that uses forced or child labor.

"Archroma recognizes the dignity, privacy and personal rights of all individuals; with our various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual identity, worldview and gender", says **Simon Clementson,** CHRO of Archroma. He adds: "We do not tolerate discrimination against anyone based on these characteristics or any other comparable offensive behavior. These principles extend to all employment decisions including recruiting, training, evaluation, promotion and rewards."

Archroma also recognizes the freedom of association, and the right to collective representation and bargaining. Archroma operates in many countries worldwide and, as such, has an extremely diverse workforce.

Archroma does not tolerate any acts of harassment or bullying, whether done by an employee or non-employee, in any form, including physical actions, verbal or written remarks or visual depictions, or any unwelcoming behavior that has the purpose or effect of creating an intimidating, hostile or offensive work environment.

Our contracts of employment clearly state the terms and conditions of employment including remuneration and amount of paid leave. Company benefits, performance measurement processes, grievance and disciplinary procedures are communicated to each employee.

We ensure that our notice periods are in line with country legislative requirements and procedure for significant operational changes.

We actively work with our employee representative bodies to drive healthy employee-employer relations. Our employee representative bodies work very closely with the management teams to ensure that our workforce understands our culture and is engaged in productive work. We also discuss and sign collective bargaining agreements, where applicable, that help the employee representative bodies bring forward issues which are relevant and can be addressed in a systematic and structured manner.

All changes to bargaining agreements, where applicable, are compliant with the local requirements related to notice periods for changes, consultation and fair negotiation employment practices.

Based on our current labor policies, type of operations and workforce profile, Archroma does not foresee a high risk with respect to human rights violation.

Since its inception in October 2013, Archroma has set itself high labor practice standards throughout the entire employment cycle, from hire to exit.

Archroma operates along three guiding principles:

1. Global standards aiming for the same treatment for all employees wherever they are located;

2. Compliance with global and local regulations and best practice;

3. Compliant, open and transparent relations management with employee representative bodies.

To ensure that these guiding principles are enforced at all times, Archroma currently has:
- A Chief Human Resources (HR) Officer, responsible for setting direction in line with company strategy and ensuring fair HR and labor practice globally;
- Global policies and processes reinforced when adequate or required by local policies and processes;
- Approval processes to ensure appropriate level of control, up to the Executive Committee and Board of Directors, for hiring, developing, and exiting of employees, as well as compensation and benefits;
- Control and monitoring tools such as reports, analytical data, targets and benchmarks;
- HR Managers dedicated to each country who are accountable to ensure fair treatment at all stages of the employment cycle, compliance to local rules and regulations, as well as consistency of practice within and between the global and country framework;
- A global HR management system where the personnel and remuneration information related to Archroma employees is securely stored and accessible to monitor and control fairness across the organization.

Archroma employees are encouraged to raise questions and issues or signal a breach or incident affecting their working conditions and treatment, and they are free to choose the way they feel the most comfortable to do so, either via the line manager, HR country manager or the works council, union or employee representatives of their country of location, a Compliance Officer who can be contacted anonymously and in a confidential manner by the employee or via the whistleblowing portal.

This right is guaranteed and protected by the Archroma Code of Conduct and Whistleblowing Policy, and all the above-mentioned communication channels are regularly used.

In particular, as a multinational company with 52 locations worldwide, Archroma is strongly attached to diversity as one of its core values, and the Archroma Code of Conduct clearly sets the expected behavior in this area.

Compensation and benefits

Archroma commits to provide competitive and fair compensation that includes all pay and benefits, providing a "total compensation" package consistent with various practices in different regions of the world. The employee package typically includes base pay and, as appropriate, variable pay. In order to support the group's growth goals, the variable pay plans will make clear distinctions between high and low performance, resulting in different levels of pay-out.

All of our compensation and benefits for permanent and temporary employees are in line with local legislation.

Our family support policies include maternity and paternity benefits and provide additional leave over and above the stipulated leave entitlement by local law to ensure that employees can focus on their children and balance the needs of the workplace and home.

Archroma has two variable pay plans in place: The Archroma Group Incentive Plan (AGIP) for non-sales employees and the Archroma Sales Incentive Plan (ASIP) for the sales force. Targets are established and communicated at the beginning of each fiscal year, and payout takes place in the following fiscal year.

For FY2021, the bonus payout for AGIP has been established at 124% of target.

Archroma globally uses survey data from Mercer and Aon Hewitt to ensure that we have competitive market data for building salary ranges.

This data helps us have checks and balances in place to ensure that we always stay above minimum local wage and in most cases are very competitive in our compensation and benefits.

We do not have workforce paid at or below minimum wage.
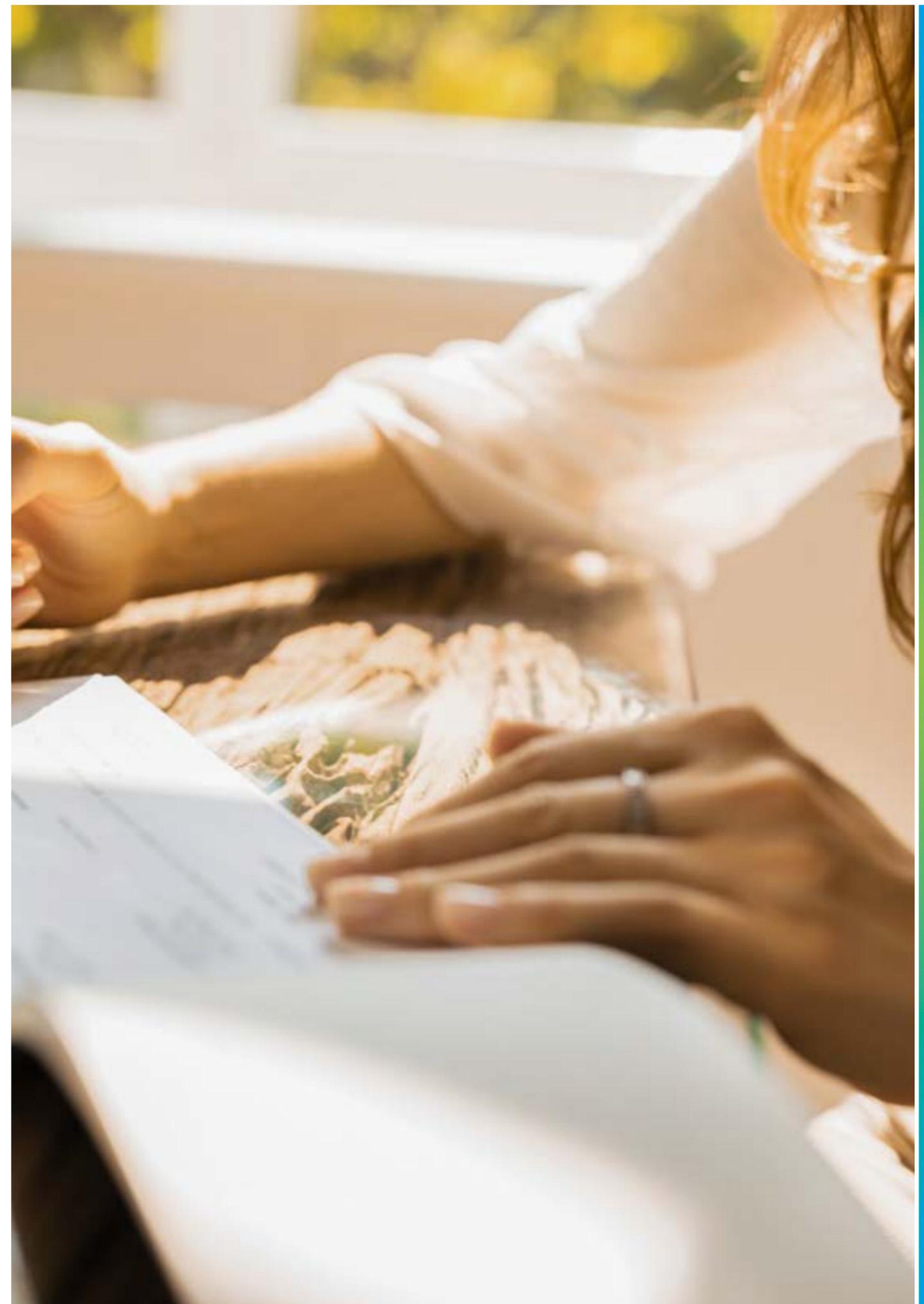
IMPACT STUDY:
CLEAN FELT

As explained earlier in this report, "The Archroma Way to a Sustainable World", is based on 3 pillars: Safety, efficiency and enhanced value.

When it comes to the **SAFE** pillar, we strive to protect people and our planet with ingredients that are safe to use, safe to release and also safe to wear.

When it comes to the **EFFICIENT** pillar, we strive to rethink sustainable manufacturing with innovating application processes that minimize resources and maximize productivity, both in our and our customers' manufacturing.

A good illustration is **CLEAN FELT,** a system for cleaner and smoother productions thanks to fewer stickies and spots, and that allows the use of a higher share of recycled raw material.

The system is compliant for BfR & FDA food contact, REACH registered, and in line with the Nordic Swan, EU Flower and Blue Angel requirements.

