THE ARCHROMA WAY TO A SUSTAINABLE WORLD

Sustainability report Fiscal year 2023

Contents

Our Company

MESSAGE FROM THE CEO

It is a privilege to present this year's Sustainability Report and to invite you to learn more about our progress and performance. I joined Archroma in May 2023, and I am thrilled to be part of such a dynamic, industry-leading company at this exciting time and to return to my roots in the textile and paper business.

As a chemicals industry veteran who has led much transformation and change over the past four decades, I appreciate that advancing our Environmental, Social and Governance (ESG) goals is a continuous journey that we embark on together with our stakeholder community. We are fortunate to have the support of SK Capital Partners and of our diverse and talented teams and partners around the world.

Archroma is a global leader in specialty chemicals and our purpose is to lead our industry toward a more sustainable future. As we celebrate our tenth anniversary this year, we are very aware of the huge responsibility we hold as a company that touches and colors people's lives every day, everywhere.

Transformational Change

The acquisition of Huntsman Textile Effects in February 2023 was a defining moment in Archroma's history. We now have the industry's most extensive portfolio of products, with technologies and solutions from fiber to finish and beyond. We also have a comprehensive global footprint across 41 countries and 34 production sites, as well as industry-leading research and development capabilities.

This transformational acquisition creates a company with the resources and drive to lead our industry to a new, more sustainable future as a powerhouse of innovation and customer-focus. It has also substantially changed our manufacturing network and evolved our product offerings in new directions. As a result, we have recorded increases in some ESG metrics this year, including scope 1 and 2 emissions, energy consumption, and waste, while others, such as water intensity, continue to decline.

As we continue to integrate our two organizations, we are revising and aligning our different ESG approaches, scopes, and methodologies. Our goals, targets, and Key Performance Indicators (KPIs) will be updated accordingly for FY2024 onwards.

>

Value Creation

In the meantime, we continue to work with customers and partners to address global megatrends like the shift towards circular fashion, plastic-to-paper replacement, zero liquid discharge, and the use of natural and renewable raw materials. We also remain an active supporter of industry initiatives like Zero Discharge of Hazardous Chemicals (ZDHC), bluesign®, and the Sustainable Chemistry for the Textile Industry (SCTI) alliance that we co-founded in 2020.

In December 2022, Archroma was awarded the EcoVadis Platinum rating for the second consecutive year, consolidating our position among the top 1% best-rated companies in our industry. Pleasingly, we improved our score by 4 points, thanks in part to new strategies in sustainable procurement alongside ongoing efforts in environment, labor and human rights, and ethics.

Our ESG commitment also adds value to our commercial strategy. In FY2023, 50% of our sales stemmed from our Sustainable Systems portfolio, reflecting a 9% increase compared to FY2022 and outpacing the target of 35% in 2023, which we announced in our 2019 Sustainability Report.

Key innovations were also recognized at the Just Style 2023 Excellence Awards, where we won for The Color Atlas by Archroma® digital library of 5,760 color references as well as our revolutionary FiberColors® technology and water-saving Diresul® Evolution Black dyestuff.

Green Shoots

We continue to operate against a backdrop of heightened environmental awareness, extreme weather events, and growing economic and geopolitical instability. This is changing how people shop and how investment decisions are made, and prompting a global move towards the circular economy and the production of goods that are safer and more durable, repairable, and recyclable.

Within this complex landscape, we see the green shoots of opportunity and recovery. Archroma remains committed to working with stakeholders to nurture this new growth by advancing our industry towards a more sustainable future. We believe that this can only be achieved through a shared journey where transparency, ethics and inclusion are valued. These principles guide our innovation efforts and our interactions with customers, partners, employees, and the world around us.

Mark Garrett, ARCHROMA Group CEO

FY2023 HIGHLIGHTS

Innovations

4 Top Accolades

Archroma won four top accolades at the Just Style 2023 Excellence Awards: Three awards for Innovation – FiberColors®, DIRESUL® EVOLUTION BLACK LIQ and NOVACRON® ATLANTIC EC-NC – and one award for Digital Platform – The Color Atlas by Archroma® online library.

See https://www.archroma.com/press

30%

The APPRETAN® NTR range is made with over 30% renewable raw material component, allowing the reduced use of fossil fuel based resources without compromising on the needed performance of water, oil and grease resistance.

See page 7

50%

The minimum textile-waste-based raw materials used in our revolutionary FiberColors® dyes is 50%, helping to move the industry towards a circular economy. See page 7

100%

DIRESUL® NATURAL BROWN P creates biosynthetic brown dyes derived 100% from natural rosemary waste products of the agriculture and herbal industries; leaving the edible part still available for food consumption. See page 36

ZERO%

Cartaseal® SCR is our superior PFC-free barrier for drinking cups and molded fibers. It offers exceptional performance and is water resistant. See page 36

Positive Impact

57%

Our resource-saving DIRESUL® EVOLUTION BLACK LIQ delivers overall impact reduction of 57% compared to standard sulfur black.*

See page 7

5,760

Archroma brings the entire portfolio of 5,760 Color Atlas colors to many leading partners in the fashion industry, giving designers access to realistic fabric and color simuations. See page 7

50%

The proportion of sales from our Sustainable Systems as a percentage of our total sales has steadily increased and reached 50% in FY2023. See page 104

2nd Year

We were awarded an EcoVadis Platinum rating for the 2nd consecutive year, consolidating our position amongst top 1% best-rated companies. See page 102

95%

The Archroma Sustainable Supplier Rating (ASSR) monitors 95% of our suppliers to assess their sustainability performance. See page 101

* Ecotarrae life cycle analysis using the PeCiPe 2016 impact calculation methodology to measure impact on human health, resources, and ecosystems

FY2023 HIGHLIGHTS

Archroma completes acquisition of the Textile Effects business of Huntsman Corporation

On February 28, 2023, Archroma announced the closing of the acquisition of the Textile Effects business from Huntsman Corporation. The acquisition brings together two highly complementary organizations with strong cultures of innovation and a shared commitment to inspire advancements in the textile industry.

The combined company will continue to lead the textile industry in sustainability, innovation, and performance offering fashion brands, automotive, technical and home textiles the best-in-class cost performance whilst respecting natural resources and the planet. Both companies have been recognized by the industry and are each recipient of multiple awards for supplying sustainable systems and solutions in dyes and chemicals that are better for consumers and the planet.

FiberColors® by Archroma technology …

… is a new way of creating dyes from pre-and post-consumer textile waste that would otherwise be destined to landfill.

With this technology, Archroma upcycles textile waste into gorgeous colors. The colors are synthesized from a minimum content of 50% waste-based raw material.

With FiberColors®, brands will be able to create collections cleanly, supporting the circular economy, and respecting the environment.

Together we can close the loop and break the cycle of waste!
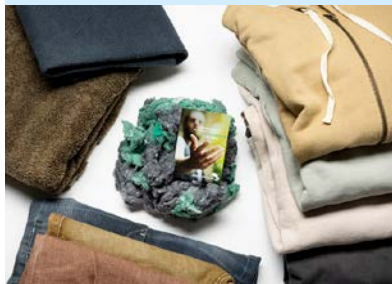
The Appretan® NTR range is made with over 30% renewable raw material component, …

… allowing the reduced use of fossil fuel based resources without compromising on the needed performance of water, oil and grease resistance.

It is a more sustainably responsible option for packaging manufacturers and food retailers willing to help tackle the impacts of our food consumption habits.

Textil Santanderina launches authentic black denim collection based on Archroma's eco-advanced DIRESUL® EVOLUTION BLACK sulfur dyestuff.

Based on cutting-edge synthesis technology developed by Archroma, DIRESUL® EVOLUTION BLACK liq delivers an overall impact reduction to 57%*, measuring its effect on human health, ecosystems and resources compared to standard Sulfur Black 1 liquid. Unlike traditional synthesis processes, it does not produce any ammonia, sodium salts waste or liquid effluents, and water consumption in the synthesis process is reduced by 73% for massive savings.

The new DIRESUL® dyestuff, when adopted with the full Archroma coloration system, delivers a new black color with on-tone wash-down effect and cleaner effluent at the mill.

Archroma brings the entire portfolio of 5,760 Archroma Color Atlas colors to swatchbook, the industry leading platform for material digitalization and sourcing.

The new partnership provides fashion, apparel and textile designers and manufacturers with an elevated standard for color accuracy that meets the needs of today's increasingly technology-driven and integrated supply chain.

This will help the textile and fashion community to improve sustainability, whilst lowering costs and shortening turnaround times.

* Ecotarrae life cycle analysis using the PeCiPe 2016 impact calculation methodology to measure impact on human health, resources, and ecosystems

ABOUT THE REPORT

- As a result of the Huntsman acquisition on 28 February 2023, our general data collection scopes and methodologies are currently going through an alignment and revision process. New KPIs to track the effectiveness of the actions to manage actual and potential impacts are under establishment for our new strategic cycle FY2024-2028. Respective goals and targets will be disclosed in the next reporting period, including progress, lessons learned and how these have been incorporated into the organization's operational policies and procedures when the two organizations became one.

- FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy. The same applies for Diversity, Equity & Inclusion.

- This report covers Archroma's fiscal year 2023 (FY2023), from 01 October 2022 to 30 September 2023, which aligns with its financial reporting cycle. Archroma's Sustainability Reports follow a yearly cycle. The previous report was published on 13 December 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 and 2 CO_2 emissions intensity, water intake intensity, waste intensity, workplace health and safety (TRR cases/200'000 hours worked), diversity and inclusion (% female in management), and material topics (disclosures related to material topics: GRI 3-1, 3-2, 3-3). 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.

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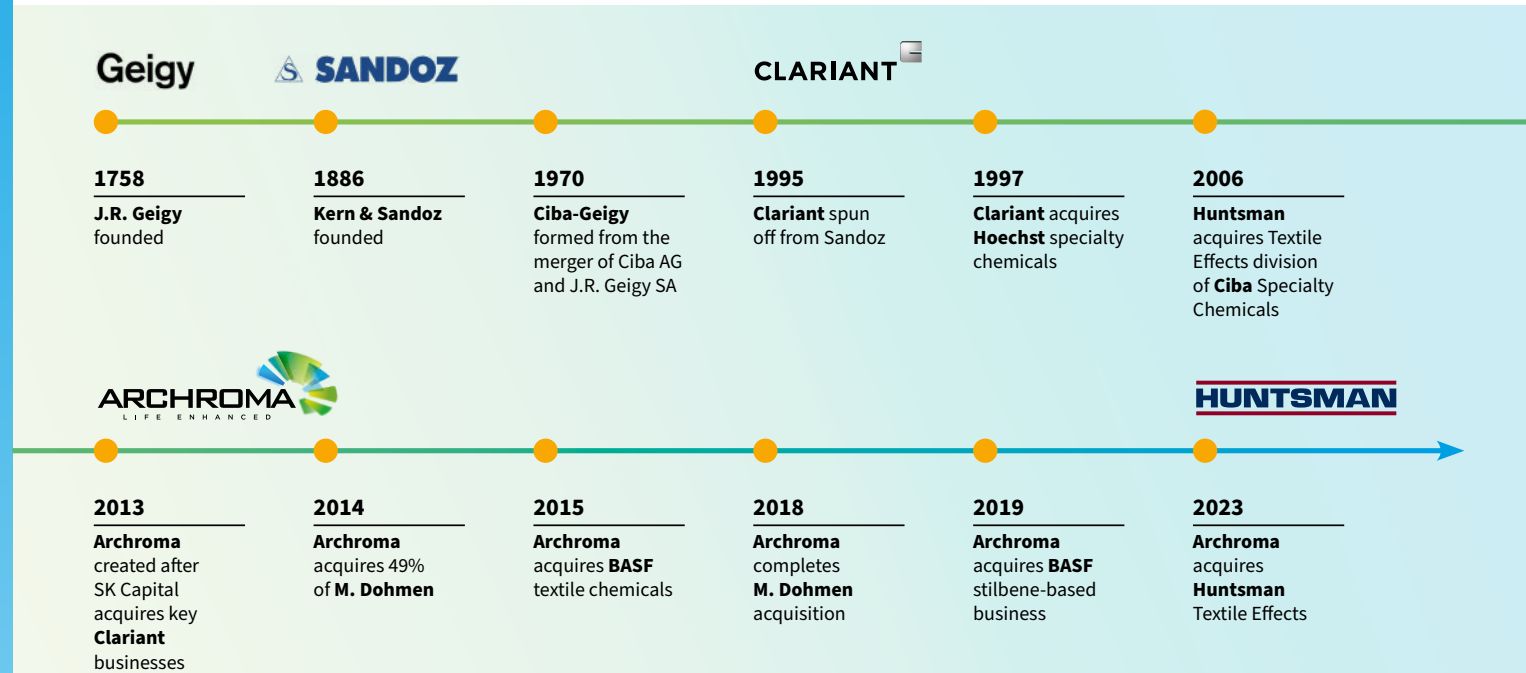
WHO WE ARE

Archroma is a global, diversified provider of specialty chemicals serving the textiles, packaging, paper, coatings, adhesives, and sealants markets. Headquartered in Pratteln, Switzerland, we are a diverse team of more than 4500 employees located in 41 countries and over 30 production sites. We operate in over 100 countries, touching and coloring people's lives every day, everywhere.

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

We are committed to the principles of The Archroma Way – an approach reflected in our innovations and customer focus, our world-class quality standards and high service levels, and the cost-efficient, resource-saving solutions we offer to help lead our industry toward a more sustainable future.

Our History

Archroma's heritage dates back to 1886, when textile dye-maker Kern & Sandoz was founded in Basel. More than a century later, in 1995, the company spun off Clariant, which acquired the specialty chemicals business of Hoechst in 1997. Clariant then sold its textile chemicals, paper specialties, and emulsion businesses to SK Capital in September 2013.

Geigy   **SANDOZ**   **CLARIANT**

1758	1886	1970	1995	1997	2006
J.R. Geigy founded	Kern & Sandoz founded	Ciba-Geigy formed from the merger of Ciba AG and J.R. Geigy SA	**Clariant** spun off from Sandoz	**Clariant** acquires **Hoechst** specialty chemicals	**Huntsman** acquires Textile Effects division of **Ciba** Specialty Chemicals

ARCHROMA   **HUNTSMAN**

2013	2014	2015	2018	2019	2023
Archroma created after SK Capital acquires key **Clariant** businesses	**Archroma** acquires 49% of **M. Dohmen**	**Archroma** acquires **BASF** textile chemicals	**Archroma** completes **M. Dohmen** acquisition	**Archroma** acquires **BASF** stilbene-based business	**Archroma** acquires **Huntsman** Textile Effects

SK Capital combined the three divisions into an integrated, market-focused, and collaborative company, and Archroma was born. Today, 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".

A leading private investment firm, SK Capital focuses on the specialty materials, chemicals, and pharmaceuticals sectors and works to propel the sustainable transformation of the businesses in which it invests in collaboration with their management teams. Its portfolio companies currently generate revenues of approximately USD 17 billion annually and employ more than 25 000 people globally. As of October 2023, SK Capital had approximately USD $ 7.9 billion of assets under management.

Archroma continues to grow with additional acquisitions. The global textile chemicals business of BASF was added to Archroma in 2015, with BASF's stilbene-based optical-brightening agents business for paper and powder detergent applications following in 2019. In 2018, Archroma completed the acquisition of M. Dohmen, an international group specializing in the production of textile dyes and chemicals for the automotive, carpet, and apparel sectors.

In February 2023, Archroma acquired the Textile Effects business of Huntsman Corporation. A global leader in sustainability and innovation in the textile industry, Textile Effects brought the combined heritage of Huntsman and the textile dyes and chemicals business of Ciba, which it had acquired in 2006, to further enrich Archroma.

Through this direct lineage, Archroma has accumulated knowledge and expertise of specialty chemical manufacturing spanning 265 years.

CELEBRATING 10 YEARS OF ENHANCING LIVES THROUGH SUSTAINABILITY AND INNOVATION

GLOBAL PRESENCE

94 markets served; (colored), over 100 locations, including 34 production sites

Over 4500 employees, over 100 locations (including 34 production sites) across 41 countries worldwide

- ● Headquarters
- ● Offices
- ● Laboratories
- ● Production sites
- ● Sales countries

Markets served

We currently serve 94 markets worldwide, organized into five regions: North Asia, South Asia, Pakistan, Americas and Europe, and Middle East and Africa. Archroma has suspended its operations in Russia and Belarus until further notice.

Scale of operations

Archroma currently has over 100 locations in 41 countries worldwide, 34 production sites, more than 30 laboratory facilities, 56 warehouses, and 68 offices. We have significant operations in Brazil, China, Germany, India, Indonesia, Mexico, Pakistan, Spain and in the USA.

/The Archroma
way to a
sustainable
world:
It's our nature!
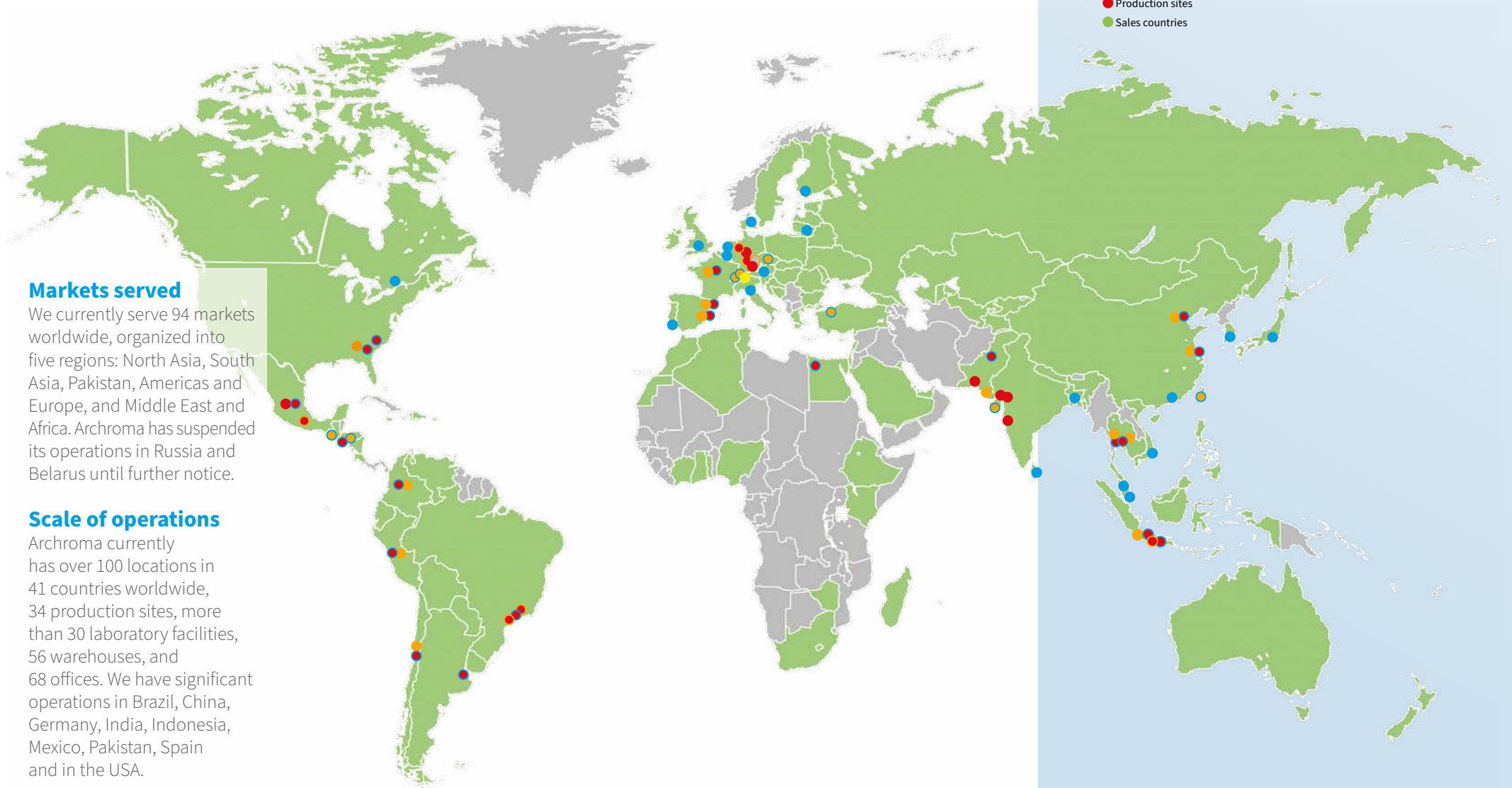
STRATEGY, PURPOSE AND VALUES

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. Articulated around three dimensions – Safe, Efficient, and Enhanced – The Archroma Way motivates us to continuously challenge the status quo in the belief that we can help make our industry sustainable with our innovative systems and solutions.

A key pillar behind the "Safe" dimension is our global product stewardship organization, which 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.

Among our innovations are the **ONE WAY Impact Calculator** – a process simulation tool to help customers select cost-effective, resource-saving solutions that also optimize productivity – and **The Safe Edge by Archroma,** an online compliance-checking platform for customers that advances product stewardship.

With the acquisition of the Textile Effects division of Huntsman Corporation in February 2023, we have further deepened our expertise and strengthened our portfolio to bring customers and partners the innovative solutions they need to reduce resource consumption while optimizing cost.

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

Our Culture Landscape

OUR PURPOSE

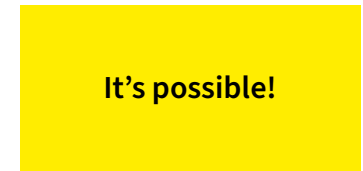To lead our industry towards a more sustainable future for our customers and markets

OUR CORE VALUES

Safety First – Towards zero harm at all times
Integrity – Committed to ethical behavior, openness and transparency
People – Diversity and inclusion, talent development

OUR CULTURE PILLARS (AACC)

ACHIEVE & EXCEED

ADAPT & INNOVATE

CENTER ON **CUSTOMER**

COLLABORATE & EMBRACE DIVERSITY

It's possible!

