ARCHROMA
LIFE ENHANCED

THE ARCHROMA WAY TO A SUSTAINABLE WORLD

Sustainability report Fiscal year 2022

IT'S OUR NATURE

CONTENTS

MESSAGE FROM OUR CEO

"It always seems impossible until it's done." Nelson Mandela

After a year of worldwide dramatic heat waves, fires, floods and water shortage, there is no denying that climate change is happening. Governments are under growing public pressure to address the climate crisis and implement the regulations needed to do so.

In that context, we at Archroma remain more convinced than ever that we have a role to play in leading our core industries towards a more sustainable future for our customers and markets.

This is why we continue to focus our efforts in areas such as health & safety, greenhouse gas emissions, resource optimization, sustainable sourcing, diversity & inclusion, and "green" innovation, and these efforts are paying off:

In October 2021, Archroma was awarded with the EcoVadis Platinum rating, placing our company in the top 1% of the best rated companies in its industry. We also maintained our #1 position in the "industrial chemicals" list published by the Chinese Institute of Public & Environmental Affairs (IPE), known for driving transparency in the supply chain.

Furthermore, for the first time since we started to report on environmental, social and governance (ESG) matters, we asked KPMG to perform a limited assurance audit on our progress on several core ESG indicators, including Scope 1 CO_2 emissions, water intake, and gender diversity. I am proud to report that we passed this assessment successfully (see appendix for the full review).

The same purpose and pursuit of transparency will remain our guiding light in the future, in particular in the context of our intended acquisition of the Textile Effects Division of Huntsman Corporation, announced in August 2022.

Both Archroma and Huntsman Textile Effects are founding members of Sustainable Chemistry for the Textile Industry (SCTI), an alliance of leading chemical companies that strives to foster sustainable, state-of-the-art chemistry solutions in the textile industry. In June 2022, SCTI appointed bluesign, one of the most respected eco-certifiers, as its partner to develop the first comprehensive sustainable chemistry index for the textile industry.

Our commitment also drives our commercial strategy, focused on the promotion of more sustainable solutions. 51% of our sales in FY2022 stem from this part of our portfolio, reflecting a 9% increase compared to FY2021, and we aim to further boost this number significantly in the years to come.

We are particularly committed to developing R&D-enabled innovations that foster circularity, with growing use of natural and renewable ingredients, and with formulations aiming to support the biodegradability, compostability or recyclability of the end product. (See pages 38-40)

Of course, we remain committed to the Ten Principles of the United Nations Global Compact (UNGC) on human rights, labor, environment and anti-corruption. These are embedded into our strategy, culture and day-to-day operations, and articulated in our guiding principle: "The Archroma Way to a Sustainable World: Safe, efficient, enhanced, it's our nature!" (See pages 28-29).

As part of our commitment to the Ten Principles, Archroma participated in the UNGC gender gap study, which confirmed that we are on the right track and helped us to focus our efforts.

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

In the year ahead, our ambition is to set and submit CO_2 reduction and removal targets to the Science Based Targets initiative (SBTi), in line with our net zero ambition.

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

Because it's our nature.

Heike van de Kerkhof
CEO

ABOUT THIS REPORT

- **This report covers Archroma's fiscal year 2022 (FY2022), from 01 October 2021 to 30 September 2022, which aligns with its financial reporting cycle. Archroma's Sustainability Reports follow a yearly cycle. The previous report was published on 20 May 2022.**

- **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 Group SARL ("Archroma" or "the Group" or "the Company") has a majority shareholding and significant influence on operations. The list is available here. There are no differences between the list of entities included in Archroma's financial reporting and the list included in its sustainability reporting.**

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

- **Limited assurance has been provided by a third party for Scope 1 CO_2 emissions intensity, water intake intensity, waste intensity, workplace health & safety and diversity & inclusion. The respective report can be found in the appendix.**

- **The report has been prepared with reference to the Global Reporting Initiative (GRI) Standards.**

- **For this reporting period a sustainability framework has been developed in line with our material topics along the three ESG pillars of: Environment, Social and Governance.**

- **This report has also been prepared to serve as the Communication on Progress (COP) for the United Nations Global Compact initiative for the calendar year 2022.**

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

OUR COMPANY

PARTNERS FOR GOOD

ARCHROMA X STONY CREEK COLORS: SCALING UP NATURAL INDIGO FOR JEANS COLORATION

One of the projects that made us most proud at Archroma in FY2022 was the start of our collaboration with Stony Creek Colors, a manufacturer of innovative plant-based indigo. The company has been selling its US grown indigo to denim mills since 2015.

The 100% plant-based pre-reduced indigo partnership took root in 2020 when Stony Creek was looking to work with like-minded partners to produce the new dyestuff at scale. Archroma emerged as the ideal partner as the company is well known for its expertise in indigo manufacturing and application, as well as for its commitment to transform the denim industry towards creating better blue jeans.

Archroma will produce IndiGold®, a 20% strength pre-reduced natural indigo sold by Stony Creek Colors, in Salvatierra, Mexico, and will provide added support to Stony Creek's IndiGold customers through its manufacturing and logistics capabilities, and its expertise in denim dyeing.

While this development was underway, Fashion for Good selected Stony Creek Colors as an innovator in its global Innovation Program. Fashion for Good facilitated an IndiGold project between Levi Strauss & Co. and Stony Creek Colors which was announced in December 2021.

Archroma's indigo plant in Salvatierra, Mexico (Photo: Archroma)

Shrubs of Indigofera US-grown by Stony Creek Colors (Photo: Stony Creek Colors)

ARCHROMA X BALDWIN: RETHINKING FABRIC FINISHING WITH SMART MACHINERY

Baldwin is a textile machinery manufacturer, who shares Archroma's vision that it is possible to create textile fabrics and articles that are safer for the user and better for our planet.

Baldwin developed a smart non-contact spray technology for textile finishing and remoistening, called TexCoat G4. The machine is designed to allow a controlled and optimal coverage, and thus reduce water consumption by as much as 50% compared to traditional padding application processes.

Archroma and Baldwin decided to test the performance levels of selected Archroma's finishing innovations, using TexCoat G4, in order to define the ideal application recipes for maximized performance and resource savings.

The first tests in lab conditions showed very promising results. Archroma and Baldwin are now working with key textile manufacturers to test these at bulk scale.

Baldwin's Texcoat G4 (Photo: Baldwin)

ARCHROMA X UNIVERSITY OF NORTH CAROLINA GREENSBORO (UNCG): CULTIVATING FUTURE EXPERTS IN SUSTAINABLE COLOR

Since 2022 Archroma has opened access to access to its color management tools to the students of the Consumer, Apparel, and Retail Studies department of UNCG. They can use the full suite for their design projects and thus build expertise in the area of color management.

The students have access to the Color Atlas by Archroma®, a ready-to-use color library developed by Archroma with 4'320 colors for cotton poplin and 1,440 for polyester. The students also have access to the full digital files for use in 3D fashion design software.

The Color Atlas contains not just the color references and ready-to-use recipes allowing fast implementation in textile production, it also provides the ecological profile and application systems for resource saving.

By working together, Archroma and UNCG are educating a new generation of stylists and designers that will be able to combine creative expertise and responsible fashion.
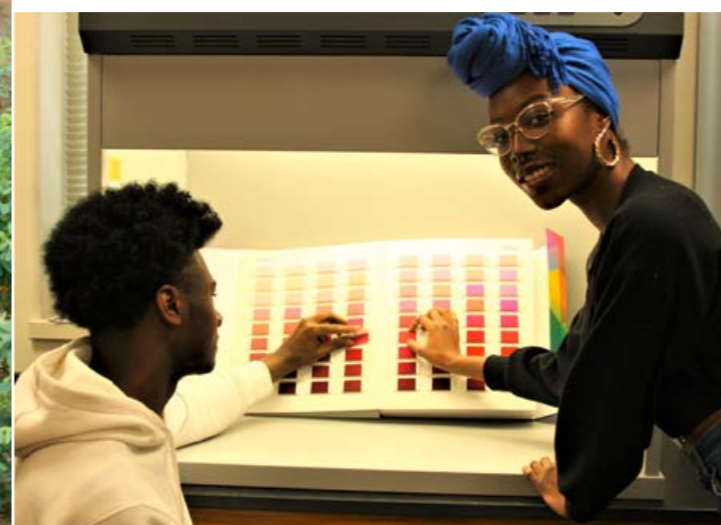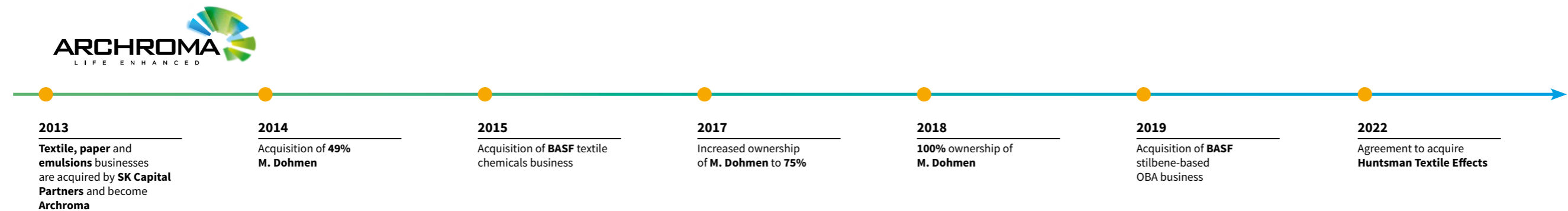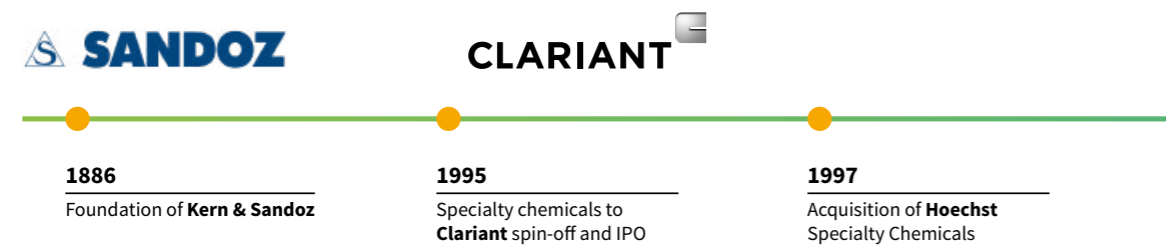
Students with the Color Atlas by Archroma® (Photo: UNCG)

ARCHROMA IN A NUTSHELL

Archroma is a global, diversified provider of specialty chemicals serving the textiles, packaging, paper, 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	**1995**	**1997**
Foundation of **Kern & Sandoz**	Specialty chemicals to **Clariant** spin-off and IPO	Acquisition of **Hoechst** Specialty Chemicals

2013	**2014**	**2015**	**2017**	**2018**	**2019**	**2022**
Textile, paper and **emulsions** businesses are acquired by **SK Capital Partners** and become **Archroma**	Acquisition of **49%** **M. Dohmen**	Acquisition of **BASF** textile chemicals business	Increased ownership of **M. Dohmen** to **75%**	**100%** ownership of **M. Dohmen**	Acquisition of **BASF** stilbene-based OBA business	Agreement to acquire **Huntsman Textile Effects**

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 Emulsion 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.

In August 2022, Archroma announced that it has entered into a definitive agreement to acquire the Textile Effects business from Huntsman Corporation. The closing of the transaction is subject to customary conditions and approvals, and is expected to take place in the first half of 2023.

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 (BPT)

From fiber to end article, 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.

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

Significant systems & services
The Archroma Way; 62 systems for 6 market sectors:
Automotive & transport;   Workwear & uniforms;
Denim & casual wear;   Outdoor & activewear;
Fashion & formal wear;   Home & intimate textiles;
    Non-woven

Significant brands
Fiber: Afilan®, Arkofil®
Whiteness: Kieralon®, Leucophor®
Coloration: Drimaren®, Foron®, Dorosperse®, Nylosan®, Denisol®, EarthColors®, Diresul®
Performance finishing: Arkofix®, Nuva® N, Sanitized®, Smartrepel®
ONE WAY Impact Calculator: Process simulator software for resource optimization and cost calculation
Color Atlas by Archroma®, color books, specifications and standards

PACKAGING & PAPER SPECIALTIES (PP)

Archroma provides expertise in the management of whiteness, coloration, special coatings & barriers as well as strength & property enhancement 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.

Value chain
Archroma offers systems to packaging and paper manufacturers.

Significant systems & services
19 Systems for 4 market sectors:
Non-woven;
Packaging & board;
Tissue & toweling;
Printing & writing

Significant brands
Coloration: Carta®, Cartasol®, Cartazine®, Diresul®, Cartaren®, Flexonyl
Whiteness: Leucophor®
Barrier & coating: Cartaguard®, Cartaseal®, Cartacoat®
Process: Cartafix®, Cartaspers®, Cartafen®, Antimussol®, Cartabond®

COATINGS, ADHESIVES & SEALANTS (CAS)

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.

Value chain
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 – 95 markets served (in color), 55 locations, thereof 25 production sites

2800 employees, 52 locations (including 25 production sites) across 31 countries worldwide
🟡 Headquarters   🔵 Offices   🟣 Production, offices   🟠 Laboratories   🔴 Production   ⚪ Sales offices   🟢 Sales countries

Markets served

We currently serve 95 markets worldwide, organized into seven Business Clusters: Asia-Pacific, India, Pakistan, Latin America, North America, Europe, and Middle East and Africa.

In March 2022, Archroma operations and business in Russia and Belarus were stopped until further notice.

Scale of operations

Archroma currently has 55 locations in 31 countries worldwide, thereof 25 production sites, 36 laboratory facilities, 30 warehouses, and 36 sales offices. 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 Leadership Team (LT). The LT possesses a wide range of competencies, business and financial skills, product and market knowledge as well as international experience, and is responsible for determining the strategy and organizational structure to set the pace for current operations and sustainable future development. The LT consists of fifteen 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 risks to the business, and to decide upon the strategic options and the means required to implement and support them. The LT structure comprises all the key management functions as well as geographic Business Cluster Heads.

The LT is furthermore 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 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 governance and global processes in their respective functional areas (HR, Finance, Legal, etc.). Likewise, the company runs a global Sales, Inventory and Operations Planning (SIOP) process.

The BoD supervises the LT on behalf of the main shareholder and has two levels of operation. Its primary function is to work closely with the LT and review and approve the proposed strategy, the underlying campaigns to achieve the strategy, and financial planning including annual target setting defined in the Archroma Annual Operating Plan (AOP). The primary channel for this process is the Monthly Operating Review (MOR). Its secondary function is to actively support specific projects within Archroma, leveraging the competencies of the individual directors appointed to the board. Thus, the BoD has a two-tiered working principle, equivalent to a traditional single tier board.
Remuneration and risk management also fall within the BoD responsibility. To this end, the BoD has nominated two Committees, namely the Audit Committee and the Renumeration Committee.

The remuneration of the company's senior executives is overseen by the Archroma's Remuneration Committee ("Remco"). This includes base salary, annual bonus payments and the long-term incentive programs (LTIP and MEP). The Remco convenes on a quarterly basis and its membership is the Chairman of the Board (also the Chair of the Remco), an independent Board Member, the Chief Executive Officer and the Chief Human Resources Officer.

The performance of the senior executives is assessed annually against agreed and documented annual Key Performance Indicators (KPIs).

With regard to renumeration determination, proposals are made to the Remco in line with the company's remuneration strategy which includes insights from external sources (e.g. Mercer).
For details, please check the section "Talent management".

The composition of Archroma's highest governance body is as follows:
Barry Bahram Siadat is an independent non-executive director and the President of the BoD, Mr Siadat, holding his position since 07 July 2017, and for a non-determined period. He is a Co-Founder and Managing Director of SK Capital, Chairman of the Board of Ascend Performance Materials, SI Group and Venator Materials PLC (NYSE:VNTR), and he also serves on the Board of Directors of Mt. Sinai Medical Center. Mr. Siadat possesses such competencies as expertise in chemical engineering, polymer science, business management well as expertise in private equity management.

Alexander Roeland Wessels is an independent non-executive director, holding his position since 22 January 2020 for a non-determined period. He is the CEO and Director at Caldic BV, Chairman of Caldic France SAS, Director Business Group at DSM Food Specialties BV, non-executive director of Accsys Technologies PLC, director of Agrifirm Group BV, Titan Wood BV, Topigs Norsvin, TOPIGS SNW GmbH as well as member of the supervisory board at Cooperatie Agrifirm UA. Mr. Wessels' competencies include expertise as CEO in various companies, expertise in marketing strategies, change management, competitive analysis, business development, international sales and manufacturing.

Jared Kramer is an independent non-executive director, holding his position since 03 September 2018, for an undetermined period. He is a principal of SK Capital, Member of the advisory Board of Directors of Heubach, Archroma, SI Group and GEON Performance Solutions. Mr. Kramer holds expertise in finance and investment management.

Miguel Kohlmann is an independent non-executive director holding his position since 03 September 2018 for an undetermined period. He is the Chairman of the Supervisory Board at Pfleiderer Group SA, Chairman of the Supervisory Board at Ewellix AB, Chairman of the Logstor A. Board, member of H+H International A, Venator Materials Plc, Arc and Paul Bauder GmbH. Mr. Kohlmann has acquired experience across multiple industries with a focus on automotive, mechanical engineering, aluminum and building materials. He also has experience as CEO of international production groups, being overall responsible for operations, strategy, sales and marketing.

Bertrand Lhomme is an independent non-executive director, holding his position since 01 April 2022 for an undetermined period. He is the office manager of SK European Service Co. Mr. Lhomme has expertise in Luxembourg and European tax matters.

Guna Krastina is an independent non-executive director, holding her position since 01 April 2022. She is the legal manager of SK European Service Co. Ms. Krastina has expertise in Luxembourg corporate governance as well as experience as an in-house counsel in operational companies.

The President of the BoD does not hold an executive role within Archroma.

Archroma has nominated a Chief Sustainability Officer (CSO), who reports to the CEO and is a member of the LT. The CSO leads the Group Sustainability Taskforce, who coordinates, steers and tracks ESG targets and initiatives across the company, in close collaboration with all internal stakeholders.

Third party quality management and compliance with all relevant international standards falls within the responsibility of the Group Quality Management team, reporting directly to the SVP of Operations.

Furthermore, Archroma has a Group Compliance Committee (GCC), 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 24/7/365. It is chaired by the Chief Sustainability Officer with our Chief Human Resources Officer and General Counsel as members. The GCC meets quarterly or as needed to review investigations (led by a regional or the Group Compliance Officer) and determine disciplinary or other actions.

Archroma employees are obliged to report any potential conflict of interest to their line manager, the HR department and the Legal department. Appropriate safeguards to avoid conflict of interests are in place.

Critical concerns shall be communicated to the BoD via the CEO, through the various committees nominated by the BoD during the respective quarterly or ad hoc BoD meetings.

The BoD evaluates the performance of the LT via KPIs which are set at the beginning of the fiscal year and reviewed regularly during the Monthly Operating Review (MOR). Such KPIs include economic, environmental and operational topics.

Leadership Team

Heike van de Kerkhof
Chief Executive Officer
(CEO)

Thomas Bucher
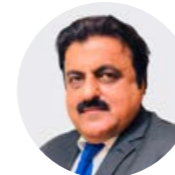Chief Financial
Officer (CFO)

Marcos Furrer
Chief Operating Officer
(COO)

Sameer Singla
Vice President,
North America - Senior Vice
President, PP & CAS

Edwin Birnbaum
Chief Transformation Officer

Anjani Prasad
Vice President, India

Beate Plueckhan
Senior Vice President,
Europe

Emrah Esde
Vice President,
Middle East & Africa

Fernando Hernandez Espinosa
Vice President,
Latin America

Michel Zumstein
Senior Vice President,
Asia Pacific

Mujtaba Rahim
Vice President, Pakistan

Andreas Wickli
Senior Vice President,
Operations

Danielle Blomert
Chief Sustainability Officer
(CSO)

Silke Wischeropp
General Counsel and
Secretary of the Board

Simon Clementson
Chief Human Resources
Officer (CHRO)

OUR INTEGRATED QUALITY MANAGEMENT

Archroma and all its subsidiaries operate according to a global integrated management system based on 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**

The initial certification was obtained in 2014, a re-certification has been achieved in 2017 and 2020 with a current validity until 8th July 2023. Our internal auditors team conducts cyclical audits to ensure any of our company operations are performed in line with the above international standards.

The Quality Management system is led by our Head of Integrated Quality Management who is reporting functionally to the Chief Executive Officer.

Management reviews are held bi-annually with the Leadership Team to ensure the management system effectiveness and alignment with the company strategy.

An interested parties assessment is carried out on an annual basis to understand the needs and expectations from stakeholders. This process ensures that our products and services are in line with our customers requests and comply with all legal requirements. A set of action plans has been conducted as a result of the assessment. All activities are further constantly monitored according to the continuous improvement philosophy which is entirely reflected in our integrated Quality Management system.

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

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

Quality Management, being the principal owner of all quality related areas, has implemented a new document management system (DMS) in 2020. Since then, Archroma has successfully deployed the new system in 18 Archroma sites. DMS significantly improves data security, compliance and data recovery and therefore became a key success factor for our Quality Management performance.

With our new DMS we ensure that the latest version of an approved document is stored safely and protected against unintended alterations. At the same time DMS significantly improves transparency because documents can be retrieved anytime and anywhere by every Archroma employee.

Transparency towards customers
Transparency towards our stakeholders has high priority in our organization. Due to the rapidly rising number of inquiries from customers on many different topics a new and systematic way had to be found to better meet these demands.
For this reason, Quality Assurance has now established a documented standard process to better manage the substantial number of customer's questionnaires about topics such as: customer policies, code of conducts acceptance, ISO standards related questionnaires and others.

In addition, the new Archroma quality statement was launched to improve the customer experience by reducing the inquiry processing time and delivering comprehensive answers to customer needs.

Our Archroma quality statement echoes our Management System and goes in line with all the standards we have implemented such as: safety, corporate social responsibility, compliance process, code of conduct, environmental safety, diversity and inclusion, human rights, product stewardship, resources management, sustainability, traceability, and others.