More information on
https://www.archroma.com/systems/clean-felt
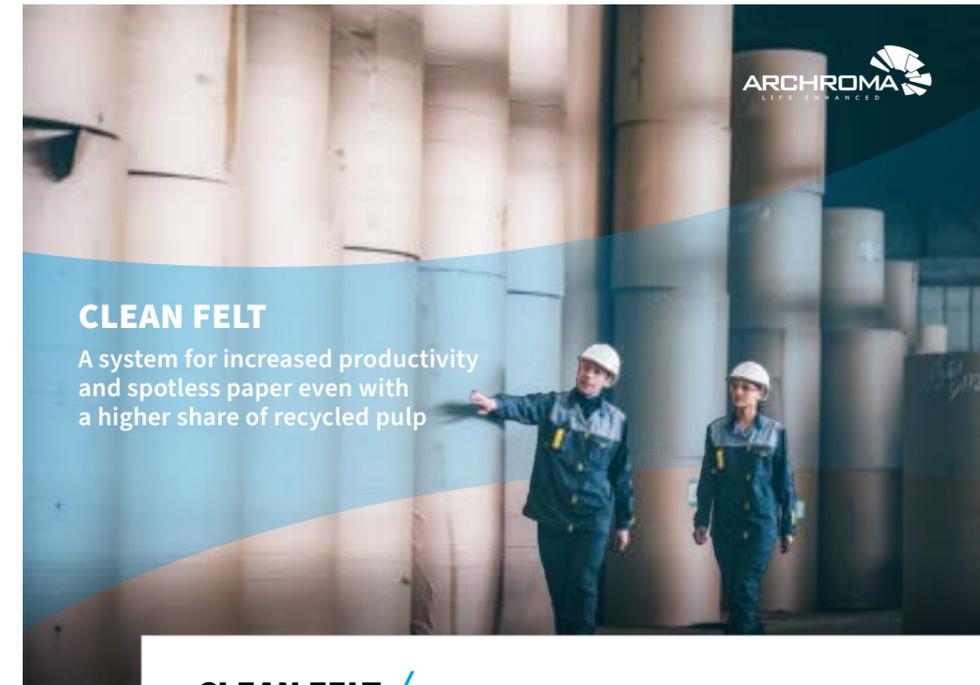
CLEAN FELT
A system for increased productivity and spotless paper even with a higher share of recycled pulp

CLEAN FELT / Main benefits in a nutshell

- REACH registered
- In line with Nordic Swan, EU-Flower & Blue Angel requirements
- BfR & FDA food contact compliant
- Improved production efficiency
- Clean wires & felts lead to higher machine speed
- Higher share of recycled raw material can be used
- Less machine down time
- Less time needed cleaning

'SAFE' WITH:
Archroma's CLEAN FELT system

'EFFICIENT' WITH:
Archroma's CLEAN FELT system compared to case study

CLEAN FELT / Performance components of the system

Cartaspers® PSM new
Low molecular weight polyester
- Highly substantive to hydrophobic surfaces, e.g. individual stickies, machine fabrics and guide rolls
- Improves the overall cleanliness of felts
- Readily biodegradable
- Forms a stable dispersion in water

Sirrix® NE
Neutralizing agent
- Based on organic acids
- Clear, colorless liquid
- Miscible in water
- Easy to remove from system

LOCAL COMMUNITIES

As a good corporate citizen, Archroma is proud to be creating jobs, protecting the environment and developing local communities. We get involved with our local communities to support and foster education, health, and in the creation of general social upliftment programs.

All Archroma sites are actively assessing the needs of their communities at a local level, based on the needs that the local management teams are aware of and engaging with all stakeholders.

Community representatives are consulted, and programs that benefit those communities are run as needed.

Supporting local communities in the fight against COVID-19

During the reported period, Archroma continued to implement stringent measures to protect our employees, families, friends and the local communities around them.

Archroma continued to donate masks and hand sanitizers to local health institutions e.g., in Indonesia, Pakistan and Spain.

Supporting local communities with earth-friendly activities

During the reported period, Archroma celebrated the 2021 Earth Day with initiatives from our teams in several countries, such as Chile, China, Pakistan, Peru, Switzerland and the USA, and involving community clean-ups, recycling, reforesting and educational activities.

Archroma teams continued to contribute to the Tree Nation project which has already planted 17 754 262 trees in endangered areas **(https://tree-nation.com/)**.

In FY2021 Archroma also contributed 179 000 euros to My Climate, a non-profit organization focusing on carbon emission offsetting projects **(https://www.myclimate.org/)**. The contribution of Archroma will directly support development projects for stable hydropower supply in Indonesia, as well as biogas facilities for 9 000 families in India, substituting the prior use of wood and chemical fertilizer with locally available animal dung and kitchen waste.

Supporting local communities with charity programs

Archroma people around the globe are very involved in the wellbeing of the communities around them, with programs around water in Pakistan, or supporting charities working with children in need or disabled people, e.g., in India, Mexico, Pakistan and Spain.

Supporting local communities with educational programs

Archroma runs or supports a number of educational programs, from training and apprenticeship programs e.g., in Brazil, Chile, China, Indonesia, and Pakistan.

Employees of Archroma Pakistan planting trees in Jamshoro at schools, universities, etc. in association with local authorities.

Employee of Archroma Brazil preparing a collection bin as part of a project supporting the recycling program of Resende city.

Employees of Archroma China during a street clean-up in Shanghai.

Archroma distributes approximately 30000 gallons of clean drinking water every day to the community surrounding its site of Jamshoro in Pakistan, an area where water is a precious resource.
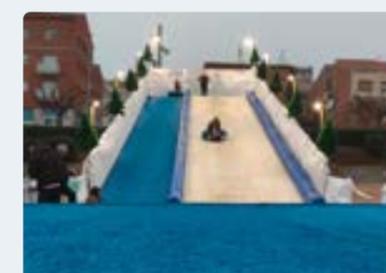
Archroma Spain installed a giant slide in a local park before Christmas. Tickets to the ride were given when purchasing at the town shops, which were very affected by the pandemic.

Archroma supported local kids sports activities in the USA.

Our team in Spain presented our biomass-based dyeing technology to school pupils nearby the site where the dyes were developed and are produced.

IMPACT STUDY:
BOXING CLEVER

As explained earlier in this report, "The Archroma Way to a Sustainable World", is based on 3 pillars: Safety, efficiency and enhanced value.

When it comes to the **SAFE** pillar, we strive to protect people and our planet with ingredients that are safe to use, safe to release and also safe to wear.

When it comes to the **EFFICIENT** pillar, we strive to rethink sustainable manufacturing with innovating application processes that minimize resources and maximize productivity, both in our and our customers' manufacturing.

A good illustration is **BOXING CLEVER,** a coloration solution for enhanced packaging with a more economical production.

The BOXING CLEVER coloration solution allows a reduction of up to 30% COD in backwater compared to basic dyes and reduction in chemical usage of up to 10% thanks to the selected dyes quality and performance.

The system is compliant for BfR food contact, REACH registered, and in line with the Nordic Swan and EU Flower requirements.

More information on
https://www.archroma.com/systems/boxing-clever-solution
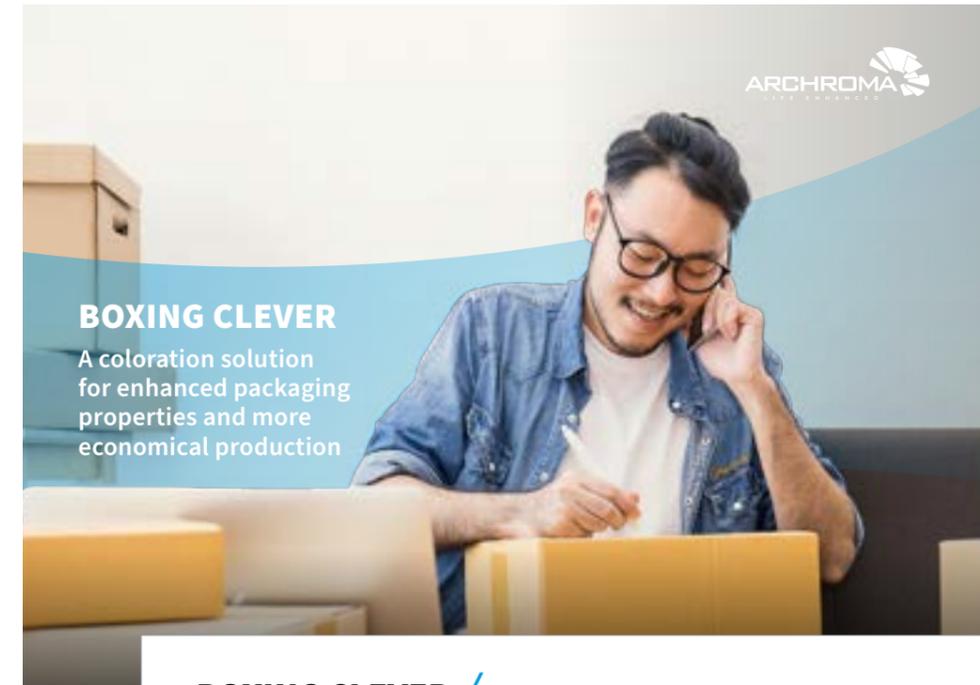
BOXING CLEVER
A coloration solution for enhanced packaging properties and more economical production

BOXING CLEVER / Main benefits in a nutshell

- Safe products from a reliable global partner who applies international safety standards
- Compliant with REACH, Nordic Swan, EU Flower & BfR
- Reduced chemical usage
- Up to 45% less colorants needed*
- Quick fixation enables high control in production
- Improved production efficiency thanks to good Shade consistency
- - 30% COD in backwater compared to basic dyes
- Better lightfastness
- Better bleedfastness
- Wide shade gamut available

'SAFE' WITH:
Archroma's BOXING CLEVER system

'EFFICIENT' WITH:
Archroma's BOXING CLEVER system

'ENHANCED' WITH:
Archroma's BOXING CLEVER system

SAFE
EFFICIENT
ENHANCED

* Boxing Clever compared to a basic dye system

BOXING CLEVER / A coloration solution for enhanced packaging with a more economical production

Designed for individual customization and high performance on lower grades of waste pulp.

With a wide range of colorants, including brighter shades, even eccentric colorations can be created.

The higher lightfastness of BOXING CLEVER can increase the shelf life of boxes on display as the board is much more resistant to fading.

Where alcohol fastness is needed switching to BOXING CLEVER can increase the bleedfastness of your packaging paper.

OCCUPATIONAL SAFETY

This topic refers to Archroma's internal safety focus, management and performance. Chemical manufacturing is a specialized process involving the handling and storage of large volumes of chemical substances of varying hazardous natures, synthesis processes requiring complex machinery often using high temperatures and pressure, and waste streams that require particular treatment before being able to be discharges back into the environment.

Safety is therefore our first and foremost priority in every step of the manufacturing process aiming to protect our people, our communities, and the environment. Archroma operates according to the principle that all employees and partners of Archroma are collectively responsible for safety. The company has developed 12 "Life Saving" rules, and each employee is trained on these rules and required to sign a written commitment to ensure they are followed.