AFFILIATIONS AND MEMBERSHIPS

Archroma engages with relevant stakeholders to support and drive initiatives with the potential to achieve measurable change through tangible and ambitious solutions and innovations. We champion positive collaboration as the best way forward for our industry.

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.

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.

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.

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 and that acts as
an independent verifier to secure trust and transparency.

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.

EcoVadis
EcoVadis is an organization specialized in assessing the corporate social responsibility (CSR) performance of companies on a global basis. Archroma was awarded the "Platinum" rating in 2022 and 2021, placing us within the top 1% in our industry.

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.

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 six 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.

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

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

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

ARCHROMA TEXTILE EFFECTS DIVISION

Archroma Textile Effects division brings together the Brand & Performance Textile Specialties business of Archroma and the Textile Effects business acquired from Huntsman.

On 28 February 2023 the Group announced it had closed the acquisition of the Textile Effects business from Huntsman Corporation. The former Brand & Performance Textile Specialties business is now known as Archroma Textile Effects.

The acquisition combines highly complementary product portfolios to offer fashion brands and the global textile industry the high performance they expect, while respecting natural resources and the planet.

Markets

As a global leader in color and specialty chemicals with a trusted heritage and new product solution packages and innovations, we aim to be a reliable partner for textile mills as well as major retailers and brands.

Whether the need is for apparel (such as sportswear or leisure wear), decorative home textiles (such as curtains, blinds, or mattresses), high-performance materials for protective wear and uniforms, or nonwovens used for interlining, filters, medical sterilization materials, or the automotive industry, Archroma's broad portfolio of innovative, effect-promoting finishes is highly valued among the technical textile sector for its focus on safety and ecology, as well as its contribution to improving manufacturing efficiency.
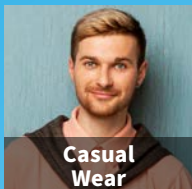
Our system packages enhance the properties of apparel and other textiles in applications as diverse as high fashion, home textiles, automotive and special technical textiles.
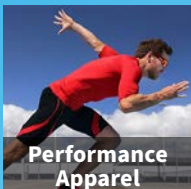
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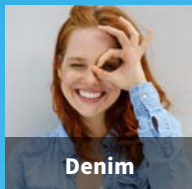
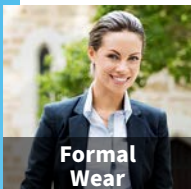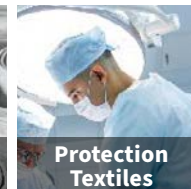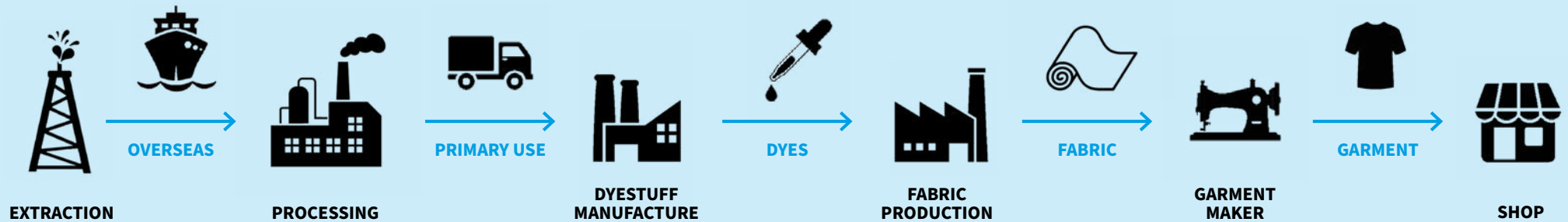| Apparel				Home Textiles		Specialized Textiles		
Denim	Casual Wear	Performance Apparel	Formal Wear	Home and Institutional		Automotive	Technical Textiles	Protection Textiles
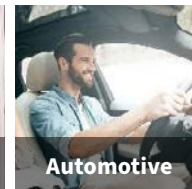
Value chain

Textiles are a huge part of our day-to-day lives. From the clothes we wear to the bedsheets we sleep on, there is a wide spectrum of applications for textiles, each with distinct functional requirements that vary depending on their use. Textiles may need to be soft, comfortable, and easy to care for, as well as waterproof, fire resistant, dimensionally-stable, antimicrobial, or durable for the long term, to name just a few.

At the same time, design, color management and manufacturing impacts on the environment and people need to be taken into consideration to make our products more secure, efficient and sustainable along the value chain - from extraction to the final product.

SIMPLIFIED ARCHROMA TEXTILE EFFECTS SUPPLY CHAIN

| EXTRACTION | OVERSEAS → | PROCESSING | PRIMARY USE → | DYESTUFF MANUFACTURE | DYES → | FABRIC PRODUCTION | FABRIC → | GARMENT MAKER | GARMENT → | SHOP |

The textiles and apparel sector provides essential products and is a key contributor to the global economy. Archroma is a key player in its complex supply chain.

At Archroma, we share our customers passion for functional finishes, and we bring our expertise, innovation power, and commitment to sustainability into the development of cutting-edge technologies and products that support their needs.

From fiber to finish, Archroma plays a key role throughout the entire textile supply chain, with special system solutions for spinning, sizing, pretreatment, dyeing, printing and finishing.

Innovation is our core competence, ensuring that our products and services meet future demands, foster future technologies, and contribute to a more sustainable textile industry.

SPINNING > PRETREATMENT > COLORATION/PRINTING > AUXILIARIES > FINISHING

ARCHROMA PAPER, PACKAGING & COATINGS DIVISION

We are leading experts in the management of whiteness, coloration, process chemicals and functional chemicals for the paper & packaging industry and beyond. Our history of excellence and commitment to innovation positions us as the ideal partners for pulp mills, paper mills and converters.

Markets
Our extensive range of solutions is rooted in innovation and cutting-edge technology. This focus empowers us to consistently deliver superior and dependable products that enhance our customers' processes and products at every step of the value chain.

Whether it's corrugated boxes, food and luxury packaging, napkins, paper towels, printing and writing paper, interior and exterior paints, adhesives, wood varnishes, or construction emulsions, we are dedicated to ensuring the best quality of products for our valued customers.

Market Segments Served
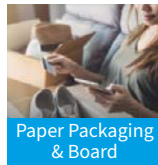
Paper Packaging & Board | Flexible Packaging | Printing & Writing
Tissue & Toweling | Paints & Coatings | Construction
Adhesives | Wood treatment
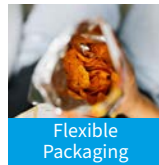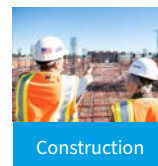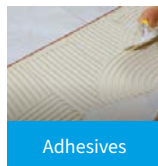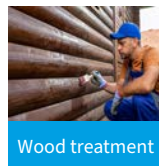
Product Offering
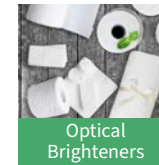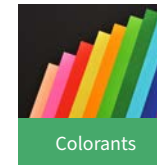
Optical Brighteners | Colorants | Process Chemicals
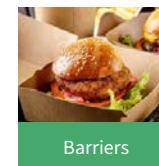
Functional Chemicals
Barriers | Coatings | Adhesives
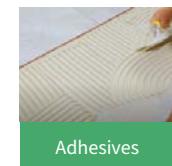
Value chain

Packaging and paper is a complex industry, encompassing various stages from the pulp mill to paper mills, converters and print shops.

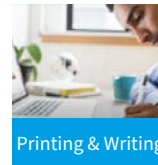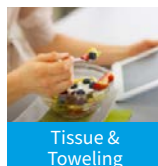Paper and packaging products serve diverse purposes, each with unique requirements. These products must be not only of high quality and durability but also consider factors like recyclability, sustainability, and cost-effectiveness throughout the production process.

Environmental and ethical considerations are also crucial at every step of the value chain. Ensuring that the industry operates efficiently and sustainably is paramount.

SIMPLIFIED ARCHROMA PP&C SUPPLY CHAIN

PULP MILLS

PAPER MILLS

CONVERTERS

PRINT SHOPS

SHOP

RECYCLE
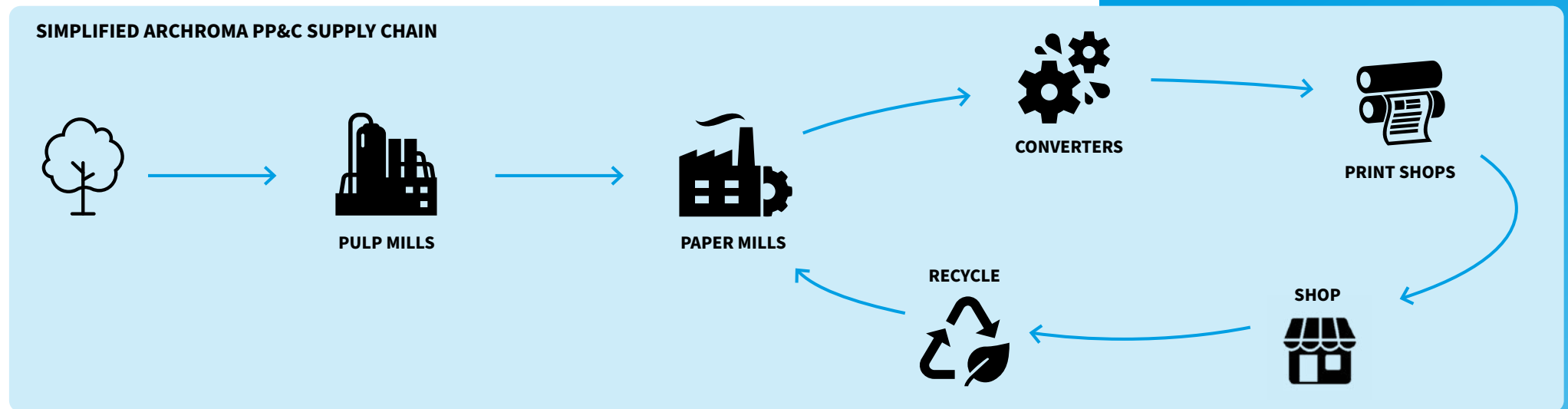
At Archroma, we share our customers' commitment to achieving the best in paper and packaging solutions. Our wealth of expertise, innovative capabilities, and unwavering dedication to sustainability drive us to create cutting-edge technologies and products that cater to each customer's specific requirements.

Fossil-based materials like plastics come from finite resources. They can be recycled in some cases, but they certainly are not regenerative. In contrast, recyclable and renewable paper & packaging solutions provide a sustainable alternative to fossil-based materials.

TRENDS, RISKS AND OPPORTUNITIES

Creating possibilities

Key developments impact consumer behavior and preferences which in turn presents new risks and opportunities for us. Understanding key megatrends and associated risks helps us find new opportunities and shape our business model to find new places to win.

We have identified three key megatrends over the next five years that continue to bring new opportunities to our business:

Global trends, impacts & opportunities

MEGATREND	CONSEQUENCE	IMPACT	OPPORTUNITY
A growing and highly interconnected global population	> Growing consumer base > Make sustainability affordable > Use of new technologies	> Emerging economies will drive market expansion (Asia and Africa) > Better affordability, availability of more sustainable options > Automate, augment and accelerate through digitalization	> Focus on key growth areas (global-local strategy) > Create value chain partnerships to drive cost-efficient solutions > Rise of new business models, e.g. second-hand, upcycling, retail-ready/smart packaging, automatic designs powered by Artificial Intelligence (AI)
Worldwide ageing and a rising middle-class	> Living longer and more consciously > Demand of greater transparency and more access to information	> End-consumers will focus on products that support health & well-being > Label confusion: End-consumers desire clear & reliable certification schemes	> Substitution of potentially harmful chemicals > Transparency along the products' life-cycle, eco-label compliance and advancement of industry standards
Accelerating climate change and increasingly severe consequences	> Sustainable consumerism is on the rise > Circularity is becoming more important > Trust and reliability are key	> End-consumers buy more consciously > Support for businesses that end-consumers believe to act responsibly and address climate change, social inequalities, and waste reduction/avoidance	> Alternative materials: Regenerative (bio-based), compostable/biodegradable (plastic-free), durable or recycled (keep-in-use) materials > Maintain trust through strong governance and clear sustainability commitments

Positive impact creation

Through our value chain, we strive to create innovative products and solutions that have a positive impact on the environment and society. The corresponding outputs deliver growth – in partnership with our customers – as we touch and color people's lives every day, everywhere.

Understanding the **key challenges facing our industry**

| CLIMATE CHANGE & DECARBONIZATION | SUPPORT FOR THE CIRCULAR ECONOMY | HUMAN & LABOR RIGHTS COMPLIANCE |

Recognizing **our impacts**

| Net-zero Circularity Resource efficiency | Safety-first culture Attractive employer Diversity for all | Supplier engagement Customer centricity Strong governance |

Committed to contributing to
UN Sustainable Development Goals

CONTRIBUTION TO THE SDGs

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."

For us at Archroma, the SDGs are not just a framework that helps us to set the right ambitions, but a strategic lever to turn potential risks into opportunities. They serve us 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 value 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 we can have the largest impact and create sustainable value for our employees, customers, and the broader society.

3 GOOD HEALTH AND WELL-BEING

Safety is our first priority at every step of the manufacturing process, with the aim 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 with respect 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 continuously 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.

Inclusive stakeholder engagement

Our activities have an impact that goes beyond economic results. For this reason, we align our business performance with the expectations of our stakeholders and with society in general to be successful in the long run. A deep understanding of the most relevant topics for the different groups of stakeholders is essential – an understanding that comes only from continued and inclusive engagement with our stakeholders. We also need to recognize external trends and market expectations so we can identify opportunities as well as risks for our business. This increases our transparency and helps build strong relationships.

To gather views, every year we interact with stakeholders to identify critical issues and strategic priorities, to understand how our business affects them and to determine the most material impacts to be managed. This inclusive dialogue ensures we increase our positive impact on society and the planet and continue to deliver new sustainable solutions for our customers that also tackle the most pressing challenges from the industry, society and the environment.

STAKEHOLDER ENGAGEMENT

STAKEHOLDER DIALOGUE	WHY WE ENGAGE	HOW WE ENGAGE	TOPICS AND CONCERNS
Customers, brands & retailers	> Strong engagement with our customers and brands enable us to understand their needs and anticipate market trends.	> Customer sustainability requests > Audits > Customer innovation days > Customer and industry conferences and events > Key account manager relationships > Leveraging digital capabilities to enhance insights in consumer trends > Stakeholder engagement on impact creation	> Climate change > Consumer health & wellbeing > Governance & business conduct, ethics, transparency > Human rights > Innovation capabilities & management > Product environmental & social performance > Product quality & safety > Responsible sourcing & traceability
Suppliers	> Supplier engagement and collaboration ensures our suppliers have high standards in business ethics and respect for people and the environment.	> Assessments > Supplier audits > Collaborations to improve performance > Multi-stakeholder groups > Supplier events: Capacity building, discussing issues > Engagement with supplier relationship managers > Stakeholder engagement on impact creation	> Climate change > Human rights > Innovation capabilities & management > Raw material availability > Responsible sourcing & traceability
Employees	> We engage with our people to foster an environment of open dialogue to mutually resolve conflicts, to identify development initiatives and innovative ideas that will help drive our business.	> Works Council consultations > Employee engagement surveys > Annual performance dialogue > Talent management processes > Learning and development opportunities > Stakeholder engagement on impact creation	> Diversity, inclusion & people development > Employee health & safety & wellness > Governance & business conduct, ethics, transparency > Human rights > Innovation capabilities & management
Investors	> We foster transparency and further improve our reporting practices through our open and active dialogue with investors.	> Briefings with analysts > Conferences with investors and other financial stakeholders > Stakeholder engagement on impact creation	> Diversity, inclusion & people development > Economic performance > Environmental, Social & Governance (ESG) topics > Governance & business conduct, ethics, transparency > Raw material availability
Communities	> Open dialogue fosters good relations and enables us to work together with communities and neighborhoods on projects and causes that benefit local communities, help protect local ecosystems and support livelihoods.	> Local site community engagement programs > Ongoing dialogue with local authorities and community organizations > Employees engaged in social activities within the communities in which we operate > Local partners (NGOs or cooperatives) > Stakeholder engagement on impact creation	> Biodiversity > Climate change > Diversity, inclusion & people development > Governance & business conduct, ethics, transparency > Human rights > Local community development > Product environmental & social performance > Responsible sourcing & traceability
Regulatory agencies, NGOs, NPOs, associations	> Engagement and collective action with external partners is essential to act as a responsible business. We engage with local governments and regulators to understand the changes, their concerns and find mutually beneficial solutions.	Selected partners we engage with: > United Nations Global Compact > EcoVadis > Together for Sustainability (TfS) > Sustainable Chemistry for the Textile Industry (SCTI) > European Chemical Industry Council (Cefic) > National & local associations	> Climate change > Environmental, Social & Governance (ESG) topics > Governance & business conduct, ethics, transparency > Human rights > Product environmental & social performance > Product quality & safety > Responsible sourcing & traceability
Innovation partners	> We engage in innovative partnerships to go beyond our own internal capabilities and seek out collaboration opportunities.	> Partnerships with customers, brands, accelerators and academia > Co-creation and co-innovation opportunities > Stakeholder engagement on impact creation	> Climate change > Consumer health and wellbeing > Innovation capabilities & management > Product environmental & social performance > Product quality & safety

In alignment with the revised GRI standards, our materiality assessment involved three key stages:

RESEARCH AND DEFINING THE ISSUES:
Desk research on market and regulatory developments as well as a comprehensive assessment of the results of the stakeholder survey from October 2022 provided in-depth insights into industry context and trends.

As a result the list of 19 material issues from FY2022 has been refined to a short list of 10 materiality clusters.

ENGAGEMENT AND PRIORITIZATION:
In 2023, for the first time, profound stakeholder interviews were carried out with Archroma senior business leaders and important external stakeholders from different backgrounds, ranging from customers and brands to specialists from industry associations and sustainability thought leaders. Subsequently, a quantitative survey has been conducted with Archroma employees across different regions and divisions, as well as key external stakeholders.

All survey participants were invited to provide their views on the issues identified and their relative importance. Both engagement rounds enabled us to assess the impact materiality and finan-cial materiality of the issues and prioritize them accordingly.
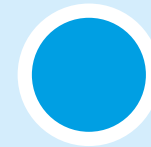
ANALYSIS AND VALIDATION:
In this last step the results were analysed and collated to build the materiality matrix, which was reviewed by key internal stakeholders before being endorsed by the Leadership Team.
In total 10 material clusters were validated, each of them underpinned by detailed materiality issues.

These clusters are mapped in the matrix according to their level of impact. The issues and their relative weight provide insight to us for further developing and refining our sustainability efforts.

From Materiality Matrix FY2022 to FY2023
Integration of stakeholder views from survey 2022

MATERIAL TOPICS SR2022	PROPOSAL FOR REVISED MATRIX	ENABLER
Circularity		
Waste	**Integration into "Waste & Circularity"**	
Wastewater		
Product stewardship communication	**Integration into "Sustainable materials"**	
Resource Optimization		
Occupational Safety	**Integration into "Health & Safety"**	
Compliance	**Integration into "Business Ethics & Compliance"**	
Climate change	**Integration into "Climate & Energy"**	**Culture**
Sustainable Sourcing	**Integration into "Sustainable supply chain"**	
Fair labor practice		**Stakeholder Engagement**
Diversity & Inclusion	**Integration into "Fair and attractive employer"**	
Talent Management		**Digitalization**
Biodiversity		
Environmental Safety	**Integration into: "Land & Water"**	
NEW: Water		
Local Communities	**Integration into "Corporate citizenship"**	
Economic Performance	Economic Performance	
Culture	**> Enabler**	
Digitalization	**> Enabler**	

Full outline of revised materiality topics

ENVIRONMENT		SOCIAL	GOVERNANCE
SUSTAINABLE MATERIALS • Sustainable innovation & circular material alternatives • Resource optimization along the value chain • Product Stewardship & related communication	**CLIMATE & ENERGY** • GHG emissions • Energy use in operations • Renewable energy	**HEALTH & SAFETY** • Occupational Safety • Consumer product safety • Process safety & quality	**BUSINESS ETHICS & COMPLIANCE** • Corporate governance • Compliance & anti-corruption • Risk management • Data privacy and safety • Cybersecurity
	WASTE & CIRCULARITY • Circularity • Waste • Wastewater	**FAIR AND ATTRACTIVE EMPLOYER** • Fair labor practice • Diversity, equity and inclusion • Talent retention	**SUSTAINABLE SUPPLY CHAIN** • Sustainable & transparent sourcing practices • Human rights & child labor
	WATER & LAND • Water stewardship • Environmental safety • Biodiversity	**CORPORATE CITIZENSHIP** • Community engagement • Local community impact	**ECONOMIC PERFORMANCE** • Sales development • Benefit plans • Tax transparency approach

<   Enabler: Culture, Stakeholder Engagement, Digitalization   >

Areas of high materiality

TOPIC	SUB-CATEGORIES	EXPLANATION FOR HIGH MATERIALITY
Sustainable materials	• Sustainable innovation & circular material alternatives • Resource optimization along the value chain • Product safety & stewardship • Transparent and reliable communication	Archroma's product portfolio is its main direct impact on sustainable development. The design phase determines a product's environmental or social impacts during its life cycle. We therefore consider it crucial to take the entire life cycle into account during this phase. The notion of a circular economy is integrated into product development at a very early stage. Different components are analyzed to decide whether they are reusable or recyclable. It is essential for Archroma to have a precise understanding of customers' needs and to provide them with the right solution. Our two divisions can only have a positive impact on sustainability by working closely with their customers. Product and consumer safety is integral to product development; it is essential for preventing individuals from being harmed by hazardous substances or materials, particularly in the disassembly phase. It is vital for Archroma to comply with applicable laws (such as REACH) and ensure that all necessary declarations are in place, visible, and understandable for its customers.
Climate & energy	• GHG emissions • Energy use in operations • Renewable energy	Energy consumption is a major source of GHG emissions. Climate change is the biggest energy-related concern of many external stakeholders and regulators; and the international community is broadly committed to tackling the challenges it presents. Being a global industrial company makes it essential for Archroma to understand, manage and reduce the GHG emissions attributable to its operations as well as supply chain and customers' use of its products. Increasing renewable energy is an essential factor to reduce negative climate impacts. As part of our efforts, Archroma continuously increases the share of renewable energy purchased and self-generated. We are currently developing a renewable energy target which will be made public in FY2024.
Waste & circularity	• Circularity • Waste • Wastewater	Valuable natural resources and other inputs are essential for the manufacture of Archroma's products. Manufacture results in products, and also waste and wastewater. As part of our commitment to being a responsible industrial company, it is therefore important for us to continuously work to ensure that this waste is minimized and that circular approaches are implemented by each division wherever feasible. This applies to Archroma's use of resources and materials at its operations, its treatment of waste, and its efforts to reuse or recycle itself or to work with outside partners to find possible reuse and recycling options.
Water & land	• Water stewardship • Environmental safety • Biodiversity	Water is used along the entire value chain, but is particularly high in some upstream processes. Sustainable water management (e.g. access to clean water) is an urgent societal issue that Archroma takes very seriously. Quality is always controlled before water is returned to source. Archroma is committed to protecting the environment and using natural resources carefully and efficiently. Our actions are guided by the precautionary principle, in which we actively work to identify and prevent any risks associated with our products or processes. To reduce its impact on the environment, Archroma is committed to finding opportunities to continuously improve its environmental management processes. When we develop products and solutions, we consider their environmental impact along the entire life cycle. Environmental aspects are therefore integrated into business decisions starting with the R&D phase. Biodiversity provides the existential basis for human beings to live on this planet. It 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.Nevertheless, Archroma adopts the precautionary principle. It therefore places a high priority on environmental management and ensures its compliance with all applicable laws and regulations.