A printable version of our quality statement can be found on the Archroma website.
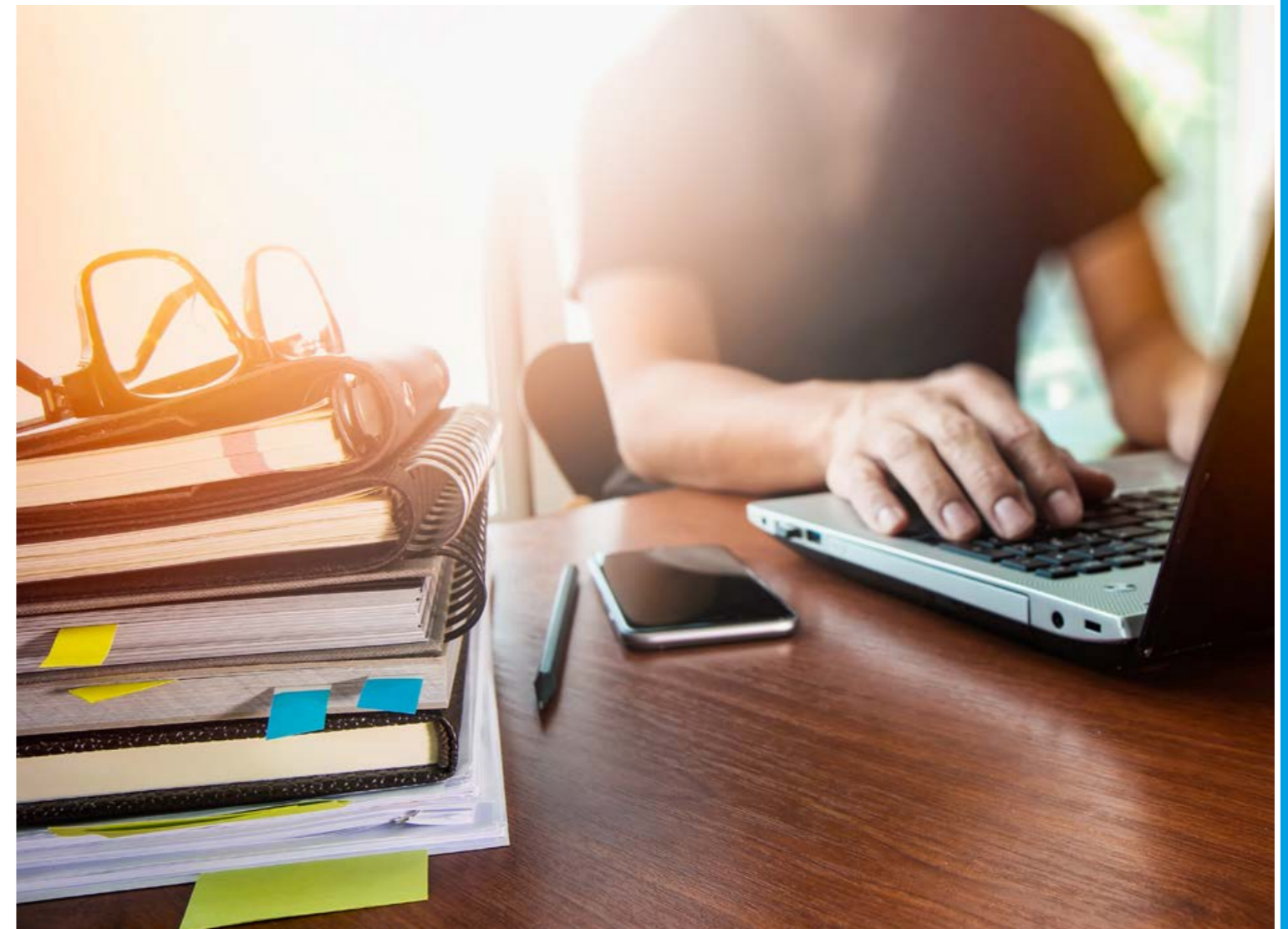
RISK MANAGEMENT

Archroma is committed to a strong risk management throughout the company, supported by the Leadership Team and Board of Directors and implemented at all levels. We understand that risks are inherent to all businesses. Consequently, we strive to create sustainable value by understanding and managing the threats we face. Simultaneously, we identify opportunities which contribute to the achievement of Archroma's strategic objectives.

Our risk management process

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 Leadership Team. The company has a Risk Management Policy in place since 2015, which was updated in FY2021, and has been undergoing regular risk evaluation reviews.

Risk Management Process
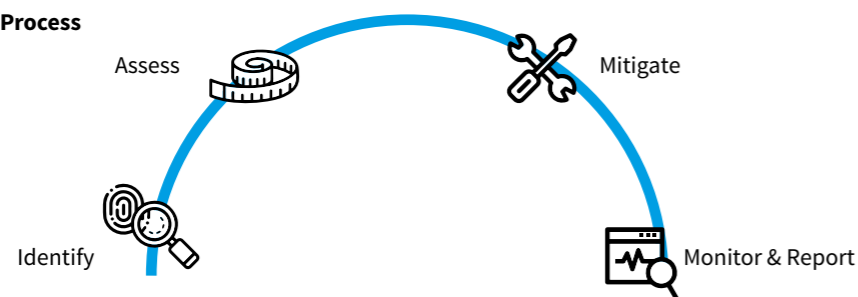
In FY2022, as part of the yearly exercise to update our risk map, the relevant risks have been re-defined and re-assessed to reflect the changes in the global risk landscape that affect not only Archroma but also our customers, suppliers and competitors.

About 50 members of the top management in Archroma (representing our diversity in terms of geographies, businesses and functions) participated in the exercise to assess the risks impact and likelihood, through data collection, discussions and workshops.

The outcome of the assessment was reviewed and aligned with the Leadership Team, alongside with the mitigation plans, and subsequently submitted for approval to the Audit Committee of the Board of Directors.

Risk mapping results

Archroma defined the risk management process with the objective to have an overview of the main risks affecting the company and, subsequently, to our stakeholders and society. Risk landscape is very broad topic, and hence the assessment result requires prioritization to focus on the most relevant matters. Therefore, we classify our risks into:

- **TIER 1:** The most relevant risks on which we set the main focus;
- **TIER 2:** Relevant risks that we need to closely monitor;
- **TIER 3:** Other important risks to keep in our radar.

Apart from their prioritization and the identification of a clearly identified risk owner, risks are classified amongst:
- Strategic risks;
- Operational risks;
- Financial risks;
- Legal and Compliance risks

The strategic objectives that are potentially affected by each of the risks are also identified, as well as the mitigation strategy defined (avoidance, mitigation, transfer, monitoring and acceptance).

As part of the continuous improvement effort, we strive to achieve a more efficient and effective risk management approach. As a result, we streamlined the number of items in our risk map to enable a deeper analysis of the top 25 risks in Archroma's landscape.

This shortlisted risk register includes relevant risks in all areas, such as production supplies availability and cost, supply chain issues, talent shortage or environmental risk (which comprises climate change and the effect of its consequences for Archroma's business: changes in market trends and regulations, physical security risk due to natural disasters, etc.)

In our current risk map, the only risks related to the environmental area that are falling under the Tier 1 bucket are the changes in market trends and the potential adverse regulatory changes. However, we closely monitor market trends and foreseeable changes in regulation that might affect our product portfolio. This process drives the proactive adaptation of our range and leads to the reduction of potential impacts. At the same time, it opens opportunities to increase our market share through a shift towards a more sustainable product portfolio. With risks being turned into opportunities we facilitate the transformation of our industry to become more sustainable, including investments underpinned by clear sustainability criteria.

Stage 1: Risk identification and assessment	Stage 2: Risk monitoring	Stage 3: Risk reporting
BOARD OF DIRECTORS (AUDIT COMMITTEE)		
Approve the ERM policy	**Approve the tolerance levels**	**Monitor risk performance**
Identify and **analyze risks** across Archroma. Determine how **likely** is the occurrence of a specific risk and how **severe** it could be.	**Identify** the most relevant way of **tracking** and **monitoring** the performance of the risk. Propose the **Risk Appetite** and the tolerance levels.	Periodically **provide the Board of Directors with essential information** to better inform their decision-making process.
Risk register update **Risk assessment:** • Risk impact • Risk likelihood	**Risk manager assignation** **Risk appetite and tolerance levels** **Performance monitoring model**	**Periodical reporting to the Board:** • Prioritized ranking of Archroma's risks • Action plans and monitoring evolution
LEADERSHIP TEAM		

Constructive risk management

Risk management at Archroma is not only managed at top management level and driven by the risk mapping exercise. At the same time, it is also translated into the daily activities through our policies and procedures and the control activities established in our Internal Control System.

During FY2022, after the risk map update was finalized, we conducted a full review of our Internal control system. As a result, each single process in Archroma went through a comprehensive analysis to identify risks and controls in place. During this examination we did not only consider risks linked to high-level exposures in the risk map and associated mitigation strategies, but also evaluated potential reporting and fraud risks.

Risk mapping				Internal audit
Strategic	Operational	Financial	Legal & compliance	
Action plans, policies and procedures				
INTERNAL CONTROL SYSTEM			Self-assessment process	
Procure to pay	Order to cash	Record to report		
Inventory management	Hire to retire	…		
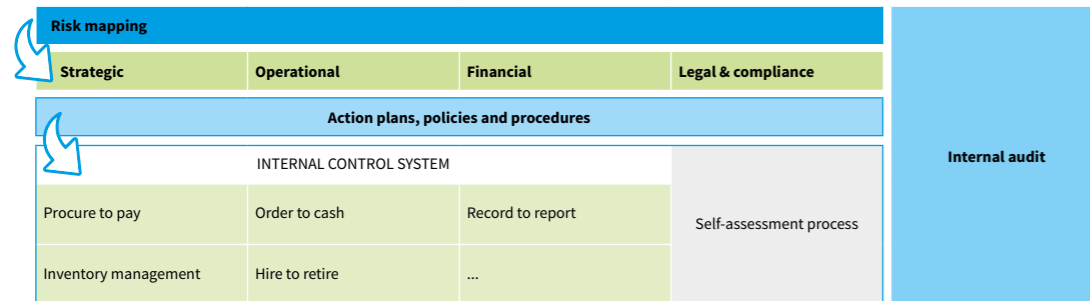
Archroma wants to raise awareness about risk management across the organization. There are several initiatives in place which enable such a risk-oriented approach. All of them are aiming to embed risk management in our daily activities and decision-making, such as:
- Involving a broader audience in risk assessments and mitigation design;
- Sharing the results of the risk assessment to employees at all levels through a cascaded communication approach;
- Involving all entities in Archroma in the "internal control self-assessment" process, in which they compare their current practices against the standard defined for the Group and report the results.

Review process and stakeholder involvement

The output obtained from the monitoring of both the actions derived from the risk mapping exercise and the performance on the operational risk mitigation activities is reported to the Leadership Team and the Audit Committee. This way, we provide a clear outline of the overall risk management strategy at Archroma.

Finally, independent reviews performed via internal audits are also used as a further source of risk identification and mitigation. Those are resulting from the corrective measures implementation which is constantly aligned with Archroma's risk management approach.

Our approach to risk management was well perceived by our external stakeholders, such as our external auditors. The effectiveness of the approach is demonstrated by the fact that our insurance and financial partners are taking Archroma's risk mitigation efforts into account when determining our insurance premiums.

OUR AFFILIATIONS AND MEMBERSHIPS

Archroma engages with relevant stakeholders to support and drive initiatives that are bringing tangible and ambitious solutions and innovations. We feel that only through active positive collaboration will we be able to deliver measurable change.

United Nations Global Compact
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.

Responsible Care
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.

Cefic
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.

Bluesign
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.

ETAD
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.

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

ZDHC
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.

TfS
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
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.

IPE
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.

SCTI
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.

AATCC
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!

Launched in 2018 and further refined in 2021, our vision statement "The Archroma Way to a sustainable world", ensures consistency in the way we operate, behave and communicate our core values to the market and our stakeholders. 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 affect our footprint and those of our suppliers and customers. Articulated around three dimensions – Safe, Efficient and Enhanced – The Archroma Way motivates us to identify and address current deficiencies in the value chains that we serve, and positively challenge the status quo with our innovative systems and solutions.

Danielle Blomert, Chief Sustainability Officer of Archroma, explains: "As a leading global manufacturer and supplier of specialty chemicals and colorants to the textile, paper and coating industries, the impacts of our products extend far beyond our own operations. Through our Sustainable Systems selling approach, our proprietary ONE WAY resource optimization tool (see pages 50/51), and our Safe Edge digital product safety platform, we strive to ensure that our net impact across the value chains we serve is positive."

A key pillar behind the "Safe" dimension is our global product stewardship organization, who monitors, and provides expert insights into the dynamic global regulatory landscape pertaining to the chemical industry, thereby allowing us to lead our industry in its ongoing efforts to produce chemicals that are safe to use in a responsible manner.

Partnerships are also a critical part of "The Archroma Way" and we have strong relationships with leading raw material suppliers, OEMs, as well as research and testing institutes.

With the acquisition of the Textile Effects division of Huntsman Corporation, which is expected to be finalized in the first half of 2023, the combined expertise and portfolio of the two organizations will allow Archroma to provide its customers and partners the innovative solutions they need to reduce resource consumption and footprint, whilst optimizing cost.

The Archroma Way ensures that our solutions and innovations continue to address market needs, meet our stakeholder expectations and respect the planet.

Martina Beitke, Corporate Sustainability Manager of Archroma, underlines: "We are committed to lead the sustainability transformation in our industries and to drive the proactive adaptation of our portfolio towards future market expectations".

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 safe to touch and 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....**

DRIVING THE CHANGE

The UN Sustainable Development Goals

In September 2015, all 193 Member States of the United Nations adopted a plan for achieving a better future for all. At the heart of "Agenda 2030" are the 17 Sustainable Development Goals (SDGs). They recognize that ending poverty must go together with strategies that improve health and education, reduce inequality, and foster economic growth – while at the same time tackling climate change and working to preserve our oceans and forests. [1]

For us at Archroma, the SDGs are not just a framework which helps us to set the right ambitions, but a strategic lever to detect emerging market opportunities and manage risks. After all, they serve u as a compass to continuously identify the next steps in our journey towards more innovative products, less impactful operations and achieving sustainable value creation for our stakeholders along the supply chain.

Archroma's contribution to the SDGs

Although we contribute to all SDGs in some way, there are eight that are particularly relevant to our business. In these focus areas we believe to have the largest impact and can create sustainable value for our employees, customers, and society at large.

3 GOOD HEALTH AND WELL-BEING

Safety is our first priority in every step of the manufacturing process aiming to protect our people, our communities, and the environment.

5 GENDER EQUALITY

We value our diverse and talented people and support them to unlock their full potential by creating an environment that is respectful for all.

8 DECENT WORK AND ECONOMIC GROWTH
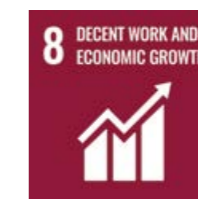
We create performance and color solutions with passion and commitment every day to foster profitable and sustainable growth.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We deliver innovative, sustainable solutions and services to our customers to constantly increase the value of their products.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We constantly decrease environmental impacts in the production, storage, distribution and usage of our products.

13 CLIMATE ACTION

Improving the carbon footprint of ourselves and our customers to mitigate climate change is a core principle of our strategy.

14 LIFE BELOW WATER

We strive to enable circular and sustainable solutions along the supply chain to help protecting our oceans from plastic materials.

15 LIFE ON LAND

We are committed to understanding, avoiding and responding to any potential impacts of our activities on biodiversity in our various locations.

[1] The SDGs Explained for Business | UN Global Compact

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 at least 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 Leadership Team.

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	Leadership Team, 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)	Leadership Team

A quantitative materiality survey has been conducted in September 2022 with 734 participants. It showed a strong participation of our employees, including a high share of our global leaders as confirmation that sustainability is deeply rooted in our organization. Archroma also recorded again a good participation of customers, suppliers, brands and retailers for this last 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 largely unchanged. According to the principle of continuous improvement the current materiality matrix will be subject to further assessment with internal and external stakeholders starting at the beginning of 2023.
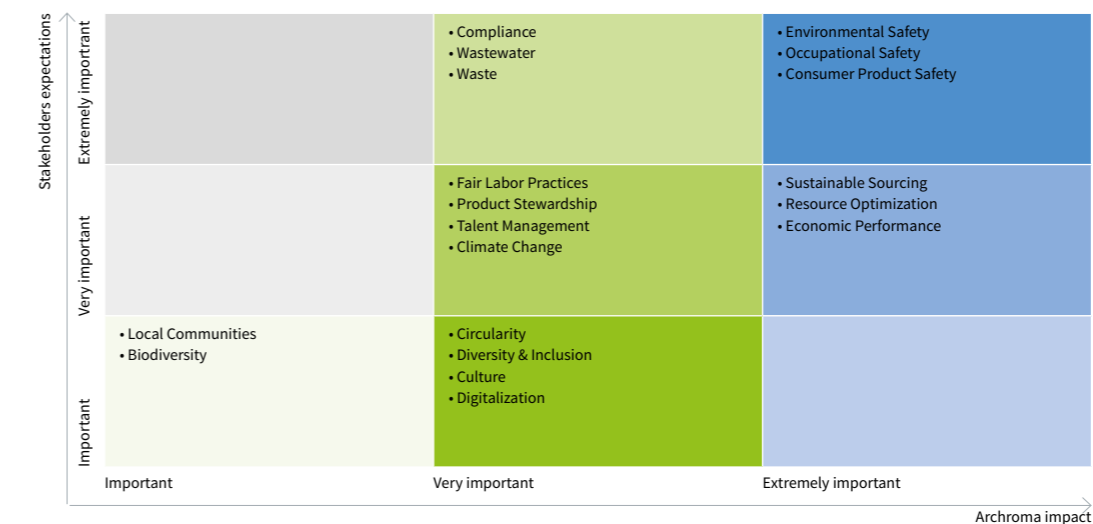
All topics identified by our external and internal stakeholders as being material to our business are presented in the following pages with reference to the GRI standards.

The material references can be found in the GRI Content Index in the appendices beginning on page 122.

OUR COMMITMENT
AROUND THE GLOBE

Michel Zumstein, Senior Vice President, Asia Pacific
After a very good start in October 2021, our industries were challenged in FY2022, first by tremendous raw material cost increases, followed by tensions the regarding energy supply and finally by a recessionary environment with reducing demand of end customers, both in their domestic and export markets. This difficult economic environment increases the pressure on profitability for our customers, which is an excellent opportunity for our systems, as they allow our customers to improve their processing time, to reduce their consumption of energies and utilities, and to diminish the amount of waste they generate in their operations. We are convinced that our commitment towards sustainable innovation can further help our customers to differentiate themselves in these challenging times.

Beate Plueckhan, Senior Vice President, Europe
Consumers in Europe are growingly paying 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 advance sustainability, particularly in the textile industry, there is hope that sustainable products can become the norm. And with our system solutions and innovations we at Archroma have been ready for a long time to help manufacturers, brands and retailers to create articles that are better for the people and the planet.

Anjani Prasad, Vice President, India
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. Customers in India are increasing looking towards reducing their consumption and extracting the most out of the resources through recycling and reuse. We support them with a holistic consultative approach and our India-based global product stewardship laboratory. Our focus on sustainability at Archroma also drives our own manufacturing sites to reduce our carbon and waste footprint and using minimal resources.

Fernando Hernandez Espinosa, Vice President, Latin America
The market environment in Latin America is very complex, and it is not always easy for our partners to get a premium for sustainable products. It is therefore very encouraging to see that they are committed to more sustainable practices and solutions. Our partners understand the need to save energy, water, waste, and costs. Our experts work constantly together with them to explore and develop new avenues and opportunities to build a stronger and more sustainable future.

Emrah Esder, Vice President, Middle East & Africa
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. 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 such as e.g., our aniline-free* indigo. Change is here and I am certain it will last.

Sameer Singla, Senior Vice President, North America
Consumers, increasingly conscious about product safety, waste and circularity, are beginning to change their own personal behaviors. And they expect consumer goods companies to keep pace and offer products and packaging that are more aligned to their own beliefs in sustainability. Governments are making significant changes as well, including recent legislation in the US that aims to reduce emissions, offer clean-energy tax credits and introduce billions of dollars in climate-related investments. Archroma's 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. We are proud to stand with them on this journey and will lead the market in the transition from plastics, especially single-use, to paper across the industry, in particular in food packaging.

Mujtaba Rahim, Vice President, Pakistan
Resource efficiency and water conservation measures are our strong targets towards producing sustainable system solutions for the industry. It is a good sign that more mills are adopting those of our product lines which are built around these targets, such as in particular our aniline-free* indigo solutions. In FY2022 we therefore especially focused on building stronger rapport with key customers as local mills are making their presence felt at international exhibits. Our partnership helped them to showcase and thus secure business with products and collections which create an added value due to their sustainable benefits. Sustainable partnerships are also being created with academia, aiming at educating future experts who will continuo to drive the change for the future.

* Below limits of detection according to industry standard test methods

ENVIRONMENT

REDUCING THE ECOLOGICAL IMPACTS ON OUR PLANET

INNOVATION FOR GOOD

Creating safer products

There are two main avenues to create more sustainable consumer goods and products for the end-users: Use safer ingredients and/or optimize the production process to save resources such as energy and water and reduce our green gas emissions.

Archroma continuously explores the possibility to use safer ingredients in its own products, and that is the main driver of our research & development pipeline.

In particular, during the reporting period, Archroma introduced two PFC-free* innovations in the area of repellence, one for textile application and one for food packaging.

Smartrepel® Hydro SR for PFC-free* textile protection against water-based stains

Launched in June 2022, Smartrepel® Hydro SR liq is the latest addition to a range of highly biodegradable, non-PFC based technology offering exceptional, durable water repellency to all cotton and synthetic fibers, and their blends.

The product has been specifically developed for soil repellent finishes aiming to offer industry-leading protection against water-based stains such as coffee, red wine and ketchup, in applications such as home textiles, table clothes upholstery, car seats and interior textiles.

The new grade offers high performance and durability of the effect – together with the soft handfeel that is sought after by consumers.

The Smartrepel® product range supports textile producers and brand owners adhering to standards such as ZDHC, bluesign and Oeko-tex.

* Perfluorinated compound. Below limits of detection according to industry standard test methods.

Cartaseal® VWAF for PFC-free* and ammonia-free* barrier coatings for food packaging

The multifunctional Cartaseal® range offers barrier solutions that can be used to protect from grease, oils, water and water vapor in both packaging and food packaging applications such as pizza boxes, sandwich wedges, fresh vegetables, fast food service and general supermarket packaging.

Cartaseal® VWAF was introduced in March 2022 as a more sustainable alternative to replace not only PFC-based coatings but also plastic, in applications where resistance to water, oil, fats, and water vapor condensation is required. This odor-free product is ideally suited to preserve the taste and smell of the packed food.

Cartaseal® VWAF offers increased potential for compostability, repulpability and recycling compared to PFCs and plastics, since the coating will break down with the paper during the recycling process. And it is compliant with FDA and BfR requirements for food contact applications, as well as those of EU Flower, Nordic Swan and several annexes of Blue Angel, and it is REACH registered.