Accountability for occupational safety lies with the Senior Vice President Operations and the Global Safety, Health and Environment (SHE) manager.

For the reporting period, the Archroma Group Total Reportable Rate (TRR) was 0.27 per 200 000 hours worked. In total 8 reportable injuries occurred in FY2021. This is an increase over the previous reporting period FY2020 when in total 6 reportable incidents occurred. The TRR target for FY2023 is less than 0.2 per 200 000 hours worked.

Archroma 12 "Life Saving Rules"

NO DRUGS WHILST WORKING
NO ALCOHOL AT WORK
NO SMOKING OUTSIDE
DESIGNATED AREAS

WORK WITH A VALID PERMIT
WHEN REQUIRED

PROOF THAT ATMOSPHERE
IS SAFE BEFORE ENTERING
IN A CONFINED SPACE

LOCK OUT, TAG OUT
AND TRY OUT BEFORE WORK ON
MACHINES OR EQUIPMENT BEGINS

OBTAIN AUTHORIZATION
BEFORE LINE BREAKING

OBTAIN AUTHORIZATION
BEFORE OVERRIDING OR
DISABLING CRITICAL
SAFETY EQUIPMENT

PROTECT YOURSELF
AGAINST A FALL WHEN
WORKING AT HEIGHT

LIFTING AND HOISTING:
DO NOT ENTER A DANGER
ZONE WHERE OBJECTS CAN FALL

COMPLY WITH MANAGEMENT
OF CHANGE WHEN REQUIRED

FOLLOW YOUR JOURNEY
MANAGEMENT PLAN

WEAR YOUR SEATBELT

DRIVE RESPONSIBLY
AND COMPLY WITH
LOCAL LAW

Occupational health & safety risk and emergency management

A comprehensive assessment of risks related to our operations and products is prerequisite for sustainable business processes. A local and global emergency organization is in place to ensure comprehensive emergency management and response.

We take initiatives to reduce safety and health risks in the production, storage, distribution and usage of our products and in the disposal of waste. In order to manage the risks associated with chemical manufacturing, process hazard analyses are conducted. Each manufacturing site and standalone laboratory has its own risk profile, particular to the manufacturing processes and chemicals used at that site. The primary hazards are fire/explosion, chemical properties and personal injury. This risk portfolio is updated annually, or ad hoc when a manufacturing process is added or modified on the site.

Each manufacturing site has a Safety and Environment Officer (SEO), who reports on a monthly basis to the global Safety, Health and Environment (SHE) Manager. Individual goals are set for each site. There are three safety pillars: prevention of incidents, training and safety audits.

1. **Incident prevention**
To foster incident prevention, Archroma operates an observation program whereby all employees can submit a safety observation to signal opportunities for improvements. These can be then distributed across all sites. We have found this approach to be particularly successful in identifying actions for continuous improvement. The observation program is monitored on a monthly basis.

All process incidents, work-related injuries and illness cases are investigated, and root causes and corrective actions are shared with all Archroma sites to prevent re-occurrence.

2. **Training**
To support continuous learning, every site has a comprehensive training program developed specifically for that site and focused upon specific knowledge improvement requirements. Broader training topics for the organization are conducted by regular webinars. These cover more general topics, and aims to maintain awareness within the organization towards our current safety performance and allows experience sharing, and all employees to participate in safety topics.

In FY2021, we continued our safety training program via online tools for all employees equipped with computers and mobile devices, as well as onsite training for those with no online access.

3. **Safety audits**
Site safety audits are conducted on a 3-year cycle. These audits are conducted over one week by internal qualified safety experts, at a frequency of 8 to 10 sites per year. The audits are conducted against 25 comprehensive guidelines which describe people safety, process safety, as well as the transportation, storage and use of all materials. Any corrective action plans are defined and monitored against a specific time frame. In FY2021, due to the pandemic, we have switched to remote safety audits and conducted a total of 11 remote audits.

Health

General health improvement initiatives are managed on a local level at the sites.
In FY2021 we initiated a global program conducted by an external health expert focusing on general health topics and promotion.

In FY2021, we developed specific global guidelines and precautionary measures.
We have also activated all local emergency teams and they are constantly in close contact with the company's global COVID-19 management team.

PRODUCT STEWARDSHIP & RELATED COMMUNICATION

Providing accessible and adequate information to all stakeholders about the environmental and social impact of our products is essential.

In particular, Archroma strives to deliver information and documents aimed at allowing our stakeholders to make informed decisions, and to handle, use and dispose of our products in a safe, efficient and sustainable manner.

Some of this information is highly regulated such as:

- Material Safety Data Sheets (MSDS) - Information regulated under the United Nations (UN) Global Harmonized System (GHS) about potential health hazards, product classification, presence of hazardous ingredients, and instructions on adequate personal protection equipment (PPE) and safe handling. Considering that standards such as GHS may not be applicable in all countries, or differ from one country to another, Archroma follows the highest applicable standard wherever its products are manufactured or sold.

  MSDS are available in all countries in which we operate, in the local language. MSDS are also proactively provided to customers at the time of the initial order, subsequent annual orders, or whenever there are changes in product composition, or hazardous substance classification.

  In total, Archroma maintains a library of about 32 000 MSDS.

- Packaging labels - GHS and transport handling information according to the product MSDS, in a more visual form such as danger and hazard pictograms. To ensure alignment between labels and MSDS, Archroma uses the same SAP module that feeds directly the label printers available on all Archroma packaging sites.
  Each country will either follow the GHS or have its own classification standard. In any case Archroma will comply both with the GHS and with the local standard applicable in the country of production and destination, and in the local language.
  Archroma also provides documents that are not regulated but are requested by customers, and brands and retailers.

- Compliance certificates - which are established on request of customers and aim to certify compliance of Archroma products to specific industry standards that apply in their markets.

  These standards can be edicted by:

  - Regulatory authorities, such as FDA food contact approval, the ISEGA certification by the German Federal Institute for Risk Assessment (BfR), the Blue Angel, Nordic Swan or EU Eco-label.

  - Third parties such as bluesign technologies ag or Cradle-to-Cradle Products Innovation Institute.

  - Bands and retailers with their own specific requirements such as restricted substance lists (RSLs) and/or manufacturing restricted substance lists (MRSLs).

In FY2021, Archroma introduced the "Safe Edge", an online regulatory and compliance platform.

The platform allows instant access to ecotoxicological and regulatory information and certificates for Archroma specialty chemical products, as well as expert statements and FAQ on applicable regulations and standards, in particular:

• AFIRM RSL	• DECATHLON RSL 2020	• Plant Origin
• Air Emission factors	• EU Ecolabel (EU Flower)	• California Prop 65•
• Anhang 38 / Appendix 38	• Food Contact Information Sheet	• REACH Certificate
• Animal origin	• GOTS	• RoHS (Restriction of Hazardous Substance)
• Blue angel	• Halal	• Screened Chemistry
• Bluesign	• ISEGA Certificate	• SDS
• C2C (Cradle to Cradle)	• JACK WOLFSKIN RSL	• SVHC (Substance of Very High Concern)
• Chemical Inventories	• KKDIK (Turkish REACH) certificate	• The List IV by Inditex
• CONEG	• Kosher	• UK REACH certificate
• COMPOSTABILITY EN 13432	• Nordic Swan	• VOC (US)
• Conflict minerals	• Öko-Tex Standard 100	• ZDHC (Zero Discharge Hazardous Chemicals)

THE SAFE EDGE / Taking product stewardship to the next level through customer-centric digitalization

With continuously growing public awareness around the social, health and ecological impacts of human and business activities, transparency and traceability in supply chains have become essential.

"Time to market is equally critical, and manufacturers, brands and retailers need access to reliable information in real time", **Marcos Furrer,** COO of Archroma, comments.

The number of regulations and standards is growing fast each year, and product compliance is becoming strategic for manufacturers, brands and retailers in the textile, paper, packaging, paint, and construction industries, as it provides much needed reduced time to market.

Marcos Furrer adds: "The "Safe Edge" platform has been designed with that in mind. It allows brands, retailers and manufacturers to verify with just a few clicks the regulatory & compliance status of Archroma products, against brand requirements. "

The "Safe Edge" was launched in Europe and Asia in March 2021 and will be launched in North and Latin America during FY2022.

More than 9 900 users have registered and adopted the platform already.
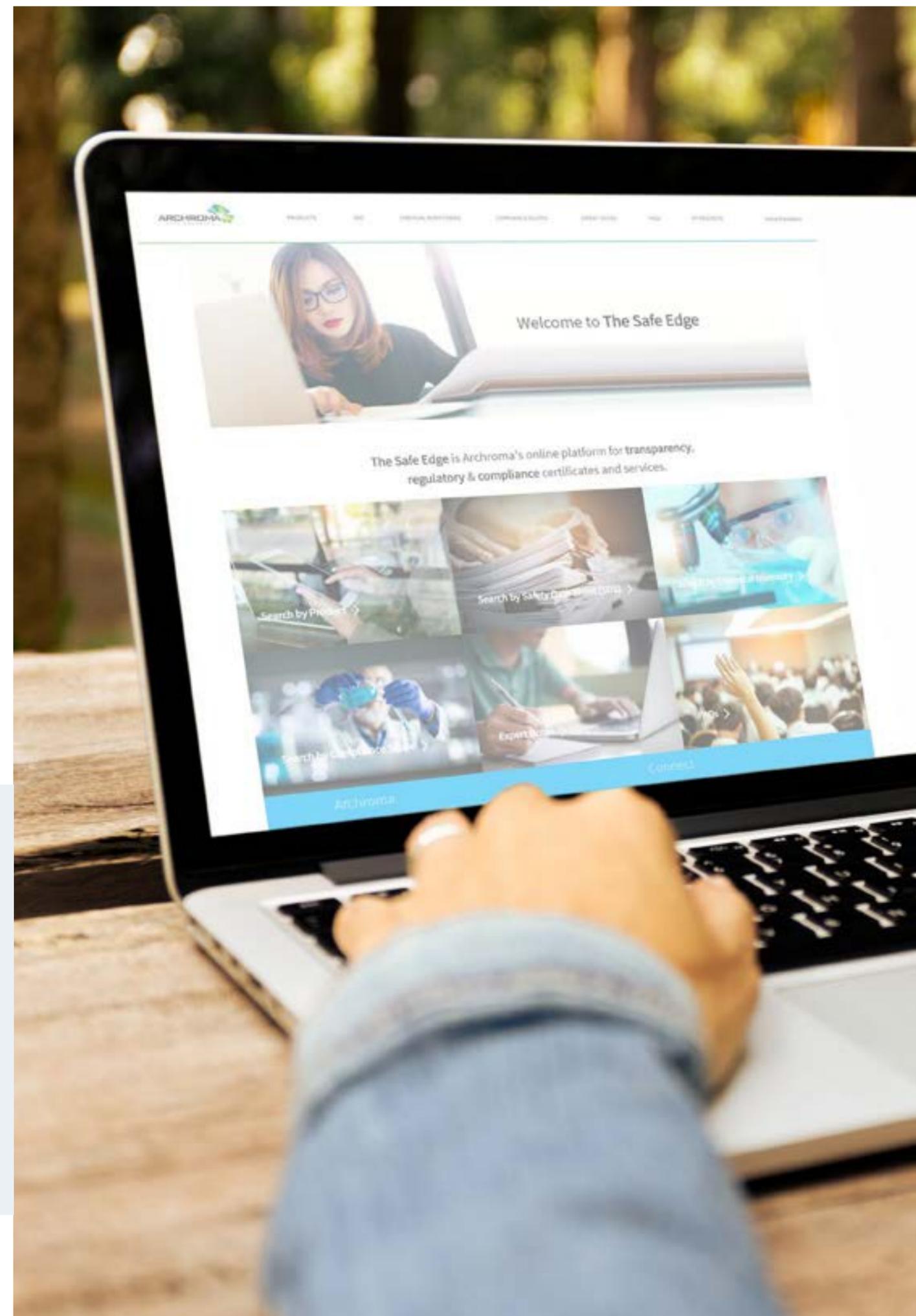
Product stewardship at Archroma focuses on three strategic areas:

1. Laboratory support to ensure compliance of our raw materials and finished products to the health, safety and environmental standards of authorities, or brands and retailers. We continuously develop our expertise within our team of dedicated scientists, in order to provide accurate compliance assessments of our products against the increasing number of regulatory, brand and consumer requirements.

2. An advocacy program, aimed at assisting authorities, NGOs, brands and other stakeholders to improve their understanding of the environmental and health impact of our products and their chemical components. In this respect, Archroma acts as a partner and regularly consults on topics and ingredients which are under scrutiny or evaluation. We are committed to work hand in hand with regulators and various eco-labels in order to implement proportionate and enforceable restrictions/limitations. We welcome the new Chemical Strategy for Sustainability presented by the European Commission, and work together with CEFIC and the EU Commission on a strategy that drives the design of the "chemistries of tomorrow".

3. An annual operating plan with strict targets and monitoring tools and processes, aimed at increasing the efficiency of the safety assessment of chemical substances at an early stage of the product development. Building on the REACH database, we use predictive toxicology tools to accelerate chemical safety testing while minimizing animal testing in order to support the move to less hazardous chemicals where technically and economically possible.

Archroma is committed to ensuring the safety of chemicals and to providing all the necessary and relevant information on the potential impact of the substances on human health and environment, as required by REACH. Therefore, we voluntary contribute to improving REACH dossier quality, and address data gaps, if any, to better identify substances of potential concern, and ensure the safety of chemicals.

We report our progress on an annual basis to CEFIC. During the reporting period, we re-evaluated 64 dossiers, either as lead registrant or co-registrant.

Archroma has strict internal guidelines to ensure that eco-toxicological information is established, maintained and communicated following the highest standards.

Technical & application information is also critical.

Archroma communicates directly with our customers with standard documents aimed at guiding customers in the most efficient use of Archroma products to maximize productivity and minimize resource usage.

This information is provided in the form of:
- Technical Data Sheets (TDS) - which are established for each product and provide information about its technical properties (appearance, pH, density, etc.), field of application, typical application conditions, available packaging and handling recommendations.
- An online database of product TDS is maintained and managed by the respective product manager and accessible to all Archroma sales and marketing teams for communication to customers.

All new global products are launched with a package addressed to the marketing & sales organization and containing:

1. An internal launch letter containing information on e.g., marketing positioning, business opportunity, production site, packaging options, performance, application field, recipe, fastness tests, and available certifications;

2. The respective technical data sheet(s);

3. The respective material safety data sheet(s);

4. Promotional information to support the new product(s), such as flyers, technical customer presentations, etc.

New product launches are further introduced to the marketing & sales organization in dedicated webinars allowing deeper training.

The marketing & sales organization is then responsible for the new introduction of the new product to the customers and market, supported on an ad hoc basis by media activities such as press releases, advertisements, or social media activities.

Any products removed from the portfolio, or reformulated, trigger a similar communication process to the sales organization.

RESOURCE OPTIMIZATION

In order to distinguish between our own footprint and our impact on the value chain, the topic of resource optimization is split into internal and external – see "Resource optimization down the supply chain" section farther below. External influence can only be an estimation based on sales data and relative performance of our systems vs. an industry "standard".

Water discharge is dealt with under a separate topic due to its importance to the environment.

Our manufacturing footprint changed in FY2021 following the shutdown of the Ulsan plant in South Korea in April 2021. The resource efficiency data for FY2021 reflects this change.

Overall production in FY2021 increased by 19 % to 460 937 metric tons (mt) in comparison to the previous reporting period.

Energy

Energy is required for production and for the running of the infrastructure. The energy sources are derived from the combustion of fossil fuels to generate heat, and electricity to run the manufacturing equipment and associated services, such as IT infrastructure and cooling apparatus.

The main fossil fuels are natural gas, diesel and heating oils. None of our production sites use coal as an energy source. Electricity and, in some cases, steam is purchased from third parties such as a site provider.

In order to calculate the quantity of energy consumed in our production processes, amounts of fuel, electricity and steam are converted into gigajoules of energy using conversion factors available in the GHG protocol, as previously described in this report.

Energy efficiencies are closely monitored within the environmental management process, with annual targets set according to forecasted production plans. Individual production processes are analyzed, with respect to their energy requirements, and resultant process improvements devised in order to reduce the energy intensity, with associated annual improvement targets.

The total amount of energy consumed by Archroma for FY2021 was 1 214 TJ (terajoules), which is 6% higher compared to FY2020. This equates to an average of 2.62 GJ per ton of production, a 11% decrease over the previous reporting period. Archroma launched in the third quarter of FY2021 together with a third party a focused initiative to further accelerate the reduction of the energy intensity. The first results are expected in the course of FY2022.

Our medium-term target for 2023 will be to reduce our energy intensity to 2.42 GJ (gigajoules) per ton of finished good produced, which represents a 15 % reduction compared to the baseline year FY2018.

Water

Water is a critical resource for Archroma during chemical manufacture. It is used as a processing aid in cooling, cleaning and air scrubbing/washing, but also as a raw material in the production of many liquid-based formulations, such as liquid dyes, optical brightening agents or polymeric dispersions, and also evaporated in the production of dry formulations such as powder dyes.

Water use is closely monitored within the environmental management process.

From a total withdrawal perspective, the water intensity use during the reporting period equates to an average of 16.24 m³ per ton of finished good produced. This represents a 22% decrease over the previous reporting period.

In sites where the water intensity is high, water-cooling, where the water is withdrawn, used and discharged back into water courses unaltered, is used. These sites are not located in water stressed areas.

From a water consumption perspective, that is water predominantly used as ingredient, the intensity is 3.87 m³ per ton of finished good production. This figure will vary depending upon the types of products produced whether liquids or dry formulations.

Our medium-term target for 2023 is to reduce the water intensity to 16.4 m³ per ton of production which represents a 11 % reduction compared to the FY2018 baseline.

Total energy consumption (TJ)
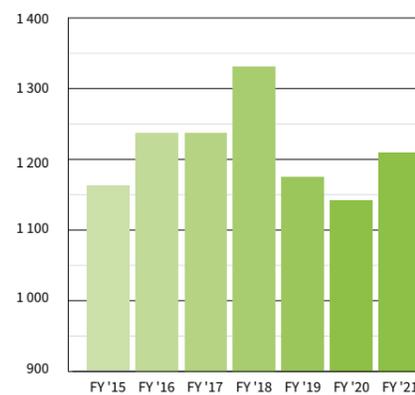
1 Terajoules (TJ) = 1 000 Gigajoules (GJ)

Energy intensity (GJ per metric ton produced)

Target -15%
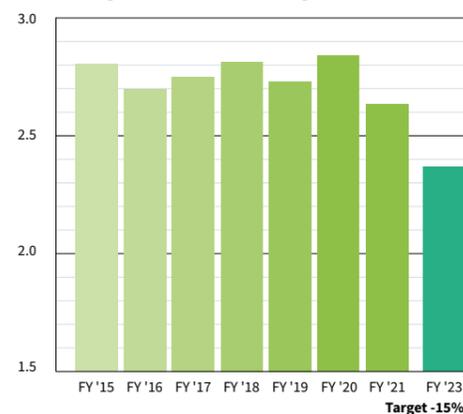
Total water used (million m³)
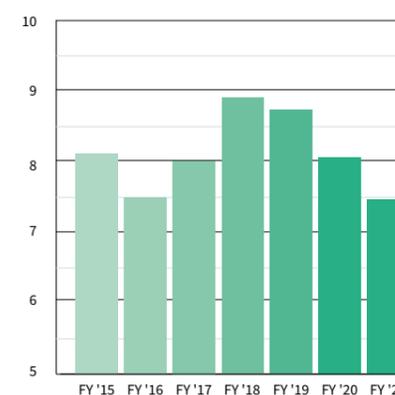
Water intensity (m³ per metric ton produced)

Target -10%
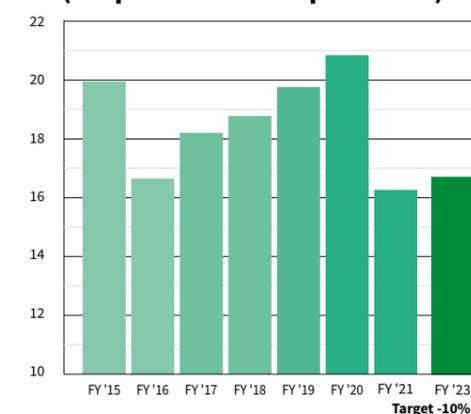
Resource optimization down the value chain

The industries that we serve rely on huge amounts of clean fresh water and energy to make their products. **Michel Zumstein,** CCO of Archroma, comments: "As these valuable resources become scarce and more expensive, we must help our customers find ways to reduce water and energy consumption, and to improve the quality of their effluents and emissions."