TOPIC	SUB-CATEGORIES	EXPLANATION FOR HIGH MATERIALITY
Health & safety	• Occupational Safety • Health and well-being at work • Process safety and quality	Occupational safety is of paramount importance to Archroma and many of its stakeholders. Caring about the people who work for Archroma (or on its premises) is integral to our corporate culture. We are therefore committed to fostering a robust safety culture and, more broadly, to providing a work environment that promotes its employees' overall well-being. 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 and SN EN ISO 45001: 2018 Occupational Health and Safety Management System. Our 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.
Fair and attractive employer	• Fair labor practice • Diversity, equity and inclusion • Talent retention, attraction and engagement	Archroma treats all employees equally, motivates them, enables them to achieve a healthy work-life balance, supports freedom of association, and provides training and development opportunities. A respectful and diverse work environment in which all employees feel included and affirmed regardless of their gender, nationality, ethnic origin, age, identity, or sexual orientation, is essential: Retaining diverse and skilled talent supports future business growth.
Corporate citizenship	• Community engagement • Local community impact	Archroma is committed to having a positive impact on the communities where it operates. We are at the same time a global and a local citizen: Maintaining good relations with our neighbors and partnering with them to achieve common goals are of great importance to the Group. 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 create positive impacts for those communities.
Business ethics & compliance	• Corporate governance • Responsible business practices, compliance and anti-corruption • Risk management • Data privacy and safety • Cybersecurity	Good corporate governance enables us to address the interests of all internal and external stakeholders. It ensures objective decision-making, clear checks and balances, and legal and regulatory compliance. Risk and opportunity management is crucial for Archroma and its outside stakeholders to maintain business continuity in a rapidly changing environment and to systematically identify and manage, emerging and potentially disruptive developments. Although we do not collect sensitive customer data, we do store employees' personal data. Archroma handles all such data in full compliance with applicable data protection laws in the jurisdictions in which it operates. During ongoing digitalization, data availability, integrity, and security are crucial for our IT infrastructure and business systems.
Sustainable supply chain	• Sustainable & transparent sourcing practices • Human rights & child labor	Archroma's supply chain could potentially be a source of adverse social and environmental impacts. We therefore have a responsibility to systematically manage our suppliers in order to minimize these risks. Respect for human rights and the prevention of human rights violations are integral to responsible supply chain management. As a basis for long-term partnerships with its suppliers, Archroma expects them to do their part to ensure the protection of human rights.
Economic performance	• Sales development • Benefit plans • Tax transparency approach	Economic performance refers to our ability to operate in a profitable business model that also has a positive impact on people and the planet. Working hand-in-hand with our customers, we respond to changing consumer needs for products that support their sustainability expectations and demand for greater transparency. We feel that business can, and should, play its part to help address challenges such as the climate crisis, inequality and economic uncertainty. Strong economic growth allows us to focus on our people, making sure that everyone has the right skills and competences to grow and feel valued. We support the UN Sustainable Development Goals and focus our efforts on those goals to which we can contribute the most. Archroma recognizes that administration and payment of taxes forms an integral part of each company's responsibility to a functioning society. Our benefit plans are equally an essential component of our employee value proposition and a key driver of both individual and business performance.

Materiality Matrix FY2023

Issues with outward impact to be presented in public ESG report for broad audience of stakeholders.

Issues with business impact to be presented in annual report to investors and leaders.

Legend:
- Environment
- Social
- Governance

Our Sustainability ambition

Archroma is committed to leading the sustainability transformation of its industry. By constantly engaging with our partners along the value chain on their needs and expectations, we drive the proactive adaptation of our portfolio towards future market expectations.

It is our strong belief that potential risks can be turned into opportunities by continuing our shift to a more sustainable product portfolio.

As outlined above, we have finalized the process of reassessing our material topics. Accordingly, we have developed a sustainability framework in line with our material topics alongside the three GRI pillars – Environment, Social, and Governance (ESG) – and an integration of the previously identified key SDGs. A broader revision of our sustainability objectives, including a further deep dive on the SDGs, is currently underway. Our goal for the next strategic cycle (from 2024) is to revise and strengthen targets for each ESG pillar to increase our positive impact on society and the planet and to deliver new sustainable solutions for our customers.

Our sustainability framework
We are committed to lead the sustainability transformation of our industry

	Aim	Material topics	SDGs
Environment	Reducing the ecological impacts on our planet	Sustainable materials Climate & energy Waste & circularity Water & land	9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production; 13 Climate Action; 14 Life Below Water; 15 Life on Land
Social	Creating value for our employees, partners and society as a whole	Health & safety Fair and attractive employer Corporate citizenship	3 Good Health and Well-Being; 5 Gender Equality; 12 Responsible Consumption and Production; 15 Life on Land
Governance	Enabling the sustainability transformation	Business ethics & compliance Sustainable supply chain Economic performance	3 Good Health and Well-Being; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production; 13 Climate Action

COMMITMENT TO THE PRINCIPLES OF THE UN GLOBAL COMPACT

The principle of the UN Global Compact
Archroma adheres to the 10 principles of the United Nations Global Compact (UNGC) in its business practices, comprising the four areas of human rights, labor standards, environment and anti-corruption.

Our sustainability reporting sets the basis for our annual Communication on Progress (CoP).

Human rights
Principle 1   Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2   Make sure that they are not complicit in human rights abuses

Labor
Principle 3   Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4   The elimination of all forms of forced and compulsory labor

Principle 5   The effective abolition of child labor

Principle 6   The elimination of discrimination in respect of employment and occupation

Environment
Principle 7   Businesses are asked to support a precautionary approach to environmental challenges

Principle 8   Undertake initiatives to promote greater environmental responsibility

Principle 9   Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption
Principle 10   Businesses should work against corruption in all its forms, including extortion and bribery

Environment

Sustainable materials

Climate & energy

Circularity & waste

Water & land

Sustainable materials

Climate & energy

Circularity & waste

Water & land

CREATING A POSITIVE IMPACT FOR THE TEXTILE DYES AND CHEMICAL INDUSTRY

SUPER SYSTEMS⁺ is a powerful set of end-to-end systems, combining processing solutions and intelligent effects, that unleashes the strength of the new integrated Archroma portfolio. It will cover the entire textile processing workflow, from sizing to finishing, for Blue Denim, Color Denim, Performance Wear, Formal Wear, Swimwear, Towels, Cotton Knits, Blend Knits, Sheeting, and Bottom Weights.

IMPACT MATRIX

IMPACT	IMPACT+
>20% resource saving or >10 wash durability system with ZDHC Level 3 Chemicals	>20% resource saving or >10 wash durability system with COMPLIANCE+ Chemicals
FOUNDATION	**FOUNDATION+**
Standard Process with ZDHC Level 3 Chemicals	Standard Process with COMPLIANCE+ Chemicals

We believe that we can drive positive impact for the planet and people by driving resource savings in manufacturing and consumer use, adopting cleaner chemistries and enhancing durability to the garment.

That's why we designed our systems around an Impact Matrix which guides our customers in making informed decisions about their choice of Intelligent Effects and Processing Solutions, aligned with your sustainability goals.

Organized into four pillars -- Foundation, Foundation+, Impact and Impact+, the Impact Matrix addresses the key challenges facing the textile industry today.

Each of the SuperSystems+ solutions offers different levels of sustainability benefits, or incorporates technologies that support compliance with existing or anticipated regulations around harmful or unwanted chemicals.

SUPER SYSTEMS⊕ are now available for:

CASUAL WEAR / KNITS
100% Cotton

Knits that combine style, comfort, and sustainability.

Knitwear is a cornerstone of the fashion industry, yet its prevalence comes at an unfortunate environmental expense.

Cotton knitwear requires significant water, energy, dyes, and chemicals for production, and much of what is produced is discarded after a few wears, often ending up in landfill or incinerators.

At Archroma, we are committed to leading the change.

Our **planet conscious** innovations deliver measurable environmental **impact.** By increasing process efficiency, saving considerable resources, and adding value and longevity to the final garment through durable effects, brands and mills can help create an eco-friendlier future for fashion.

Super Systems+:

Making a difference to people and the planet through solutions and processes that create a positive impact on the environment and deliver significant sustainability targets.

CASUAL WEAR / KNITS
Polyester Cotton

Knits that combine style, comfort, and sustainability.

Polyester/cotton knits offer a balanced combination of durability, comfort, and affordability. These versatile fabrics find applications in various aspects of our daily lives, owing to their unique blend of properties derived from both polyester and cotton fibers. It is a unique blend of the *power of polyester and the comfort of cotton*

PES/Cotton knitwear requires significant water, energy, dyes, and chemicals for production as the application process is quite long and much of what is produced is discarded after a few wears, often ending up in landfill or incinerators.

At Archroma, we are committed to leading the change.

Our **planet-conscious** innovations deliver measurable environmental **impact.** By increasing process efficiency, saving considerable resources, and adding value and longevity to the final garment through durable effects, brands and mills can help create an eco-friendlier future for fashion.

DENIM
100% Cotton Yarn

Denim for good: Setting the trend in fashion and in sustainability.

Denim is durable and timeless yet adapts to fashion trends. What started as blue-colored workwear two centuries ago has since expanded its palette to include a wider range of colors, giving designers greater creative freedom and establishing itself as one of the most widely sought-after fabrics in the world.

Aside from using considerable resources, denim production has its limitations in terms of the selection of clean & safe chemicals and dyes.

At Archroma, we are committed to leading the change.

Our **planet conscious** innovations help the brands and mills stand out, setting trends in fashion and making an **impact** in sustainability.

POSITIVE IMPACT FOR THE PAPER, PACKAGING AND COATING INDUSTRY

Sustainability is not just a part of our mission at Archroma; it is at the core of everything we do. Our paper business, by its very nature, plays a crucial role in tackling the global issue of plastic waste and providing alternatives to enable a circular economy.

Global megatrends such as urbanization, digitalization, changing lifestyles, global warming, and eco-awareness each influence our growth and innovation opportunities.

MEGATRENDS	DRIVERS	OPPORTUNITIES
• Climate change • Changing lifestyles through digitalization • Sustainable consumerism • Urbanization & growing middle class	• Carbon neutrality • Growing e-commerce • Transparency • Circularity	• Market need for alternatives to fossil fuel-based solutions • Higher use of packaging and board • Clear & reliable certification schemes • Demand for chemicals to support circular economy needs

"At Archroma, we are proud to lead the way with sustainable solutions that help brands and packaging companies meet their commitments. Sustainability advancement is a journey we all go on together and we are proud to have achieved significant progress with our aqueous-based and fluoro-free solutions. Still, it is not enough.

Together with our customers and stakeholders, we will relentlessly continue to challenge the industry's standards and offer the most sustainable, high-performing products in the market. It is our mission to push the industry forward for the betterment of our customers, our stakeholders, our employees and the world around us."

Sameer Singla, President & CEO
of Paper, Packaging & Coatings Division

Transformation towards circularity
The world needs a new approach to materials. We still depend largely on the fossil-based economy with negative impacts such as pollution and waste. More than ever, a shift to a sustainable circular system is vital.
This means we need to find other ways and make new choices that take us towards a circular bioeconomy.

We provide eco-friendly alternatives to traditional plastic packaging, lightening the environmental load. This commitment is a driving force behind our innovation pipeline. We are actively working towards developing solutions which support circular economy needs. This approach reflects our strong dedication to integrating environmentally responsible practices into all aspects of our operations, in line with the overarching purpose of our company.

Sustainable innovation in partnership with our customers
Our dedication to innovation is motivated by our steadfast aim to prioritize the best interests of our customers and the environment. In an era where the paper industry is actively moving towards sustainable practices to minimize its environmental impact, our customers seek high-performing solutions that maintain sustainability.

Consequently, we consistently update our product portfolio by introducing new certifications and creating fresh products, ensuring that we remain in compliance with the most recent industry and regulatory standards.

CARTASEAL® SCR
The more sustainable alternative to PE coatings

A PFC-free barrier for drinking cups and molded fibers.

Plastic coatings, such as Polyethylene (PE), are commonly used on paper cups for water, oil, and grease resistance. However, these petroleum-based coatings hinder the biodegradation process of the paper they cover and negatively impact compostability.

Cartaseal® SCR is a superior PFC—free barrier that offers exceptional performance and is water resistant:

/ Exceptional performance as a water barrier

/ Compliant with FDA and BfR's food contact requirements

/ Facilitates efficient recycling

Commitment to safety and sustainability

Most of our products are certified for food contact applications by the BfR, FDA or GB9685-2016, and fulfill the criteria of at least one eco label such as Blue Angel, Nordic Swan or EU Eco Flower.

COMPOSTABLE DYES
Eco-friendlier dyes for a greener future

More sustainable dyes that enable waste reduction and circular economy.

Compostability plays a crucial role in the circular economy, enabling waste reduction and the generation of valuable organic matter.

Archroma's compostable dyes and fixatives for colored paper not only provide exceptional color performance but also meet the most rigorous compostability standards.

Key features are:

/ Uncompromised color brilliance

/ Compliance with international standards

/ More sustainable coloration

/ Reliable performance

DIRESUL® NATURAL BROWN P
Creating warm shades from nature

Warm brown hues from 100% organic raw material of rosemary.

Most colors are obtained from non-renewable oil-based derivatives, but traditional natural dyes have a much lower yield, and growing enough volumes would ultimately compete with food production.

DIRESUL® Natural Brown P creates biosynthetic brown dyes derived from natural rosemary waste products of the agriculture and herbal industries; leaving the edible part still available for food consumption.

This allows for:

/ Warm brown shades from nature

/ High-performance colors synthesized from the non-edible part of rosemary leaves

/ Transformed natural waste-based colorants

PRODUCT STEWARDSHIP & RELATED COMMUNICATION

Providing adequate information to all relevant stakeholders about the potential health and environmental impact of our products at all stages of a product life cycle is the mission of our Product Stewardship organization.

Product concept

The Product Stewardship organization is involved during the entire life cycle of a product, from design, development, production, distribution, and sale, to use, recycling and final disposal. The focus is on providing optimal product performance while avoiding or minimizing any harmful impacts to human health or the environment. Our team of experts are engaged in relevant programs to collaborate with authorities, NGOs, brands, and other stakeholders to exchange information on the environmental and health impact of our products and their chemical components.

Archroma acts as a partner by regularly consulting on topics and providing insights on ingredients that are under scrutiny or evaluation due to their hazardous profile. We are committed to working with regulators and reputed ecolabel institutes to implement science-based and enforceable restrictions/limitations. We welcome the new Chemical Strategy for Sustainability (CSS) presented by the European Commission and we collaborate with Cefic on a strategy that drives the design of the "chemistries of tomorrow".

R&D process

The Product Stewardship team supports the Research & Development (R&D) process to ensure that newly developed chemicals or formulations are free from ingredients that are already 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. In the case of new chemical structures for which toxicological and eco-toxicological data are not available, we use predictive toxicology tools to have a chemical safety assessment at an early stage. With this process we strive to move towards less hazardous chemicals wherever technically and economically possible.

As a result, we can ensure that new products are designed for the safety of people and the environment over their entire life cycle.

We also support the R&D organization to identify existing products that should be reformulated or substituted with safer alternatives thereby continuously improving the safety profile of our product portfolio that will meet future regulatory requirements.

Registration and Certification

Archroma is committed to ensure the safety of our products and to provide all necessary and relevant information on potential impacts of the constituent substances on human health and the environment, as required by REACH and REACH-like global regulations.

Archroma has >900 active EU REACH registrations and is the Lead Registrant for >300 substances. As the major data owner we are also actively contributing to the development of emerging global regulations and submitted > 80 Lead dossiers under KKDIK (Turkey REACH) and 62 registrations under UK REACH.

In addition, we voluntarily contribute to improve the REACH dossier quality of already existing registrations, to address any data gaps to better identify substances of potential concern, and to confirm the safety of chemicals. We report our progress on an annual basis to Cefic. During the reporting period, we re-evaluated 130 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.

In FY2023, >85% of our overall textile sales in the fashion and home end segments were approved by key 3rd party certifiers such as bluesign, ZDHC Gateway, GOTS and C2C. These external standards are widely accepted as a qualifier by fashion brands and retailers, due to their high requirements in terms of product safety.

Production
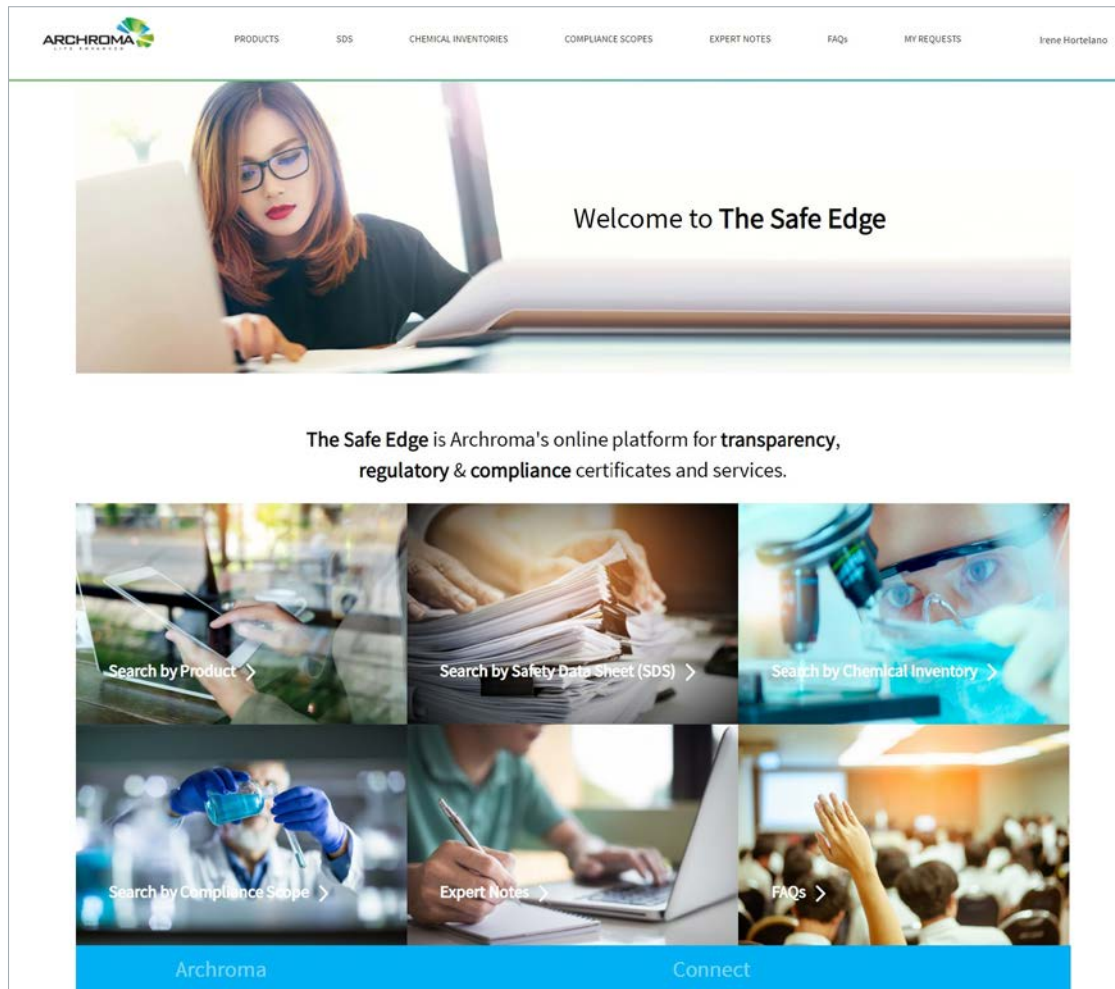
Aligned with the Archroma core value of safety at work, we ensure the safe handling of our products within our own production plants as well as at our customer facilities by providing our product Safety Data Sheets (SDS). Our SDS are available in the respective local language in all countries we operate. SDS are also proactively provided to customers at the time of the order and whenever there are changes in product composition or its classification. 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, 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.