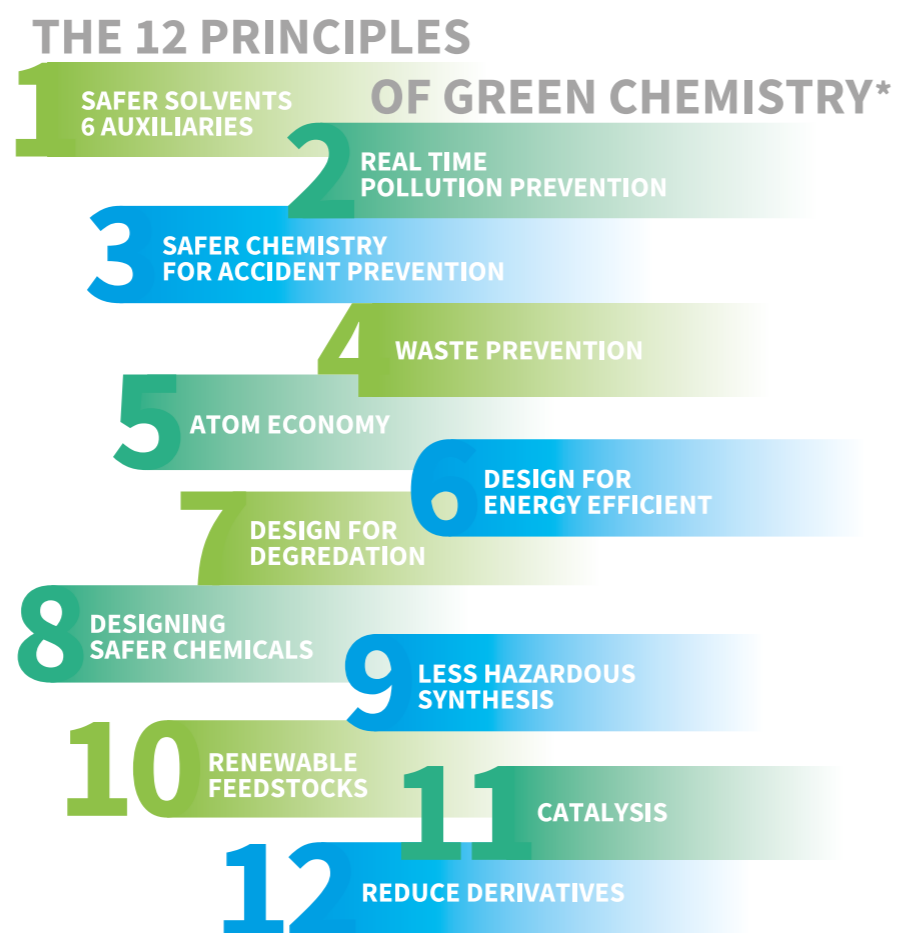* Below limits of detection according to industry standard test methods.

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 as well as the continuous improvement of our processes to minimize the impact of our activities on the environment. Our teams continuously assess our production processes to avoid or reduce emissions and waste, recover waste streams, and dispose any remaining unavoidable waste in an environmentally and legally compliant manner. We comply with all local regulations and have 24/7 online effluent monitoring in major sites.

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 to ensure 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 core areas: 1) Chemicals, and 2) dyes & optical brightening agents.

KPIs and associated annual targets are defined for each production site and monitored on a monthly basis using scorecards or dashboards. Selected material KPIs have been audited by a third party (see appendix). In the environmental area this included Scope 1 CO_2e emissions as well as waste and water intake. In addition, specific operational excellence and resource optimization projects have been initiated focusing on process simplification, yield improvement as well as energy and waste reduction.

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 governing environmental safety non-conformities. All sites and standalone laboratories have a well prepared and trained emergency response team at their disposal to manage any spills, fires, accidents or injuries. Training of these teams is conducted on a regular basis and in compliance with 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 as and when needed. Archroma employees are always part of local emergency teams, even when Archroma is not the site owner. In addition to the specialized training received from the LEM teams, all production employees are regularly trained on safety and resource efficiency topics as part of the Archroma Academy "MAKEXPERT" framework.

In the reporting period, Archroma had three process safety incidents (PSI) in its production plants:

- Prat, Spain: Bulk raw material erroneously unloaded;
- Gendorf, Germany: Cooling water contamination due to wrongly opened valve;
- Salvatierra, Mexico: Wrong product picked up and used by customer

None of these incidents impacted the environment or the health of employees or the community.

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 respect the limits of the relative standards stipulated by local environmental authorities.
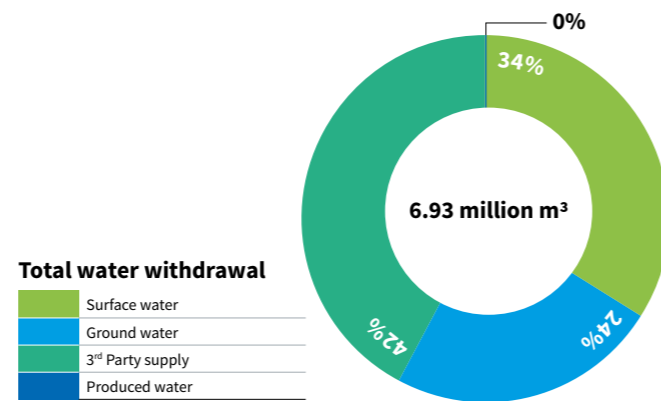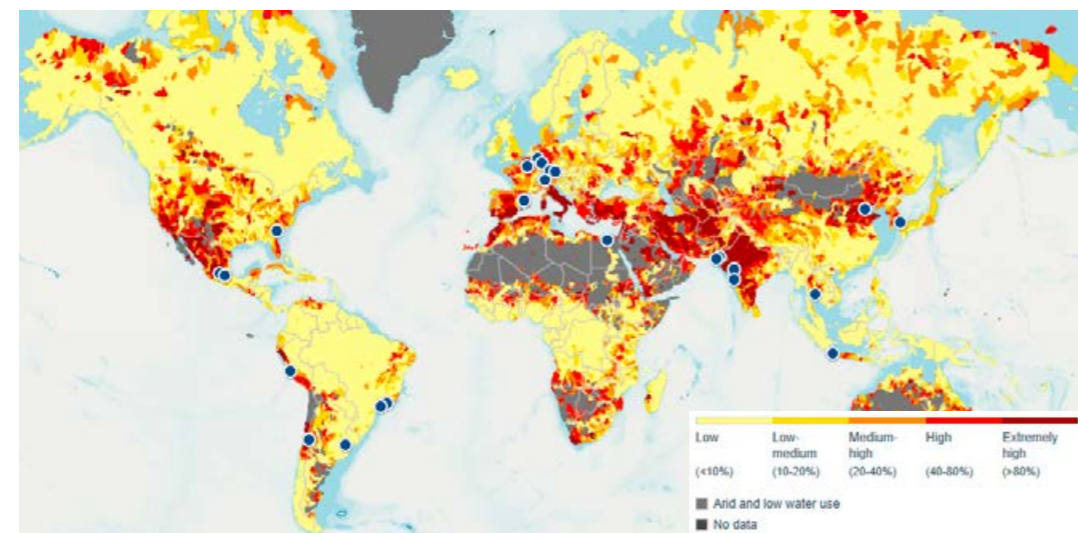
Water & effluent

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

According to the WRI's Aqueduct Water Risk Atlas, 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 water stress, where on average more than 40% of the 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.

In total, there are seven Archroma production sites located in water stress areas according to the WRI definition. There were no changes from the previous reporting period. More details can be found at:
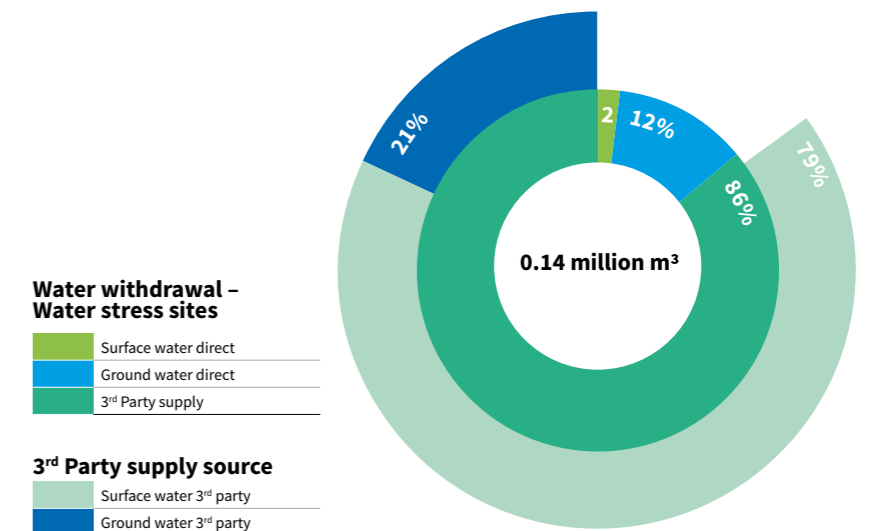**https://www.wri.org/resources/maps/aqueduct-water-risk-atlas.**

0%

34%

24%

42%

6.93 million m³

Total water withdrawal

- Surface water
- Ground water
- 3ʳᵈ Party supply
- Produced water

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 0.146 million m³ of water in FY2022. 12% of the water withdrawn in these areas was sourced directly from groundwater and 2% from surface water. The remaining 86% was provided by third-party water suppliers. Of the total water provided by third-party suppliers, 79% originated from surface water. Therefore, Archroma's activities have a minimal effect on the aquifer in water stressed areas. Our target is to further reduce our 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	FY2022	TARGET 2023
Stress water withdrawal (m³)	218 665	188 389	167 313	166 703	146 372	131 000 (-40%)*

* vs FY2018 baseline

12%

2

86%

79%

21%

0.14 million m³

**Water withdrawal –
Water stress sites**

- Surface water direct
- Ground water direct
- 3ʳᵈ Party supply

3ʳᵈ Party supply source

- Surface water 3ʳᵈ party
- Ground water 3ʳᵈ party

RESOURCE OPTIMIZATION

In order to distinguish between our own operational footprint and our impact on the value chains we participate in, the topic of resource optimization is split into "internal" and "external" – see "Resource optimization down the supply chain" section further below. Our external impact is an estimation based on sales data and the relative performance of our systems vs. an industry benchmark.

Water discharge is also covered under a separate section due to its growing materiality

Our manufacturing footprint changed in FY2022 following the shutdown of our San Vittore plant in Switzerland in December 2021. The resource efficiency data for FY2022 reflects this change.

Overall production in FY2022 decreased by 10% to 418 983 metric tons (mt) in comparison to the previous reporting period. The primary reason for the reduction was the economic slowdown in the second half of FY2022.
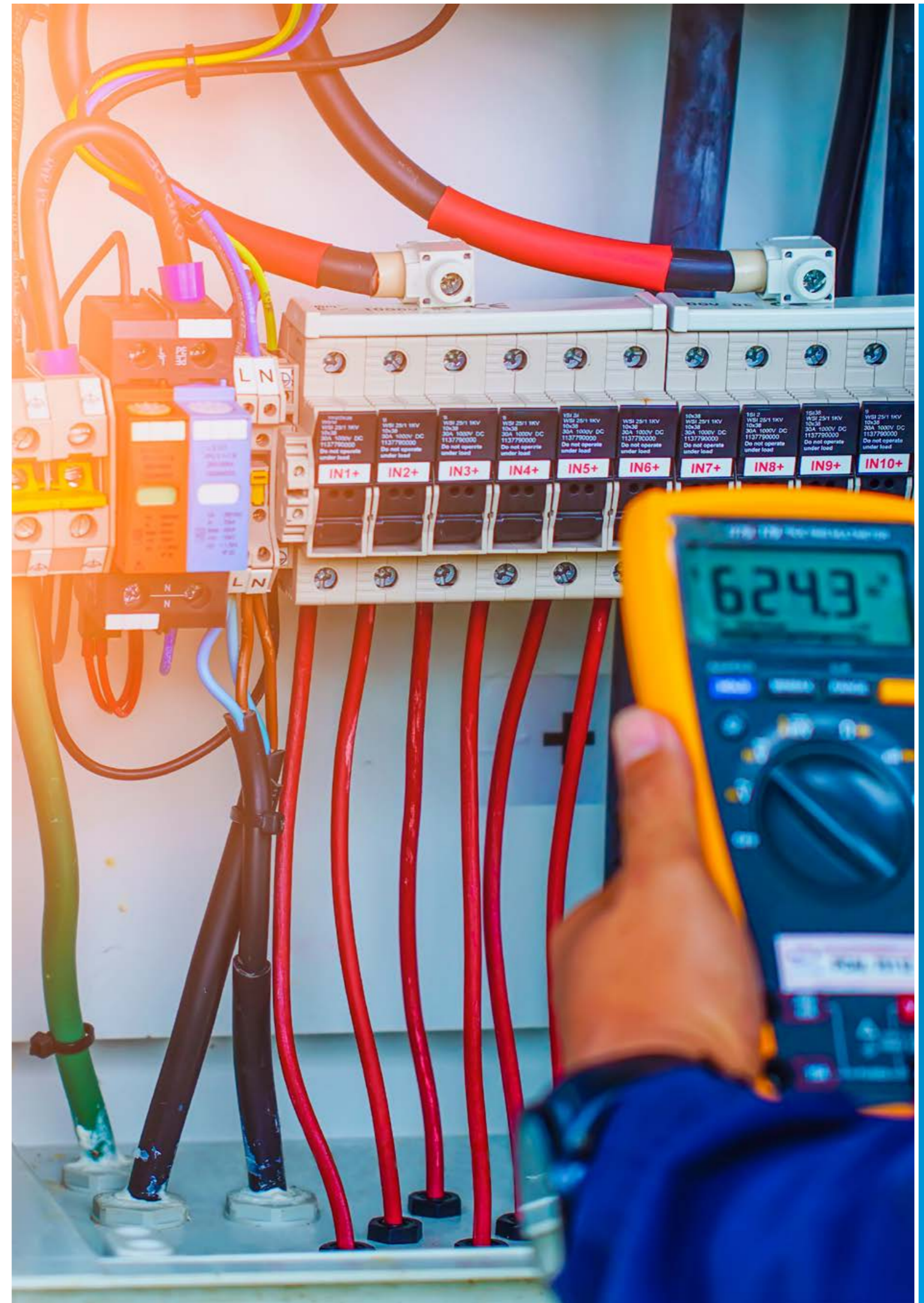
Energy

Energy is required for production and for running our global infrastructure. The energy sources are typically fossil fuels to generate heat, and electricity to run equipment and associated services, such as IT.

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

In order to calculate the quantity of energy consumed, amounts of fossil fuel, electricity and steam used are converted into gigajoules using the conversion factors provided in the GHG Protocol.

Energy efficiencies are closely monitored through our environmental management process, including annual targets set according to forecasted production plans. Individual production processes or installations are analyzed with respect to their energy requirements, and improvements defined to continuously reduce the energy intensity.

The total energy consumption at Archroma in FY2022 was 1 135 TJ (terajoules), which is 6% lower compared to FY2021. This equates to an average of 2.71 GJ per ton of finished product, which represents a 3% increase over the previous reporting period.

Our target for FY2023 - according to our 5-year plan established in 2018 – is to reduce our energy intensity to 2.42 GJ (gigajoules) per ton of finished product, which represents a 15% decrease compared to our baseline year FY2018.

The slight increase during this reporting period relates to product portfolio mix changes. However, we also completed, together with a third party, a focused initiative to further reduce the energy intensity. The study allowed us to implement some fasttrack optimizations but also to identify further improvement opportunities which, however, are often associated with considerable capital expenditure (CAPEX). The corresponding projects were included in the corporate 5-year CAPEX plan and will be prioritized considering both business and other stakeholder expectations.
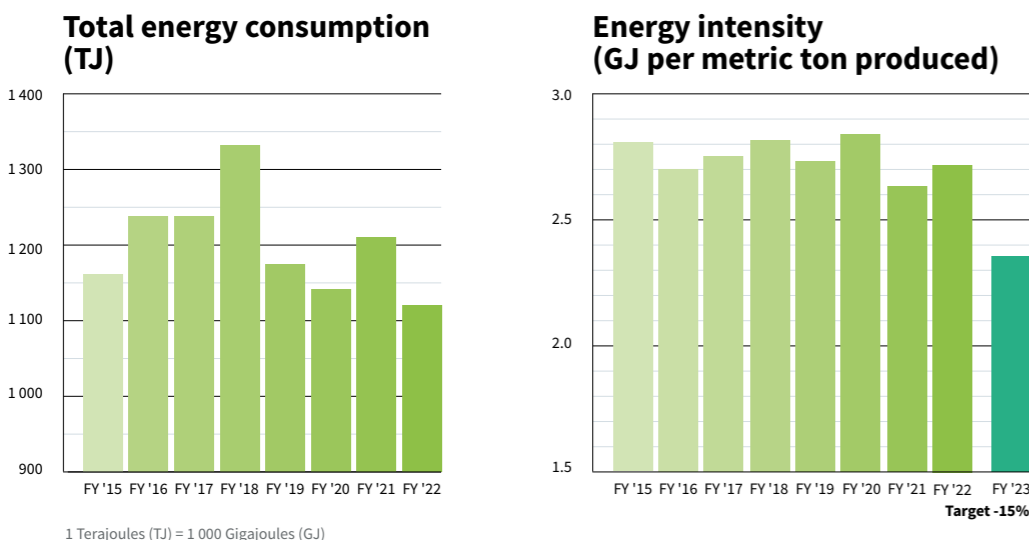
Water

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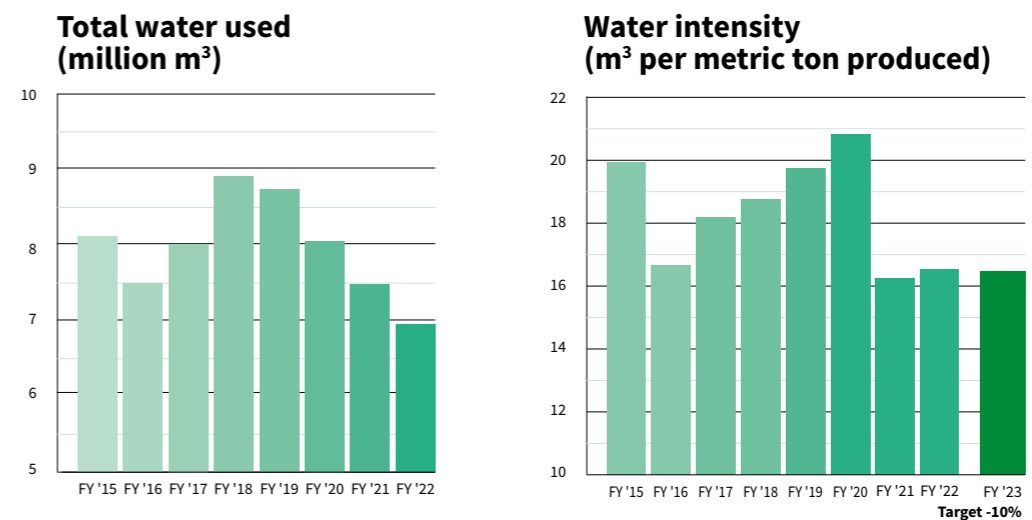
Water use is closely monitored within the environmental management process.

From a total withdrawal perspective, the total water intake in FY2022 was 6 939 212 m^3, while the incoming water intensity during the reporting period equates to an average of 16.56 m^3 per ton of finished product This represents a 2% increase over the previous reporting period for intensity and a decrease of 8% in absolute terms. It is worth mentioning that the product mix has a substantial impact on this indicator.

The relatively high intensity factor of most sites is largely a consequence (direct) of water-cooling. In this process, the water is withdrawn, used and discharged back into water courses unaltered. The respective production sites are not located in water stressed areas.

From a water consumption perspective (i.e., water which is predominantly used as ingredient), the intensity is 1.39 m^3 per ton of finished product. This represents a 64% decrease over the previous reporting period. This indicator varies depending on the nature of products manufactured, e.g., if they are liquids or dry formulations. However, the major difference in comparison to the previous reporting period is the inclusion of non-contact cooling water in the discharged water volumes.

Our medium-term target for FY23 is to reduce the incoming water intensity to 16.4 m^3 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. As these valuable resources become scarce and more expensive, we must help our customers find ways to sustainably reduce water and energy consumption, and to improve the quality of their effluents and emissions.

From products to systems

As process gains become more difficult to realize with a single product, we continue to find new ways to innovate by combining efficient products into systems, which become even more efficient in terms of 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 discharged by our customers.

Systems offering sustainable benefits such as resource savings, safer ingredients, durability of the effect, color and/or end-products, and contributing to a circular economy are monitored as a significant KPI in the Archroma group sustainability dashboard.

Archroma introduced its first systems in 2019, and to date the company has a portfolio of more than 80 systems, among which 54 specifically help our partners and customers to save resources.

In FY2022 alone, Archroma introduced 20 systems for textile applications such as fashion, sportswear, outdoor textiles, home textiles, automotive, etc., and 7 solutions for paper & packaging applications.

Of the 20 systems for textile applications, 19 are sustainable systems as per our above-mentioned criteria, and 12 are specifically offering resource savings (water, energy, CO_2), as estimated with our proprietary ONE WAY Impact Calculator, whilst bringing added value to the end article.

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.**

Transformation through data-driven approach

Archroma uses its award-winning ONE WAY Impact Calculator to quantify these reductions in impacts. This unique online tool allows mills 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 develop precise calculations of the potential savings achievable by converting to a more efficient product or system and/or 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 |
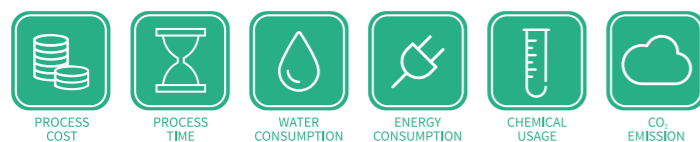
As demonstrated by ONE WAY Impact Calculator

IMPACT CALCULATOR
ONE WAY
by ARCHROMA
LIFE ENHANCED

Supporting the energy market challenges

In FY2022, in the context of the energy crisis, we introduced systems specifically designed to address the challenges of our customers, such as CONSCIOUSLY DEEP, a metal-free one-step scouring and dyeing system for medium to very dark colored nylons, which allows to save up to 46% energy and reduce CO_2e emissions by up to 41%.

Another example is DEEP TRAIL, a one-step scouring and dyeing system for medium to very dark polyester knits, which allows up to 38% energy savings. Using the ONE WAY tool, we calculated that if 40 million polyester t-shirts would be produced using this system, we could save the same amount of carbon as the carbon absorbed by >38.3 km^2 of forest in one year**.