We consider water as a shared resource, and help our industries ensure that we can maintain a sustainable level of production to meet the needs of growing populations.

From products to systems
"As process gains become more difficult to realize with a single product", Michel Zumstein adds, "we are finding ways to innovate by combining efficient products into systems, which become even more effective for resource reduction when used together." In some cases, this system approach also enables a reduction in the need for commodity chemicals such as sodium chloride, sodium hydroxide and caustic soda, thus greatly improving the quality of the effluents that are discharged by our customers.

Systems offering "Safe" and "Efficient" benefits form the "Efficient" collection; the systems featuring "safe" and "Enhanced" benefits form the "Enhanced" collection; and the systems feature all "Safe", "Efficient" and "Enhanced" benefits form the "Ultimate" collection.

Transformation through data-driven approach
Archroma uses its the award-winning ONE WAY Impact Calculator to quantify these reductions in impacts. This unique online tool developed by Archroma can be used by a mill to digitalize their processes by capturing very detailed information about their production capabilities and their costs for key resource inputs. We collaborate with major machinery manufacturers who provide us with data related to resource consumption. The ONE WAY Impact Calculator is designed to report both the total resource savings in liters of water or joules of energy and reduction in kilograms of CO_2 e (equivalent), and can also calculate critical metrics like savings in cost, chemical use, and production time. This allows Archroma to provide precise calculations of the potential savings achievable by converting to a more efficient chemical product or system and a more efficient application process.

The results obtained with the ONE WAY Impact Calculator are clearly communicated in the form of a score card as illustrated below:

| PROCESS COST | PROCESS TIME | WATER CONSUMPTION | ENERGY CONSUMPTION | CHEMICAL USAGE | CO_2 EMISSION |

IMPACT CALCULATOR ONE WAY by ARCHROMA
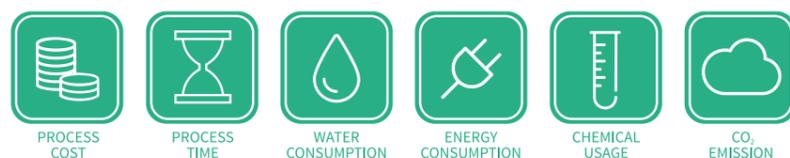
As demonstrated by ONE WAY Impact Calculator

The ONE WAY Impact Calculator allows Archroma to quantify the indirect impacts of our innovation efforts and to communicate these to our customers and other stakeholders. Due to the breadth of our product range and customer base, it may be difficult to calculate all of our indirect impacts, but the ONE WAY tool allows us to quantify what is possible with a specific technology, and then to estimate the overall impact of that technology based on how much we have sold. In the future, the ONE WAY Impact Calculator could be used to set targets and expectations for our overall indirect impacts and resource savings.

For instance, using the ONE WAY Impact Calculator based on FY2021 sales, Archroma estimates that, with our systems for cellulosic-based textiles and fashion, we helped save approximately 1 303 474 M³ of water, reduce 73 789 000 Kg of CO_2, and to divert 145 323 kg of formaldehyde from the supply chain.

We also calculated that our recyclability-enabling systems for packaging and paper applications allowed to save the equivalent* of >79 000 000 trees protected between 2014 and 2021.

Archroma introduced its first systems in 2019, and to date the company has a portfolio of more than 70 systems, among which 47 are listed under the "Ultimate" collection which means they help our partners save resources.

All available Archroma systems can be freely explored online using the Archroma System Selector, which features filters by market sector, production process and substrate. This online search tool can be found at **https://www.archroma.com/systems.**

In FY2021 alone, Archroma introduced 19 systems for textile applications such as fashion, sportswear, outdoor textiles, home textiles, masks, automotive, etc., and 9 solutions for paper & packaging applications.

Of the 19 systems for textile applications, 13 are listed under the "Ultimate" collections, meaning they offer resource savings (water, energy, etc.) as estimated with the ONE WAY Impact Calculator, whilst bringing added value to the end article.

* See
  https://www.worldatlas.com/articles/how-many-trees-does-it-take-to-make-1-ton-of-paper.html

SUSTAINABLE SOURCING

For Archroma, sustainable sourcing is critical as our vendor network has a significant influence on our footprint and systems sold to our customers. Not only in terms of the raw material conformance to specification (quality), but also potentially hazardous chemical content that directly affects the safety of our products or the environmental impact in production and in use.

Our aim is to establish mutually beneficial relationships with our third-party suppliers and contractors in order to support our internal safety, health, environment and quality standards, which incorporates corporate social responsibility and Responsible Care®. We require our suppliers and service providers to adopt standards comparable to Archroma's policies. Our vendors shall also bind their own suppliers to a similar level of compliance.

A vendor's sustainability performance affects our own overall sustainability profile as well as our brand image in the industry and therefore vendor management, including sustainability criteria, is essential. As a specialty chemical manufacturer, we have extensive knowledge and experience in purchasing, handling and inventory management of chemical raw materials.

Sustainable sourcing is also about protecting ourselves and our stakeholders against scarcity in supply in order to preserve our ability to cope with demand and cost pressures.

Sustainable sourcing Vendors & spend

Americas	EMEA	Asia
Vendors 2 354	Vendors 2 823	Vendors 2 333
Spend USD 255 million	Spend USD 521 million	Spend USD 286 million
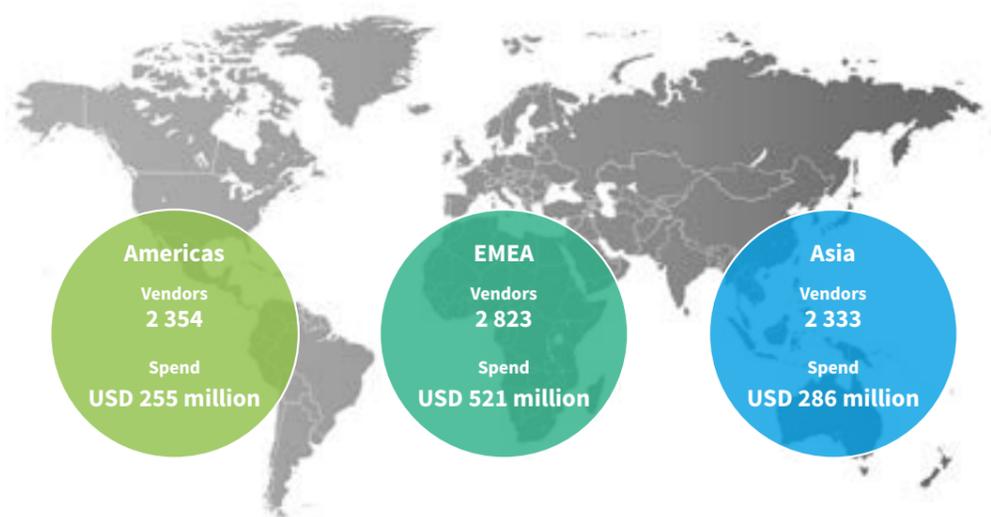
Procurement within Archroma is therefore a complex operation that encompasses integrated strategies and policies to deliver optimized value for both direct and indirect purchasing needs of the organization. Due to the nature of our specialty chemical manufacture and manufacturing sites located across multiple regions and continents, raw material vendors are very diverse in nature and location. Archroma sources over 7 000 raw materials for our direct purchasing needs from more than 1 300 vendors worldwide. This requires dedicated processes to ensure the on time and in full delivery of quality compliant raw materials at optimized cost. In order to do this, we manage procurement within the three pillars of cost, quality and supply security & sustainability.
Ownership of procurement resides with the Chief Procurement Officer (CPO) and with the supply chain organizations of the business clusters of Archroma.

The procurement operation is staffed with a team of 70 employees who are located within the regions, half of which are located in the Asian region, a third in EMEA and the remainder in the Americas. Targets for sustainable sourcing are broken down into annual individual targets of procurement team members.

Cost

Procurement decisions are based upon the "total cost of ownership" principles, taking into consideration not only the direct costs but also indirect costs such as handling, inventory management, quality assurance, administration and payment terms. This is monitored using our SAP enterprise resource planning system.

Our annual procurement spend in FY2021 was 1 062 million USD, 49% of which was in EMEA, 27% in Asia and the remainder in the Americas.

Quality

Within procurement, quality is managed within four areas: Conformance to specification, the indirect benefits of our products in downstream manufacturing, internal handling of raw materials and finally the environmental impacts, both in terms of direct impact on our own manufacturing, and indirect impact for our customers. In chemical manufacturing, clear specifications are essential - not only to define the intended raw material required, but also to ensure that hazardous chemical contaminants are specified out of the raw material. Our extensive in-house chemical knowledge allows us to determine these specifications, within the technical requirements for the industries that we serve. To monitor compliance to specifications we use a number of standard operating procedures, dependent upon the vendor's historical performance and risk profile. These measures can include pre-shipment sample analysis, application trials and normal inbound quality control checks.

Archroma has a process in place to evaluate raw material composition and their compliance to local regulations and the Archroma raw material eco-toxicological specifications. If a raw material is found to be deficient to the standard, the raw material and/or supplier will be discontinued.

Supply security & sustainability

Many of the required raw materials can only be manufactured using hazardous substances and methods that pose a high risk for human and environmental health. Welcome advances in regional and local environmental protection have increased scrutiny at some vendors, resulting in manufacturer closures and consequently supply shortages. To avoid supply interruptions, we closely monitor our vendors to give early warnings in the case of a potential raw material shortage. To limit our exposure, we have created teams of global category procurement managers to monitor and ensure supply and to work closely with our internal product management, innovation and manufacturing teams to secure supply and develop alternative strategies for single sourced raw materials. Projects are in place to identify replacement substances for raw materials that are, for example, no longer available, require a higher specification, or to offer more economic alternatives. In addition to this, mechanisms are in place to ensure that the products specific to our system packages can be manufactured and are aligned to the business needs. However, for some highly specific raw materials we currently have only one approved vendor. We source more than 50% of direct and indirect goods and materials from suppliers located in the same country as the respective Archroma manufacturing plant. This mitigates risk in the supply chain, for example lead-times and also supports the local industry.