Storage distribution and supply

Our products are correctly classified and labeled to ensure the easy and clear identification of their hazardous properties during storage, distribution, and supply. Our packaging labels contain GHS and transport-handling information according to the product SDS and provide universally recognized hazard pictograms. Archroma complies with the GHS and the local standard applicable in the country of both production and destination. All safety information is provided in the respective local languages.

The Safe Edge is Archroma's online platform for **transparency, regulatory** & **compliance** certificates and services.

Use and market communication

Archroma developed and launched in March 2021, the "Safe Edge" – a unique online portal in the chemical industry sector. It allows internal stakeholder as well as customers or brands a real-time access to the compliance status of a product.

The Safe Edge is our response to the digitalization trend and our stakeholders, demand for transparency. Customers of our TE business can easily select products that comply with the major third party assessors recognized by the textile industry such as bluesign, GOTS and C2C. The PP&C customers can easily identify products that comply with food contact regulations or comply with the most recognized ethical labels like Nordic Swan or Blue Angel.

For more information on the Safe Edge please visit our website: www.archroma.com.

The scopes covered by the Safe edge will continuously evolve over time with the aspirational goal to respond to 100% of the customer demand in a pro-active way.

Sustainable Operations
In February 2023, the Group acquired the textile business from the Huntsman Corporation which substantially enhances our portfolio with new products, technologies and solutions. These changes are also mirrored in additional production locations, different manufacturing processes and a new portfolio composition. As a result, our environmental data collection scopes and methodologies are currently going through an alignment and revision process.

In consequence, the Archroma manufacturing footprint changed significantly in FY2023. Overall production in FY2023 increased by 11% to 463'617 metric tons (mt) in comparison to the previous reporting period. FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy.

CLIMATE & ENERGY

GHG emissions
Archroma reports its Greenhouse Gas (GHG) emissions according to the Greenhouse Gas Protocol as communicated by the Greenhouse Gas Protocol Initiative. The protocol classifies a company's GHG emissions into three categories or 'scopes'.

Scope 1 covers all direct emissions from company-owned or controlled sources, emissions from combustion in owned and controlled boilers, furnaces, vehicles etc.

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating or cooling energy consumed by the company.

Scope 3 covers all indirect emissions that occur in the value chain of the reporting company, meaning that the emissions are out of the company's operational control, including both upstream and downstream emissions.

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_2e) 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 corrective actions.

Conversion and emission factors used for the report were established with reference to the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). For this reporting period we have not considered non-production sites (offices, off-site warehousing, etc.). We had initiated steps to include these metrics in future reports, but these were slowed down by integration efforts following the acquisition of the Huntsman textile effects business. It is, however, our expectation that the impact on our total CO_2e emissions will be relatively low.

Scope 1 and **scope 2** GHG emissions for FY2023 represent 120'376 tCO$_2$e. This represents a 52% increase compared to FY2022 (79'192 tCO$_2$e). Key factor for the increase was the acquisition of the Huntsman Textile Effects Division and related changes in the manufacturing network and product portfolio.

Scope 1 emissions amount to 56'675 tCO$_2$e, representing 47% of the total **scope 1** & **scope 2** emissions. Of this amount, 39'232 (81%) is derived from the combustion of natural gas, the remainder consisting of LPG, heating oil and diesel. None of the Archroma sites use coal as a fuel for on-site generation of energy.

Scope 2 emissions amount to 63'700 tCO$_2$e, representing 53% of the total **scope 1** & **2** emissions. Of this amount, 56'431 tCO$_2$e (88%) is derived from purchased electricity, the remaining 7'269 tCO$_2$e from purchased steam.

In addition to absolute emissions, we defined "CO$_2$e intensity" as a key indicator (see graph below). CO$_2$e intensity refers to scope 1 and 2 emissions. Its value increased to 0.262 tCO$_2$e per ton of product produced.

CO$_2$e Intensity [tCO$_2$e/t]
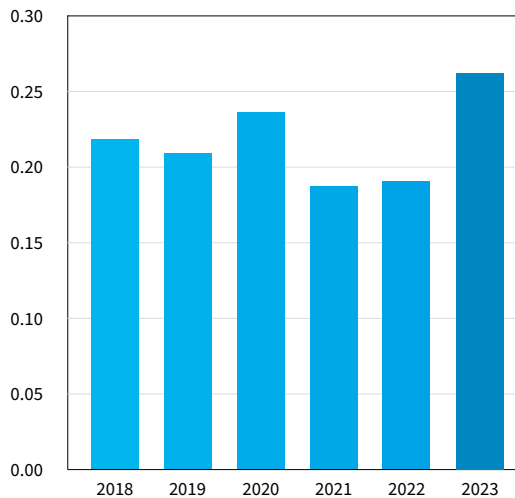
FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy.

The development of our **Scope 3** emissions data is a critical topic for us. We are currently working on a methodology to calculate our related emissions across the entire portfolio and to establish respective emission factors for our key raw materials, supported by third parties. As a next step, we plan to calculate the tCO_2e impact of our raw materials (**Scope 3.1,** cradle-to-gate approach) and respectively assess emission reduction opportunities to enable **Scope 3** target setting. In relation to these activities, we have begun to establish Product Carbon Footprints (PCFs) in the form of a pilot project for a specific product group, following the TfS PCF guideline (Together for Sustainability).

Correspondingly, we will encourage and support suppliers to commit to tCO_2e reduction targets to reduce emissions from our value chain. Our ambition is to drive action through supply chain engagement and collaboration across the industry.

We fully acknowledge the importance of tackling **Scope 3** and are committed to disclose our progress in our next sustainability report.

For the required fossil fuel-based emission factors, we have either used data provided by the respective energy provider or 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. Priority is given to vendor / supplier data or other local documentation such as government data.

ENERGY USE IN OPERATIONS

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.

The fossil fuels used are natural gas (incl. LPG), 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 FY2023 was 1'562 TJ (terajoules), which is 38% higher compared to FY2022 due to the acquisition of the Huntsman Textile Effects Division and related changes in the manufacturing network and different product portfolio. This equates to an average of 3.40 GJ per ton of finished product.

Energy intensity [GJ/MT prod]
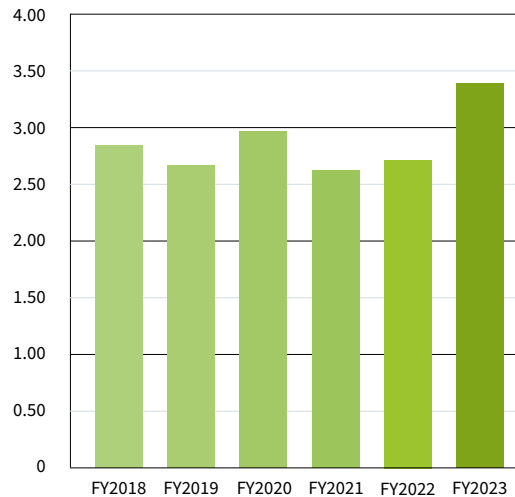
Total energy consumption (TJ)
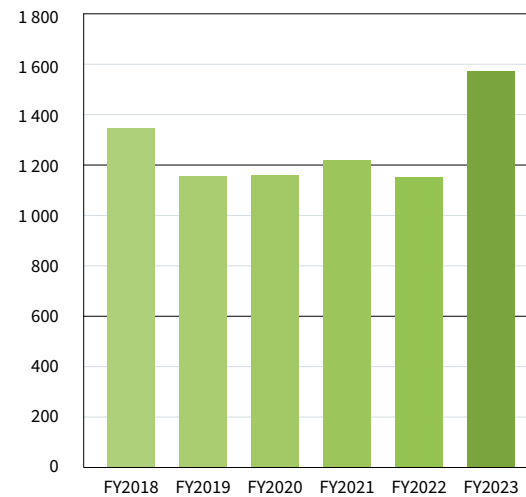
FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy.

Renewable energy

As we are committed to further reduce GHG emissions we are taking steps to improve energy efficiency, promote the use of renewable energy and evaluate measures to generate our own renewable energy on-site.

In FY2023 our renewable energy represented 7% of the total energy consumption.

Electrification will become a key driver for further decarbonizing in our operations, which means replacing primary fossil energy sources with green electricity. Yet ramping up electrification technologies and processes remain challenging. Changing or adapting the equipment to use heat from electricity instead of natural gas requires high investments. From a logistics perspective, the current infrastructure in most countries does not have sufficient power lines to deliver the required electricity. The availability of sufficient green electricity remains challenging: There is currently a gap between renewable energy demand and sufficient supply.

On the other hand, we see policies and regulatory developments which are addressing these challenges, for instance in the EU and now also the U.S. to supporting clean energy and infrastructure upgrades. Also, more funding and tax credits are available which will help us with the transition to renewable energy.
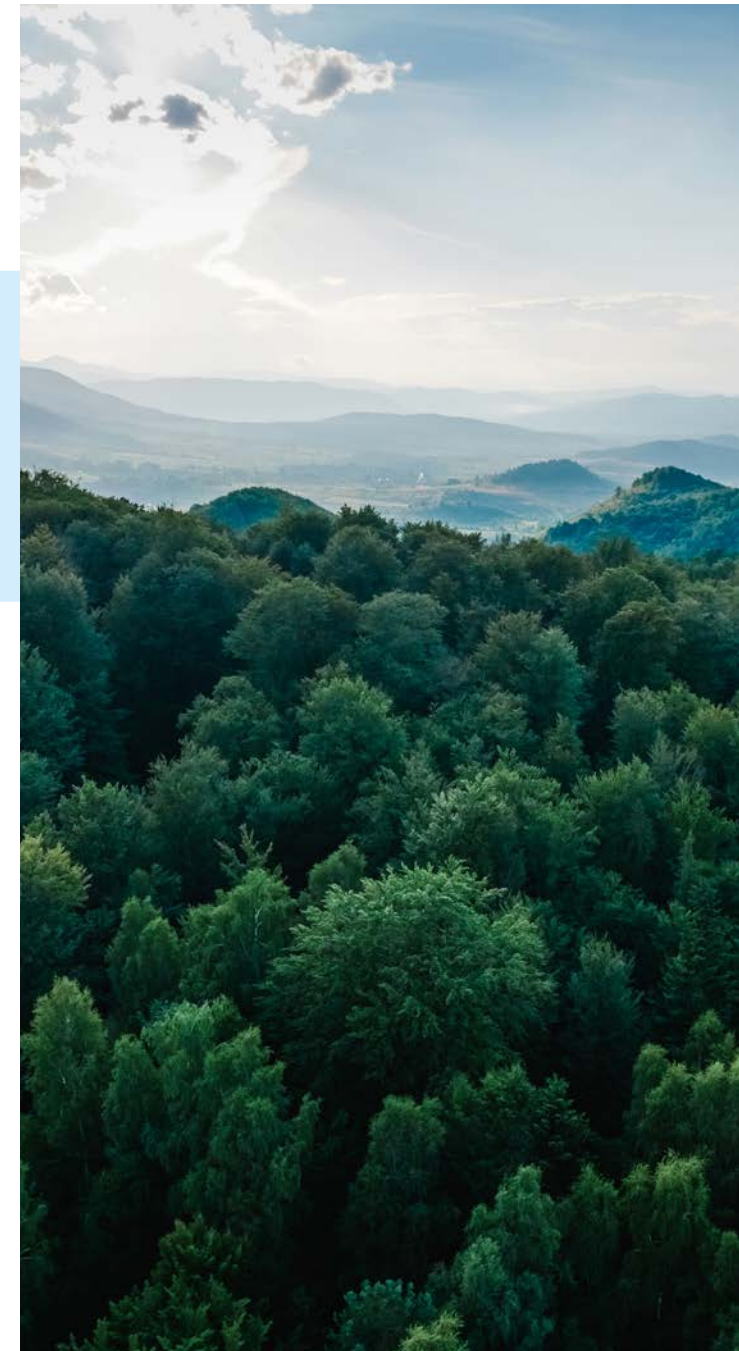
CIRCULARITY

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 (such as recycled or reconditioned packaging materials like industrial bulk containers (IBC)) or by 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 (such as by-products from production) become inputs for another organization. For example, 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. For example, 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. For example, Archroma reached out to its contacts in the industry and found partners that 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 processes.

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, cannot be recovered or reused and is consequently disposed in an adequate and legal compliant manner.

Our manufacturing processes are continuously optimized by the Archroma teams and with the support of third-party experts to increase yield and to avoid or reduce waste.

Our total waste generated in FY2023 was 26'478 tons. This represents an intensity of 56.48 kg per ton of finished product. Waste generated only refers to manufacturing sites. A key factor for the increase compared to the previous reporting period was the acquisition of the Huntsman Textile Effects Division and related changes in the manufacturing network and product portfolio.

**Total waste
(kt)**
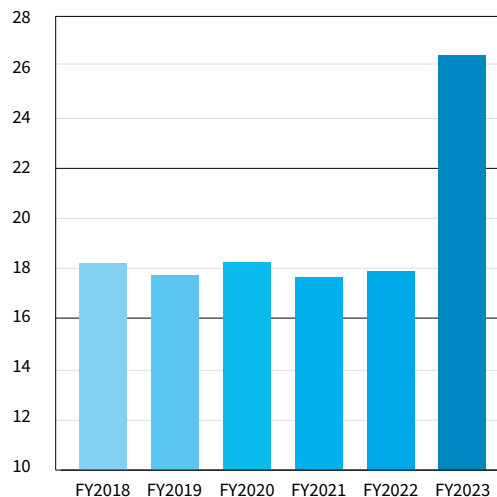
**Waste intensity
(kg waste per metric ton produced)**
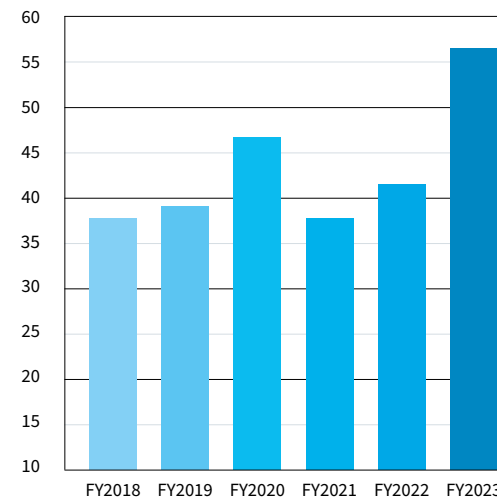
FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy.

## Hazardous and non-hazardous waste management

Hazardous substances classification and the management of adequate disposal routes remain an absolute priority.
We classify waste and define the resultant disposal methods according to the specific national regulations governing that production site. There was no transboundary transport of waste.

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.

Of the total waste generated during FY2023 72% (19'035 metric tons) was classified as hazardous.

72%   28%

Total waste

	Non hazardous
	Hazardous

2 3 53%

42%

Non hazardous waste

	Incineration
	Landfill
	Reuse/recycle/recover
	Other

2 32%

33%

33%

Hazardous waste

	Incineration
	Landfill
	Reuse/recycle/recover
	Other
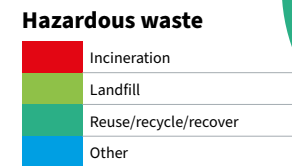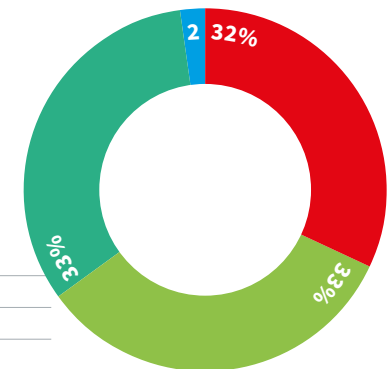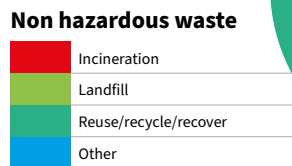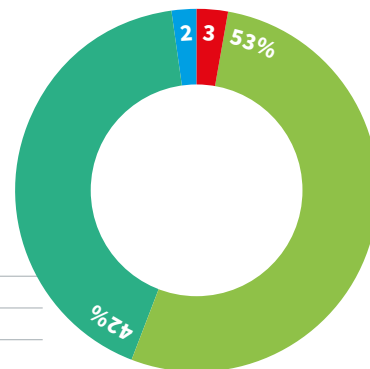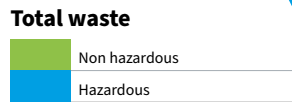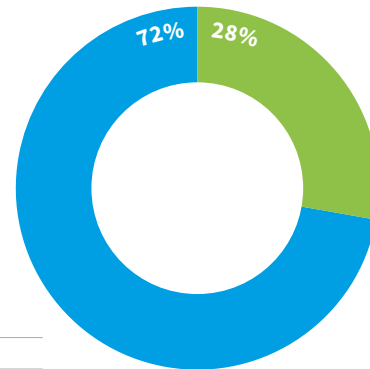
WASTEWATER MANAGEMENT

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.

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 6.53 million m^3 of water. A total of 86% of this volume was discharged to surface water, after suitable treatment and in compliance with local regulations. The remainder was primarily discharged to third-party effluent treatment sites for further processing before being discharged to surface water. The total discharge represents 87% of total incoming water.

Total water use

- Discharged
- Consumed

Water consumed

- Non Water Stress
- Water Stress

96% 4

13% 87%
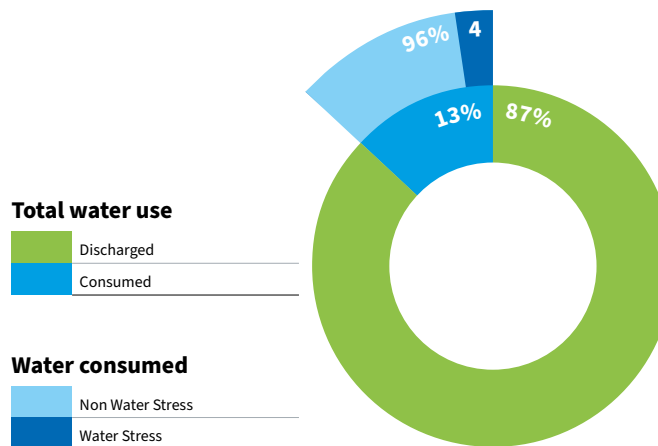
There were no incidents of significant spills during the reporting period. There were no cases of any water bodies/habitats significantly affected by water discharges and/or runoff during the reporting period.

Sustainable materials

Climate & energy

Circularity & waste

Water & land

ENVIRONMENTAL SAFETY

We implement initiatives to reduce environmental risks in the production, storage, distribution, and usage of our products and in the disposal of waste. These include measures to promote the efficient use of energy and resources, as well as to ensure 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 Vice President of Supply Chain and Technical Operations. Manufacturing processes are developed in line with the "Principles of Green Chemistry" 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 improvement of production processes, is globally managed in two core areas: 1) Chemicals & Optical Brighteners, and 2) Colorants. New products have a better sustainability footprint than the existing product they supersede.

KPIs and associated annual targets are defined for each production site and monitored on a monthly basis using scorecards or dashboards. In addition, specific operational excellence and resource optimization projects have been initiated focusing on process simplification, yield improvement as well as energy, water and waste reduction.

Non-conformances
There are strict guidelines governing environmental safety non-conformities. All sites 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 (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 of the LEM and GEM 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 four process safety incidents (PSIs) in its production plants:

• Bangpoo, Thailand: Phosphoric acid spill in warehouse due to insufficient packaging;

• Prat, Spain: Aniline spill during filtration/washing step due to gasket failure;

• Santa Clara, Mexico: Styrene spill due to leaking valve;

• Wiesbaden, Germany: Sodium methylate drum fire during drum charging due to contamination.

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 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 STEWARDSHIP

Water is a critical resource for Archroma during chemical manufacture. It is mainly used as a processing aid for cooling, cleaning and air scrubbing/washing processes, as well as solvent in synthesis processes and 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. Water use is closely monitored within the environmental management process.

From a total withdrawal perspective, the total water intake in FY2023 was 7'474'931 m³, while the incoming water intensity during the reporting period equates to an average of 16.25 m³ per ton of finished product. This represents a 2% decrease over the previous reporting period for intensity and an increase of 8% in absolute terms. Water withdrawal only refers to manufacturing sites. Changes to the previous reporting period occurred due to the acquisition of the Huntsman Textile Effects Division and related transformations in the manufacturing network and a different product portfolio focus which has a substantial impact on this indicator.

The relatively high intensity factor of most sites is largely a direct consequence of water-cooling. In this process, the water is withdrawn, used, and discharged back into water courses unaltered could help us as we actively seek to.

**Total water intake
(million m³)**
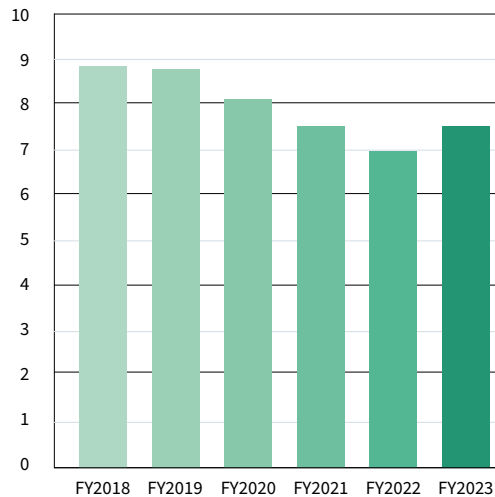
**Water intensity
(m³ per metric ton produced)**
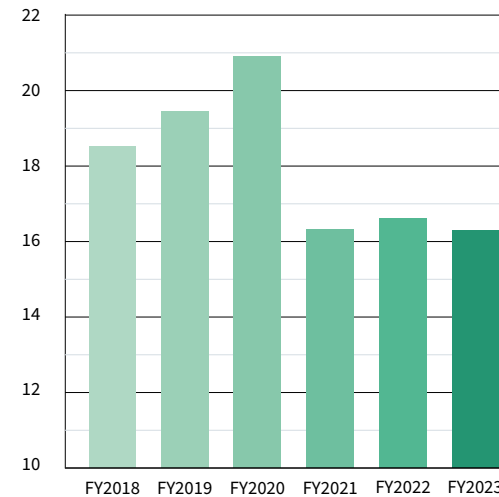
FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy.