Still images from video
(https://vimeo.com/771487135)
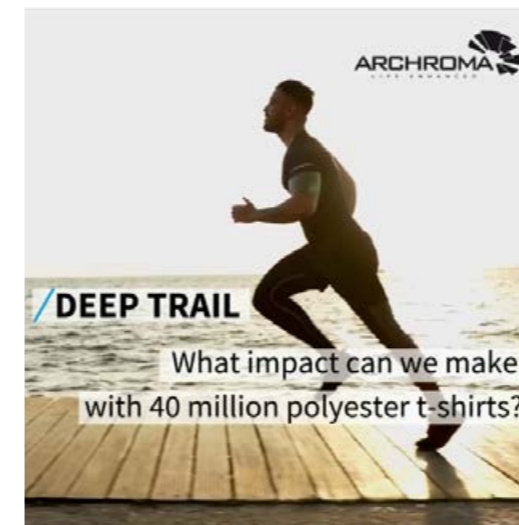
Monitoring positive impacts

We also use the ONE WAY Impact Calculator to monitor our overall positive impacts down the value chain. For instance, based on our FY2022 sales of systems for cellulosic-based textiles and fashion, we helped save approximately 1 167 182 m^3 of water, avoid 62 513 193 kg of CO_2e, and to divert 166 725 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 >82 800 000 trees between 2014 and 2022, and 3 800 000 trees in 2022 alone, which equals to >96 000 tons of carbon capture capacity per year.

*   See https://www.worldatlas.com/articles/how-many-trees-does-it-take-to-make-1-ton-of-paper.html
** See https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

CLIMATE CHANGE

Greenhouse gas (GHG) emissions management and reporting is included in our overall environmental management process. Emissions per production site are consolidated into tons of carbon dioxide equivalent (tCO$_2$e) both in absolute amounts and in terms of intensity (emission per unit of finished product). Data is gathered monthly from our production sites and consolidated centrally, forming the basis for monitoring against, and if necessary, corrective actions towards the annual targets. Conversion and emission factors used for the report were developed in consultation with the Greenhouse Gas Protocol developed by the 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 CO$_2$e emissions will be relatively low.

Scope 1 and scope 2 GHG emissions for FY2022 amounted to 79 192 tCO$_2$e. This represents a 9% reduction compared to FY2021 (86 694 tCO$_2$e) and a reduction of 24% compared to our baseline year FY2018 (104 624 tCO$_2$e). Key factors for the achieved reduction were besides ongoing efforts to switching to renewables, continuous process optimization initiatives and product portfolio changes.

Scope 1 emissions amount to 39 232 tCO$_2$e, representing 49.5% of the total scope 1 & scope 2 emissions. Of this amount, 35 977 (91.7 %) 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 39 960 tCO$_2$e, representing 50.5% of the total scope 1 & 2 emissions. Of this amount, 32 640 tCO$_2$e (82%) is derived from purchased electricity, the remaining 7 320 tCO$_2$e from purchased steam.

In addition to absolute emissions, we defined "CO$_2$e intensity" as a key indicator (see graph below). From the next reporting period onwards we will disclose our annual reduction targets and respective actions to achieve these.
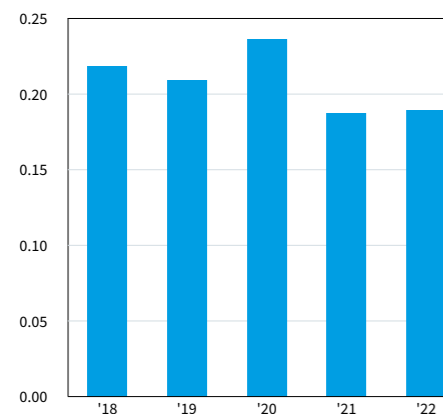
We remain committed to the net zero journey we embarked on in 2018, and to achieving further significant reductions in our GHG emissions, while continuing to meet the expectations of our stakeholders. We joined the Science Based Target Initiative (SBTi) in October 2021 to underpin this ambition and ensure the robustness and adequacy of our targets and reporting methodology. In order to comply with the latest SBTi and Scope 3 guidance for the chemical industry (to be released before the end of 2022) and in view of the strategic acquisition we are completing at the time of writing this report, we will review and update our 2030 targets during the next reporting period.

Scope 3 target setting and data collection are key elements of this ongoing effort. During this reporting period, we collaborated with 3rd party experts such as the Swiss foundation myclimate to define our boundaries, and with process mining specialists from Celonis to generate initial data sets for transport emissions.
We fully acknowledge the critical importance of scope 3 emissions and are committed to disclose our progress in the next reporting period.

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 our respective energy providers.
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.

CO$_2$e Intensity [tCO$_2$e/t]

BIODIVERSITY

Biodiversity is critical to maintaining the quality, resilience and quantity of the natural assets that both business and society rely upon. The potential impact of our activities on biodiversity in our various locations is important to us and other stakeholders such as NGOs and local communities. Therefore, we seek to understand, avoid and respond to any potential impacts our activities may have on biodiversity. We also look for opportunities across our operations to make a positive contribution to conservation. For example, most of our major locations manage trees as a core asset, underpinning our commitment to maintaining biodiversity.

Although none of our production sites are within biodiversity areas, as identified by the World Database of Key Biodiversity Areas (http://www.keybiodiversityareas.org/home) we remain sensitive to biodiversity. 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 these sites that could pose a threat to any endangered species, and therefore no additional preventive measures have been initiated. We remain extremely vigilant to ensure that no such incidents or activities occur at any of our sites.

CIRCULARITY

Archroma actively contributes to a circular economy, by evolving from linear (take, make, discard) to circular (reduce, reuse, recycle) manufacturing processes, material flows and products.

Please refer to the next section on "waste", where we report our commitments and impacts on circularity according to the revised GRI 306 "Waste 2020" (effective January 2022). Our concrete actions, including measures to prevent waste generation and to manage material impacts from waste generated include:
- Reducing the use of finite raw materials by procuring secondary or renewable materials; e.g., recycled or reconditioned packaging materials such as intermediate bulk containers (IBC) or substituting substances that have hazardous characteristics with non-hazardous substances: For example, we replaced chlorinated organic raw materials with agricultural waste to produce our EarthColors®;
- Engaging in or setting up industrial symbiosis, by which one 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 stickiness 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 a particular salt containing waste in their processes, thus avoiding landfilling of hazardous waste.
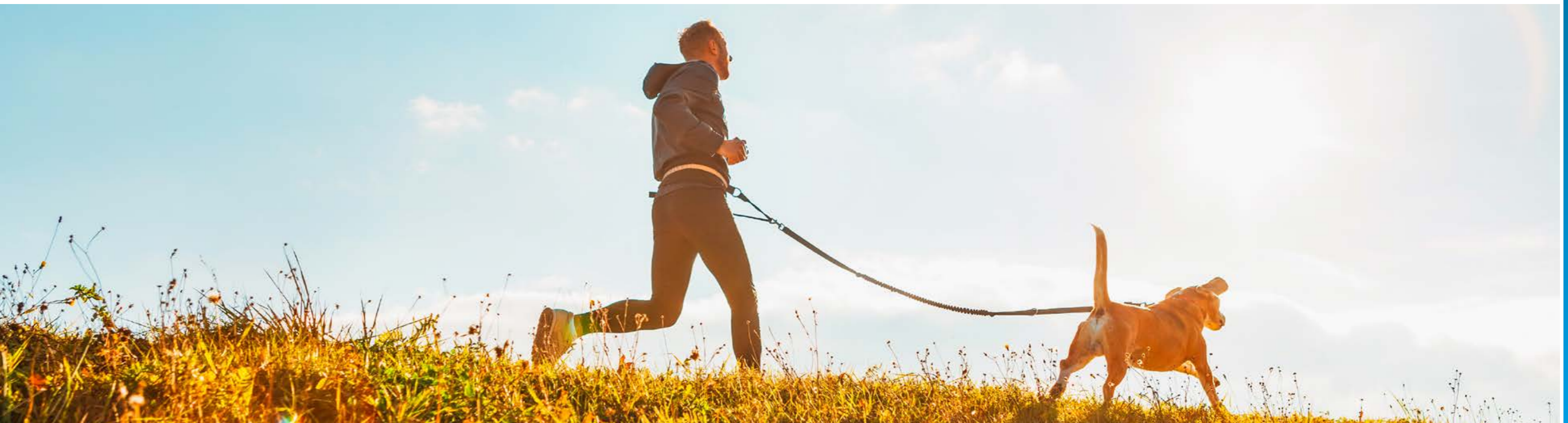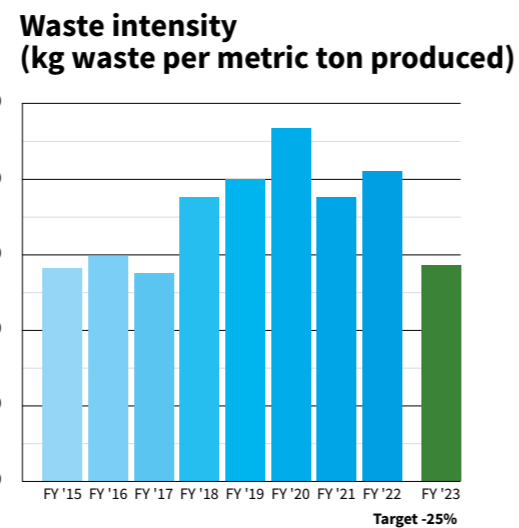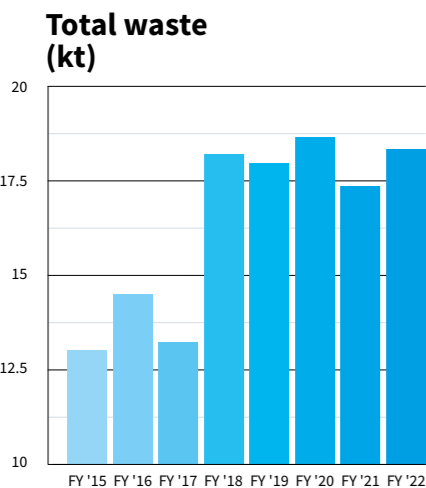
WASTE

Waste generation is typically related to the nature and complexity of the manufacturing process. The higher the yield of a process, the lower the generated waste. Raw materials packed in small bags or drums create a high amount of waste while materials delivered in bulk generate practically none. In Archroma waste is avoided, reduced, recovered and reused wherever possible. However, in some cases waste, both hazardous and non-hazardous, is generated which cannot be recovered or reused and is consequently disposed in an adequate and legal compliant manner.

Using the "atom economy" principle (see the 12 "Principles of Green Chemistry" page 42), processes are continuously optimized by the Archroma teams to increase yield and to avoid or reduce waste.

Our total waste generated in FY2022 was 17 840 tons. This represents an intensity of 41.57 kg per ton of finished product, a 10% increase over the previous reporting period due to product mix changes, stock clearing measures and an exceptional disposal measure which represented 452 tons waste. The waste intensity without this exceptional disposal measure would be 41.5kg/ton of finished good produced.

Our target for FY2023 is to reduce the waste intensity to 28.5 kg per ton of finished product which will represent a 25% reduction compared to the baseline FY2018.

Total waste (kt)

Waste intensity (kg waste per metric ton produced)


Target -25%

Hazardous and non-hazardous waste management

Hazardous substances classification and management of adequate disposal routes remains an absolute priority. The classification of waste is done, and the resultant disposal methods are defined according to the specific national regulations governing every production site. There was no transboundary transport of waste.

Archroma launched in the fourth quarter of FY2021, together with a third party, a focused improvement initiative to accelerate the waste intensity reduction. The study identified a number of improvement opportunities in the area of packaging waste, wastewater sludge and liquid waste which will be adressed from FY2023.

Waste management is part of the overall Archroma environmental safety management process. Wherever possible waste processes are being analyzed and assessed to identify opportunities to be recovered and/or reused and recycled.

On the total waste generated during FY2022 60% (10 725 metric tons) was classified as hazardous.

Total waste

- Non hazardous
- Hazardous

17 840 metric tons
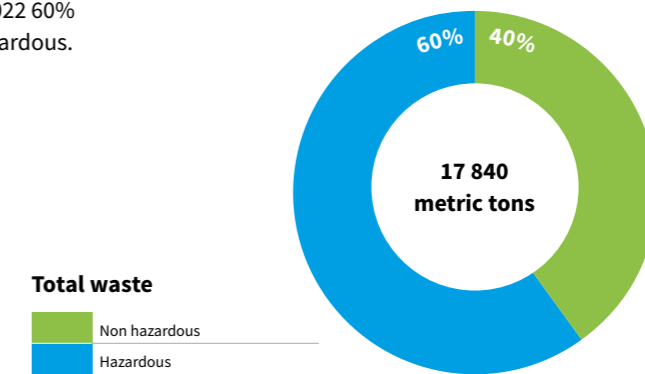
Of the total waste 28% (4 964 metric tons) were disposed by incineration, 33% (5 899 metric tons) were disposed to landfill, 28% (5 015 metric tons) were reused, recovered or recycled, and 11% (1 943 metric tons) were composted or upcycled.

Of the hazardous waste, 43% (4 558 metric tons) were disposed by incineration. Some hazardous waste, 8% (844 metric tons) was disposed in appropriately licensed landfill locations and 18% (1 943 metric tons) were upcycled. In FY2022 the landfilled hazardous waste volumes were reduced by 20% compared to the previous reporting period. The major driver for this reduction was the Ankleshwar plant in India where again substantial volumes were upcycled.

Non hazardous waste

- Incineration
- Landfill
- Reuse/recycle/recover
- Other

7 115 metric tons

Hazardous waste

- Incineration
- Landfill
- Reuse/recycle/recover
- Other

10 725 metric tons
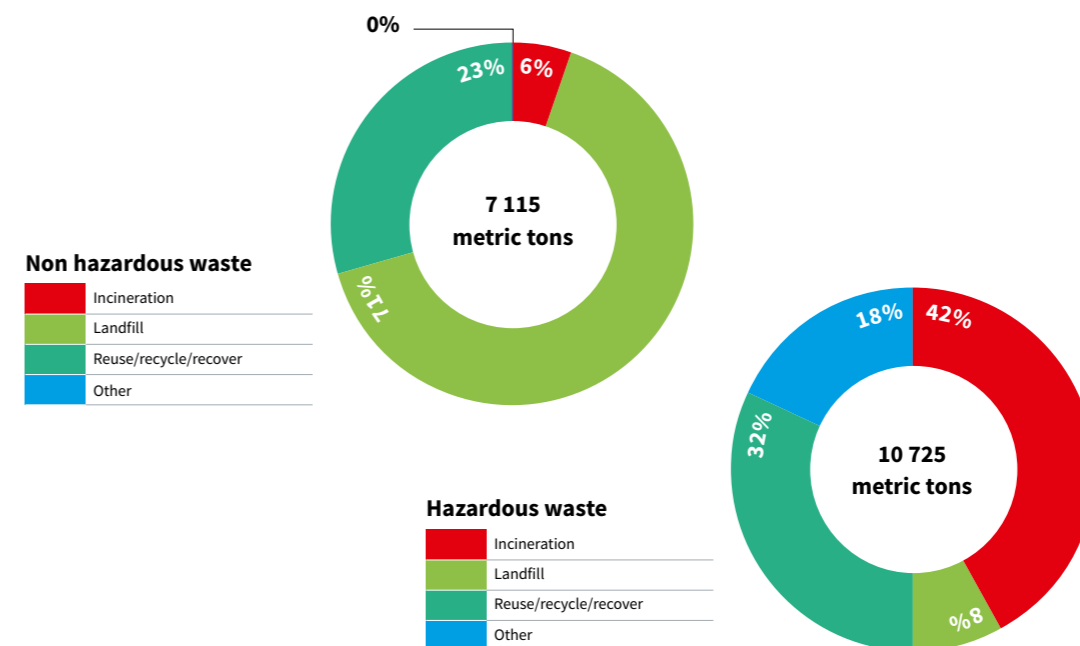
WASTEWATER MANAGEMENT

Water discharge into open water courses is an important environmental topic. It is a basic requirement that any manufacturing industry should discharge water back into the ecosystem without additional load. Therefore, an effective effluent treatment is key to all stakeholders.

We are proud to highlight the positive influence of our sustainable systems on our downstream customers' wastewater management. Fore more details please see pages 50/51.

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

During the reporting period, Archroma discharged a total of 6.4 million m³ of water. 82% of this volume was discharged to surface water, after suitable treatment to ensure conformity to the local regulations. The remainder is primarily discharged to third party effluent treatment sites for further processing before being discharged to surface water. The total discharge represents 92% of total incoming water.

4%

96%

8% **92%**

6.93 million m³

Total water use

- Discharged
- Consumed

Water consumed

- Non Water Stress
- Water Stress
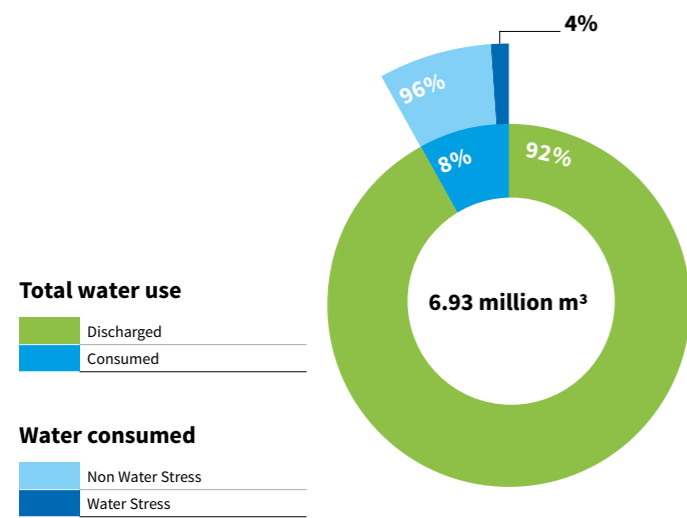
There were no incidents of significant spills during the reporting period. There were no cases of any water bodies/habitats significantly affected by water discharges and/or runoff during the reporting period.

INNOVATION FOR GOOD

Fostering nature-based chemistry

There are two main avenues to create more sustainable consumer goods and products for the end-users: Use safer ingredients and/or optimize the production process to save resources such as energy and water and reduce our green gas emissions.

Archroma continuously explores the possibility to use more natural and renewable raw materials in its formulations, aiming to foster circularity by supporting e.g., the recyclability and biodegradability of the end-product.

In particular, Archroma introduced in FY2022 two new products partly made with plant-based active content.

Siligen® EH1, a vegan textile softener made with 35% plant-based active content

In February 2022, Archroma introduced a new vegan silicone softener, Siligen® EH1, made with more than 35% active content from plant-based, renewable raw materials.

Siligen® EH1 is ideally suited for shirts, underwear, sportswear, towels, bed sheets, etc. as it provides an excellent wearing comfort by supporting a good moisture transportation and delivering a smooth and soft touch.

The product meets the requirements of ecolabels such as ZDHC, bluesign and GOTS 6.0, and features ultralow cyclic siloxanes (D4, D5, D6 which are classified by the European Chemicals Agency as "Substances of Very High Concern" due to their very persistent and bioaccumulative properties).
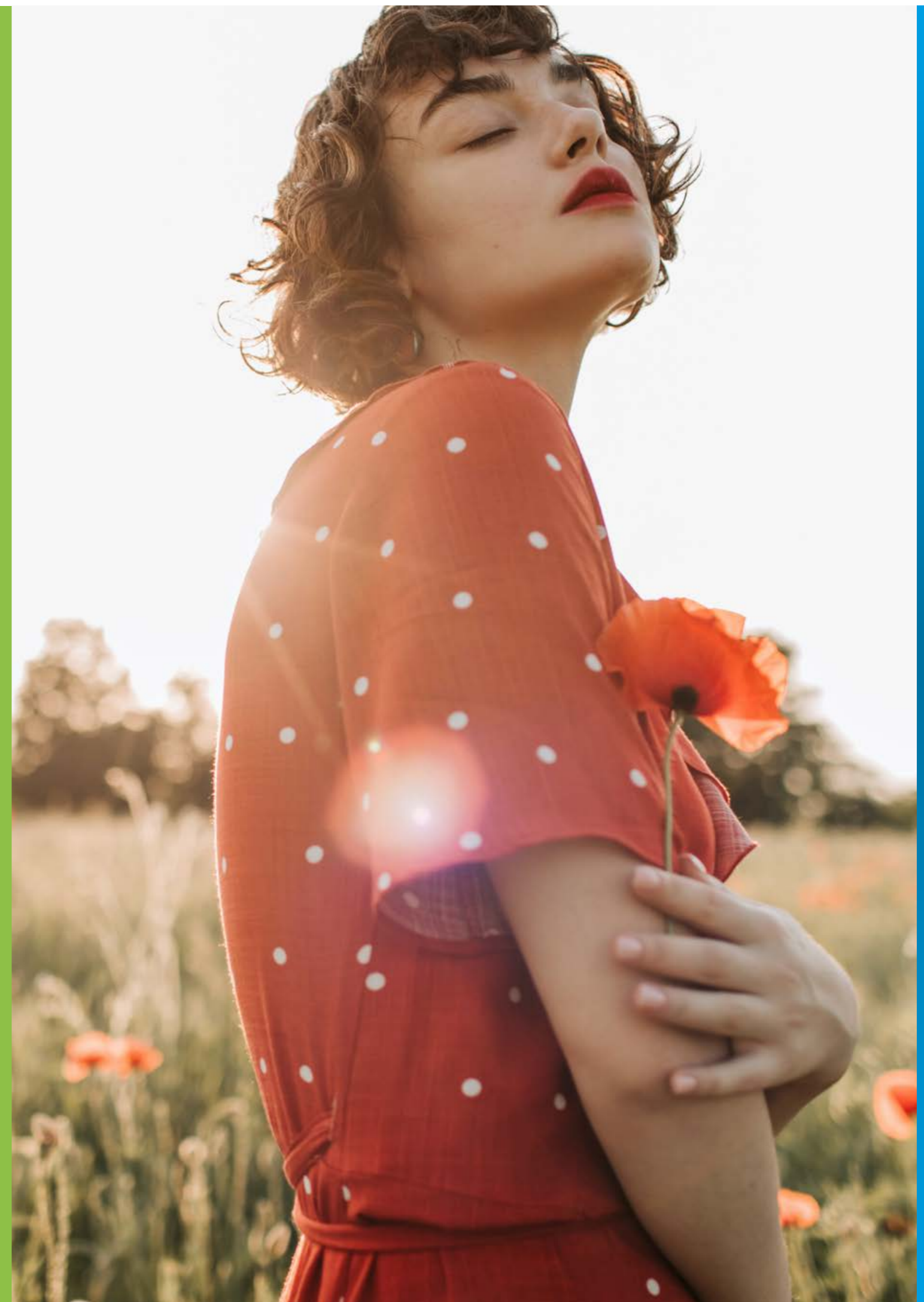
Appretan® NTR, a nature-based polymer for food contact binders & barriers

In 2019, Archroma introduced a ground-breaking innovation, Appretan® NTR, a binder made with 30% active content based on natural, renewable raw materials. This first product was designed for use in nonwoven articles such as tea bags and coffee filters.