Due to the nature of the specialty chemicals that we manufacture, a significant part of our feedstocks are sourced from India and China. Due to this high regional exposure, dedicated sourcing teams have been set up in Thane, India, and Tianjin, China, respectively. This increases the diligence in those markets to supplement the Global Procurement Category Managers.

Vendor selection and management at Archroma is a systematic approach based upon compliance to our Supplier Code of Conduct **(https://www.archroma.com/compliance).**

The historical and anticipated performance, the experience as a vendor and the financial stability of the vendor are regularly assessed to determine compliance to the Supplier Code of Conduct. In addition, all vendors are monitored on a monthly basis using "on time in full" metrics for supply performance measurement. Vendor risk assessment may introduce additional measurement criteria to mitigate supply risk, such as the vendor safety infrastructure and dangerous goods managing capabilities.

Archroma communicates to, and expects its vendors to share its commitment towards ethical business practices, human rights and labor standards, anti-corruption and not to allow modern slavery and child labor. All suppliers have been screened qualitatively and excluded from business relation in case of obvious non-compliance.

Archroma does not engage in business dealings either directly or indirectly with suppliers from regions with reported high risk of unfair labor practices.

Together for Sustainability (TfS)

In November 2020, Archroma joined Together for Sustainability (TfS), a joint initiative of major chemical companies that delivers de facto global standard for environmental, social and governance performance of chemical supply chains. TfS operates a global program to assess and improve the sustainability performance of chemical companies and their suppliers.

Archroma sustainable sourcing program

The Archroma sustainable sourcing program (ASSP) assesses the sustainability performance of our suppliers. Archroma will pre-check potential suppliers for risk analysis based on the raw materials according to CAS numbers (the Chemical Abstract Service number in the database of chemical compounds and sequences of the American Chemical Society). New suppliers are required to either provide existing sustainability performance results (TfS audit or EcoVadis assessment or other report & certification) or to undergo a sustainability assessment by the Archroma Procurement team. All approved suppliers are required to sign the Archroma Supplier Code of Conduct and to execute a corrective action plan on the improvement areas identified during their assessment, which is monitored until completion.

The CPO is leading the Archroma the overall sustainable sourcing project, with a dedicated full-time Sustainable Sourcing Manager driving the program and guiding the Archroma Procurement team and suppliers. The Archroma Sustainable Sourcing Performance Analysis (ASSPA) is an integral part of our monthly review and report on progress.
All new vendors are required to go through the program. Having started the roll-out of the ASSR program in FY2018, Archroma has already achieved a coverage of more than 89% of its material spend with valid ratings during the reported period. Our target is to cover more than 92% by the end of FY2022.

Trainings and webinars

We aim to provide regular training to our Procurement team, and to our more than 3000 suppliers. In FY2021, Archroma organized several series of training, webinars and exchange meetings for the Procurement team focusing on environment, labor & human rights, ethics and sustainable procurement. Our suppliers are encouraged to participate to the training programs organized by EcoVadis and TfS in many languages.

Archroma sustainable sourcing in numbers:

- 598 Suppliers assessed by EcoVadis since FY2018, among which 344 in FY2021
- 11 Suppliers audited on site by TfS in FY2021, among which 6 in China and 5 in India, where a significant part of our raw materials comes from
- Archroma's own EcoVadis score reached 78 and Platinum level in FY2021, from 72 and Gold level in FY2020
- Archroma ranked again No. 1 in IPE's (Institute of Public and Environmental Affairs) CITI Chemical industrial in FY2021, with a 24.52 score up from a 16.84 score in FY2020

TALENT MANAGEMENT

The Archroma talent management philosophy is based upon the guiding principle to attract, manage, develop and retain talents who enrich Archroma's culture and enable the company to achieve its goals and objectives in the most effective and sustainable manner.

There are three pillars of talent management at Archroma: talent acquisition, performance monitoring and talent development.

Talent acquisition

Talent acquisition tends to be driven by the organization based upon current and future business needs. The total number of Archroma employees decreased from 2 882 in FY2020 to 2 756 in FY2021, because of retirement, voluntary resignations and terminations.

We hired a total of 157 employees in FY2021, 49% of which were under 35 years old, and 32.48% were female. 91% of these new employees were employed with permanent contracts. Overall, 97% of all employees are employed with permanent contracts.

New hirings by gender and Business Cluster (FY2021):
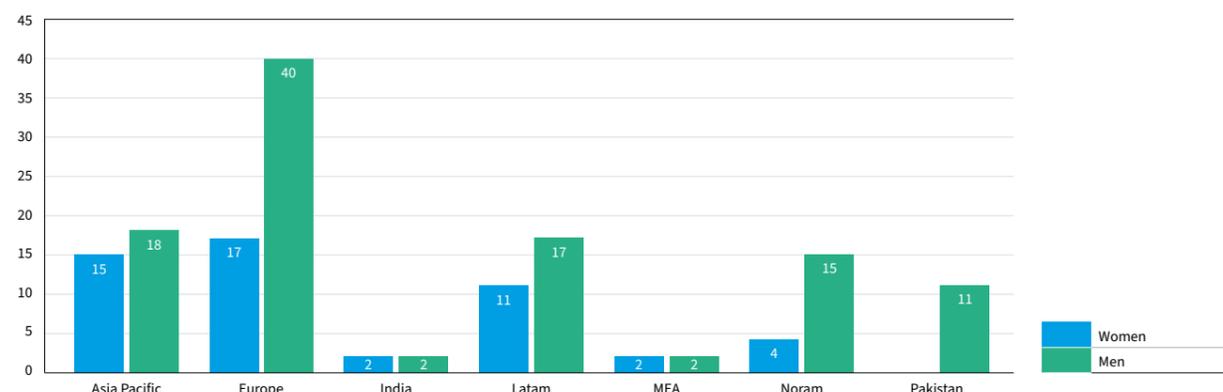
Performance management

Our performance management process has two components: a tangible or "what" component, describing a specific desired result in line with the company objectives shared with all our employees; and a behavioral component i.e., "how" to achieve the results, based on our ACTS culture pillars and leadership (See page 44).

In FY2021, we introduced for the first time a bi-annual evaluation cycle for performance management. At the end of the fiscal year, employees are initially rated by their manager, followed by a company-wide calibration process. The outcome of the calibration is reviewed both at a local level by local leadership and at a global level by the Archroma Executive Committee.

A final presentation to the Board of Directors allows input regarding future direction and focus for Archroma management. This is then cascaded throughout the organisation to ensure consistency.

Performance review participation in FY2021:

Employee Group	EE Gender	Review done no	Review done yes	Total general	% with review
Senior Executive	Female		4	4	100%
	Male	1	8	9	88,9%
Total Senior Executive		**1**	**12**	**13**	**92,3%**
Executives	Female	1	27	28	96,4%
	Male	3	109	112	97,3%
Total Executives		**4**	**136**	**140**	97,1%
Middle Management	Female	4	116	120	96,7%
	Male	21	378	399	94,7%
Total Middle Management		**25**	**494**	**519**	**95,2%**
Junior Management	Female	30	300	330	90,9%
	Male	25	546	571	95,6%
Total Junior Management		**55**	**846**	**901**	93,9%
Staff	Female	34	141	175	80,6%
	Male	549	700	1249	56,0%
Total Staff		**583**	**841**	**1424**	59,1%
Total general		**668**	**2329**	**2997**	**77,7%**

As per our internal performance policy, employees who have been less than 6 months with the company are not eligible for performance review.

As part of our culture, we believe that feedback is essential to drive alignment and motivation within our organization. Goal setting at all levels of the organization is driven by the annual operating plan, and the goal setting process is a combination of "what" needs to be achieved and the behavior - "how" we achieve the results as guided by the ACTS cultural pillars.

Talent development

Our development process addresses four aspects:

1. Skills

2. Capability

3. Leadership

4. Mindset

Skills requirements are assessed at country level, where the performance management process identifies skill gaps for individuals via the individual development plans. Specific local programs are initiated to provide the training required to bridge the skills gap, these can be for individual employees or groups. These training initiatives tend to be organized locally and managed by the local leadership.

Capability covers those organizational skills that are required to fulfil the organization's future objectives. They are much broader in scope and address such aspects as periodic Code of Conduct training, IT security awareness trainings, document management system training, or those programs that run under the Archroma Academy, focused on improving functional efficiency, for example procurement, operational, finance or commercial excellence programs.

Both requirements tend to be linked. If we identify that many individuals require the same or similar skills improvements, then we address it under organizational capability, rather than individual skills, and adapt the training scope accordingly.

Leadership is considered a key capability for the organization. Assessment of the organization's current leadership skills and delivery of improvement training is done by the Human Resources team.

We promote an "outward" **mindset** in our organization. In the reporting year, we continued to focus specifically on the C of the ACTS: Customer & Market Focus, and for this reason we deployed a sales assessment of all our sales force. Based on the result of these assessments, we will implement a new commercial excellence training program in FY2022 for sales managers, with the objective to increase commercial competence to support our commercial strategy. Sessions will be held in all Business Clusters.

The Archroma Executive Committee is deeply involved in all four above-mentioned development aspects, with input from the Board of Directors.

Archroma recognizes that employee development and training is an integral part of the organization's strategic intent.

The objective is to ensure that all employees are performing their individual jobs effectively and prepare for future challenges to ensure that the organization meets its purpose sustainably.

Archroma has published a new Training Policy in June 2021, signed by the Chief Executive Officer. The policy is designed to support Archroma employees and their line managers develop themselves and their teams, and at the same time ensure that the mandatory trainings are successfully completed by all teams.

Training and development is a joint responsibility between individual employees, supervisors/management and Archroma, and is integrated within each employee's job specification and forms a part of the annual performance appraisal. Archroma provides company-wide training programs for nominated employees in line with their job, function and needs.