From a water consumption perspective (i.e., water which is predominantly used as ingredient), the intensity is 2.06 m^3 per ton of finished product. This represents a 48% increase over the previous reporting period. The indicator varies depending on the nature of products manufactured, e.g., if they are liquids or dry formulations. Key factors for increase compared to the previous reporting period was the Huntsman Textile Effects Division acquisition resulting in a different product portfolio focus.

Water & effluent

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.

Total water withdrawal

- Surface water
- Ground water
- 3rd Party supply

Water Stress Areas

PRODUCTION SITE BASELINE	WATER STRESS RATING
Santa Clara, Mexico	Extremely high (>80%)
Salvatierra, Mexico	Extremely high (>80%)
Atoto, Mexico	Extremely high (>80%)
Ankleshwar, India	Extremely high (>80%)
Maipu, Chile	Extremely high (>80%)
Baroda, India	Extremely high (>80%)
Mahachai, Thailand	Extremely high (>80%)
Bangpoo, Thailand	Extremely high (>80%)
Lurin, Peru	Extremely high (>80%)
Ameriya, Egypt	High (40-80%)
Suzano, Brazil	High (40-80%)
Lamotte, France	High (40-80%)
Korschenbroich, Germany	High (40-80%)

In total, there are 13 Archroma production sites located in water stress areas according to the WRI definition. More details can be found at: **https://www.wri.org/resources/maps/aqueduct-water-risk-atlas.**

In these sites Archroma withdrew 0.785 million m³ of water in FY2023. Key factors for increase compared to the previous reporting period were the Huntsman Textile Effects Division acquisition and related changes in the manufacturing network, a differently focused product portfolio as well as some location reclassifications. One-third (33%) of the water withdrawn in these areas was sourced directly from groundwater and 0.1% from surface water. The remaining 77% was provided by third-party water suppliers. Of the total water provided by third-party suppliers, 29% originated from surface water.

**Water withdrawal –
Water stress sites**

| | Groundwater direct |
| | 3rd Party supply |

3rd Party supply source

| | Surfacewater 3rd party |
| | Groundwater 3rd party |
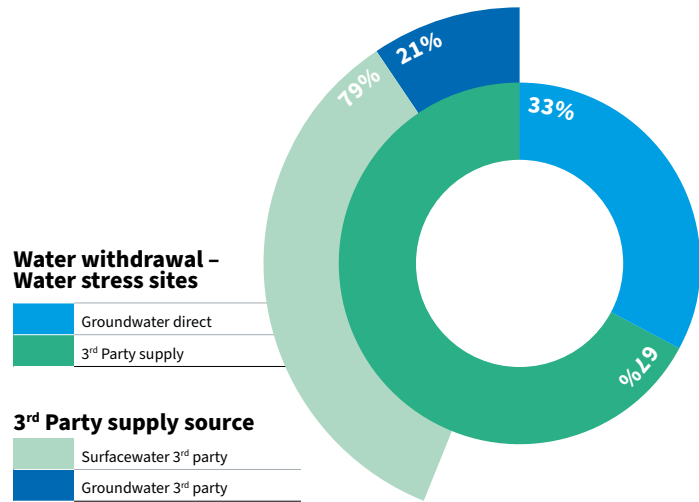
ARCHROMA TOTAL	Stress water withdrawal (m³)
FY2018	218 665
FY2019	188 389
FY2020	167 313
FY2021	166 703
FY2022	146 372
FY2023	785.455

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 takeholders 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 12 Archroma sites are within a 10-kilometer proximity to well-known biodiversity locations:

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.

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
LANGWEID, GERMANY	Donau Auen
MAHACHAI, Thailand	Inner Gulf of Thailand
BARODA, INDIA	Wetlands of Kheda
BOGOTA, COLUMBIA	Humedales de la Sabana de Bogota
LURIN, PERU	Isla Pachacamac

Social

Health & safety

Fair and attractive employer

Corporate citizenship

Health & safety

Fair and attractive employer

Corporate citizenship

In February 2023, the Group acquired the textile business from Huntsman Corporation which substantially enhances our portfolio with new products, technologies and solutions and led to a significant increase of employees. As a result, new Key Performance Indicators (KPIs) to track the effectiveness of the actions to manage actual and potential impacts are under establishment for our new strategic cycle FY2024-2028.

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 Vice President Supply Chain & Technical Operations.

For the reporting period, the Archroma Group Total Reportable Rate (TRR) was 0.25 per 200 000 hours worked. In total twelve reportable injuries occurred in FY2023.

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

These audits are conducted over one week by two qualified internal safety experts, at a frequency of eight to ten 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.

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:**
   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.

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.

CONSUMER PRODUCT SAFETY

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

The role of Archroma Product Stewardship organization is to ensure that any potential hazardous chemical risks are 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, and NGOs) constantly influence market demand. This might eventually lead to an alteration of a product specification to manage the risk of a chemistry that might pose a hazard risk to consumers and/or the environment. All these factors must be monitored, identified, consolidated, and communicated to all internal stakeholders to ensure that product design, innovation, registration, production, and the resulting application are aligned to these changing requirements.

We also recognize that there are enormous challenges ahead of us due to upcoming policy changes. Future "group restrictions" under REACH, restriction on skin sensitizers, on PFAS, on microplastics, etc. will impact our industry in the EU in the coming years with more than 5 000 substances being impacted by 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 for raw material sourcing and committed to monitor the incoming raw materials with respect to restricted substances. Archroma Product Stewardship operates with two testing laboratories, in Pakistan and India, assigned to control and confirm product compliance to market-related restricted substance lists and major ecolabel certifications in addition to regulatory requirements. Hence, we have invested in a specialist global team, trained, and qualified with the required analytical chemistry knowledge.

Archroma is particularly committed to developing products conforming to the major ecolabels and other third-party certification requirements of our industries. These reputed and robust certifications provide externally verified assurance of Archroma's processes and products. It is also important to transparently communicate the latest product compliance information across our supply chain.

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 Product 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 and knowledge to help the team to recommend the right products according to customers' application, performance and compliance requirements

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.

PROCESS SAFETY AND QUALITY

Quality Management

Archroma successfully passed the recertification audit that confirmed the continued conformity and effectiveness of our Archroma Management System (AMS). The audit was conducted by Bureau Veritas at the Archroma Headquarters where it was evidenced. Archroma's processes and system are aligned with following international standards:

- **ISO 9001:** 2015 Quality Management System

- **ISO 14001:** 2015 Environmental Management System

- **ISO 45001:** 2018 Occupational Health and Safety Management System

Therefore, the Archroma ISO Certificate validity has been extended until 8th July 2026.

Furthermore, the Archroma internal audit team conduct cyclical internal audits to assess the AMS effectiveness as well as the company overall performance. The team is continuously trained about external and internal standards to verify processes are well implemented and maintained and improved. Audit outcomes are reported to Leadership Team throughout Management Review sessions conducted every six months.

As we are aware of how critical documented information is for any company, Quality Management (QM) is leading a project to deploy a new system to manage global documentation in Archroma. As result, in 2020 we successfully deployed a document management system (DMS) at the global level. Seeing the huge benefits it offered to employees, we decided to roll it out across the company, focusing on the local level. The DMS is now fully operational at more than 26 sites worldwide.

Document Management System (DMS) Roadmap

FY2020

Global DMS launched in March 2020

DMS training package available (May 2020)

Functional Vault for **Bradford** (UK) go-live in June 2020

FY2021

A mandatory DMS global training rolled-out

Deployment of DMS (Functional Vaults) set as Objectives FY2021: "Transition of site documentation to Document Management System (DMS Vault) according the defined Roadmap"

DMS (Vaults) deployed in **Martin** (US), **Lomas de Zamora** & **Zarate** (AR), **Bangpoo** (TH), **Reinach** (CH), **Wiesbaden** & **Gendorf** (GE)

FY2022

DMS (Vaults) deployment in **Roha** (IN), **Sao Paulo** (BR), **Resende** (BR), **Suzano** (BR), **Maipu** (CL), **Tianjin** (CN), **Tangerang** & **Cilegon** (ID) & **Salvatierra** (MX)

FY2023

Deployment of DMS upgrades on document distribution list and access to restricted documents

Roll-out a DMS training to Huntsman Textile Effects colleagues

DMS (Vaults) deployment in **Santa Clara** (MX), **Ankleshwar** (IN), **Pakistan** (PK), **Tianjin** (CN) & **Castellbisbal** (SP)

FY2024

Roll-out a 'Documented Information' training (requirements from ISO perspective) across the company

DMS (Vaults) deployment in **Atoto** (MX), **Mahachai** (TH), **Gandaria** (ID), **Langweid** (GE), **Baroda** (IN), **Panyu** (CH), **Fraijanes** (GT), **Mumbai** (IN) & **Bogota** (CO)

Furthermore, QM is continuously reinforcing the training and support to end users as well as focusing on new system upgrades to attend new company needs.

Health & safety

Fair and attractive employer

Corporate citizenship

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 are we 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.

Karine Nangia, Group CHRO at Archroma, "We believe in treating others fairly and with respect as well as abiding with local labor laws and practices. Our employment practices such as recruitment, training, performance evaluation, promotion and rewards are based on merit, regardless of age, race, ethnicity, gender, sexual identity, religion, marital status, family responsibilities, worldview or disability".

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 management with employee representative bodies.

To ensure that these guiding principles are enforced at all times, Archroma currently has:
• A Chief Human Resources (HR) Officer, responsible for setting direction in line with company strategy and ensuring fair HR and labor practice globally;
• Global policies and processes reinforced when adequate or required by local policies and processes;
• Approval processes to ensure appropriate level of control, up to the Core 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 for ensuring fair treatment at all stages of the employment cycle, compliance with local rules and regulations, and 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: Via a line manager; HR country manager; the Works Council, union, or employee representative of their country or location; a Compliance Officer, who can be contacted anonymously and in a confidential manner; or via the whistleblowing portal. This right is guaranteed and protected by the Archroma Code of Conduct and Whistleblowing policy, and all the above-mentioned communication channels are regularly used.

Archroma currently has over 100 locations in 41 countries worldwide, 34 production sites, more than 30 laboratory facilities, 56 warehouses, and 68 offices. We have significant operations in Brazil, China, Germany, India, Indonesia, Mexico, Pakistan, Spain, and in the USA. As a result, Archroma is strongly attached to diversity as one of its core values, as outlined in the Archroma Code of Conduct. We strive for a diverse workforce and create an environment where people feel a sense of belonging and where uniqueness is respected and valued.

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.

The AGIP FY2023 is designed to increase awareness, understanding and commitment to the Archroma yearly strategic focus:

- It recognizes and rewards the role of employees in the success of the Company.
- Support the Company's strategic focus on profitable margin growth, Region Contribution, Region NWC as % of Sales and cash generation
- Encourages employee excellence, collaboration and teamwork across the company
- Enhance Archroma's competitiveness and ability to attract, motivate and retain top talent

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, in our Diversity & inclusion policy, to a fair compensation.

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.

In February 2023, the Group acquired the textile business from Huntsman Corporation which substantially enhances our portfolio with new products, technologies and solutions. It also led to a significant increase of employees which is outlined in detail below. As a result, new Key Performance Indicators (KPIs) to track the effectiveness of the actions to manage actual and potential impacts are under establishment for our new strategic cycle FY2024-2028.

DIVERSITY, EQUITY AND 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 64 nationalities working in Archroma which is representative of our geographical reach.

NUMBER OF NATIONALITIES

Employee Profile by Nationalities (64)

American	167
Argentinian	55
Australian	1
Austrian	8
Bangladeshi	21
Belarusian	1
Belgian	7
Bolivian	1
Brazilian	285
British	30
Bulgarian	1
Canadian	3
Chilean	51
Chinese	602
Colombian	40
Croatian	1
Cuban	1
Cypriot	1
Czech	32
Deutsch	5
Dutch	4
Egyptian	50
El Salvador	1
Finnish	2
French	121
German	383
Guatemalan	38
Haitian	1
Honduran	8
Hong Kong	3
Hungarian	2
Indian	733
Indonesian	219
Iran	1
Italian	57
Japanese	19
Korean	23
Lithuanian	1
Malaysian	12
Mexican	425
Moroccan	3
Norwegian	1
Pakistani	259
Paraguayan	2
Peruvian	18
Philippines	3
Polish	2
Portuguese	3
Rumanian	1
Russian	1
Serbian	1
Singaporean	53
Slovakian	4
Spanish	377
Sri Lankan	1
Swedish	2
Swiss	56
Syrian	1
Taiwanese	8
Thai	339
Turkish	54
Ukrainian	2
Venezuelan	11
Vietnamese	13

Gender diversity by Cluster
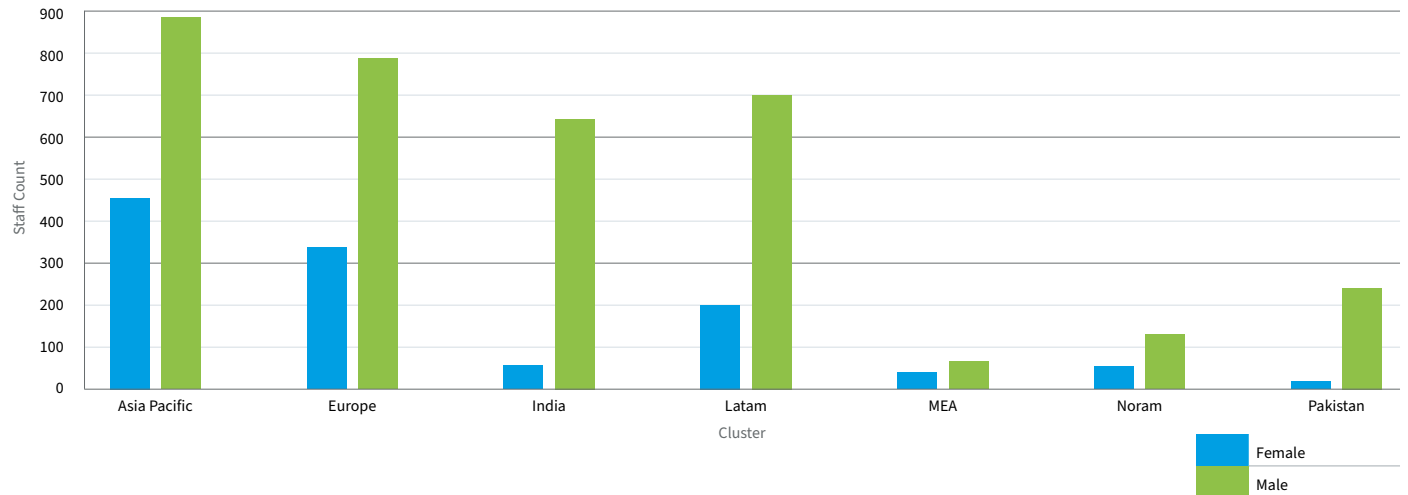
Female
Male

We have 4,631 employees, working across five regions as an actively engaged team driving our business forward.
Almost one-quarter (24.8%) of the workforce is female.

We have a balanced representation of women at all levels of the workforce, including leadership roles. For Archroma, management includes the Core Team, Senior executive, Senior management, Middle management and Junior management positions.
The positions are classified according to 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 (i.e., Core Team as at September 30, 2023) has a representation of 20% women and 80% men.
40% of this group below 50 years old and 60% are at least 50 years old.

Women leaders play a critical role in the management of Archroma and represent 34.39% of the total management.

New targets and KPIs for Diversity, Equity & Inclusion will be disclosed soon as explained above due to the Huntsman acquisition. The increase of female representation in our management will remain an integral part of our ambition for FY2024 and beyond.

It is of utmost importance to Archroma to attract and retain female talent. To this end, we nominated 28 Diversity and Inclusion Ambassadors for the year and also, in March 2023, launched a Diversity and Inclusion Project with the clear objective of reducing the gender equality gap in the organization. Employees work voluntarily on specific workstreams. During 2023, we worked on Leadership, Strategy, and Workplace. Marketplace (suppliers) and Communities will be the focus in coming years.

Employee Profile by gender

- 3 484
- 1 147

- Female
- Male
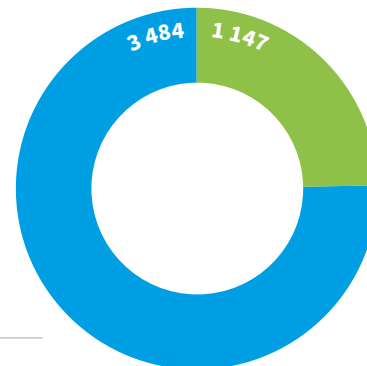
Employee Profile by age group

- 34%
- 7%
- 59%

- < 30 (7%)
- 30 - 50 (59%)
- > 50 (34%)
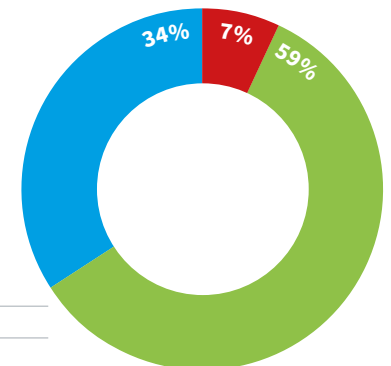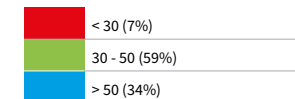
Employee Management Structure by Gender

	Female	Male
Core Team (Sep 30 2023)	1	4
Senior Executive (A-B)	3	3
Senior Management (C-D)	32	151
Middle Management (E-F)	199	540
Junior Management (G-H)	565	828
Staff (I-J)	347	1958
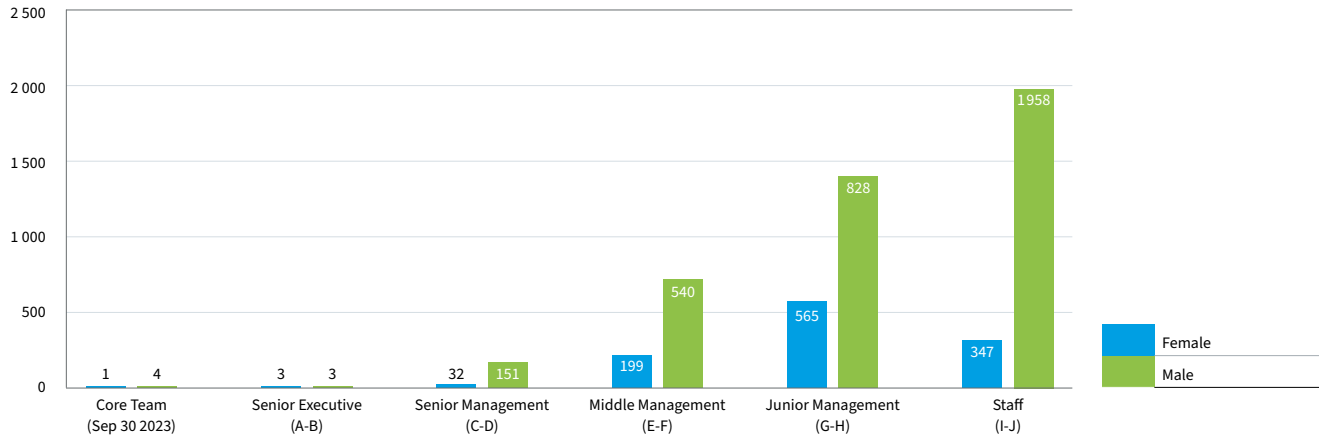
Management Profile per Age Group (<30, 30-50, >50) and Gender

Female

	Senior Management (C-D)	Middle Management (E-F)	Junior Management (G-H)
< 30	1	2	33
30 - 50	15	129	396
> 50	17	68	136

Male

	Senior Management (C-D)	Middle Management (E-F)	Junior Management (G-H)
< 30	0	2	32
30 - 50	62	272	532
> 50	89	266	264

Staff Profile per Age Group (<30, 30-50, >50) and Gender

	Female	Male
< 30	112	210
30 - 50	727	2020
> 50	308	1254
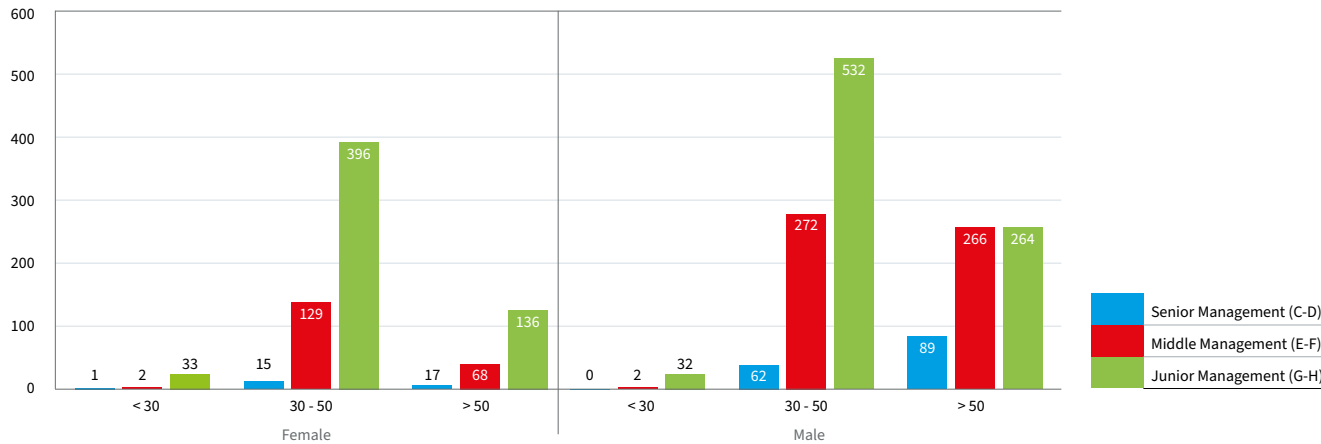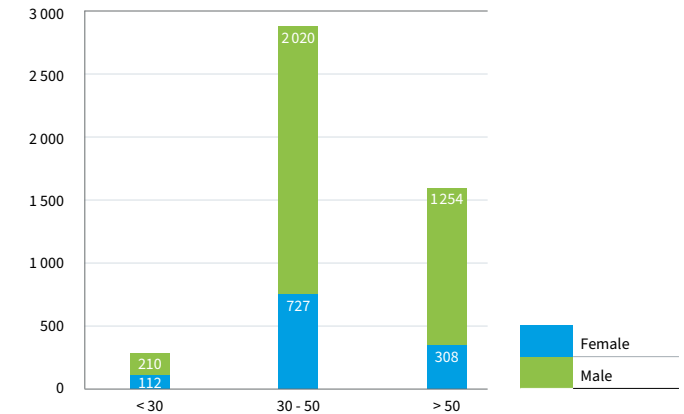
TALENT MANAGEMENT

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 2'806 on FY2022 to 4'633 on FY2023.