The second product in the range was introduced in 2021 with a higher level of natural, renewable raw materials at 40% of its active content, and allowed an option for articles that require a soft handfeel, such as nonwoven cleaning rags.

In 2022, Archroma decided to explore the properties of Appretan® NTR for paper-based applications, and formulated it so as impart barrier properties to selected types of food packaging. Appretan® NTR can be used to provide a more sustainable barrier option for food packaging used with a short contact time, such as burger or sandwich paper wraps.

Appretan® NTR does not impact the recycling process negatively. It is the next big step to create a more sustainable food protection barrier that is not based on plastic.

Appretan® NTR is compliant with the food contact regulations of BfR and FDA, as well as with the requirements of bluesign, GOTS 6.0, Oeko-tex Standard 100, Blue Angel, Nordic Swan and EU Eco-Flower. The range does not contain biocides or APEO, and does not release formaldehyde.
The Appretan® NTR products have a biodegradability of over 80% (according to OECD Test 302) and are compostable in 12 weeks (according EN13432:2000-12).

SOCIAL

CREATING VALUE FOR OUR EMPLOYEES,
PARTNERS AND SOCIETY AS A WHOLE

IMPACT STUDY:
CAN WE MAKE COLORFUL PACKAGING, PAPER & TISSUE THAT ARE COMPOSTABLE?

We all prefer to use disposable paper products that can be composted into healthy soil. However, whilst colored packaging & paper will disintegrate during composting, they can contaminate the soil if the right dye is not selected.

Archroma continuously explores the possibility to foster circularity by supporting e.g., the recyclability and biodegradability the end-product.

As part of these efforts, in FY2022 Archroma introduced DOWN TO EARTH, a coloration system for paper that is easier to recycle into soil without harming the environment.

The DOWN TO EARTH system solution combines dyestuffs and fixatives selected for their coloration performance and durability, to create color paper, tissues and packaging that are easier to recycle into soil, being compliant to compostability standards* and certified for industrial compostation.

In addition, the system can be used for food contact applications, and it is compliant with BfR and EU Flower, certified for Blue Angel, and REACH registered.

'SAFE' WITH:
Archroma's DOWN TO EARTH system

BLUE ANGEL COMPLIANT · NORDIC SWAN COMPLIANT · EU FLOWER COMPLIANT · BPR APPROVED · REACH REGISTERED

SAFE

'ENHANCED' WITH:
DOWN TO EARTH system

INDUSTRY LEADING · COMPOSTABLE · EXCELLENT BLEEDFASTNESS · RECYCLABLE · IMPROVED BACKWATER · PLANET-CONSCIOUS

ENHANCED

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 elevated temperatures and pressure, and waste streams that require specific treatment before being discharged.

Safety is our first and foremost priority in everything we do, aiming to protect our people, local communities, our assets and the environment. Archroma operates according to the principle that all employees and partners of Archroma are collectively responsible for safety. The company follows the principles of 12 "Life Saving" rules (see below), 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 <0.2 per 200 000 hours worked. In total five reportable injuries occurred in FY2022. This is a decrease over the previous reporting period when in total eight reportable incidents occurred. The TRR target for FY2023 is less than 0.2 injuries 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
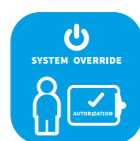
OBTAIN AUTHORIZATION BEFORE OVERRIDING OR DISABLING CRITICAL SAFETY EQUIPMENT

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
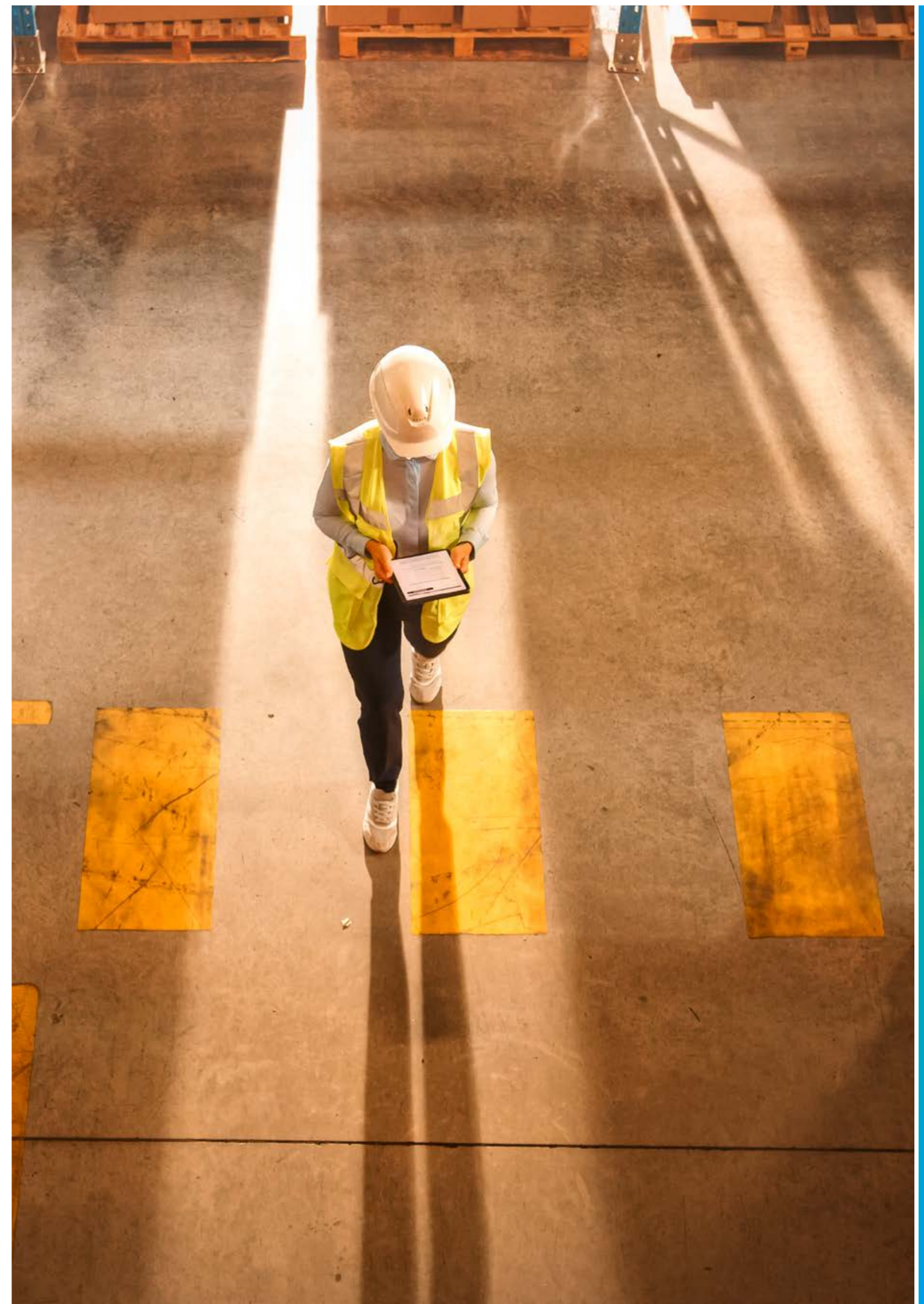
Occupational health & safety risk and emergency management

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 minimize 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, chemicals handling and personal injury. This risk profile is updated annually, or ad hoc when a manufacturing process is added or modified on the site.

Each Archroma location 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 a safety 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 safety 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 FY2022, 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, health and environmental (SHE) audits**
Site SHE audits are scheduled on a 3-year cycle. These audits are conducted over one week by two 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 FY2022 we have conducted a total of eight SHE audits with at least one auditor on site during the audit.

Health

We continued to monitor the COVID-19 development on local level. Local emergency teams were fully empowered to take appropriate actions considering local legal and public health guidance, with weekly reporting to Global Operations and Global SHE.

Specific employee health improvement initiatives are managed on a local level at the sites. In FY2022 we continued a program conducted by an external health expert focusing on general health topics.

CONSUMER PRODUCT SAFETY

It is of highest importance for our stakeholders along the value chain and for us at Archroma to ensure that products which are used in manufacturing processes do not pose a health and safety risk to the users and final consumers. Environmental health is covered under the topics of "Climate change", "Resource optimization", "Waste" and "Wastewater management".

The role of Archroma's Product Stewardship organization is to secure that any potential hazardous chemical risks are being identified and controlled as early as possible. Deep knowledge of current and future regulatory requirements, often specific to countries and regions, is essential to meet this prerequisite. Several value chain stakeholders (consumers, brands, NGOs) constantly influence the market demand. This might finally lead to an alteration of the specification which is crucial to manage the risk of the respective chemistry as it might pose a hazard risk to consumers and/or the environment. All these factors must be monitored, identified, gathered, consolidated and communicated to all internal stakeholders to safeguard that product design, innovation, registration, production and the resulting application conforms with these changing requirements.
We also realize that there are enormous challenges ahead of us with view to 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 5 000 substances falling under the scope of these planned restrictions. On the other hand, these changes also represent a vast opportunity for substitution and the transformation of our portfolio.

The Product Stewardship organization is the gatekeeper in the raw material sourcing and production processes and committed to deliver the highest standard of product stewardship in our industry. 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. Hence, we have invested in a dedicated global team, trained and qualified with the required scientific knowledge to accompany compulsory regulatory support processes and compliance certifications required by the market.

Archroma is particularly dedicated to developing products in compliance with the major eco-labels or other third-party certification requirements of our industries, and to transparently communicate their status in our supply chain.

For this reason, Archroma developed and launched in March 2021 the "Safe Edge", an online portal unique in the chemical industry, allowing instant compliance checks of a given product against standards such as bluesign, Global Organic Textile Standard, ZDHC, Cradle to Cradle, Nordic Swan, Blue Angel, or for products that are suitable for food contact applications or compliant with the REACH regulation for example. For details, please also see pages 112-115.

In FY2022, 90% of our overall textile sales in the fashion and home end segments were approved by key third party certifiers such as GOTS, C2C, ZDHC or bluesign, and thus classified by us as sustainable. These standards are widely used by fashion brands and retailers for instance due to their 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.

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 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.

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 we are able to 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 (ILO) 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 has a very 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 foster 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 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 Leadership Team 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 are regularly used.

As a multinational company with 55 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 to all their employees including the highest governance body and senior executives. This compensation 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 our compensation and benefits for permanent and temporary employees are in line with local legislation.

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 FY2022, the bonus payout for AGIP scheme will be paid to the top 30% performers and the payout will be between 60 and 80% of target.

Archroma globally uses survey data from Mercer and Aon Hewitt to ensure to have competitive market data for building salary ranges. The resulting data enable us to carry out regular assessments to safeguard that we always stay above the minimum local wage. Archroma does not have workforce paid at or below minimum wage.

Overall, Archroma achieves above average performance with view to our compensation as well as benefits, and regarding the procedure to recruit, motivate, and retain the highest governance body members, senior executives, and other employees. Our remuneration policy further empowers the organization's strategy, contributes to sustainable development, and allows us to align with our stakeholders' perspectives.

Key pillars of Archroma's renumeration strategy:

- **Pay-for-performance:** This is the basic underlying principle of all our compensation & benefits plans and processes.
- **Global consistency, local execution:** We strive for globally consistent compensation and benefits plans and processes. Responsibility for execution resides in the local level.
- **Balance of external competitiveness and internal equity:** We will make sure that our pay package is attractive to attract the employees we need, without neglecting internal fairness.
- **Total rewards:** We aim to provide our employees with more than just pay; our strong values, our´ commitment to sustainability, being a leader in the industry and interesting career opportunities are other important components of our total reward environment.

We recognize how important our people are and that a successful future for the company depends on motivating highly talented employees from diverse backgrounds and cultures.

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 a fair compensation.

2022	Ratio of basic salary and renumeration of women to men
Senior executive (A-B)	119,09%
Senior management (C-D)	96,98%
Middle management (E-F)	85,89%
Junior management (G-H)	107,13%
No management (I-J)	145,96%
Total	119,90%

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.

During the reporting period, Archroma published a homeworking guide recognizing that home office can be mutually beneficial for individual employees and for the company. Archroma strongly believes in promoting an improved work/life balance which is equally supported by this new policy.

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, world view and gender.

Our aim is to:

- Generate 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. Our Compliance Committee oversees the assessment and remediation plan in case of an incident of discrimination. In the reporting period we did not have any incident of discrimination on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the ILO, or other relevant forms of discrimination involving internal and/or external stakeholders across operations.

Archroma values diverse and talented colleagues and supports them so that they can leverage their full potential. We see value in a diverse environment of various nationalities and cultures. There are 57 nationalities working in Archroma which is representative of our geographical reach.

Number of nationalities

Nationality	Count
Spanish	394
Chinese	339
Indian	272
Brazilian	269
Pakistani	258
German	249
American	140
Indonesian	131
Mexican	125
French	93
Thai	67
Argentinian	56
Egyptian	52
Chilean	48
Turkish	37
British	31
Other	244
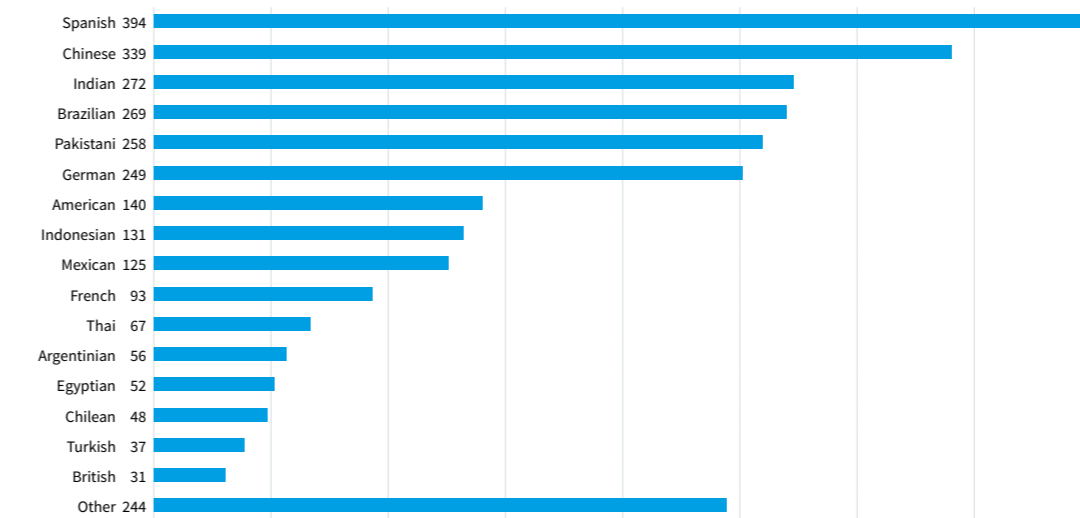
Gender diversity profile by Business Cluster

Business Cluster	Men	Women
Asia Pacific	435	186
Europe	652	228
India	242	22
Latam	420	113
MEA	61	23
Noram	112	41
Pakistan	252	6

Men
Women
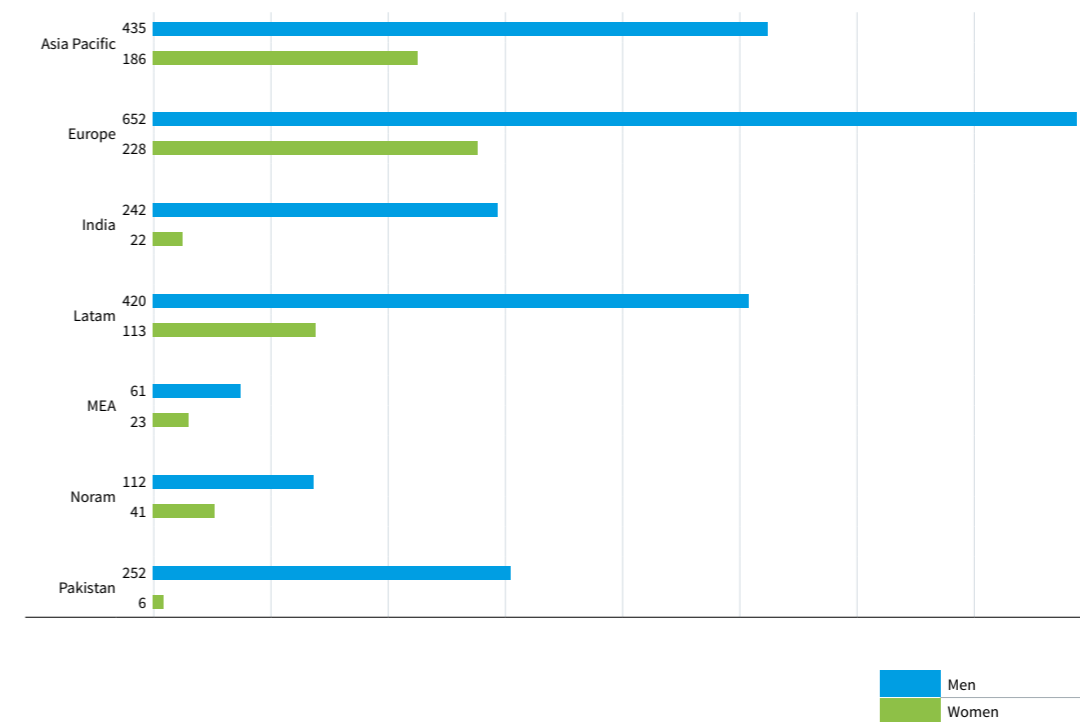
We have 2 806 employees working across seven Business Clusters, who are actively engaged and driving our business forward. 22% of the workforce comprises women. This ratio has increased by 1% in comparison to the previous reporting period.

We have a balanced representation of women at all levels of the workforce, including leadership roles. For Archroma, management includes Senior executive, Senior management, Middle management and Junior management positions. The positions are classified accordingly with job levels that are defined using the JobLink™ methodology for job evaluation that was developed by Aon Hewitt, a globally recognized compensation and benefits consultant firm.

The governance body has a representation of 40% women and 60% men, 30% of the group are between 30 and 50 years old and 70% are more than 50 years old.

Women leaders play a critical role in the management of Archroma and represent 32% of the total management category, the ratio has increased by 1.3% compared to the previous period. Thus, we exceed our target FY2022 by 0.3%.

The increase of female representation in our management is part of the ambitious sustainability targets for FY2023. Our target for FY2023 is the increase of this ratio by 1%.

It is of utmost importance to Archroma to attract and retain our female talent. To this end, a group of 28 Diversity & inclusion (D&I) ambassadors were nominated during the reporting period to represent the countries and support global and local initiatives.

Employee profile by gender and age group

1 040 · 227 · 1 539
2 185 · 621

Legend:
Men
Women
< 30 years
30 - 50 years
> 50 years
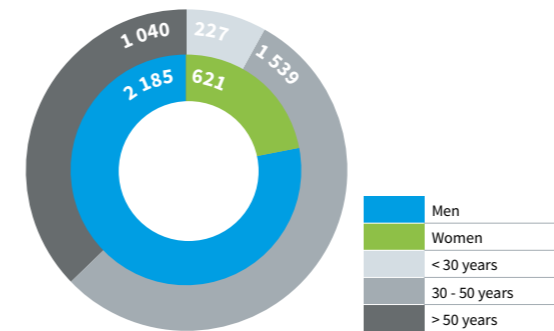
Employee structure by seniority level

Senior executive (10)

1 314 · 129 · 473 · 880

Legend:
Senior executive
Senior management
Middle management
Junior management
Staff
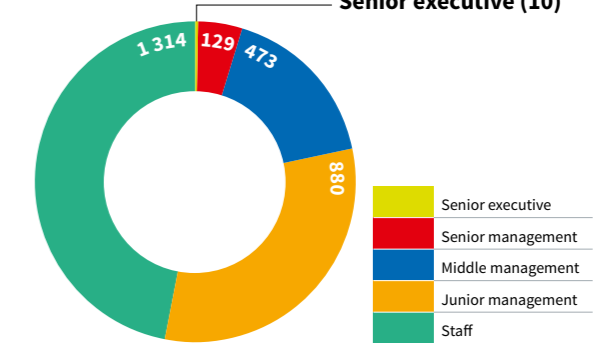
Gender and age profile - governance body

7 · 3
6 · 4

Legend:
Men
Women
< 30 years
30 - 50 years
> 50 years
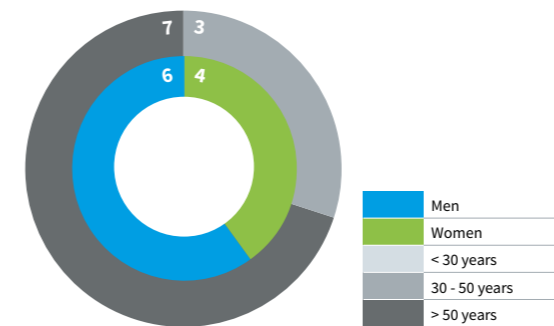
Gender and age profile - management

582 · 67 · 843
1 016 · 476

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

Gender and age profile - staff

458 · 160 · 696
1 169 · 145
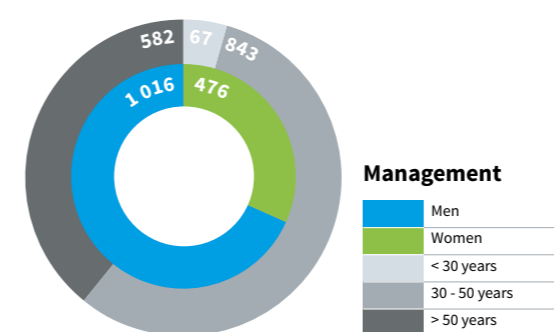
Staff
Men
Women
< 30 years
30 - 50 years
> 50 years
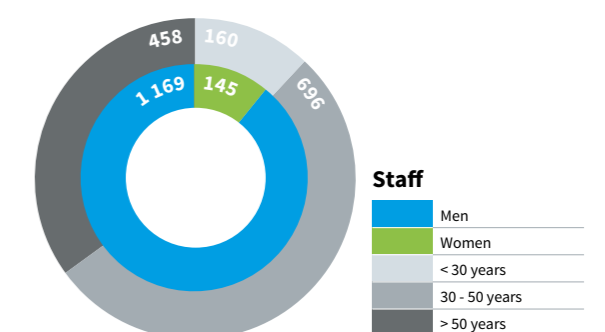
TALENT MANAGEMENT

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 increased from 2 756 in FY2021 to 2806 in FY2022.

We hired in total 231 new employees in FY2022 of which 36% were under 35 years old and 37% were female, the latter representing an increase of 12% versus FY2021. 92% of these new employees were hired with permanent contracts. Overall, permanent contracts are in place for 98% of all Archroma employees.

129 of the newly hired employees are managers, 63.6% come from local communities while 45% are women. As a result of the increased number of employees from FY2021 to FY2022, especially regarding females and junior management, in FY2022 we had a general positive turnover rate of 1.3%. The turnover represented 5.6% for management positions and 3.2% for staff positions.