The company invests in these programs including by partnering with specialist training and technology companies for design support. As our business in the manufacture, sales and marketing of specialty chemicals tends to be capital, rather than labour intensive, specific training on human rights is not foreseen. However, due to the nature of our business and the markets in which we operate, training based on the Archroma Code of Conduct is done on an annual basis for all employees.

In FY2021 we organized worldwide trainings, such as:
- Virtual selling skills for the sales force (more than 380 sales and account managers) with the objective to update their selling skills to the new online context;
- The new International Accounting Standards for the Finance team;
- A complaint management program for the sales force and support functions;
- Data governance and analytics for employees involved in planning and production processes.

Also in FY2021, a total of 4 350 hours of training were organized for a total of 1 461 employees to our "MAKEXPERT" operational excellence by the Archroma Academy.

An English language training is organized every year to improve the language skills of more than 130 employees around the world.

In FY2019 we introduced a "Learning module" within "MyHR", the online HR management system of Archroma. The effectiveness of the different training programs is measured by the direct effect on the business performance. This is done at both functional and individual level for the specific programs and the areas of business impacted. The long-term target is to ensure that 90% of all employees attend an online Archroma Academy training module by the end of FY2023.

In 2021 the company invested in two different learning platforms: Fundamentals, more than 200 courses and topics across professional skills, with the intention to upgrade the employees' skills, and Diversity, Equity and Inclusion (DEI) with learning content designed to help us build a more inclusive and equitable workforce, enable mobility and elevate voices for all employees.

In FY2021, 29% of our employees in the different Business Clusters attended 2,889 non mandatory trainings via MyHR.

Number of employees who attended a non mandatory training (by Cluster):

Cluster	Number
Asia Pacific	488
Europe	512
India	821
Latam	298
MEA	35
Noram	223
Pakistan	512
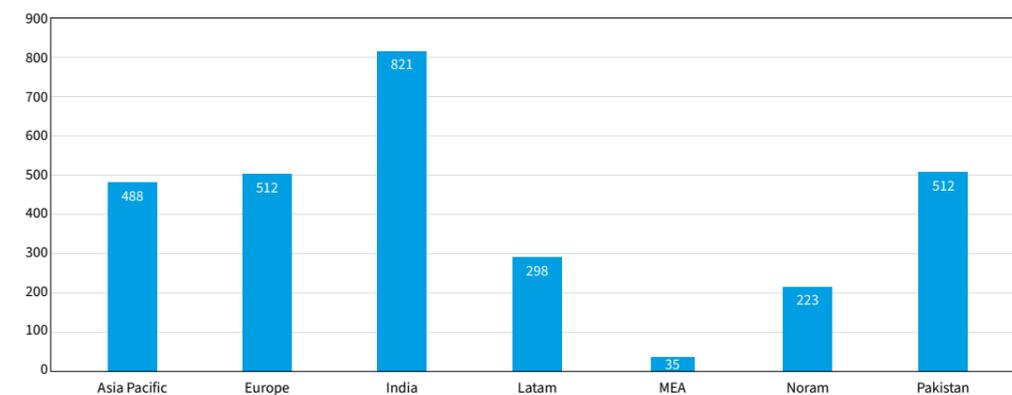
The average amount of training hours per employee (mandatory and non-mandatory trainings combined) is 1.97 hours including both in person and online trainings.

Archroma runs several outreach educational programs with textile universities and institutions, such as the University of Karachi and Textile Institutes like SMA Rizwi in Pakistan (where we train an average of 150 students annually), the Fashion Institute of Technology in New York and the University of Buenos Aires in Argentina.

We also support the annual International Design Competition of the Society of Dyers and Colourists (SDC) and were lead sponsor of the 2021 SDC Student Design Competition. We support financially various research program, for example, the University of Göttingen research project for wood products.

Archroma also offers annual scholarships to their employees for their continuous development. Since 2018 these scholarships have benefited more than 75 employees.

The company offers internships to universities in several countries for students looking for practical experience and training as part of their curriculum. It also has an internal job posting program to allow internal mobility and career development, as well as community support via internal and external referrals.

WASTE (SOLID)

Waste generated during chemical manufacture is directly related to the nature of the chemical synthesis employed. The more reactive the process, the higher the yields tend to be and the lower the generated resultant waste. Raw materials packed in small batches generate higher waste. Therefore, waste is avoided, recovered and reused wherever possible to improve process efficiencies. However, in some instances, waste, both hazardous and non-hazardous, is generated which cannot be recovered and reused and has to be disposed of in a suitable manner, as has been reported previously.

By using the "atom economy" principle (see the 12 "Principles of Green Chemistry" page 56), processes are being continually optimized to reduce waste and increase yields. These improvements are the result of internal projects driven by our process excellence team.

Our total waste generated in FY2021 was 17 600 tons. This represents an intensity of 37.7 kg per ton of finished good produced, a 19% decrease over the previous reporting period.

Our medium-term target for 2023 is to reduce the waste intensity to 28.5 kg per ton of finished product which represents a 25% reduction compared to the baseline FY2018.

Waste management forms a part of the overall Archroma environmental safety management process. The majority of waste is generated as an intrinsic result of the chemical manufacturing processes and their specific process yields, raw material packaging materials and residues from on-site effluent treatment plants. Wherever possible waste is analyzed to assess whether it can be recovered and/or reused and recycled.

The hazardous classification of waste is done, and resultant disposal methods, are defined according to the specific national regulations governing every production site. There was no significant transboundary transport of hazardous waste.

59% 41%

17 642 metric tons

Total waste
- Non hazardous
- Hazardous
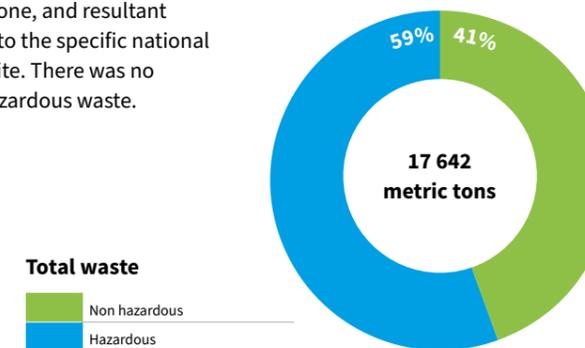
The total waste generated during FY2021 was 17 642 metric tons, of which 59% (10 342 metric tons) was classified as hazardous.

Of the total waste 36% (6 330 metric tons) was disposed by incineration, 32% (5 678 metric tons) was disposed to landfill, and 28% (4,875 metric tons) reused, recovered or recycled. In FY2021 compared to the previous period, the part of our reused, recovered or recycled waste has increased by 7%.

Of the hazardous waste, 57% (5 937 metric tons) was disposed by incineration. Some hazardous waste, 10% (1 063 metric tons) was disposed in appropriately licensed landfill sites.

The major driver for the reduced landfilling of hazardous waste by 8% points compared to the previous period was the Ankleshwar plant in India where substantial volumes were switched to up/recycling.

Total waste (kt)

## Solid waste intensity (kg solid waste per metric ton produced)

Hazardous and non-hazardous waste management

Waste generation, including any waste generated from off-specification production, and disposal is an ongoing topic of concern. Hazardous substances classification and management of adequate disposal routes remains an absolute priority.

Archroma launched in the fourth quarter of FY2021, together with a third party, a focused improvement initiative to accelerate the waste intensity reduction. The first results are expected in the course of FY2022.

4%
27%
5%
64%

7 300 metric tons

Non hazardous waste
- Incinerated
- Landfill
- Reuse/Recycle/Recovery
- Other

4%
58%
28%
10%

10 342 metric tons

Hazardous waste
- Incinerated
- Landfill
- Reuse/Recycle/Recovery
- Other

WASTEWATER MANAGEMENT

Water discharge into open watercourses is an important environmental topic. It is a basic requirement that manufacturing industry should discharge water back into the ecosystem without additional content load. How efficiently we manage and treat our effluent is of concern to all stakeholders. Any significant spills would also be reported under this topic.

We also have an opportunity to report on the positive influence of our sustainable systems on our downstream customers' wastewater management.

All our production plants have, or have access to, wastewater treatment facilities that use physical/chemical and biological treatment processes. All discharged treated wastewater is in full compliance with the relevant regulatory limits and mass loading requirements as stipulated by local environmental authorities.

During the reporting period, Archroma discharged a total of 5.7 million m3 of water. 79% of this was discharged to surface water, after suitable treatment to ensure conformity to the local requirements. The remainder is primarily discharged to third party effluent treatment sites for further processing before being discharged to surface water. The total discharge represents 76% of total water withdrawn for operations.