We hired in total 209 new employees in FY2023 of which 31% were under 30 years old and 32% were female, the latter representing a decrease 5% versus FY2022. 82% of these new employees were hired with permanent contracts. Overall, permanent contracts are in place for 97% of all Archroma employees.

95 of the newly hired employees are managers, 95% come from local communities while 32.06 % are women.

As a result of the increase in employee numbers from FY2022 to FY2023, we had a generally positive turnover rate of 84.54% in FY2023. The turnover represented 67.86% for management positions and 140.69% for staff positions.

New hirings by gender and Business Cluster

Bar chart "New hirings by gender and Business Cluster":

Cluster	Female	Male
America	20	28
EMEA	14	38
North Asia	7	8
Pakistan	0	14
South Asia	12	26
Total	53	114
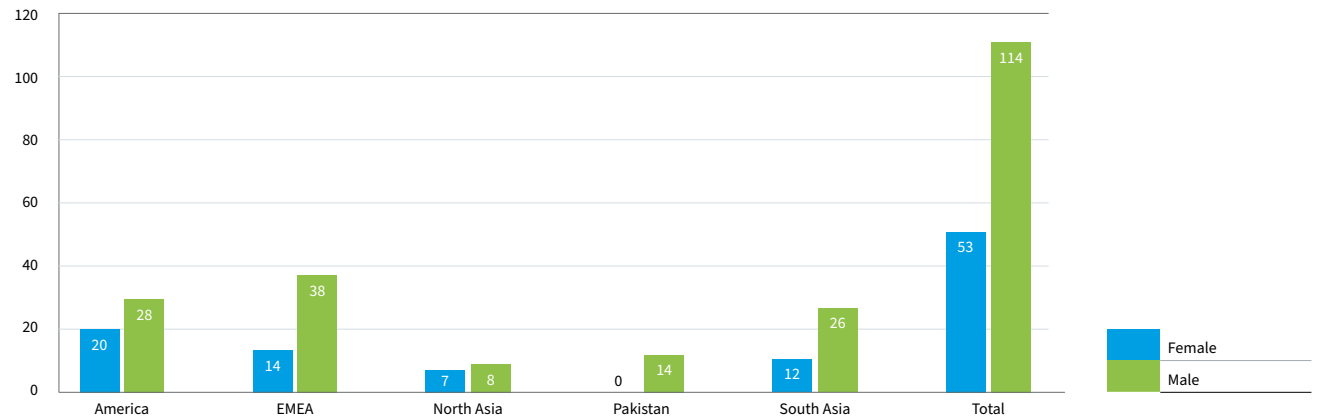
New hirings by type of contract, gender and age

By Contract Type

🟥	Apprentice/Internship
🟩	Permanent
🟦	Temporary

10% 2 88%

By Gender

🟩	Female
🟦	Male

68% 32%

Age Distribution

🟥	> 50 yrs
🟩	30 – 50 yrs
🟦	< 30 yrs

67% 8% 25%
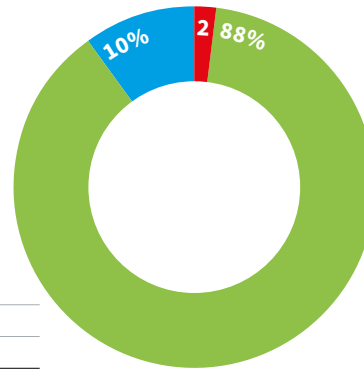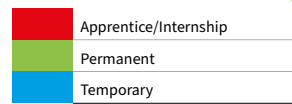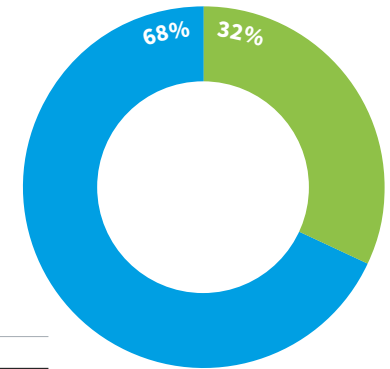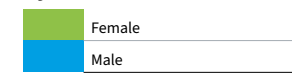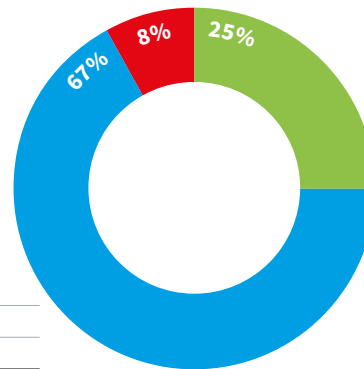
Performance management

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 and create a personal action plan and roadmap to determine how to achieve these goals. This could include education programs, training, and growth enhancement activities to offer guidance and support in achieving career milestones in a timely way.

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 Year End FY2022

Count of Employee ID ROW Labels	Column Labels Complete	Not Done	Grand Total
Junior Management (G-H)	**782**	**64**	**846**
Female	291	23	314
Male	491	41	532
Middle Management (E-F)	**435**	**22**	**457**
Female	110	11	121
Male	325	11	336
Senior Management (C-D)	**117**	**1**	**118**
Female	24		24
Male	93	1	94
Staff (I-J)	**852**	**420**	**1272**
Female	108	28	136
Male	744	392	1136
Grand Total	**2186**	**507**	**2693**

At year-end FY2022, 81.17% of employees had completed the Performance review; 89.78% of women and 78.59% of men.

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.

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.

Health & safety

Fair and attractive employer

Corporate citizenship

COMMUNITY ENGAGEMENT

Approach
Across the world, we as Archroma embrace our opportunity to play an active role in strengthening the communities where we live and work. Our responsible citizenship approach accelerates social change and creates a more sustainable and equitable future. We get involved with our local communities to support and foster education, health and environmental protection.

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.

Vision
Engage to create a positive impact for people and society as a whole

Program areas & objectives
Archroma carries out its corporate social responsibility (CSR) activities in and around the areas where it operates. We have identified focus areas for intervention such as education, vocational training, healthcare, environment to create positive impacts in a way which is most beneficial for the respective local community.

CSR focus areas
Together with our community partners,
we create social impact through
the following six strategic priorities:

01 EDUCATION

02 HEALTH & HYGIENE

03 ENVIRONMENT

04 SKILL DEVELOPMENT & LIVELIHOOD

RURAL DEVELOPMENT 05

DISASTER MANAGEMENT 06

Methodology

In all our programs we follow an inclusive methodology. Hence, all concerned stakeholders are involved in the process from the very beginning.

At first a gap assessment is carried out which is underpinned by a solid and realistic baseline. It constitutes the backbone for the program concept and design for the specific community.

Once the concept is designed, we define the strategy to roll out the program in close coordination with the local people in the community.

Finally, we evaluate the impact of our intervention through a scientific data analysis. This way, we are able to achieve a positive, measurable, social or environmental impact.

| IDENTIFY NEEDS | DESIGN | DEVELOP | IMPLEMENT | EVALUATE |

LOCAL COMMUNITY IMPACT

Towards Joyful Learning
Enabling good quality education for our future generation

Co-education teaches both boys and girls mutual respect and equality, laying the foundation for gender equality in society

SUPPORT FOR CONTINUOUS EDUCATION

FINANCIAL

INFRASTRUCTURE

ACADEMICS

Creative Mela
"Addressing socio-cultural norms and gender biases"

Children of Grade 3 & 4 participating in Handwriting competition

The winners being recognized for their achievements by the head of the village

Objective:
- Foster cognitive, emotional, and social development in a child
- Overall socio-emotional development

Impact:
- 793 students from two government schools, participated in the event

A science lab at Luna Primary School
"Providing scholarships and financial incentives"

Objective:
- Enable students to learn through and by technology
- Make education simple and interesting
- Move away from memory-based learning to an education that stimulates thinking and creativity

Impact:
- Technology as stimulator for a greater and deeper learning experience

Organizing a Fun Fair
"Engaging families
and communities"

Objective:
- Give the school children an experience of having their own entrepreneurial experiences
- Holistic education redefines not only what the core subject is; it also redefines how children should be taught.

Impact:
- The entire village came together for the event and all participated. It was a massive learning opportunity for the children as they were taught how to organize a fair and decide on the types of stalls. They learnt in a playful and fun way how to use their entrepreneurial skills.

Poster contest on climate change

Objective:
- Interact with children on the theme "Climate Change and Earth" and create awareness about environmental issues in their neighbourhoods
- Build a positive mindset and empower ideas for solutions to reduce environmental pollution

Impact:
- The poster competition took place close to our Korangi and Landhi sites. The event enabled primary school children to develop a better understanding for the causes of pressing ecological problems such as water shortage, or extreme weather events. The education of the next generation is crucial to generate positive change and a mindset for environmental protection in the local communities.

Water supply to communities from Sustainable Effluent Treatment Plant

Objective:
- The Archroma Sustainable Effluent Treatment (SET) facility at our textile operational site in Jamshoro (Pakistan) allows treatment based on zero liquid discharge, fulfilling Pakistan's very stringent National Environmental Quality Standards (NEQS) requirements. The aim was to improve the drinking water supply in the nearby districts and enable the members of the local communities to collect clean water free of charge.

Impact:
- The neighborhood benefits greatly from the SET plant as approximately 13 000 gallons of clean drinking water are provided on a daily basis. The neighborhood community relies on clean water from the plant, and everyday a lot of people collect water in containers. The supply of clean water to communities is a major element of our corporate social responsibility approach.

Water being supplied to neighbouring communities on a daily basis.

Governance

Business ethics & compliance

Sustainable supply chain

Economic performance

Business ethics & compliance

Sustainable supply chain

Economic performance

CORPORATE GOVERNANCE

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 Core Team is the main executive decision-making body of the Archroma group. Apart from day-to-day management responsibility, the Core Team ensures that our strategies, policies and resources set the pace for our current operations and sustainable future development, as well as meet our business objectives and targets, all in line with the Delegation of Authority set up within the group.

The Core Team comprises:

Mark Garrett	**Sameer Singla**	**Thomas Bucher**	**Karine Nangia**	**Patrick Verraes**
Group Chief Executive Officer (CEO) and President & CEO of Textile Effects Division	President & CEO of Paper, Packaging & Coatings Division	Group Chief Finance Officer (CFO)	Group Chief Human Resources Officer (CHRO)	Group General Counsel, Chief Compliance Officer, Secretary to the Board and Head of Corporate Affairs

The Core Team is supported by the functional leaders, as well as the respective leadership teams in TE and PP&C. Together, they share the responsibility for the efficient and effective management of the company, and for delivering the overall performance of the Archroma Group.

Archroma's highest governance body

The Board of Directors (BoD) is Archroma's highest governance body. It supervises the Core Team on behalf of the main shareholder. The BoD has two Committees: The Audit Committee and the Compensation Committee, which each meet quarterly. The BoD holds regularly scheduled meetings, at least quarterly, and special meetings when needed. The Committees regularly receive information and reports from management and, if needed, outside advisors. The Chairman of the BoD does not hold an executive role within Archroma.

Miguel Kohlmann – Chairman

Miguel Kohlmann is an independent non-executive director holding his position since 03 September 2018 for an undetermined period. He has acquired experience as CEO of international production groups across multiple industries with a focus on automotive, mechanical engineering, aluminum and building materials.

Barry Siadat

Barry Bahram Siadat, holding his position since 07 July 2017, and for a non-determined period is a Co-Founder and Managing Director of SK Capital, Chairman of the Board of Ascend Performance Materials, SI Group, 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.

Xander Wessels

Alexander Roeland Wessels is an independent non-executive director, holding his position since 22 January 2020 for a non-determined period. His competencies include expertise as CEO in various companies, expertise in marketing strategies, change management, competitive analysis, business development, international sales and manufacturing.

Jared Kramer

Jared Kramer, holding his position since 03 September 2018, for an undetermined period is a principal of SK Capital Mr Kramer holds, 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.

Bertrand Lhomme

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

Guna Krastina

Guna Krastina is a 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.

Sarah Duchene

Sarah Duchene is a non-executive director, holding her position since 16 February 2023. She is the Senior Accountant of SK European Service Co. Ms Duchene is an ACCA qualified accountant with expertise in LUX GAAP.

Integration of sustainability into the Archroma strategy

Archroma's purpose is to lead our industry towards a more sustainable future for our customer and markets to enhance our ESG governance structure and strengthen our commitment to environmental, social and governance (ESG) initiatives. In consequence, we launched a new governance model with a dedicated ESG council in September 2023.

The ESG Council closely collaborates with the Risk Management Council and the Compliance Council. Such coordinated action ensures a global view of the effective implementation of policies relative to their respective areas of competence, as well as enhancing the quality of non-financial information made available to the market.

The Board of Directors has delegated to the Risk Management Council the responsibility to foster the effectiveness of the risk management and internal control systems, which also oversees and assesses financial and non-financial risks and those deriving from the Group's actions in relation to its social and environmental sustainability practices. It is chaired by the Vice President of Internal Audit.

The Compliance Council safeguards compliance with the rules of conduct and specifically with the Archroma Code of Conduct and the Code of Conduct for Suppliers. It is chaired by the General Counsel and Chief Compliance Officer.

All three Councils are delegated bodies of the Archroma Core Team.

STRATEGY SIGN-OFF & OVERSIGHT

BOARD OF DIRECTORS
Audit Committee

STRATEGY SETTING, DECISION MAKING & STEERING COMMITEE

CORE TEAM
(Quarterly meeting + ad-hoc)

EXECUTION & DECISION MAKING SUPPORT

RISK MANAGEMENT COUNCIL	ESG COUNCIL	COMPLIANCE COUNCIL
(Quarterly meeting)	(Quarterly meeting)	(Quarterly meeting + ad-hoc)
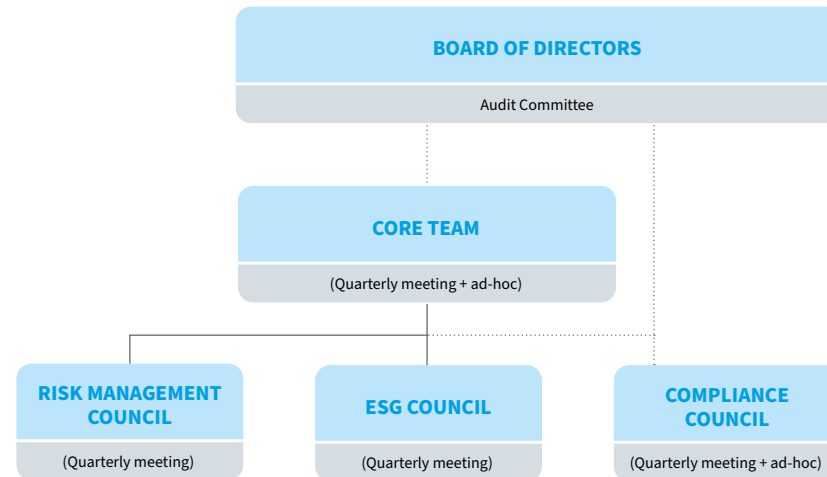
The ESG Council will oversee sustainability proposals in areas including social responsibility, environmental impact, and product health and safety. It is also responsible for fostering the commitment to the Sustainable Development Goals and relations with the various stakeholders to ensure our organization's ESG strategy is fully aligned.

The Group's commitment on sustainability is reflected at the highest level of the company, with the CEO chairing the ESG Council. This ensures that sustainability is an integral part of our decision-making processes, highlighting our commitment to our stakeholders and the environment. Ultimately, it is the role of the ESG Council to preserve the interest of our stakeholders and to ensure responsibility for the environment, social and reputational impact of our activities.

This new structure is designed to achieve several key objectives:

• Define our corporate strategy while considering risks, impacts and opportunities.

• Set, measure, and attain sustainability goals.

• Maximize the continuous creation of value for all our stakeholders.

The ESG Council will work in close collaboration with our Divisional Sustainability Councils to integrate organizational objectives into our operations and processes. Additionally, it will establish dedicated task forces for project-related initiatives, empowering members to spearhead defined projects and delegate tasks to ensure we meet our targets. This exciting development reinforces our dedication to sustainability and ensures it remains at the forefront of our organizational strategy.

ESG COUNCIL

(Quarterly meeting)

TE SUSTAINABILITY COUNCIL	**PP&C SUSTAINABILITY COUNCIL**
(Quarterly meeting + ad-hoc)	(Quarterly meeting + ad-hoc)
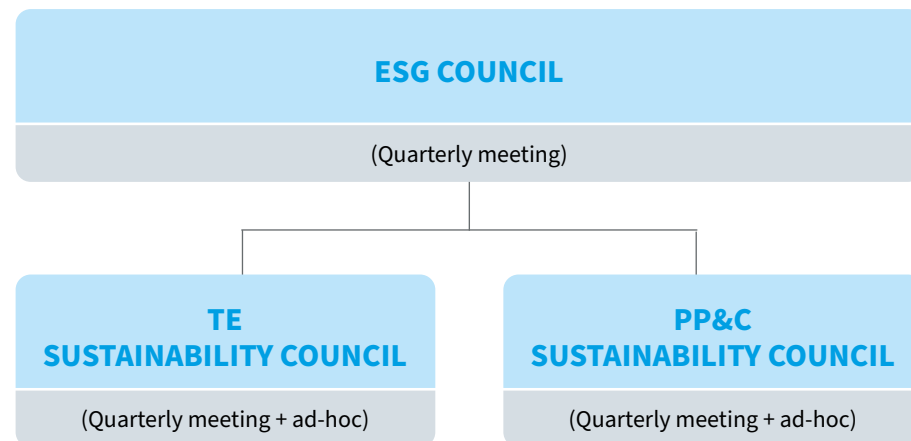
Renumeration and Audit Committees

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 currently Mr Miguel Kohlmann, the Chairman of the Board (also the Chair of the Remco), Mr Barry Siadat, 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 Audit Committee is responsible for overseeing all matters relating to our financial statement and reporting, our internal audit function and independent auditors, our risk management, and our compliance function.

The Audit Committee's members are currently Jared Kramer, Xander Wessels, the CFO, the General Counsel and Chief Compliance Officer and, as needed, the VP Internal Audit and the CIO.

RESPONSIBLE BUSINESS PRACTICES, COMPLIANCE AND ANTI-CORRUPTION

Compliance and Anti-Corruption

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 supports and complies with international sanctions regulations worldwide, including those from the United Nations, the USA, and the European Union to the extent they are applicable to us.

For Archroma, there is no other way to do business than in a sustainable, compliant, safe and responsible way. It is the core of everything that we do in Archroma. We act with integrity and in strict compliance with the law.

Archroma's Code of Conduct is under revamping and a new edition will be released soon and will be the central compliance guideline for Archroma. All other policies and programs will be based on and linked to this foundation. The Code of Conduct sets out the binding rules and guidelines for all employees and officers of Archroma including anti-corruption prevention. Our Code focuses on safety, health and environmental responsibility as well as compliance with laws and general ethical behavior, which are high priority for Archroma.

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. To ensure maximum commitment to and understanding of our Code of Conduct, it is provided in multiple languages.

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. We are very proud that the completion rate is always above 90%. In addition, compliance topics are encouraged to be included in meeting agendas to reinforce awareness throughout the organization.

Patrick Verraes, General Counsel and Chief Compliance Officer of Archroma, says: "By revamping Archroma's Code of Conduct, our priority is to strengthen the focus on our existing values and principles, while modernizing the way we approach compliance in our group. For us, the Code of Conduct is at the core of everything we do. It will continue to be our first and foremost guidance to our employees to make the right decision, and protect our tangible and intangible assets, keeping integrity always at the heart of all our actions".

For more information on our new Code of Conduct please visit our website: https://www.archroma.com/compliance

Archroma takes responsibility for its employees, its customers, its suppliers, all its stakeholders, and the environment to achieve profitable long-term business development. Archroma commits to maintain 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.

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 third parties to take whatever reasonable steps 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 Compliance Council ("CC") and a Chief Compliance Officer ("CCO"). The CC 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. It is also responsible to regularly revise and update the compliance policies and to propose actions to improve the compliance culture within Archroma.

Any breach of the Code of Conduct reported to the Compliance Council 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.

RISK MANAGEMENT

Archroma is committed to a strong risk management throughout the company, supported by the Core 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 Vice President Risk Management & Internal Audit, reporting on risk management areas to the Chief Finance Officer in his capacity as member of the Core Team. The company has a Risk Management Policy in place since 2015, which was updated in FY2021, and has been undergoing regular risk assessment reviews.

Risk Management Process

In FY2023, apart from the yearly exercise to update our risk map, there has been extensive work done to bring risk management closer to decision making.