New hirings by gender and Business Cluster

New hirings by age and gender
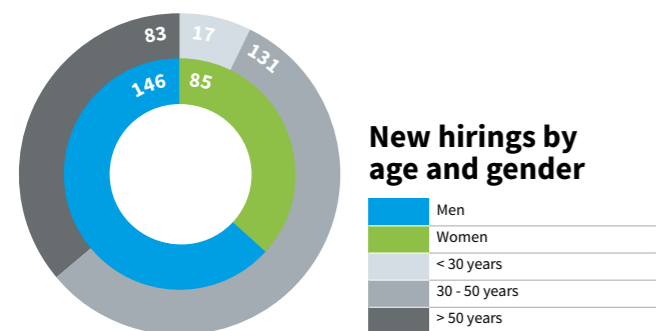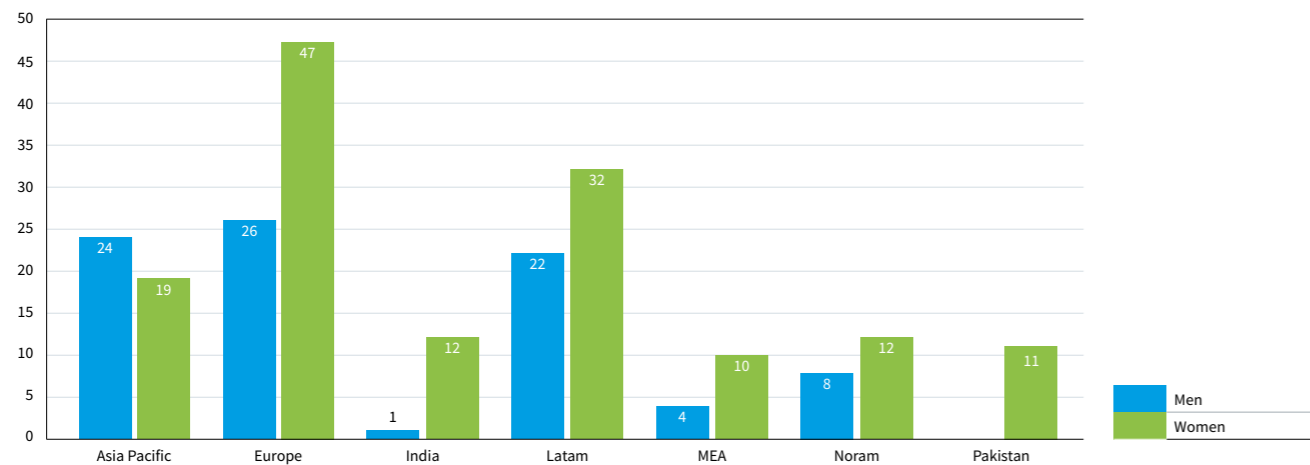
Performance management

Our performance management process has two components: a tangible or "what" component, describing a specifically desired result in line with the company objectives which is shared with all our employees. Secondly, there is a behavioral component i.e., "how" to achieve the results.

There is a bi-annual evaluation cycle for performance management in place. 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 Leadership Team.

In FY2022 we have introduced the career development section in our performance management process. With the help of this new career development plan Archroma employees can set career goals, create a personal action plan and a roadmap to determine ways to achieve these goals. This could include education programs, trainings and growth enhancement activities pursued to obtain correct guidance and scheduling.

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

Performance review participation in FY2022

Employee Group	EE Gender	Review done no	Review done yes	Total general	% with review
Senior executive	Women	2	1	3	33.3%
	Men	4	2	6	33.3%
Total Senior Executive		**6**	**3**	**9**	**33,3%**
Executives	Women	1	23	24	95,8%
	Men		98	98	100,0%
Total Executives		**1**	**121**	**122**	**92,2%**
Middle management	Women		109	109	100,0%
	Men	2	331	333	99,4%
Total Middle Management		**2**	**440**	**442**	**99,5%**
Junior management	Women	2	278	280	99,3%
	Men	1	490	491	99,8%
Total Junior Management		**3**	**768**	**771**	**99,6%**
Staff	Women		97	97	100,0%
	Men		550	550	100,0%
Total Staff		**0**	**647**	**647**	**100,0%**
Total general		**12**	**1979**	**1991**	**99,4%**

Note: these figures are based on midyear FY2022 eligible population. Therefore, does not include workers without AGIP and new hires (hired on or after October 1, 2021)

We believe that feedback is essential to drive alignment and motivation within our organization. As described above, goal setting at all levels of the organization is driven by the annual operating plan and based on the principles of "what" needs to be achieved and "how" results can be realized.

Talent development

Our development process addresses four aspects:

1. Skills

2. Capability

3. Leadership

4. Mindset

1. 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 trainings required to bridge the skills gap which can be for individual employees or groups. These training initiatives tend to be organized locally and managed by the local leadership.

2. 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.

3. 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.

4. Mindset, particularly the strengthening of a growth mentality, continued to play a significant role and has been again actively promoted in our organization. In the reporting year, we specifically targeted the area of customer & market focus. Accordingly, a new commercial excellence training program for our sales managers has been implemented in FY2022 to further develop commercial competences and the capability to incorporate our commercial strategy. Sessions were held in all Business Clusters. In total 335 sales managers carried out such trainings focusing on customer centricity accumulating to a total of 16 hours per participant.

The Archroma Leadership Team 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 and sustainability roadmap.

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

Training and development (T&D) is a joint responsibility between individual employees, supervisors/ management and Archroma. It 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 for instance by partnering with specialist training and technology companies for design support. Specific trainings on human rights are currently not foreseen. Our business, which consists of the manufacturing, selling and marketing of specialty chemicals, tends to be capital rather than labor intensive. But the topic is fully integrated in the Archroma Code of Conduct trainings which has been tailor-made for the nature of our business and the markets in which we operate. The training is carried out an annual basis for all employees.

In FY2022 we organized worldwide trainings, such as:
- Commercial excellence training program (CETP 2022), above mentioned;
- A complaint management program with eight modules with a total of 18 hours oriented to the sales force and support functions;
- Data governance and analytics for employees involved in planning and production processes;
- Data Protection training oriented to 1400 managers and HR managers.

In addition, a total of 1 237 hours of training were organized for a total of 447 employees in FY2022 for our "MAKEXPERT" operational excellence program presented by the Archroma Academy.

Furthermore, an English language training is organized every year, and in the reporting period allowed to improve the language skills of more than 130 employees around the world. Other languages such as Spanish, German, French are offered for several countries according to the local needs.

In FY2019 we introduced a learning module within "MyHR", which is the online HR management system of Archroma. The mid-term target is to ensure that 90% of all employees attend an online Archroma Academy training module by the end of FY2023. In this context 33 new computers were installed in different strategic locations at the sites, plus 20 existing computers were upgraded for MyHR to ensure the respective infrastructure is in place.

MyHR allows more than 900 employees from production, warehouse, maintenance and laboratories around the world to join all modules presented in the learning and performance sections. The learning module gives our employees not only the possibility to carry out mandatory trainings but also to join a collection of other learning contents. Access is possible via specifically installed computers - our "MyHR Kiosks" - but also from personal mobiles and personal computers. Overall, this project significantly contributes to accomplish one of our key sustainability targets under Talent management which is called "Investing in our family". Our objective is to qualify 90% of our employees through online Archroma Academy training modules by the end of FY2023.

In FY2022, 708 of our employees (25%) from different Business Clusters attended 3 459 non- mandatory trainings via myHR to upgrade individual skills with a total of 5.645 hours. These training equipped our employees to meet strategic targets in a changing work environment.

Non mandatory training activity FY2022
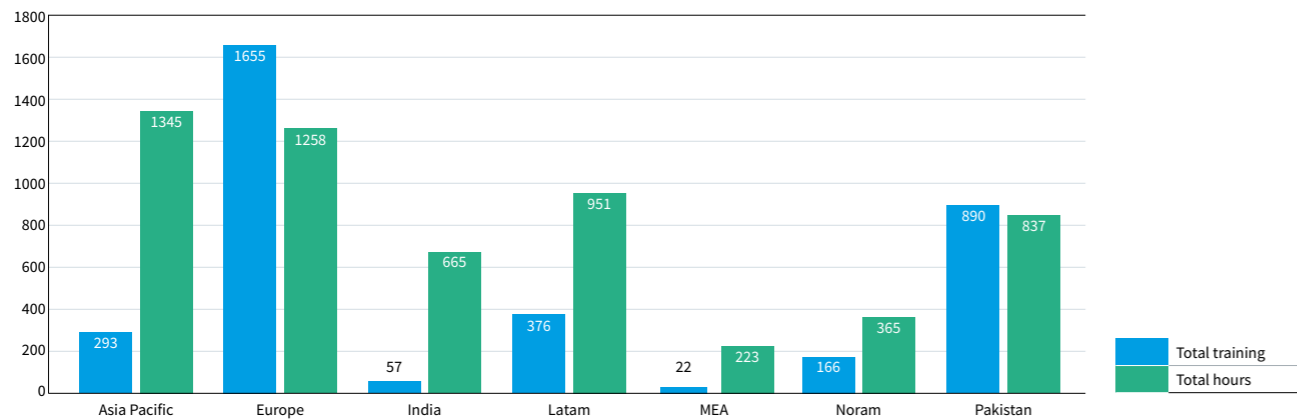
The average amount of training hours per employee (mandatory and non-mandatory trainings combined) is 4.6 hours including in person and online trainings. This represents an increase of 2.7 hours per employee versus FY2021.

Mandatory and non mandatory training activity FY2022
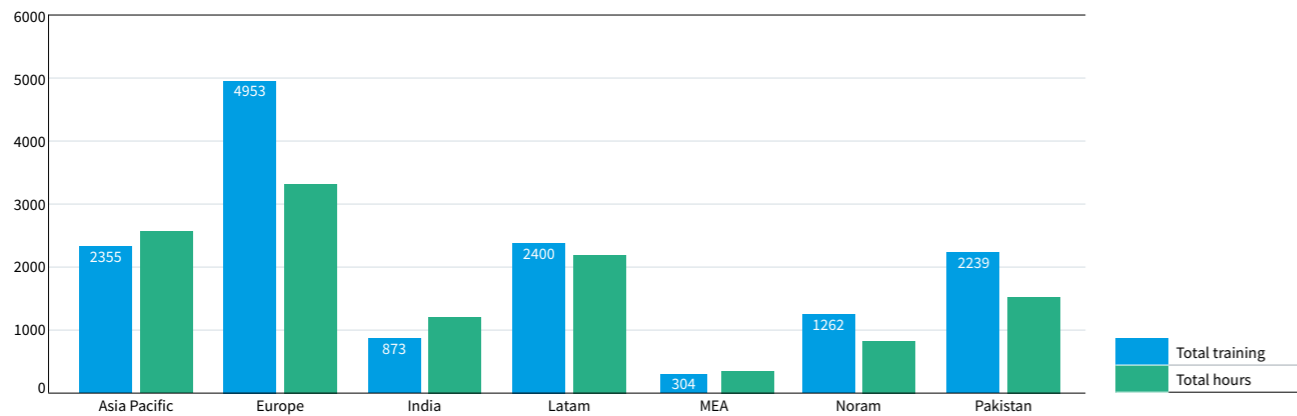
Archroma runs several outreach educational programs with textile universities and institutions, such as the University of Karachi and Textile Institutes like SMA Rizwi in Pakistan (where we train an average of 150 students annually), the Fashion Institute of Technology in New York and the University of Buenos Aires in Argentina.

We also support the annual International Design Competition of the Society of Dyers and Colorists (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 76 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.

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 local level and engaging with all stakeholders based on the topics that the local management teams have been made aware of. Community representatives are consulted, and programs are organized accordingly to benefit those communities.

During the reported period, almost all sites of Archroma with more than 20 employees organized or participated in such programs.

Supporting local communities with disaster relief activities

Archroma and our team in Pakistan collaborated with the local authorities to support the victims of the exceptional 2022 monsoon floods around our factory in Jamshoro, with water and cooked food distribution and medical support. The Sindh province recorded 471% more rain than the 30-year average, and the Jamshoro District was declared as 'calamity hit' by the government.
Indonesia also suffered from the 2022 monsoon floods and Archroma organized donations to support the local community.

Supporting local communities with earth-friendly activities

Archroma celebrated the 2022 Earth Day with initiatives from our teams in several countries, such as Argentina, Brazil, Chile, Germany, India, Mexico, Singapore, Switzerland, and Thailand, and involving community clean-ups, recycling, reforesting, soil ecology, and educational activities.
Our team in Peru for example ran a complete educational program towards the local communities and schools to raise awareness about sustainability and sustainable practice.

Supporting local communities with charity and support programs

Archroma people everywhere on the globe are very involved in the wellbeing of the communities around them, with programs or supporting charities, e.g., in Germany, India, Mexico, Peru, Thailand, and Spain. For instance, the Archroma teams in Shanghai, China collected and donated recycled laptops to the children of Malipo Primary School as New Year gifts. In Tianjin Archroma donated school bags to underprivileged children in the Dongli District as part of a program organized by the government. Archroma Germany collected funds for a children's home in Ukraine. Our team in the US contributed to a YMCA swimming pool in Barnwell, South Carolina, allowing children in second grade to get free swimming lessons every year.

Flood relief activities in Pakistan.

Community clean-up in Mexico.

Community local equipment repair and tree planting in Thailand.

Opening ceremony of the YMCA pool in Barnwell, South Carolina, USA, supported by a donation of Archroma.

Local community educational programs on sustainability in Peru.

IMPACT STUDY:
SHOULD YOUR BEST PERFORMING SPORTSWEAR COST THE EARTH?

Consumers love dark and functional sportswear that go the extra mile.

Creating dark nylon of high performance is a complex process, one that uses a lot of water and energy.
And dyestuffs traditionally used to dye nylons contain metals and halogens that can end in the environment and final product.

Archroma continuously explores the possibility to improve the safety for the end user and the saving of resources in the manufacturing process.

As part of these efforts, in FY2022 Archroma introduced CONSCIOUSLY DEEP, a metal-free one-step scouring and dyeing system for medium to very dark colored nylons that stay deep and bright day after day, and are good for the consumer and the planet.

The CONSCIOUSLY DEEP system solution combines high concentration dyestuff that are metal free* and for some of them halogen-free*, and high performance additives, allowing to create durable colors for sportswear.

The coloration process is easy and short with higher productivity, allowing massive resource savings in water and energy, and reduced CO_2 emissions.

* Below limits of detection according to industry standard test methods.

'SAFE' WITH:
Archroma's CONSCIOUSLY DEEP system

METAL FREE* | HALOGEN FREE* | ØZDHC COMPLIANT | bluesign® APPROVED | REACH REGISTERED

SAFE

'EFFICIENT' WITH:
Archroma's CONSCIOUSLY DEEP system vs. benchmark acid dyeing

PROCESS TIME -36% | WATER CONSUMPTION -64% | ENERGY CONSUMPTION -46% | CHEMICAL USAGE -2% | CO₂ EMISSION -41%

EFFICIENT

'ENHANCED' WITH:
Archroma's CONSCIOUSLY DEEP system

PRODUCTIVITY OPTIMIZATION | WIDE SHADE GAMUT | DURABILITY / STAY NEW | WATER-CONSCIOUS | CLIMATE-CONSCIOUS | PLANET-CONSCIOUS | HEALTH-CONSCIOUS

ENHANCED

CASE STUDY: China Customer, Jet Machine

* Below limits of detection according to industry standard test methods

GOVERNANCE

ENABLING THE SUSTAINABILITY TRANSFORMATION

IMPACT STUDY:
SHOULD YOUR FAVORITE CLOTHES COST THE EARTH?

Denim is such a versatile material; it works from home to the office, it can be relaxed, elegant and edgy. Unfortunately, most denim is dyed on cotton yarn using large machines that requires significant amounts of water and energy.

Archroma continuously explores the possibility to help save of resources by challenging the manufacturing and dyeing process.

As part of these efforts, in FY2022 Archroma introduced ONE DENIM. An alternative denim dyeing system that is directly applied on woven polyester cotton fabric, allowing increased flexibility and productivity, whilst saving water and energy.

The ONE DENIM system solution combines an exclusive selection of blue dyestuffs and fixatives to recreate the indigo look with a much better color durability, with massive reductions in water and energy consumption, and lower CO_2 emission.

The dye range is compliant with the strictest official eco-standards and requirements from retailers and fashion leading companies, with a selection certified to Cradle-to-Cradle.

'SAFE' WITH:
Archroma's ONE DENIM system

ANILINE FREE* | ZDHC COMPLIANT | bluesign® APPROVED

SAFE

'EFFICIENT' WITH:
Archroma's ONE DENIM system, compared to benchmark denim dyeing

PROCESS TIME -30% | WATER CONSUMPTION -67% | ENERGY CONSUMPTION -35% | CHEMICAL USAGE -15% | CO₂ EMISSION -40%

EFFICIENT

'ENHANCED' WITH:
Archroma's ONE DENIM system

WIDE SHADE GAMUT | FASHION EFFECTS | PRODUCTIVITY OPTIMIZATION | VEGAN FRIENDLY | WATER-CONSCIOUS | CLIMATE-CONSCIOUS | HEALTH-CONSCIOUS

ENHANCED

CASE STUDY: Pakistan, Continuous woven machine

* Below limits of detection according to industry standard test methods

ECONOMIC PERFORMANCE

Archroma's total revenue for FY2022 was USD 1 374 billion. This reflects a 6.8% increase compared to the previous reporting period and was primarily driven by a pass on effect of increasing raw material prices. Sales volume decreased to 490 thousand tons (vs FY2021 542 thousand tons) as the market adjusted to lower demand and these increasing raw material prices.

Adapting to the post Covid world

Covid 19
As the world continued to navigate through the COVID-19 pandemic in 2022, Archroma continued to focus on the vision and journey toward transforming its core industries and building a sustainable world.

During the reporting period, Archroma 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.

Archroma 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 Archroma serves have shown continued signs of recovery, in particular fashion, packaging, and coatings. In this context, the strategy remains to support and encourage the customers, brands, and retailers to develop products and collections that are safe and sustainable for users and the planet.

Over the past three years, the proportion of sales from our sustainable innovations and systems as a percentage of our total sales has steadily increased and reached 51% in FY2022.

As a result, Archroma progressively restored business performance and closed its FY2022 with healthy and sustainable revenue levels.

Huntsman acquisition
As of 9 August 2022, the Group entered into a definitive agreement to acquire the textile business from Huntsman Corporation. Closing of the transaction is subject to customary conditions and approvals and is expected to take place in the first half of 2023.

With the Huntsman acquisition, Archroma is dedicated to continuing with the implementation of our sustainability strategy as this is core to our corporate Purpose.

The acquisition will allow Archroma to build our vision which is to deliver leading and innovative solutions, enhance people's lives and respect the planet.

Markets served

During the reporting period, Archroma 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
394 MUSD
(29%)

EMEA
Sales
437 MUSD
(32%)

Asia
Sales
543 MUSD
(39%)

MUSD 128.7 — 11%
MUSD 806.7 — 63%
26%
MUSD 345.0

Sales by business unit

- Brand & Performance Textile
- Packaging & Paper
- Coatings, Adhesives & Sealants
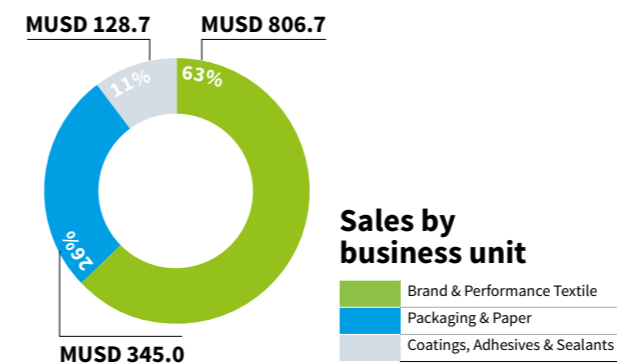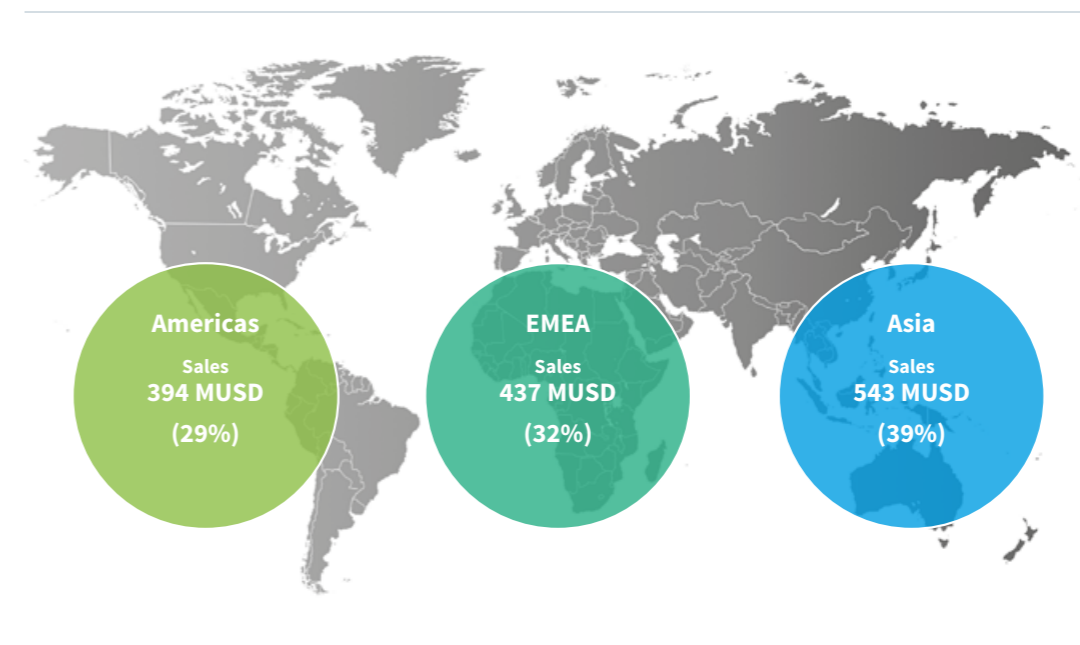
Defined benefit plan obligations and other retirement plans

Defined benefit plan
The Group's defined benefit plans are usually established as trusts independent of the Group and are funded by payments from Group companies and by employees. In some cases, e.g., for a post-employment medical plan in Brazil, the plans are unfunded, and the Group pays pensions to retired employees directly from its own financial resources.

The funding of plans where applicable is determined by local regulations using independent actuarial valuations. Separate independent actuarial valuations are prepared in accordance with the requirements of IAS 19 for use in the Group's consolidated financial statements. The Group's major defined benefit plans are located in Switzerland (56% of the Group's total defined benefit obligation), the US (22% of the Group's total defined benefit obligation), Germany (6% of the Group's total defined benefit obligation) and Brazil (6% of the Group's total defined benefit obligation). Most of the defined benefit obligation relates to active members.