4%

76%

96%

24%

7.48 million m³

Total water use

Discharged treated effluent

Water Consumed

Water consumed

Water stress sites

Others
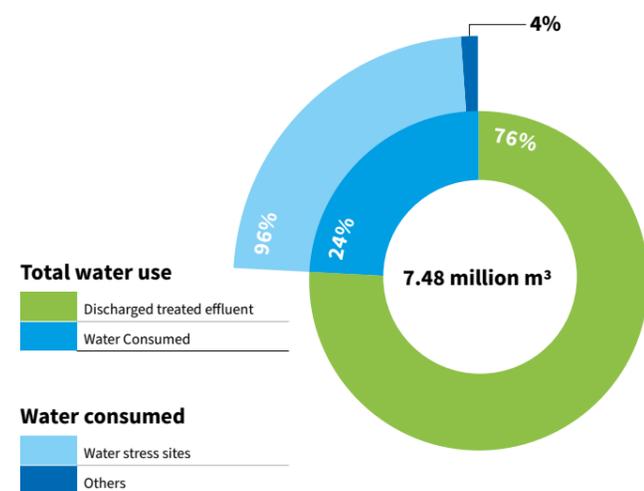
There were no incidents of significant spills in the reporting period. There were no cases of any water bodies/habitats significantly affected by water discharges and/or runoff in the reporting period.
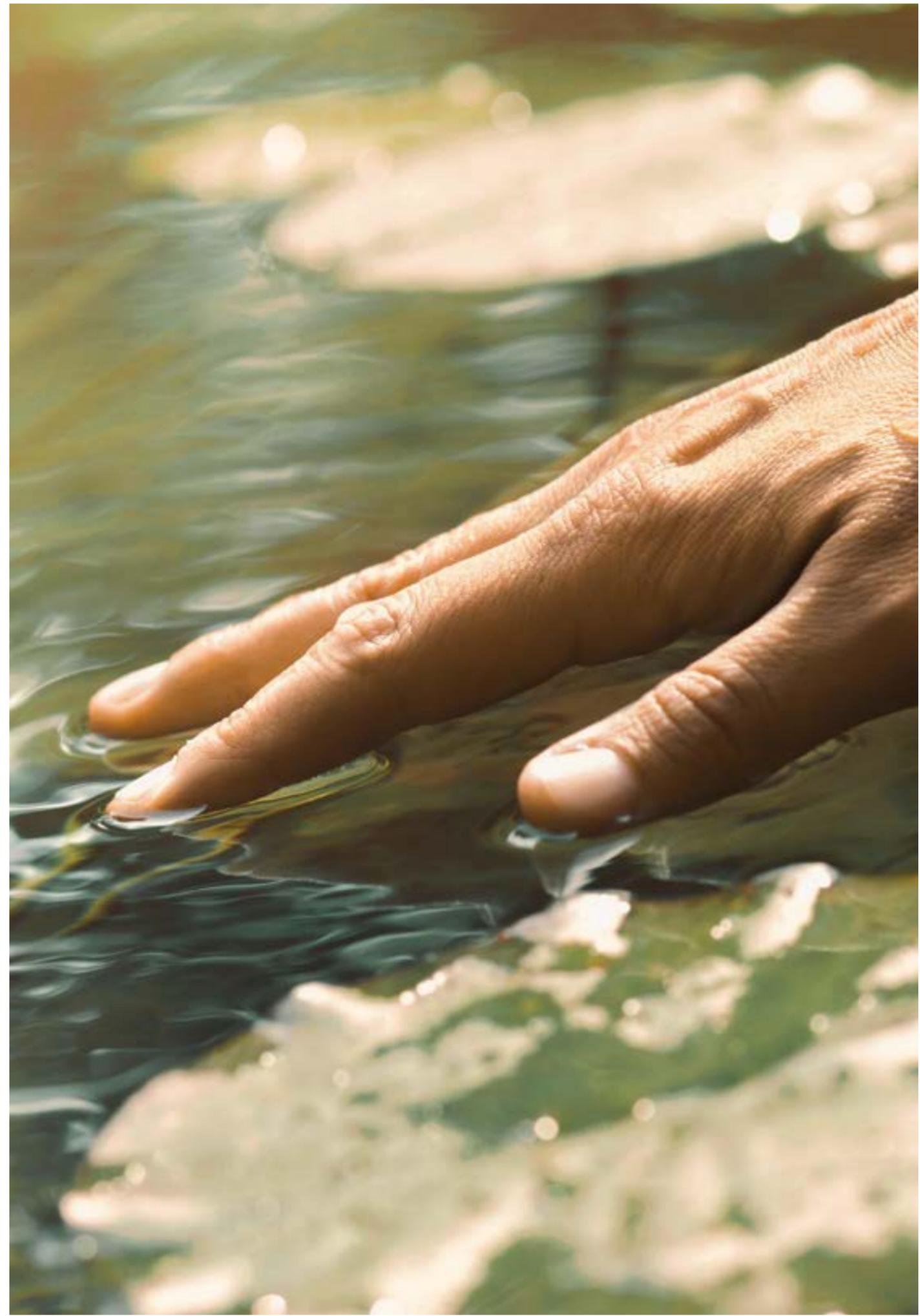
APPENDIX

CORE METRICS

Trying to make a comprehensive overview of the metrics and standards we commit too, here below we present an overview of the index cross standards.

Pillar	Theme	Core metric	Associated SDGs	Page
Principle of governance	Governing purposes	Setting purpose	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS	18, 28
	Quality of governing body	Governance body composition		18 - 19
	Stakeholder engagement	Material issues impacting stakeholders		30
	Ethical behavior	Anti-corruption		38, 39, 60
		Protective ethics advice and reporting mechanisms		18, 24, 38, 89
	Risk and opportunity oversight	Integrating risk and opportunity into business process		22, 23, 28, 74
Planet	Climate change	GHG emissions	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND	36
		TCFD implementation		6, 36
	Nature loss	Land use and ecological sensitivity		34
	Freshwater availability	Water consumption and withdrawal in water stressed areas		56 - 59, 83, 96
People	Dignity and equality	Diversity and inclusion (%)	1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	48, 49
		Pay equality (%)		49, 61
		Wage level (%)		48
		Risk for incidents of child, forced or compulsory labor		60, 88, 89
	Health and well being	Health and safety (%)		70 - 73
	Skills for the future	Training provided (#, $)		91 - 93
Prosperity	Employment and wealth generation	Absolute number and rate of employment	1 NO POVERTY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES	60, 90
		Economic contribution		*
		Financial investment contribution		*
	Innovation of better products and services	Total R&D expenses ($)		*
	Community and society vitality	Total tax paid		*

Ressources :
https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation

* As Archroma is a privately owned company these disclosures are omitted for confidentiality reasons

TABLES (DIVERSITY & INCLUSION, PAGE 48)

Gender and age profile by region

	Asia Pacific			Europe			INDIA			LATAM		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
less than 30	14	22	36	6	35	41	1	10	11	8	38	46
30-50	79	287	366	80	255	335	15	158	173	58	244	302
more than 50	16	106	122	53	235	288	2	57	59	20	127	147
Grand Total	**109**	**415**	**524**	**139**	**525**	**664**	**18**	**225**	**243**	**86**	**409**	**495**

	MEA			NORAM			Pakistan		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
less than 30	2	3	5		15	15		13	13
30-50	14	26	40	14	41	55	5	117	122
more than 50	3	21	24	10	48	58	1	105	106
Grand Total	**19**	**50**	**69**	**24**	**104**	**128**	**6**	**235**	**241**

Gender and age profile by employee tier

Gender profile FY2021	Female	Male	Total
Senior executive	4	8	12
Senior Management	25	104	129
Middle Management	109	351	460
Junior Management	294	518	812
No Management	148	1 209	1 357
Total	**580**	**2 190**	**2 770**

Gender profile and age group in percentages

Gender profile FY2021	Female	Male	less than 30	30-50	over 50
Senior executive	0.14%	0.29%	0%	33.33%	66.67%
Senior Management	0.90%	3.75%	0%	48.06%	51.94%
Middle Management	3.94%	12.67%	1.09%	58.26%	40.65%
Junior Management	10.61%	18.70%	5.30%	63.79%	30.91%
Staff	5.34%	43.65%	11.20%	58.51%	30.29%
Total	**20.94%**	**79.06%**	**7.22%**	**59.42%**	**33.36%**

Age profile by employee tier

Gender profile FY2021	less than 30	30-50	over 50	Grand Total
Senior executive	0	4	8	12
Senior Management	0	62	67	129
Middle Management	5	268	187	460
Junior Management	43	518	251	812
Staff	152	794	411	1357
Total	**200**	**1 646**	**924**	**2770**

Senior executive profile by gender and age

Employees	Gender		Age Group		
	Female	Male	less than 30	30-50	over 50
Archroma Executive Committee	33%	67%	0%	33%	67%

GRI CONTENT INDEX

GRI STANDARD	PRIMARY OWNER / DISCLOSURE	SR FY 2021 (BASED ON GRI INDEX)
GENERAL DISCLOSURES		
GRI 102:	102-1 Name of the organization	11
General disclosures	102-2 Activities, brands, products, and services	16
2016	102-3 Location of headquarters	17
	102-4 Location of operations	17
	102-5 Ownership and legal form	19
	102-6 Markets served	17, 52
	102-7 Scale of the organization	14, 17, 52
	102-8 Information on employees and other workers	15, 49,
	102-9 Supply chain	86 - 89
	102-10 Significant changes to the organization and its supply chain	80
	102-11 Precautionary Principle or approach	21, 23, 40
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	102-45 Entities included in the consolidated financial statements	*
	102-46 Defining report content and topic Boundaries	3,7
	102-47 List of material topics	30
	102-48 Restatements of information	48, 19
	102-49 Changes in reporting	80
	102-50 Reporting period	7
	102-51 Date of the most recent report	7
	102-52 Reporting cycle	7
	102-53 Contact point for questions regarding the report	7
	102-54 Claims of reporting in accordance with the GRI Standards	7
	102-55 GRI content index	104 - 109
	102-56 External assurance	**

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2016	103-3 Evaluation of the management approach	21
GRI 304:	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	34
Biodiversity		
2016	304-2 Significant impacts of activities, products, and services on biodiversity	34
	304-3 Habitats protected or restored	34
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	34
CIRCULARITY		
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Management approach	103-2 The management approach and its components	35, 94, 96
2016	103-3 Evaluation of the management approach	21
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2016		
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GRI 103:	103-1 Explanation of the material topic and its Boundary	36
Management approach	103-2 The management approach and its components	36
2016	103-3 Evaluation of the management approach	21
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	305-4 GHG emission intensity	36
	305-5 Reduction in GHG emissions	36
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	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	36
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2016	103-3 Evaluation of the management approach	21
GRI 205:	205-1 Operations assessed for risks relating to corruption	38, 39
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2016	205-3 Confirmed incidents of corruption and actions taken	39
GRI 206:	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	39
Anti-competitive behavior		
2016		

* As Archroma is a privately owned company these disclosures are omitted for confidentiality reasons
** We currently have not sought for assurance of our report. Limited assurance is planned from FY2022

GRI CONTENT INDEX

MATERIAL TOPICS

CONSUMER PRODUCT SAFETY

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2016	103-3 Evaluation of the management approach	21
GRI 416:	416-1 Assessment of the health and safety impacts of product and service categories	40 - 41
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GRI 103:	103-1 Explanation of the material topic and its Boundary	44
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2016	103-3 Evaluation of the management approach	21
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* As Archroma is a privately owned company these disclosures are omitted for confidentiality reasons
** We currently have not sought for assurance of our report. Limited assurance is planned from FY2022

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