Assess — Mitigate — Monitor & Report — Identify
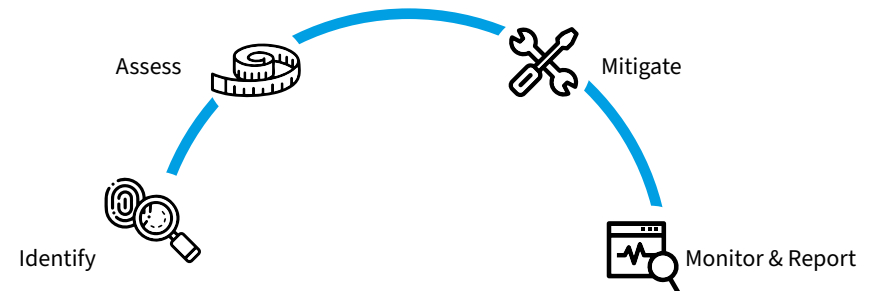
Functional Risk Maps have been built through specific workshops with the functional leaders and their teams, following the stages above:

1. Understanding each function's strategic objectives and challenges, allowing top management to tailor the risks and detail them more so they are aligned with their daily activities. Thus, making the risk management methodology become an additional input in managerial activities.
2. Both the impact and likelihood for each risk has been assessed in different scenarios (ranging from the best-case scenario to the worst-case scenario).
3. Existing and additional mitigation actions have been discussed, in order to propose improvements in Archroma's processes, policies and strategies that adjust the risk profile to the desired risk appetite.
4. Key Risk Indicators have been defined and will start being tracked to monitor the evolution and exposure that Archroma has to each of the risks identified.

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

After the different functional risk maps have been defined, the corporate risk map has been built and aggregated into higher-level risks while considering their correlation.
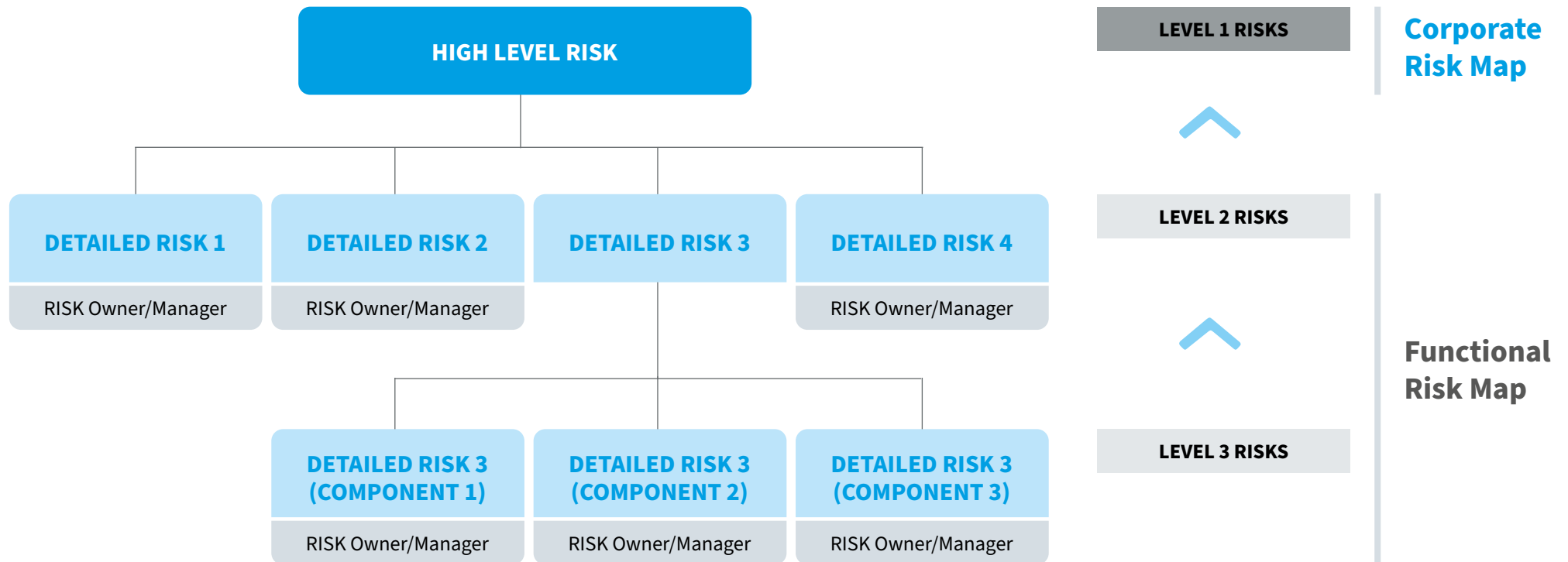
In line with the overall Governance structure of the company, the outcome of the assessment prepared by the Risk Management Council has been aligned with the Core Team. The resulting Corporate Risk Map, alongside with the proposed mitigation plans, has been subsequently submitted for approval to the Audit Committee of the Board of Directors.

Stage 1: Risk Identification and Assessment	Stage 2: Risk Mitigation and Monitoring	Stage 3: Risk Reporting
BOARD OF DIRECTORS (AUDIT COMMITTEE)		
Approve the ERM Policy	**Approve the resulting Risk Map**	**Monitor risk performance**
Identify and analyze risks. Determine how likely is the occurrence of each risk and how severe it could be.	Identify the most relevant way of tracking the evolution of the risk and proposed mitigation strategies.	Periodically provide the Board of Directors with essential information to better inform their decision-making.
Output: • Risk register update • Risk assessment	**Output:** • Risk manager assignation • Performance monitoring model	**Output:** • Prioritized ranking of Archroma's risks • Action plans and monitoring evolution
LEADERSHIP TEAM		

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 a 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.

Finally, the full list of risks that have been assessed at a functional level has been mapped to the ESG dimensions that related to it (either any combination of the three, or none of them).

FUNCTIONAL RISK MAP	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Market/Business - TE + PP&C	3	3	3
Market/Business - TE	-	1	2
Market/Business - PP&C	1	-	5
Human Resources	1	14	3
Legal & Compliance	1	1	10
Operations - Supply Chain	5	2	7
Operations - Production	8	2	10
Operations - Quality	-	4	-
Operations - Safety, Health & Environment	5	5	1
Procurement	5	-	6
IT	-	1	11
Treasury	1	-	11
Finance	-	-	7
Tax	-	-	5
Climate/Sustainability	5	2	6
Total	**35**	**35**	**87**

Once consolidated into Level 1 risks for the Corporate Risk Map, the shortlisted risk register includes relevant risks in all areas, such as demand decrease, cybersecurity, talent shortage and a number of environmental risks (comprising climate change and its effects for Archroma's business: Natural resource scarcity, physical security risk due to natural disasters, etc.)

Apart from the ones mentioned above, other risks related to the environment in our current risk map are the impact for our operations of sustainable procurement practices and the preservation of our brand as a leader in providing sustainable solutions to the industry.

We also monitor closely market trends and foreseeable changes in regulations 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.

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.

RISK MAPPING			
Strategic	**Operational**	**Financial**	**Legal & Compliance**
Action Plans, Policies and Procedures			
INTERNAL CONTROL SYSTEM			
Procure to pay	Order to Cash	Record to Report	Hire to Retire
Inventory management	Property, Plant & Equipment	Treasury	Accruals & Provisions etc.

SELF-ASSESSMENT PROCESS

INTERNAL AUDIT
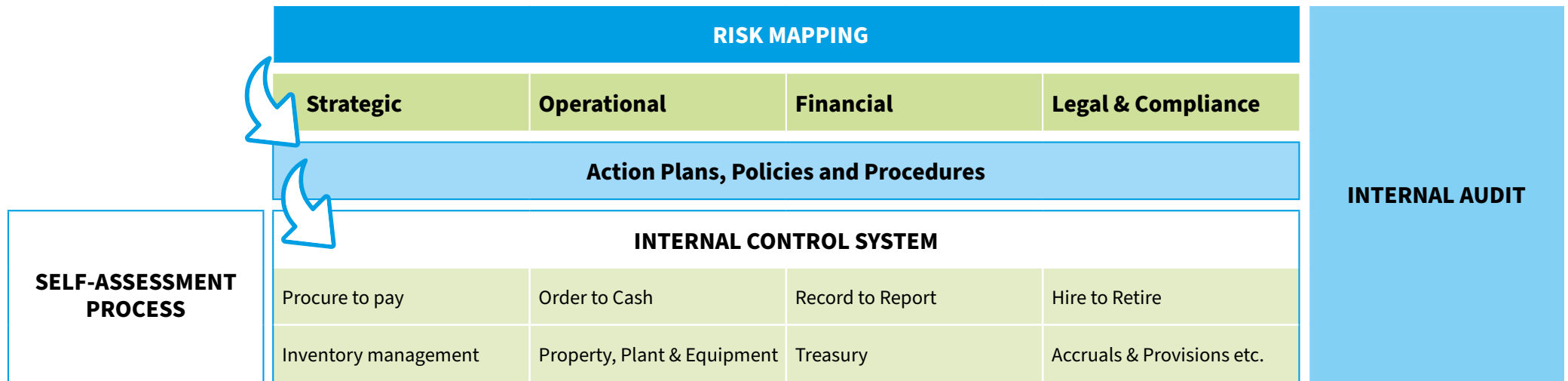
Archroma wants to raise awareness about risk management across the organization. Apart from the functional risk maps described above, there are several initiatives in place which enable such a risk-oriented approach in daily managerial activities.

All of them are aiming to embed risk management in our daily activities and decision-making:

- 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.

DATA PROTECTION AND CYBERSECURITY

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.

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 a 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.

After the Textile Effects acquisition in FY2023, Archroma has expanded the platform to incorporate all new products into the Safe Edge.

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.

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 access. Internal phishing campaigns are executed to improve and measure Archroma phishing-prone rate, with latest indicator of 3.6 % which remains lower than industry benchmark of 5.9%.

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 addition, 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.

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

SUSTAINABLE & TRANSPARENT SOURCING PRACTICES

Sustainable sourcing

For Archroma, sustainable sourcing is critical as our vendor network significantly influences our own environmental footprint as well as the system solutions which we sell to our customers. The raw materials we buy affect in the first place the quality and safety of Archroma's products.

We are strongly engaging with our suppliers and trading partners to support sustainable development through our Corporate Sustainability 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. We request from our suppliers and service providers to adopt standards in line with Archroma's policies. Above all, our vendors are asked to bind their own suppliers to a similar level of compliance.

Sustainable sourcing – Spend Details

North Asia
Vendors
1 240

Spend
131 MUSD

Americas
Vendors
3 200

Spend
310 MUSD

EMEA
Vendors
3 040

Spend
364 MUSD

South Asia
Vendors
36 800

Spend
388 MUSD
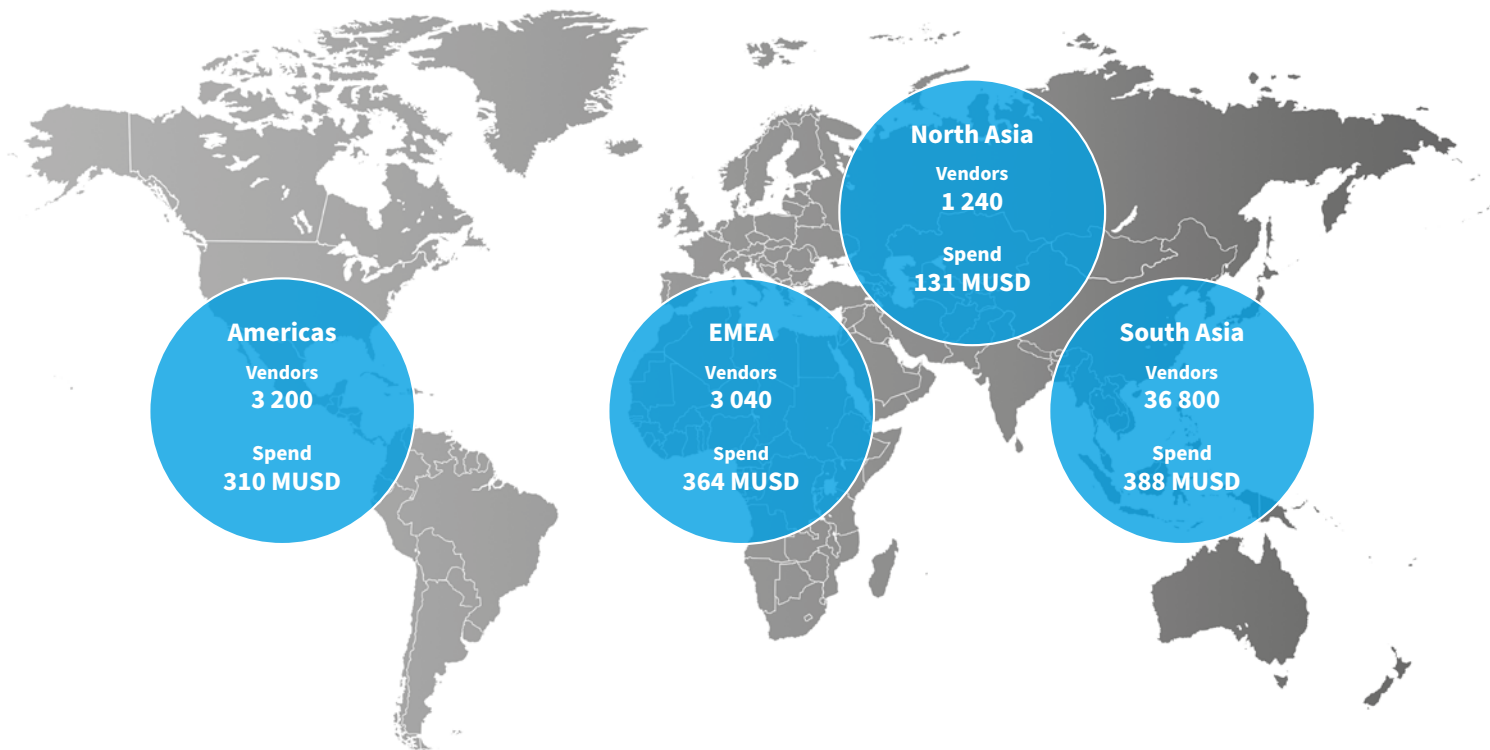
Led by the Chief Procurement Officer (CPO), the procurement organization is staffed with a team of 111 employees who are located in four main regions, North & South Asia, Americas and Europe and split into 24 categories for direct and indirect spend.

The targets for sustainable sourcing are divided into annual individual targets for each category and region.

A vendor's sustainability performance affects not only our own sustainability profile but also Archroma's ability to provide sustainable solutions. Therefore, vendor management and development with a strong focus on sustainability is for us a critical mission. Cyril Wasem (CPO), Chief Procurement Officer

Procurement at Archroma is a complex operation which comprises integrated strategies and policies to deliver optimized value for the organization. As a specialty chemical manufacturer, we have extensive knowledge and wide experience in managing the whole supply chain of complex 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 5000 raw materials from more than 2300 vendors worldwide. Such complexity requires dedicated processes to ensure on time and complete delivery of quality compliant raw materials at optimized cost. Therefore, our procurement strategy is based on four pillars: Cost, Quality, Supply Security and Sustainability.

All four criteria are consolidated and measured in a global vendor scorecard which builds the basis of the supplier evaluation process.

Cost
Procurement decisions are based on the "total cost of ownership" (TCO) principles, taking into consideration not only direct but also indirect costs such as logistic cost, inventory management, quality assurance, administration and payment terms.

Archroma's annual procurement spend in FY2023 was 1.2 billion USD, with strong focus on EMEA (31%), South Asia (26%) and Americas (26%).

Quality
Archroma procurement manages quality in terms of direct impact to our own manufacturing as well as indirect to our customers. In chemical manufacturing, clear specifications and the conformance are essential to define the intended raw material requirements. Our extensive in-house chemical knowledge allows us to determine these specifications to meet the technical requirements of the industries we serve. Depending on the supplier's performance and risk profile, procurement uses strong standard operating procedures to ensure compliance to specifications.

Supply security
In order to minimize the risk of raw material shortages and supply interruptions, Archroma's suppliers are closely monitored via key performance indicators. The regular monitoring through the "on time in full" (OTIF) metrics for supply performance measurement is one of the operational KPI's.

Besides, Archroma has established a direct material risk assessment system to regularly review and identify potential risks and define mitigation actions. Sustainability is one of the four assessment scopes. Based on the risk profile, global procurement category teams work closely together in cross-functional teams to develop sourcing strategies to secure supply for raw materials in potential supply risk.

Sustainability

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

Apart from continuous exchanges regarding the improvement roadmap, Archroma provides additional supplier trainings and webinars. At the same time, our suppliers' commitment to environmental principles is covered by the TfS audits, EcoVadis assessments as well as Archroma audit reports.

Development of Archroma Sustainable Procurement

2018
- Implemented audit partnership with EcoVadis

2019
- Started cooperation with IPE
- Established ASSR concept

2020
- Awarded with Eco-Vadis Gold Medal

2021
- Awarded with EcoVadis Platinum Medal
- Became TfS member
- Ranked No. 1 in IPE's (Institute of Public and Environmental Affairs)CITI Chemical industry

2022
- Awarded with EcoVadis Platinum Medal
- Ranked No. 1 in IPE's (Institute of Public and Environmental Affairs) CITI Chemical industry
- Accomplished TfS audit target

2023
- Ranked No. 1 in IPE's (Institute of Public and Environmental Affairs) CITI Chemical industry
- Final stage of integration of Huntsman TE legacy suppliers into ASSR

Archroma Sustainable Supplier Rating (ASSR)

All our suppliers are monitored through the Archroma Sustainable Supplier Rating (ASSR) to assess their sustainability performance. The rating system is based on defined multi-channel inputs like EcoVadis assessments, TfS audits, ISO certificates and other sources.

New suppliers are required to provide existing sustainability performance results as basis for the ASSR rating. If no results are available, the concerned suppliers are requested to carry out a sustainability assessment. All suppliers are required to execute a corrective action plan on the improvement areas identified during their assessment.

In addition, we monitor all approved vendors on a regular basis through our ASSR rating. Constant communication and collaboration with our suppliers underline Archroma's ongoing commitment to building partnerships for more ethical business practices, human rights and labor standards, and 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 business relations in case of non-compliance. If a non-compliance occurs, the vendor is blocked until there is visible improvement and evidence that they have taken all necessary corrective actions.

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.

In FY2023, in total 95% of Archroma's suppliers were rated by the ASSR. More than 80% were rated "good" or "outstanding". Less than 1% of our suppliers received an unsatisfactory assessment, requiring corrective action plans to be set up and implemented within an agreed time frame. In addition to continuous engagement regarding the improvement roadmap, Archroma provides additional supplier training to support these vendors.

A dedicated full-time Sustainable Sourcing Manager is driving the program and guiding our own procurement team as well as our suppliers. The ASSR is an integral part of the monthly reviews with Archroma's procurement organization, including individual follow-up meetings to ensure target achievement.

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.

TfS audit system is one of the preferred options for Archroma's suppliers to achieve an acceptable ASSR rating. The TfS audit rating is valid for three years and needs to be re-assessed every third year.

EcoVadis

EcoVadis is one of the largest and most trusted providers of business sustainability ratings. The EcoVadis sustainability assessment methodology is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000. The EcoVadis Sustainability Scorecard is an evaluation of how well a company has integrated the principles of Sustainability into their business and management system. It illustrates performance in four themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. Since FY2021 Archroma is proud to be Platinum ranked member of EcoVadis. The EcoVadis Scorecard builds a strong basis for our ASSR rating and is highly recommended to our supply partners.

Procurement Sustainable partnership

EcoVadis — EcoVadis is the collaborative platform enabling companies to monitor the Sustainability performance. (cooperated since 2018)

IPE
Institute of Public & Environmental Affairs — Non-governmental organization which is located in China, collecting all bad records (like accidents) & violations of Chinese factories from central government and local governments. (cooperated since 2019)

TfS
Together for Sustainability — Together for Sustainability (TfS), a joint initiative and global network of 43 chemical companies, delivers the global standard for environmental, social and governance performance of chemical supply chains. The TfS program is based on the **UN Global Compact** and **Responsible Care®** principles. (Joined since 2020)
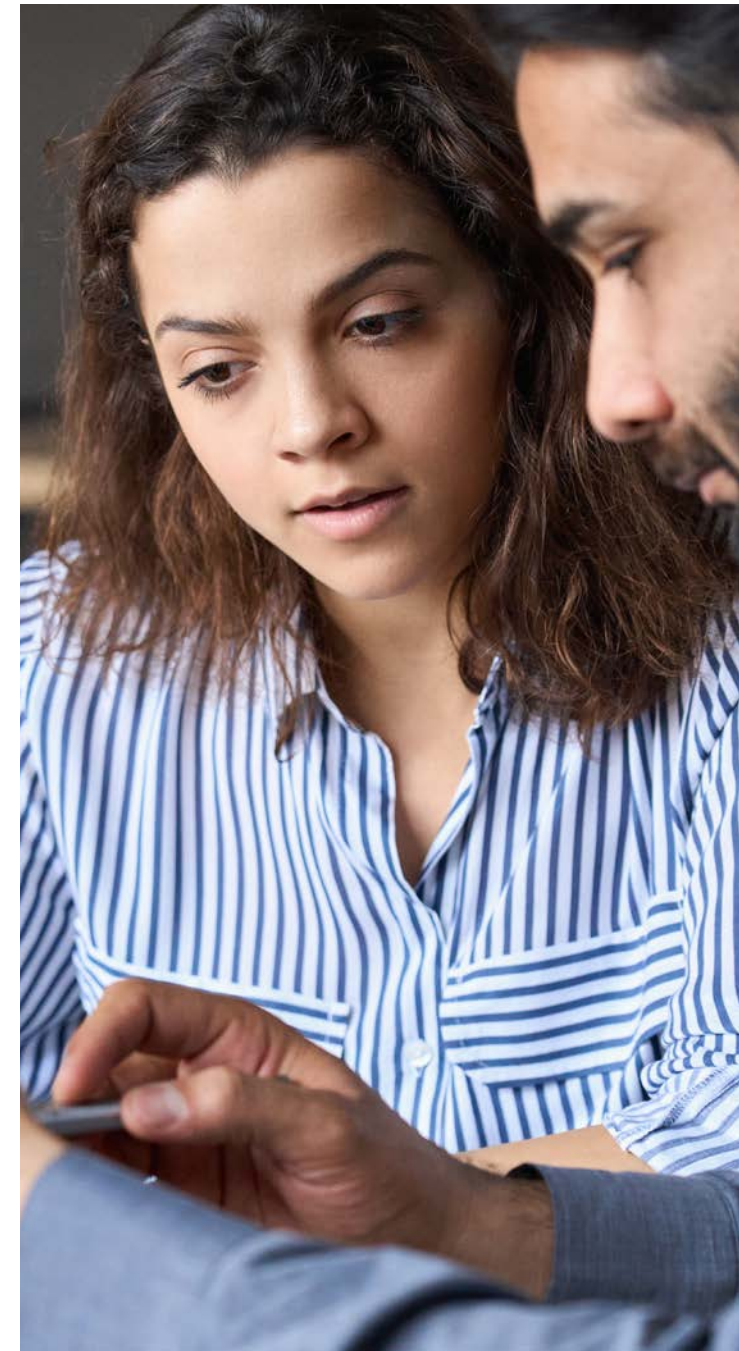
HUMAN RIGHTS & CHILD LABOR

Responsible supply chain management is important for our business, and we strive to uphold human rights in all activities. We do not tolerate the use of child or forced labour, slavery or human trafficking in any of our facilities or operations. Archroma fully supports and complies with the 1948 United Nations Universal Declaration of Human Rights. Likewise, Archroma fully supports and complies with international sanctions regulations worldwide, including those from the United Nations, the USA, and the European Union.