Retirement plans

i. Swiss plan
The Swiss pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors', and Disability Pension Plans ('BVG'), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are to be held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

The Group participates in a collective foundation, which is administrating the pension plans of various unrelated employers. The collective foundation is fully insured for the contract lifetime between the pension fund and Helvetia Life. Assets and liabilities are held by the insurance company. The foundation covers all employees in Switzerland and provides benefits on a cash balance basis. Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG, which is specifying the minimum benefits that are to be provided.
Each employee has a savings account to which the employee and the Group contributes. A minimum interest is to be guaranteed on this account (1% in 2022 and 1% in 2021 based on the law is to be guaranteed on the BVG minimum benefit). When an employee retires, the insurance company takes over the pension payment and carries the market and longevity risk, or the retiree can elect a lump sum payment.
According to IAS 19, the Swiss pension plan is classified as "defined benefit" plan. All actuarial risks of the plan, e.g., old age, invalidity and death or investment are fully covered by insurance. An underfunding is therefore not possible. However, the collective foundation is able to withdraw from the contract with the Group at any time, resulting in the plan being classified as "defined benefit" plan.
Each affiliated employer to the collective foundation has a benefit committee equally made up of employees and representatives of the Group, which has an obligation to act in the interests of the plan participants.

ii. US plan
The Group operates a non-contributory defined benefit plan which is subject to the provisions of the Employee Retirement Income Security Act ('ERISA'). The assets of the plan are held separately from the Group by the trustee-custodian. Funding valuations of the plan are carried out on an actuarial basis and contributions are made as necessary. The funding target is to provide the plan with sufficient assets to meet future obligations.
There is a risk to the Group that adverse experience could lead to a requirement for the Group to make additional contributions to recover any deficit that arises. This risk relates to the market risks and longevity risks of the plan.

iii. German plans
The Group operates various defined benefit plans in Germany including benefits that provide life annuity payments and others that provide the employee with the accumulated lump sum value of a savings account upon leaving the Group. The defined benefit plans are primarily unfunded book reserve plans, while some of the plans are funded through contractual trust arrangements (CTAs).

iv. Brazilian plans
The main plan operated by the Group in Brazil is an insured medical plan to its employees. Following sections 30 and 31 of the Law # 9.656/98, this medical plan is classified as a post-employment benefit plan. The plan is unfunded.

Financial assistance received from government

Government grants were received in the following countries:

France
In FY2022 a government grant of 10 kEUR (FY 2021: 5 kEUR) was received, which was then used to reduce water consumption.

Political contributions

At Archroma, no political contributions were made in the FY2022.

Tax transparency approach

As mentioned, Archroma is a global color and specialty chemicals company, where the choice of countries in which the Group operates is guided by business assessments and not by tax reasons.

Tax strategy

Strategy

Since its establishment in 2013, Archroma has adopted a tax strategy, as a set of principles and guidelines inspired by values of transparency and legality. The Group's subsidiaries are required to adopt the tax strategy approved by the Parent Company, thereby assuming the responsibility of ensuring it is acknowledged and applied.

Archroma's Board of Directors sets out the tax strategy of the entire Group, with the goal to apply the OECD guidelines and comply with local country tax laws. This is underpinned by the following approach:

- Correct and timely determination and settlement of taxes due under the law and implementation of the respective obligations;
- Correct management of the tax risk, which is the risk incurred for the violation of tax rules or abuse of the principles and purposes of the tax system.

Tax principles

The tax strategy principles are the guidelines for Group companies, underpinning their business operations when managing tax compliance. The principles also require suitable processes to be adopted to ensure their effectiveness and application.

Values: In line with its sustainability strategy, the Group acts in accordance with the values of honesty and integrity in its tax management, understanding that tax revenue is one of the main sources of contribution to economic and social development of the countries where it operates.

Legality: The Group pursues behavior geared towards compliance with the applicable tax rules and is committed to interpreting them in a way that respects both the substance and form.
Tone at the top: the Board of Directors has the role and responsibility of leading the dissemination of a corporate culture based on the values of honesty and integrity and the principle of legality.

Transparency: The Group maintains collaborative and transparent relations with tax authorities, enabling them – among other things – to gain a full understanding of the facts underlying the application of tax rules.

Shareholder value: The Group considers tax to be a business cost and, as such, believes that it must be managed in compliance with the principle of legality, with the aim of safeguarding the Group's assets and pursuing the primary interest of creating value for shareholders in the medium to long term.

Tax governance, control, and risk management

Tax governance
Archroma has successfully established a tax strategy that complies with the tax governance bodies (as stated above). The strategy is controlled and managed on a frequent basis to ensure that it continues to meet the regulations.

Internal control & risk management
With its global operational footprint, Archroma is exposed to a variety of risks in the course of its usual business activities. The willingness to take entrepreneurial risks enables the Group to exploit opportunities as they arise. Therefore, Archroma accepts risks, as long as they can be managed and controlled, and are expected to provide opportunities to create a sustainable increase in shareholder value. In this context, Archroma established a risk management system to assess which risks are acceptable and to carefully manage and monitor them. Risk Management is not designed to stop people from taking risks but rather to help them to optimize the level of risk taken and encourage entrepreneurial behavior. Risk is inherent in all activities, and it is essential that the Group embed best practice for Risk Management in core business processes.

The Group also implemented a comprehensive internal control system that prevents risks arising in the course of operations by adopting appropriate controls and processes, especially with regard to conformity with the law, compliance with strategy, quality of accounting and reporting, quality of processes and protection of assets.

The objective of the Archroma's risk management is to:
- Ensure coordination and development of risk management activities across the organization and integrate risk management within the business objectives process;
- Clarify ownership and responsibilities for managing risk within the Group;
- Inform, train, and motivate Archroma staff to enable them to implement effective risk management practices in a consistent way across the Group;
- Ensure appropriate focus is given to the analysis and evaluation of risks, the development selection and implementation of risk mitigation strategies and monitoring and reporting of risk;
- Ensure that all significant risks and mitigation measures are reported to the next level and onward to the Leadership Team, and that remaining critical risks or issues are escalated to the Board of Directors via the Chief Financial Officer (CFO).

Stakeholder engagement and management of concerns related to tax

In regard to the stakeholder inclusiveness and engagement, this can be found within the report on pages 32/33, where it explains how Archroma takes their stakeholders into consideration when making business decisions.

The Board reviews the tax strategy on a regular basis including any contingent tax issues that Archroma may have.

Country by country reporting
Each year, Archroma sends the Luxembourg "Administration des contributions directes" a country-by-country report, which includes information on revenues, income tax as well as stated capital and accumulated earnings by country for the Group.

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. Likewise, 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 all employees and officers of Archroma including anti-corruption prevention. Employees rely on the Code as a navigation guide which, combined with sound judgement, allows to uphold a high standard of integrity for the individual and for Archroma.

Each employee is required to make a personal commitment to abide by the Code of Conduct when joining the group. Furthermore, Archroma conducts refresher trainings regarding topics covered in the Code of Conduct for all employees on an annual basis. The completion rate is always above 90%. 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 connects 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 to achieve profitable long-term business development. Archroma commits to maintaining an ethical and sustainable operation, and to conduct business in all activities according to its Code of Conduct and Responsible Care®.

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

Silke Wischeropp adds: "Archroma and its affiliated companies are committed to integrity and to fostering 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. The Archroma Code of Conduct and Whistleblower Policy are essential elements of integrity in this commitment to an open culture". 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 the 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 a Group Compliance Committee ("GCC") and an independent Group Compliance Officer ("GCO"). The GCC holds regular meetings and is responsible for evaluating 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 reported to the Group Compliance Committee is investigated and, if necessary, may result in a disciplinary procedure and/or criminal prosecution, should the case apply.

Within the reporting period there were no confirmed incidents of corruption. Furthermore, the company did not report any significant instance of non-compliance with the law and therefore also did not pay any fine. Within the reporting period there are no pending or completed legal actions with respect to anti-competitive behavior or violations of anti-trust and monopoly legislation in which the company has been identified as a participant.

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 the "EU Whistleblowing Directive"), and not waiting for the Directive to be transposed by the State Members, Archroma further improved its compliance process in 2020 by establishing the objective to conclude all 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.

CULTURE

In August 2022, Archroma introduced a new culture framework collectively known as **the "AACC Culture",** based on 4 pillars that guide the organization to foster trust and sustainable relationships with all our stakeholders: Achieving, Adaptable, Customer-centric, and Collaborative.

Achieving
Realize goals, ensure high performance, accomplish results

Adaptable
Take risks and be innovative, experiment with new ideas, move fast

Customer-centric
Listen to customers, recognize customer needs, anticipate market developments

Collaborative
Work as a team, enable organization-wide, inclusive collaboration, deal constructively with conflicts

The new culture is designed to support the new purpose of the company also stated in August 2022, which is to **lead our industry towards a more sustainable future for our customers and markets,** in line with "The Archroma Way to a Sustainable World: Safe, efficient, enhanced, it's our nature".

The new culture and purpose were presented by the Chief Executive Officer to the top 100 global leaders at a virtual meeting, and to the entire organization during a series of site visits that took place from September 2022 onwards.

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

In 2022 the Company also kicked off its second **Archroma Sustainability Awards** campaign, open to all employees and recognizing projects and success stories supporting our efforts towards sustainable growth.

The awards comprise categories such as Business Win, Diversity & Inclusion, Excellence, Innovation, Safety & Health, Environment, and Sustainable Partnership.

The winners are selected through a two-step process, and a vote open to all employees online allows the organization to select its preferred entry.

The winning teams are announced at a virtual ceremony hosted by the Chief Executive Officer, the Chief Sustainability Officer, and the Chief Human Resources Officer, and open to all employees.
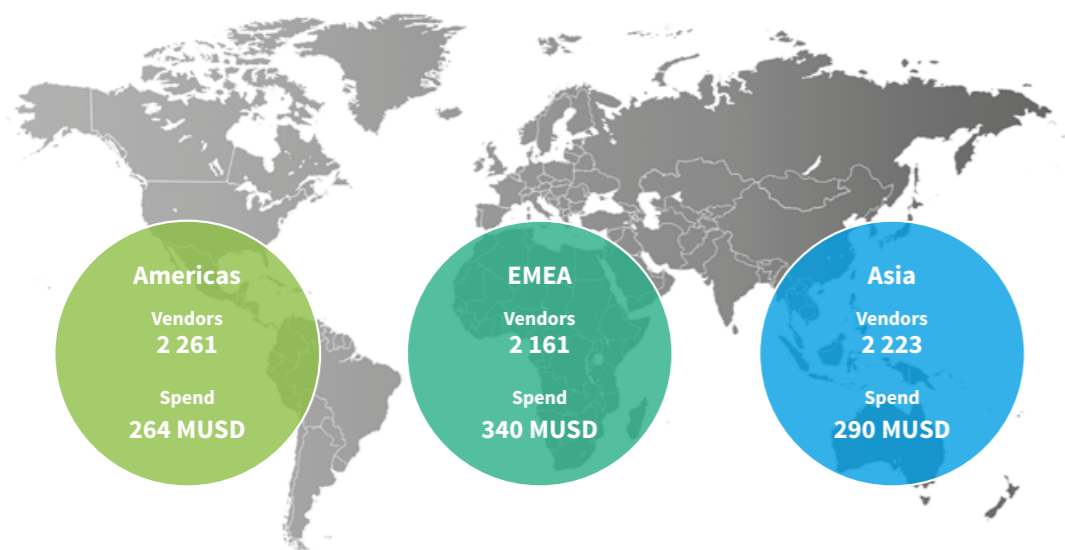
SUSTAINABLE SOURCING

For Archroma, sustainable sourcing is critical as our vendor network significantly influences our own footprint as well as the system solutions which we sell to our customers. The raw materials we buy affect in the first place the conformity of the product specification (quality). At the same time, it determines potentially hazardous chemical content which might have a direct effect on the safety of our products, the environmental footprint of our production or the finished products.

We are engaging with our suppliers and trading partners to foster sustainable development through our Corporate Social Responsibility (CSR) activities and the application of Responsible Care®. Both initiatives are crucial to foster partnerships in the supply chain which are based on responsible business behavior. Furthermore, we request from 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 and our brand image in the industry. Therefore, vendor management, including the establishment of sustainability criteria, is essential.

Sustainable sourcing is also strongly connected to protecting ourselves and our stakeholders against scarcity in supply to preserve our ability to cope with demand and cost pressures, as well as supply bottlenecks.

Sustainable sourcing Vendors & spend

Americas	EMEA	Asia
Vendors 2 261	Vendors 2 161	Vendors 2 223
Spend 264 MUSD	Spend 340 MUSD	Spend 290 MUSD

Procurement within Archroma is a complex operation which comprises integrated strategies and policies to deliver optimized value for both direct and indirect purchasing needs of the organization. As a specialty chemical manufacturer, we have extensive knowledge and experience in purchasing, handling and inventory management of chemical raw materials. Archroma's production sites process various materials in numerous locations. Accordingly, our raw material vendors are equally diverse regarding their portfolios and locations. Archroma sources over 7 000 raw materials for our direct purchasing needs from more than 1 300 vendors worldwide. Such complexity requires dedicated processes to ensure on time and complete delivery of quality and compliant raw materials at optimized cost. For this reason, our procurement strategy is based on four pillars: cost, quality, supply security and 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 72 employees who are located within the regions, half of which are in the Asian region, a third in EMEA and the remainder in the Americas. Targets for sustainable sourcing are divided into annual individual targets for each procurement team member.

Cost

Procurement decisions are based on 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 FY2022 was 894 million USD, 38% of which was in EMEA, 32% in Asia and the remainder in the Americas. (see graph)

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 requirements, 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. We use several standard operating procedures to monitor compliance to specifications, 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

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. Strengthened regional and local environmental protection have increased scrutiny on some vendors, resulting in manufacturer closures and consequently supply shortages. We closely monitor our vendors to give early warnings in the case of a potential raw material shortage to avoid supply interruptions.
Teams of global category procurement managers were created to limit our exposure. We 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 or ecological alternatives.
In addition, mechanisms are in place to safeguard that the products specific to our system packages are ready to be manufactured and aligned to the business needs. Yet, 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, optimizes lead-times and supports local industries.

A significant part of our feedstock is sourced from India and China, reflecting the nature of the specialty chemicals that we manufacture. 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 and supplements the Global Procurement Category Managers.

Sustainability

Vendor selection and management at Archroma is a systematic approach based upon compliance to our Supplier Code of Conduct (https://www.archroma.com/compliance). Furthermore, we have established a supplier evaluation process within Archroma to improve our rating scope and give higher weight to sustainability. It is now mandatory for our suppliers (direct and indirect) to have a Code of Conduct in place which is in line with Archroma's policies. Until today, more than 95% of our approved suppliers were accepted according to this new criterion.

Correspondingly, all our new suppliers are evaluated through the EcoVadis assessment which covers environmental criteria as one major area. Less than 1% of our suppliers received a negative environmental impact rating through the Ecovadis assessment. Consequently, respective corrective action plans have been set up which are to be implemented in the requested time by the concerned vendor according to the corrective action plan tool in TfS Academy & EcoVadis Academy. Apart from continuous exchanges regarding the improvement roadmap, Archroma provides additional supplier trainings. At the same time, our suppliers' commitment to environmental principles is covered by the TfS audit and equally anchored in our own audit report. The latter includes a thorough scrutiny of our new suppliers' environmental performance before they might get approved as our vendors.

The historical and anticipated performance, the experience and the financial stability of a vendor are regularly assessed to determine compliance to the Supplier Code of Conduct. In addition, all vendors are monitored monthly through the "on time in full" metrics for supply performance measurement. Vendor risk assessment may introduce additional measurement criteria to mitigate supply risks such as the vendor safety infrastructure and dangerous goods managing capabilities. Moreover, Archroma has established a direct material risk assessment which integrates sustainability as one of the four assessment criteria on site level – incl. training for Procurement organization (Global Category procurement Managers, Sourcing Centers, Cluster Procurement in all sites).

In addition, we monitor all vendors through our Archroma Sustainable Sourcing Performance Analysis (ASSPA). Constant communication and collaboration via both initiatives underlines our continuous commitment and capability to build partnerships for more ethical business practices, human rights and labor standards, anti-corruption and enable us to act against modern slavery and child labor. All suppliers have been subject to a qualitative screening with the consequence of exclusion from any business relations in case of non-compliance. If a non-compliance occurs the vendor is blocked immediately. Only if there is visible improvement and the supplier took all necessary corrective actions he might be released again as a business partner by our responsible sourcing manager. Otherwise, a pruning process is going to start.

Archroma does not engage in business dealings either directly or indirectly with suppliers from regions with reported high risk of unfair labor practices (such as child labor, forced or compulsory Labor etc.). In the reporting period no cases of non-compliance with environmental laws and regulations occurred.

With view to the social assessment of our suppliers less than 1% suppliers received a negative social impact rating through our ASSPA. As a result, respective corrective action plans have been set up which are to be implemented in the requested time by the concerned party. Otherwise, actions are taken to stop purchasing from the vendor. Apart from continuous exchanges regarding the improvement roadmap Archroma will provide additional supplier trainings to support the vendor.

Together for Sustainability (TfS)

In November 2020, Archroma became a member of Together for Sustainability (TfS), a joint initiative of major chemical companies that delivers 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

In addition, the Archroma sustainable sourcing program (ASSP) assesses the sustainability performance of our suppliers. With this tool we pre-check potential suppliers and conduct a 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 reports and certifications). If that is not the case, the concerned suppliers are requested to carry out a sustainability assessment conducted 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 overall sustainable sourcing project, with a dedicated full-time Sustainable Sourcing Manager driving the program and guiding our own procurement team as well as our suppliers. The Archroma Sustainable Sourcing Performance Analysis (ASSPA) is an integral part of the monthly reviews with Archroma's procurement organization, including individual follow-up meetings to ensure target achievement (Global Category Managers, Sourcing Centers, Cluster Procurement in all sites). All new vendors are required to go through the program. The roll-out of the ASSR program started in FY2018. By now Archroma has achieved a coverage of more than 92% of its direct material spend with valid ratings during the reported period. Our target is to cover more than 94% by the end of FY2023.

Trainings and webinars

We aim to provide regular trainings to our Procurement team, and to our more than 3 000 suppliers. In FY2022, Archroma organized several series of training, webinars and exchange meetings for the Procurement team focusing for example on environment, labor & human rights, ethics, sustainable procurement and GHG emission. Our suppliers are encouraged to participate to the training programs organized by EcoVadis and TfS which are presented in many languages. Meanwhile, all the webinars and trainings offered by the TfS Academy have been made available to the Archroma staff beyond the procurement department, and of course to all our suppliers. Archroma has requested all its suppliers to mandatory join the first and second waves of TfS and EcoVadis supplier webinars.

Archroma sustainable sourcing in numbers:

- 805 Suppliers assessed by EcoVadis since FY2018, among which 313 in FY2022;
- 15 suppliers audited on site by TfS in FY2022, among which 10 in India, 4 in China and 1 in Thailand, 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 FY2022, with a 31.4 score up from a 16.8 score in FY2020.

PRODUCT STEWARDSHIP & RELATED COMMUNICATION

Providing accessible and adequate information to all stakeholders about health and environmental impact of our products at all steps of a product life cycle is the most essential mission of our Product Stewardship organization.

Product concept

The Product Stewardship organization is involved during the full cycle of product evolution from the design to development and production until the use of chemicals and materials. We focus on providing a desirable function while avoiding or minimizing harmful impacts to human health and the environment. Our team of experts are engaged in different programs to assist authorities, NGOs, brands and other stakeholders to exchange on the environmental and health impact of our products and their chemical components. In this respect, Archroma acts as a partner by regularly consulting on topics and giving insights on ingredients which are under scrutiny or evaluation due to their hazardous profile. We are committed to work hand in hand with regulators and various eco-labels to implement proportionate and enforceable restrictions/limitations. Likewise, we welcome the new Chemical Strategy for Sustainability (CSS) 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". More specifically, we contribute the EU CSS action plan which foresees the development of a framework to define safe and sustainable by design criteria for chemicals and materials.

R&D process

The Product Stewardship team supports the Research & Development (R&D) process of Archroma to safeguard that newly developed chemicals or formulations are free from ingredients that are already today known for their impact on human health and environment. Equally considered are substances that potentially fall under a new hazard class that is going to be included under the CLP Regulation (EC) No. 1272/2008. As a result, we can assure at an early stage of any research and development project that our new chemicals are manufactured and used in a way that maximizes their societal contribution but avoids causing harm to the environment or the population, for now and in the future.
With view to projects aiming to develop new chemical structures for which toxicological and eco-toxicological data are not available, we use predictive toxicology tools to have a first chemical safety assessment at an early stage of the process. With this process we leverage the move to less hazardous chemicals wherever technically and economically possible.

But we do also support the R&D organization by helping them to identify products that should be reformulated or substituted from the existing range.

Today, we incorporated the impact of two of the actions points of the CSS on our product range:
- The addition of hazards to the CLP Regulation (EC) No. 1272/2008: New hazard classes (Endocrine Disruptors, PBT (vPvB, PMT, vPvM, Immnunotoxicants and Neurotoxicants) will be included as part of CLP
- The extension of the Generic Risk Approach (GRA): This extension will result in the banning of certain hazard classes in consumer and professional uses. Once substances have been through the process of harmonized classification, substances, mixtures and possibly articles containing the CLP-classified substances will be affected by generic restrictions.

This impact assessment helps us to identify products from our active range which are already classified today or might become subject to new potential hazard restrictions in the future. Furthermore, it enables our R&D to continuously identify opportunities for substitution in the next years. This way, we make sure that our active range will meet the requirements of the chemistry of tomorrow.

Certification and registration

Archroma is committed to ensure the safety of our chemical materials and to provide all necessary and relevant information on potential impacts of the substances on human health and the environment, as required by REACH and REACH like regulations in Turkey, UK, Korea.
Archroma has >700 active EU REACH registrations and is Lead Registrant for >200 of them. As major data owner we are also actively participating to the emerging regulations and submitted 18 Lead dossiers under KKDIK (Turkey REACH) and 42 registrations under UK REACH.

In addition, we voluntary contribute to improve the REACH dossier quality of already existing registrations, and address data gaps, if any, to better identify substances of potential concern, and confirm the safety of chemicals. We report our progress on an annual basis to CEFIC. During the reporting period, we re-evaluated 55 dossiers, either as lead registrant or co-registrant.

Archroma has strict internal guidelines to safeguard that eco-toxicological information used to support our registration dossiers is established, maintained and communicated following the highest standards.

Production

Aligned with the Archroma core value of safety at work, we ensure the safe handling of our products within our own production plants as well as at our customer facilities by providing our Material Safety Data Sheets (MSDS).
These documents are regulated under the United Nations (UN) Global Harmonized System (GHS) and provide information 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.
Our MSDS are available in the respective local language in all countries in which we operate. 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.

Communication to the market

With growing awareness around the impacts of human activity, the need for transparency and traceability has become essential. Time to market is equally critical and manufacturers/ brands need access to reliable information in real time to be able to select the products that suit their sustainability standards. The Safe Edge platform has been designed to significantly enhance both aspects: It allows the verification of the safety, regulatory and brand compliance status of Archroma's products with just a few clicks.
The Safe Edge is our answer to the digitalization trend and stakeholders demand for transparency. Our self-service online platform can be used by both internal stakeholder and customers and allows direct access to product stewardship data. As soon as data is generated any related document is directly accessible to the user.
Our customers are able to select products that comply with the major third party assessors recognized by the textile industry such as bluesign, Cradle-to-Cradle or Oeko-tex. Our paper customers can select products that comply with food contact regulations or comply with the most recognized ecolabels like Nordic Swan or Blue Angel.
Likewise, the Safe Edge provides full transparency on the hazard assessment of our products and identifies any risks on human health or on the environment.
The scope of the Safe Edge will adapt to the regulatory and market demand for safer chemicals.

The current scope of the Safe Edge platform:

ALREADY AVAILABLE		
• 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)

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 in North and Latin America in FY2022.

Storage distribution and supply

Our products are adequately classified and labeled to ensure an easy and clear identification of the hazardous properties of our products during storage, distribution and supply.
Our packaging labels contain GHS and transport handling information according to the product MSDS but provides more visualized format such as danger and hazard pictograms. To secure alignment between labels and MSDS, Archroma uses the same SAP module that directly feeds the label printers available on all Archroma packaging sites.
Each country either follows the GHS or has its own classification standard. In any case, Archroma complies with both, the GHS and with the local standard applicable in the country of production and destination. All this information is offered in the respective local languages.

Our safety data sheets equally provide instructions regarding safe storage such as specific design for storage rooms or vessels, conditions of storage, prevention of static electricity and incompatible materials. We do also specify information about the national storage class system.

Finally, in our MSDS and labels an emergency number is clearly stated with multilingual access to chemical experts 24 hours a day, 7 days a week in case of incidents during transportation, at customer sites or warehouses.

Use and services

The safe use of our products is maintained in different ways:

1. Exposure scenarios on hazardous substances are placed on the market above 10 tons/years. Each identified use of such substances has an exposure scenario that defines the operational conditions and risk management measures required to ensure the safe use (including waste stage and article service life) of the substances for each exposed population. It safeguards, that potential risks for humans and the environment are made transparent and are being controlled.

2. The safe use of our products is confirmed by the major independent 3rd party evaluators recognized in the markets we operate. For the textile applications bluesign, GOTS, Cradle-to-Cradle for example are running their own independent assessments of our products to confirm that they do not harm the consumer nor the environment. Our products used in paper applications are usually intended for food contact applications. Here, we provide internal risk assessments which are subsequently validated by ISEGA to confirm the suitability and the safe use of our products.

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 the majority of Archroma employees to smoothly transition to a hybrid work-home model since the beginning of the COVID-19 pandemic. Nowadays it has become our flexible model to enable remote workforce, fostering productivity and work-life balance for all Archroma employees. Our business continuity plans, information security measures, cloud-based ecosystem and unified communications, in conjunction with the high commitment of Archroma employees, have been vital to the success of our remote working policy.

In the reporting period, we started to collect benefits from the implementation of next-generation software-defined networks by improving communications reliability and performance, monitoring capabilities, security controls and more efficient centralized network management. Overall, this effort resulted in 14% cost savings and additional positive user feedback compounding to a record 91% of excellent satisfaction rate from our internal users.

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 deployed process mining capabilities to key process areas as order-to-cash and procure-to-pay, which will be used by Archroma process experts in their continuous monitoring and improvement Initiatives.

Based on data mining and advanced analytics techniques, such as machine learning and artificial Intelligence, Archroma has started number of initiatives with data science expertise to develop our journey towards predictive analytics in the coming years.

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.

During FY2022, the Safe Edge platform has continued its rollout with great adoption and customer feedback. In the reporting period, the Safe Edge platform was awarded by the EQA (European Quality Assurance Certificate for R+D+i), as an innovative technology project.

The positive early results and great customer feedback in the implementation of the Safe Edge, encourage our vision to make a step change towards integrating additional digital services and value to our customers in the near future. We believe that the Safe Edge will become a key platform towards more sustainability in our industry. (See pages 112-115)

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.

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 and Information security training is regularly required for all employees, providing rules and guidelines aiming to protect sensitive and confidential customer and company 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, with Information security and other related policies in place. The 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, breach-and-attack simulations and periodic penetration tests.

In the reporting period, Archroma Global Information Security Service Manager, was appointed Chief Information Security Officer (CISO), reporting to the Chief Information Officer (CIO). The Archroma CISO will continue the development of information security program and governance practices in line with company objectives and digital initiatives.

Archroma counts with best-In-class cybersecurity standards and controls while all end-user computing devices are protected with up-to-date antivirus, latest operative system, periodic security patches, solid firewalls and multifactor authentication accesses. Internal phishing campaigns are executed to improve and measure Archroma phishing-prone rate, with latest indicator of 4.02 % which remains lower than industry benchmark of 6.2%.

In the reporting period, Archroma has implemented a security operations center to proactively monitor all the IT environment looking for threats that could jeopardize the confidentiality, integrity or availability of systems.

In the reporting period, Archroma has positively gone through an external cyber maturity assessment, contracted a cyber-insurance policy and recorded no incidents nor complaints related to the theft, loss, or leaks of customer information, without any breaches of confidentiality.

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

APPENDIX

TABLES (SUSTAINABILITY DASHBOARD)

Environment, social and governance

METRIC	UNIT	FY2022	FY2021	FY22/FY21
Environment				
Reducing the ecological impacts on our planet				
Total production volume	tonnes	418,963	460,937	-9%
Total GHG emissions	t CO_2e	79,192	86,694	-9%
Scope 1	t CO_2e	39,232	42,545	-8%
Scope 2	t CO_2e	39,960	44,150	-9%
GHG intensity	t CO_2e / tonne	0.189	0.188	1%
Total energy consumption	TJ	1,135	1,214	-7%
Energy intensity	GJ/tonne	2.71	2.62	3%
Total water intake	m³	6,939	7,480	-7%
Water intensity	m³/tonne	16.56	16.23	2%
Total waste generated	tonnes	17,840	17,642	1%
Waste intensity	tonnes	42.58	38.27	11%
Sustainable systems	% of revenue	51%	46%	

METRIC	UNIT	FY2022	FY2021	FY22/FY21
Social				
Creating value for our employees, partners and society as a whole				
Total recordable injury rate TRR	200'000 hrs	0.18	0.27	
Product safety - 3rd party certified	%	90%	90%	
Total employees	FTE	2,806	2,756	2%
permanent contracts	%	98%	97%	1%
female	%	22%	21%	5%
women in management	%	31.9	30.6	4%
women in governance body	%	40%	17%	
Average training hours*	hrs/FTE	4.6	1.9	142%

* Mandatory + non-mandatory training

METRIC	UNIT	FY2022	FY2021	FY22/FY21
Governance				
Enabling the sustainability transformation				
Economic performance (revenue)	000 $	1 374	1 286	7%
Ethics and compliance non-conformities	#	-	-	
Sustainable sourcing	% ASSR rating	93%	89%	2%

TABLES (DIVERSITY & INCLUSION, TALENT MANAGEMENT)

Diversity & inclusion

Employee gender profile per position

Employee Gender Profile per position	Women	Men	Total
Senior executive	4	6	10
Senior Management	24	105	129
Middle Management	123	350	473
Junior Management	325	555	880
Staff	145	1 169	1 314
Total	**621**	**2 185**	**2 806**

Employee gender profile per position in percentages

Gender profile	Women	Men	less than 30	30-50	over 50
Senior executive	0.14%	0.21%	0%	0%	0.31%
Senior Management	0.86%	3.74%	0%	0%	2.72%
Middle Management	4.38%	12.47%	0.14%	0.14%	7.67%
Junior Management	11.58%	19.78%	1.55%	1.55%	10.52%
Staff	5.17%	41.66%	5.29%	5.29%	16.53%
Total	**22.13%**	**77.87%**	**6.98%**	**6.98%**	**37.74%**

Employee age profile per position

Employee Age Profile per position	less than 30	30-50	over 50	Grand Total
Senior executive	0	3	7	10
Senior Management	0	59	68	127
Middle Management	8	250	210	468
Junior Management	63	519	267	849
Staff	62	830	460	1 352
Total	**133**	**1 661**	**1 012**	**2 806**

Talent management

Total employee turnover per position and gender

Employee Gender Profile per position	Employees FY 2021			Employees FY 2022			Employees Turnover per Gender		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior executive (A-B)	4	8	12	4	6	10	0.00%	-25.00%	-16.67%
Senior Management (C-D)	25	104	129	24	105	129	-4.00%	0.96%	0.00%
Middle Management (E-F)	109	351	460	123	350	473	12.84%	-0.28%	2.83%
Junior Management (G-H)	294	518	812	325	555	880	10.54%	7.14%	8.37%
Staff (I-J)	148	1 209	1 357	145	1 169	1 314	-2.03%	-3.31%	-3.17%
Total	**580**	**2 190**	**2 770**	**621**	**2 185**	**2 806**	**7.07%**	**-0.23%**	**1.30%**

Management turnover per gender

Employee Gender Profile per position	Employees FY 2021			Employees FY 2022			Employees Turnover per Gender		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior executive (A-B)	4	8	12	4	6	10	0.00%	-25.00%	-16.67%
Senior Management (C-D)	25	104	129	24	105	129	-4.00%	0.96%	0.00%
Middle Management (E-F)	109	351	460	123	350	473	12.84%	-0.28%	2.83%
Junior Management (G-H)	294	518	812	325	555	880	10.54%	7.14%	8.37%
Total	**432**	**981**	**1 413**	**476**	**1 016**	**1 492**	**10.19%**	**3.57%**	**5.59%**

Staff turnover per gender

Employee Gender Profile per position	Employees FY 2021			Employees FY 2022			Employees Turnover per Gender		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Staff (I-J)	148	1 209	1 357	145	1 169	1 314	-2.03%	-3.31%	-3.17%
Total	**148**	**1 209**	**1 357**	**145**	**1 169**	**1 314**	**-2.03%**	**-3.31%**	**-3.17%**

GRI CONTENT INDEX

	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
The organization and its reporting practices			
2-1	Organizational details	About the report	5
2-2	Entities included in the organization's sustainability reporting	About the report	5
2-3	Reporting period, frequency and contact point	About the report	5
2-4	Restatements of information	There are no restatements of information for this reporting period.	
2-5	External assurance	About the report; Appendix	5, 12, 130
Activities and workers			
2-6	Activities, value chain and other business relationships	Our markets	12
2-7	Employees	Diversity & Inclusion; Appendix	80-81, 120
2-8	Workers who are not employees	Fair labor Practices; Appendix	76
Governance			
2-9	Governance structure and composition	Our governance structure	15
2-10	Nomination and selection of the highest governance body	Our governance structure	16
2-11	Chair of the highest governance body	Our governance structure	15
2-12	Role of the highest governance body in overseeing the management of impacts	The BoD meets regularly. ESG issues are discussed and reviewed at these meetings.	15
2-13	Delegation of responsibility for managing impacts	Sustainability topics are integrated into key decision-making processes.	14-15
2-14	Role of the highest governance body in sustainability reporting	The Archroma management reviews and approves the sustainability report.	
2-15	Conflicts of interest	Our governance structure, Compliance	16, 103
2-16	Communication of critical concerns	Our governance structure, Compliance	16, 103
2-17	Collective knowledge of the highest governance body	Our governance structure	15
2-18	Evaluation of the performance of the highest governance body	Our governance structure	14
2-19	Remuneration policies	Our governance structure	14
2-20	Process to determine remuneration	Our governance structure, Fair labor practices	14, 76
2-21	Annual total compensation ratio	Fair labor practices	77
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	The archroma way to a sustainable world: it's our nature, Driving the change	28-31
2-23	Policy commitments	At Archroma, good governance and corporate responsibility are integral parts of our business strategy. The focus areas of our corporate responsibility program include people, health & safety and environment, as well as sustainability and our product stewardship activities.	28, 46, 68, 72, 74, 88, 112
2-24	Embedding policy commitments	See above	See above
2-25	Processes to remediate negative impacts	See above	See above
2-26	Mechanisms for seeking advice and raising concerns	Compliance	102-103
2-27	Compliance with laws and regulations	Compliance	102-103
2-28	Membership associations	Our affiliations and memberships	24-25

	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Partners for good, driving the change, Consumer product safety	8, 32-33, 72
2-30	Collective bargaining agreements	Fair labor practices	74
Material topics			
3-1	Process to determine material topics	Driving the change	32
3-2	List of material topics	Driving the change	33
3-3	Management of material topics	Disclosed for each material topic.	
Economic Performance			
201-1	Direct economic value generated and distributed	Economic performance	97-97
201-2	Financial implications and other risks and opportunities due to climate change	Risk assessment	20-21
201-3	Defined benefit plan obligations and other retirement plans	Economic performance	98
201-4	Financial assistance received from government	Economic performance	99
Market Presence			
201-1	Ratios of standard entry level by gender compared to local minimum wage	Fair labor practices	81
201-2	Proportion of senior management hired from the local community	Talent management	82
Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	Local communities	88
203-2	Significant indirect economic impacts	Local communities	88
Anti-corruption			
205-1	Operations assessed for risks relating to corruption	Compliance	102-103
205-2	Communication and training about anti-corruption policies and procedures	Compliance	102-103
205-3	Confirmed incidents of corruption and actions taken	Compliance	102-103
Anti-competitive behavior			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practiceslocal minimum wage	Compliance	102-103
Tax			
207-1	Approach to tax	Economic performance	100-101
207-2	Tax governance, control, and risk management	Economic performance	100-101
207-3	Stakeholder engagement and management of concerns related to tax	Economic performance	100-101
207-4	Country by country reporting	Economic performance	100-101
Material			
301-1	Materials used by weight or volume	Resource optimization, Innovation for good	84-85, 60-63
301-2	Recycled input materials used	Resource optimization	84-85
301-3	Reclaimed products and their packaging materials	Resource optimization	84-85

GRI CONTENT INDEX

	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Energy			
302-1	Energy consumption within the organization	Resource optimization	46, 48
302-2	Energy consumption outside of the organization	Resource optimization	46, 48
302-3	Energy intensity	Resource optimization	48
302-4	Reduction of energy consumption	Resource optimization	48
302-5	Reductions in energy requirements of products and services	Resource optimization, Impact studies	50-51, 92-95
Water and effluent			
303-1	Management approach disclosures - interactions with water as a shared resource	Resource optimization	44-45, 49, 58
303-2	Management approach disclosures - management of water discharge-related impacts	Resource optimization	44-45, 49, 58
303-3	Water withdrawal	There is no distinction between "freshwater" and "other water" as both are being used for the same purposes.	44-45, 49, 58
303-4	Water discharge	Resource optimization, Wastewater management	44-45, 49, 58
303-5	Water consumption	Resource optimization, Impact studies	49, 50-51, 92-95
Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity	54
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity	54
304-3	Habitats protected or restored	Biodiversity	54
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity	54
Emissions			
305-1	Direct (Scope 1) GHG emissions	Climate change	52-53
305-2	Energy indirect (Scope 2) GHG emissions	Climate change	52-53
305-3	Other indirect (Scope 3) GHG emissions	Climate change	52-53
305-4	GHG emission intensity	The following gases were included in the calculation: CH4 and N20.	52
305-5	Reduction in GHG emissions	Climate change	52-53
305-6	Emissions of ozone-depleting substances (ODS)	Climate change	52-53
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Climate change	43
Waste			
306-1	Management approach disclosure : Waste generation and significant waste-related impacts	Waste	56-57
306-2	Management of significant waste -related impacts	Waste	56-57
306-3	Waste generated	Waste	56-57
306-4	Waste diverted from disposal	Waste	56-57
306-5	Waste directed to disposal	Waste	56-57

	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	Sustainable sourcing	32
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable sourcing	33
Employment			
401-1	New employee hires and employee turnover	Fair labor practices	74
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Fair labor practices	76
401-3	Parental leave	Fair labor practices	77
Labor management relations			
402-1	Minimum notice periods regarding operational changes	Fair labor practices	75
Occupational health and safety			
403-1	Management approach disclosures - Occupational Health & Safety management systems	Occupational safety	76-71
403-2	Management approach disclosures - Hazard identification, risk assessment, and incident investigation	Occupational safety	76-71
403-3	Management approach disclosures - Occupational health services	Occupational safety	76-71
403-4	Management approach disclosures - Worker participation, consultation, and communication on occupational health & safety	Occupational safety	76-71
403-5	Management approach disclosures - Worker training on occupational health & safety	Occupational safety	76-71
403-6	Management approach disclosures - Promotion of worker health	Occupational safety	76-71
403-7	Management approach disclosures - Prevention and mitigation of occupational health & safety impacts directly linked by business relationships	Occupational safety	76-71
403-8	Workers covered by an occupational health and safety management system	Occupational safety	76-71
403-9	Work-related injuries	Archroma records all contractor injuries (first aids / medical treatments / lost time work cases) but does currently not conduct an index to avoid potential deviations to the Archroma system.	76-71
403-10	Work-related ill-health	Occupational safety	76-71
Training and education			
404-1	Average hours of training per year per employee	Talent management	85-87
404-2	Programs for upgrading employee skills and transition assistance programs	Talent management	85-87
404-3	Percentage of employees receiving regular performance and career development reviews	Talent management	85-87
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	Our governance structure, Diversity & inclusion	17, 79-81, 120-121
405-2	Ratio of base salary and remuneration of women to men	Our governance structure, Diversity & inclusion	79-81, 120-121

GRI CONTENT INDEX

DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Non-discrimination		
406-1 Incidents of discrimination and corrective action taken	Diversity & inclusion	80-81
Freedom of association and collective bargaining		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Fair labor practices, Sustainable sourcing	74, 109
Child Labor		
408-1 Operations and suppliers at significant risk for incidents of child labor	Fair labor practices, Sustainable sourcing	74, 109
Forced or compulsory labor		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Fair labor practices	74
Security practices		
410-1 Security personnel trained in human rights policies or procedures	Fair labor practices	74
Rights of indigenous peoples		
410-1 Incidents of violations involving rights of indigenours peoples	Fair labor practices	74
Local Communities		
413-1 Operations with local community engagement, impact assessments, and development programs	Local communities	88-89
413-2 Operations with significant actual and potential negative impacts on local communities	Local communities	88-89
Supplier Social Assessment		
414-1 New suppliers that were screened using social criteria	Sustainable sourcing	109
414-2 Negative social impacts in the supply chain and actions taken	Sustainable sourcing	109
Public policy		
415-1 Political contributions	Economic performance	99
Customer health and safety		
416-1 Assessment of the health and safety impacts of product and service categories	Product stewardship	112-115
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Consumer product safety, Compliance	73, 103
Marketing and labeling		
417-1 Requirements for product and service information and labeling	Consumer product safety, Product stewardship	72-73, 114
417-2 Incidents of non-compliance concerning product and service information and labeling	Consumer product safety, Compliance	73, 103
417-3 Incidents of non-compliance concerning marketing communications	Consumer product safety, Compliance	73, 103

DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Customer privacy		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digitalization & data protection	117

KPMG

Independent limited assurance report on selected quantitative Sustainability Information of Archroma Management GmbH

To the Management of Archroma Management GmbH, Pratteln

We have undertaken a limited assurance engagement on Archroma Management GmbH's (hereinafter "Archroma") following selected quantitative Sustainability Information in the Sustainability Report for the financial year from the 1st of October 2021 to the 30th of September 2022 (hereinafter "Sustainability Information"):

- Scope 1 & 2 CO2 emissions intensity: tons CO2 emissions / ton produced (as per GRI 305-4)

- Water intake intensity: m3 water income / ton produced (as per GRI 303-5)

- Waste intensity (waste produced / ton produced) (as per GRI 306-3)

- Workplace health & safety: TRR cases / 200'000 hours worked (as per GRI 403-9)

- Diversity and inclusion: % female in management (as per GRI 405-1)

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report, Annual Report or any other Report, including any images, audio files or embedded videos.

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the *'Summary of the work we performed as the basis for our assurance conclusion'* and the evidence we have obtained, nothing has come to our attention that causes us to believe that Archroma's Sustainability Information in the Sustainability Report for the financial year from the 1st of October 2021 to the 30th of September 2022 is not prepared, in all material respects, in accordance with the Global Reporting Initiative (GRI) Standards.

We do not express an assurance conclusion on information in respect of earlier periods or to any other information included in the Sustainability Report, Annual Report or any other Report, including any images, audio files or embedded videos.

Understanding how Archroma Management GmbH has Prepared the Sustainability Information

The GRI Standards have been used as criteria references for the disclosures. Consequently, the Sustainability Information needs to be read and understood together with the GRI Standards.

Inherent Limitations in Preparing the Sustainability Information

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

KPMG

Archroma's Responsibilities

The Management of Archroma is responsible for:

- Selecting or establishing suitable criteria for preparing the Sustainability Information, taking into account applicable law and regulations related to reporting the Sustainability Information;

- The preparation of the Sustainability Information in accordance with the criteria (GRI);

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;

- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and

- Reporting our independent conclusion to the Management of Archroma.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners and sustainability experts. We remain solely responsible for our assurance conclusion.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. Carrying out our limited assurance engagement on the Sustainability Information included, among others:

- Assessment of the design and implementation of systems, processes and internal controls for determining, processing and monitoring sustainability performance data, including the consolidation of data;

- Inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the selected disclosures;

- Inspection of selected internal and external documents to determine whether quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;

- Assessment of the data collection, validation and reporting processes as well as the reliability of the reported data on a test basis and through testing of selected calculations;

- Analytical assessment of the data and trends of the quantitative disclosures included in the scope of the limited assurance engagement;

- Assessment of the consistency of the disclosures applicable to Archroma with the other disclosures and key figures and of the overall presentation of the disclosures through critical reading of the Sustainability Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

KPMG AG

Silvan Jurt

Licensed audit expert

Cyrill Kaufmann

Licensed audit expert

Zurich, 1st of December 2022

EXPERTsuisse zertifiziertes Unternehmen

www.archroma.com

ARCHROMA MANAGEMENT LLC

Hardstrasse 1

4133 Pratteln

Switzerland

CERTIFIED TO
SE EN ISO 9001:2015
SN EN ISO 14001:2015
SN EN ISO 45001:2018