Our principles on these topics are set out in our Archroma Code of Conduct and in our Supplier Code of Conduct. We discontinue business relationships with any individual or company that does not follow the same standards.

We require our supply partners to support the Supplier Code of Conduct, which incorporates our commitment to conduct business free of slavery and human trafficking risks.

Huntsman Textile Effects acquisition

On 28 February 2023, the Group acquired the textile effects business from Huntsman Corporation. 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.

SALES DEVELOPMENT

Archroma's total revenue for FY2023 was USD 1'451 billion. This reflects a 5.6% increase compared to the previous reporting period (vs FY2022: 1'374.0) and was primarily driven by a pass on effect of increasing raw material prices. Sales volume increased to 493 thousand tons, due to the contribution of Huntsman Textile Effects of 53 thousand tons. The Archroma entity reached 440 thousand tons (vs FY2022: 490 thousand tons), where the decrease is due to market adjusting to lower demand and these increasing raw material prices.

Over the past three years of Archroma Legacy, the proportion of sales from our sustainable innovations and systems as a percentage of our total sales has steadily increased and reached 50% in FY2023.

As a result, Archroma progressively restored business performance and closed its FY2023 with healthy and sustainable revenue levels.

"**Our company's growth and evolution is inseparable from our commitment to ESG. With the acquisition of Huntsman Textile Effects and the growing awareness of global climate change, it has never been more important for us to stay true to our nature and help reshape our industry with safe products, efficient processes and innovations that add value. As we integrate the two organizations and our ESG strategy, we unlock opportunities for long-term value creation and positive societal impact.**"

Thomas Bucher, Group Chief Finance Officer (CFO)

Markets served

During the reporting period, Archroma served 93 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
**390 MUSD
(27%)**

EMEA
Sales
**344 MUSD
(24%)**

Asia
Sales
**718 MUSD
(49%)**

Paper, Packaging
& Coatings (PP&C);
434.4 (30%)

Textile Effects (TE);
1'016.6 (70%)

30%   70%

**Sales by
division/MUSD**

Brand & Performance Textile

Packaging, Paper & Coatings
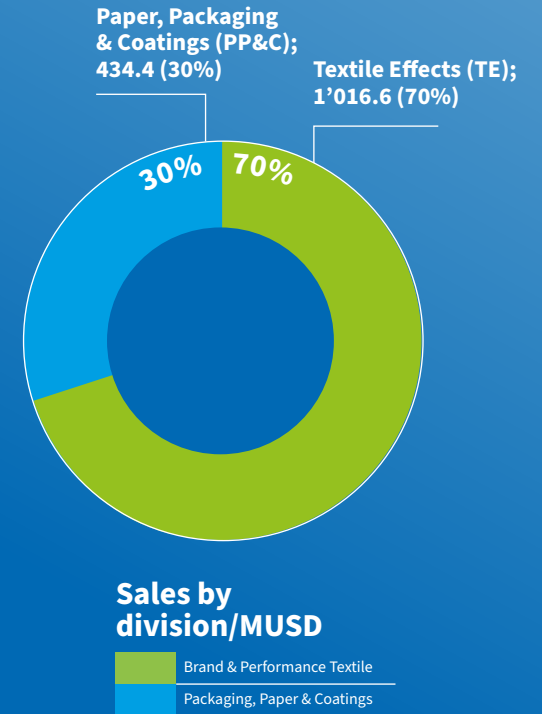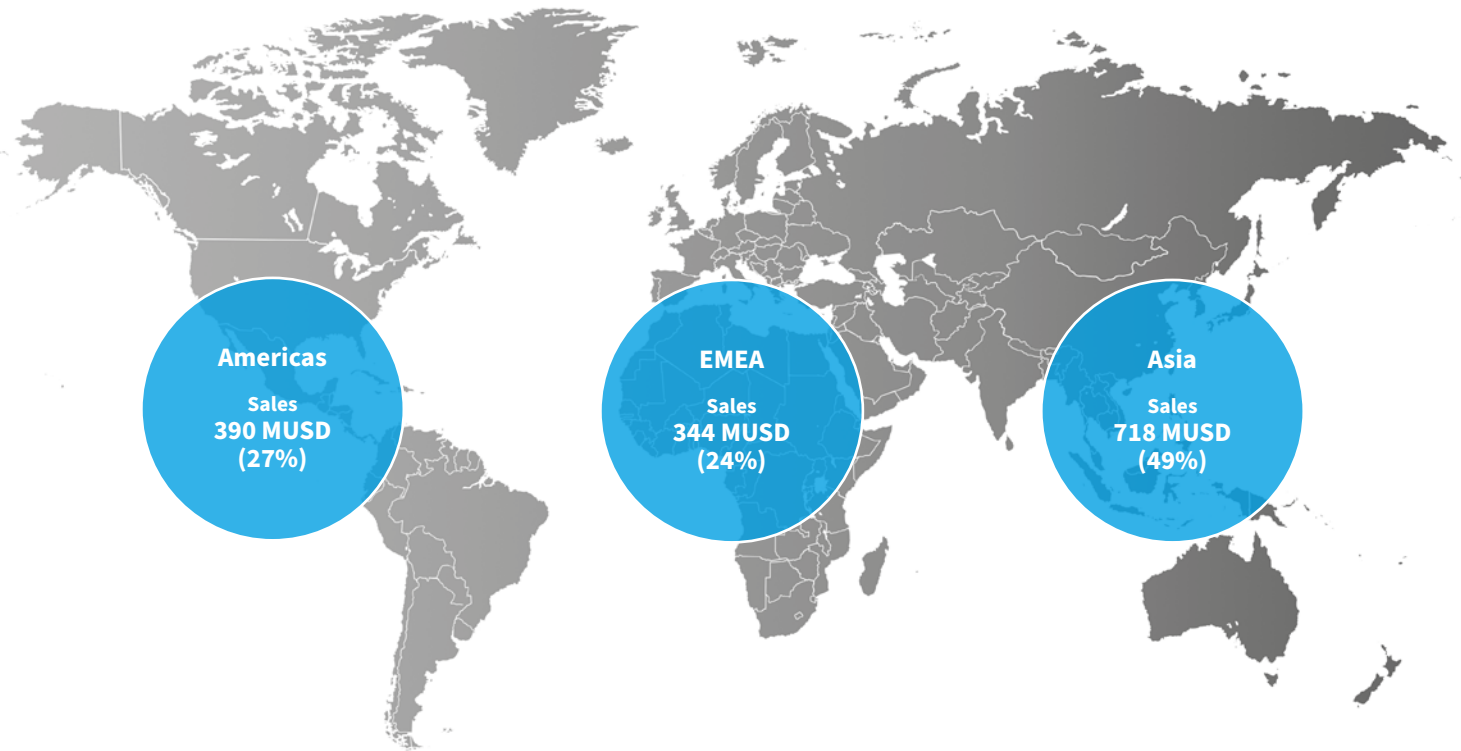
Financial figures stated in the above graphs refer to FY2023, including Huntsman TE from 28 February 2023.

BENEFIT 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 (73% of the Group's total defined benefit obligation), the US (6% of the Group's total defined benefit obligation), Germany (14% of the Group's total defined benefit obligation) and Brazil (2% of the Group's total defined benefit obligation). Most of the defined benefit obligation relates to active members.

Retirement plans
Swiss plans

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. As a result of the acquisition of Huntsman Textile Effects in 2023, the Group also participates in the Huntsman Pension Fund. The plans cover all employees in Switzerland and provide 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 2023 and 1% in 2022 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.

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.

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).

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
France

In FY2023 a government grant of 12 kEUR (FY2022: 10 kEUR) was received, which was then used to reduce water consumption.

Spain

New in FY2023 a government grant of 0.3 was received. This was used to reduce gas consumption.

Political contributions

At Archroma, no political contributions were made in the FY2023.

TAX TRANSPARENCY APPROACH

As mentioned, Archroma is a global colour 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

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.

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.

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.

The objective of the Archroma risk management is to create sustainable value by understanding and managing threats while identifying opportunities, thus contributing to the achievement of Archroma's strategic objectives, by:

1. Ensuring coordination and development of risk management activities across the organization and integrating risk management in the business processes.

2. Clarifying ownership and responsibilities for managing risk within the Group.

3. Informing, training, and motivating Archroma staff to implement effective risk management practices in a consistent way across the Group.

4. Ensuring appropriate focus is given to the analysis and assessment of risks, the implementation of risk mitigation strategies and the monitoring and reporting of risk.

5. Ensuring that all significant risks and mitigation measures are reported to the next level and onward to the Executive Committee, and that remaining critical risks or issues are escalated to the Board of Directors via the Chief Financial Officer (CFO).

Tax governance, control, and risk management

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 takes risks, as long as they can be managed without compromising the Group's sustainability, when they are expected to create a sustainable increase in shareholder value. In this context, Archroma established a risk management system to reduce the uncertainty on the achievement of Archroma's strategic objectives and to carefully manage and monitor risks. Risk Management is not designed to prevent employees 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 Archroma embeds best practice for Risk Management in core business processes.

Risk management at Archroma is not only managed at the high level allowed by the risk mapping exercise (with Corporate and functional risk maps being developed), but also translated into the daily activities through Archroma's policies and procedures and the control activities established in their Internal Control System. The Group 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. More information can be found in the section "Risk management" above.

Archroma is exposed to financial risks such as inflation, interest rates increase risk, credit risk, liquidity risk and market risk. These financial risks are described in the notes of the consolidated financial statements. The Group is also exposed to market development and pricing risks related to its wide geographic footprint and high level of intra-Group transactions between countries, resulting from its integrated supply chain and production sites supplying the world.

The Group's functional currency is USD. As a result, the pricing risk of the Group, and especially its risk of transactional currency effects, is managed through a combination of local and regional coordinated resources actively adjusting pricing to address shifts in competitive environments, currencies and raw material input costs. Archroma has been strongly engaged in monitoring and adjusting pricing to compensate for the quickly shifting marketplace.

Stakeholder engagement and management of concerns related to tax
In regards 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.

Business combination Huntsman Textile Effects
As of 28 February 2023, Archroma Group acquired Huntsman Textile Effects. Huntsman Textile Effects have used the GPS (Global profit sharing) method where the proposed GPS would allocate a share of the global income to each country according to a commonly accepted formula. The source country would tax the allocated income at the same rate applicable to resident tax payers.

Appendix

Tables

GRI Index

KPMG limited assurance report

TABLES (SUSTAINABILITY DASHBOARD)

Environment
Reducing the ecological impacts on our planet

METRIC	Unit	FY2021	FY2022	FY2023
Total production volume	mt	460'937	418'963	459'907
Total GHG emissions	tCO_2e	86'694	79'192	120'376
Scope 1	tCO_2e	42'545	39'232	56'675
Scope 2	tCO_2e	44'150	39'960	63'700
GHG intensity	tCO_2e/t	0.188	0.189	0.262
Total energy consumption	TJ	1'214	1'135	1'562
Energy intensity	GJ/MT prod	2.62	2.71	3.40
Total water intake	million m^3	7'480	6'939	7'474
Water intensity	m^3/MT prod	16.23	16.56	16.25
Total waste generated	KT	17'642	17'840	26'478
Waste intensity	KG/MT prod	38.27	42.58	56.5
Sustainable systems	% of revenue	46%	51%	50%

Social
Creating value for our employees, partners and society as a whole

METRIC	Unit	FY2021	FY2022	FY2023
Total recordable injury rate TRR	200'000 hrs	0.27	0.18	0.25
Product safety - 3rd party certified	%	90	90	85
Total employees	FTE	2'756	2'806	4'631
female	%	21	22	25
women in management	%	31	32	34
women in governance body	%	17	40	20

Governance
Enabling the sustainability transformation

METRIC	Unit	FY2021	FY2022	FY2023
Economic performance (revenue)	000 $	1'374	1'286	1'451
Ethics and compliance non-conformities	#	-	-	-
Sustainable sourcing	% ASSR rating	89%	93%	95%

Tables

TABLES (DIVERSITY & INCLUSION, TALENT MANAGEMENT)

Total employee turnover by position and gender

	FY2023 Employee Count			FY2023 Turnover						FY2023 Employee in %		
Structure	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Core Team (Sep 30 '23)	1	4	5	0	0	0	0%	0%	0%	20%	80%	100%
Senior Executive (A-B)	3	3	6	1	4	5	33%	133%	83%	50%	50%	100%
Senior Management (C-D)	32	151	183	11	33	44	34%	22%	24%	17%	83%	100%
Middle Management (E-F)	199	540	739	39	89	128	20%	16%	17%	27%	73%	100%
Junior Management (G-H)	565	828	1'393	68	106	174	12%	13%	12%	41%	59%	100%
Staff (I-J)	347	1'958	2'305	36	155	191	10%	8%	8%	15%	85%	100%
Total	**1'147**	**3'484**	**4'631**	**155**	**387**	**542**	**14%**	**11%**	**12%**	**25%**	**75%**	**100%**

Management turnover by gender

	FY2023 Employee Count			FY2023 Turnover						FY2023 Employee in %		
Structure	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Core Team (Sep 30 '23)	1	4	5	0	0	0	0%	0%	0%	20%	80%	100%
Senior Executive (A-B)	3	3	6	1	4	5	33%	133%	83%	50%	50%	100%
Senior Management (C-D)	32	151	183	11	33	44	34%	22%	24%	17%	83%	100%
Middle Management (E-F)	199	540	739	39	89	128	20%	16%	17%	27%	73%	100%
Junior Management (G-H)	565	828	1'393	68	106	174	12%	13%	12%	41%	59%	100%
Total	**800**	**1'526**	**2'326**	**119**	**232**	**351**	**15%**	**15%**	**15%**	**34%**	**66%**	**100%**

Staff turnover by gender

	FY2023 Employee Count			FY2023 Turnover						FY2023 Employee in %		
Structure	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Staff (I-J)	347	1'958	2'305	36	155	191	10%	8%	8%	15%	85%	100%

GRI CONTENT INDEX

DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
The organization and its reporting practices			
2-1	Organizational details	About the report	8
2-2	Entities included in the organization's sustainability reporting	About the report	8
2-3	Reporting period, frequency and contact point	About the report	8
2-4	Restatements of information	There are no restatements of information for this reporting period.	
2-5	External assurance	About the report, Appendix	8, 123 ff.
Activities and workers			
2-6	Activities, value chain and other business relationships	Global presence, Businesses	11, 16-19
2-7	Employees	Diversity, equity and inclusion, Appendix	66-69, 113
2-8	Workers who are not employees	Fair labor practices, Annex	62-65, 113
Governance			
2-9	Governance structure and composition	Corporate governance	82-85
2-10	Nomination and selection of the highest governance body	Corporate governance	82-83
2-11	Chair of the highest governance body	Corporate governance	82-84
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.	82-85
2-13	Delegation of responsibility for managing impacts	Sustainability topics are integrated into key decision-making processes.	82-85
2-14	Role of the highest governance body in sustainability reporting	The Archroma management reviews and approves the sustainability report.	84-86
2-15	Conflicts of interest	Corporate governance, Compliance and anti-corruption	84-85, 86
2-16	Communication of critical concerns	Fair labor practices, Corporate governance, Compliance and anti-corruption	62, 84-85, 86
2-17	Collective knowledge of the highest governance body	Corporate governance	82-84
2-18	Evaluation of the performance of the highest governance body	Corporate governance	85
2-19	Remuneration policies	Corporate governance	64-65, 86
2-20	Process to determine remuneration	Fair labor practices, Corporate governance	64-65, 86
2-21	Annual total compensation ratio	Fair labor practices	64

GRI CONTENT INDEX

DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Strategy purpose & values, Materiality matrix	12-13, 30
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.	12, 37-40, 56, 60, 62-63, 84-85, 87-88, 101
2-24	Embedding policy commitments	See above	
2-25	Processes to remediate negative impacts	See above	
2-26	Mechanisms for seeking advice and raising concerns	Fair labor practices, Compliance and anti-corruption	63, 88
2-27	Compliance with laws and regulations	Compliance and anti-corruption	46, 54, 58, 63, 84, 87
2-28	Membership associations	Affiliations and memberships	14-15
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Affiliations and memberships, Stakeholder Engagement, Materiality Matrix, Consumer product safety	14-15, 2-24, 29, 58-59
2-30	Collective bargaining agreements	Fair labor practices	62
Material topics			
3-1	Process to determine material topics	We report our impacts in our identified material topics. As part of the stakeholder interviews in spring 2023 positive and negative impacts were assessed and discussed with all participating stakeholders. The detailed process and the outcomes of this dialogue are disclosed in the chapter "Sustainability approach". We started to further integrate the determination of impacts and material topics with our organization's risk management process. Archroma is committed to a strong risk management throughout the company, supported by the Core Team and Board of Directors and implemented at all levels. We strive to minimize risks and create positive impacts on the environment, people and economy while minimizing / eliminating negative impacts. The risk management includes the assessment of climate-related risks and opportunities presented by climate change, as well as the impact their operations have on climate change and the environment but also on people, incl. human rights, & the economy. The Risk management process seeks input from across the company's global business, regions, and functions and engages external subject matter experts to identify risks, drivers, and mitigation measures. The results shape Archroma's strategic objectives. More details can be found in the section "Risk Management".	20-30

GRI CONTENT INDEX

DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Material topics			
3-2	List of material topics	Materiality matrix	26-29
3-3	Management of material topics	Materiality matrix, Disclosed for each material topic.FY2023 is a transition year for Archroma in every aspect. In February 2023, the Group acquired the textile business from Huntsman Corporation which substantially enhances our portfolio with new products, technologies and solutions. These changes are also mirrored in additional production locations, different manufacturing processes and a new portfolio composition. As a result, our data collection scopes and methodologies are currently going through an alignment and revision process. New Key Performance Indicators (KPIs) to track the effectiveness of the actions to manage actual and potential impacts are under establishment for our new strategic cycle FY2024-2028. Respective goals and targets will be disclosed in the next reporting period, including progress, lessons learned and how these have been incorporated into the organization's operational policies and procedures when the two organizations became one.	27-28
Economic performance			
201-1	Direct economic value generated and distributed	Economic performance	104, 105
201-2	Financial implications and other risks and opportunities due to Climate change	Risk management	90-94
201-3	Defined benefit plan obligations and other retirement plans	Economic performance	106-107
201-4	Financial assistance received from government	Economic performance	107
Market Presence			
202-1	Ratios of standard entry level by gender compared to local minimum wage	Diversity, equity and inclusion	68
202-2	Proportion of senior management hired from the local community	Talent management	70
Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	Corporate citizenship	74-80
203-2	Significant indirect economic impacts	Corporate citizenship	74-80
Procurement Practices			
204-1	Proportion of spending on local suppliers	Sustainable and transparent sourcing practices	98-99

GRI CONTENT INDEX

DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Anti-corruption			
205-1	Operations assessed for risks relating to corruption	Compliance and anti-corruption	87-88
205-2	Communication and training about anti-corruption policies and procedures	Compliance and anti-corruption	87-88
205-3	Confirmed incidents of corruption and actions taken	Compliance and anti-corruption	87-88
Anti-competitive behavior			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Compliance and anti-corruption	87-88
Tax			
207-1	Approach to tax	Economic performance	108-110
207-2	Tax governance, control, and risk management	Economic performance	108-110
207-3	Stakeholder engagement and management of concerns related to tax	Economic performance	110
207-4	Country by country reporting	Economic performance	108-110
Materials			
301-1	Materials used by weight or volume	This data is currently not available for reporting. Archroma investigates the measurability of this topic internally.	
301-2	Recycled input materials used	This data is currently not available. Archroma will investigate the materiality and measurability of this topic. Currently this topic has not been resolved yet. For information on how Archroma works with waste streams, see Waste & circularity.	
301-3	Reclaimed products and their packaging materials	This data is not available and currently not assessed as material for Archroma. In general, the company's businesses do not produce consumer end products and are not in a position to trace the reclamation of the final end products.	
Energy			
302-1	Energy consumption within the organization	FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy.	42-43
302-2	Energy consumption outside of the organization	Energy	42-43
302-3	Energy intensity	Energy	42-43
302-4	Reduction of energy consumption	Energy	42-43
302-5	Reductions in energy requirements of products and services	Sustainable materials	33-36

GRI CONTENT INDEX

DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Water and effluent			
303-1	Management approach disclosures - interactions with water as a shared resource	FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy.	48-53
303-2	Management approach disclosures - management of water discharge-related impacts	Wastewater management	47
303-3	Water withdrawal	There is no distinction between "freshwater" and "other water" as both are being used for the same purposes. Water withdrawal only refers to manufacturing sites. There is no use of seawater at any location. No seawater and produced water is withdrawn in water stress areas, except at our Mahachai site (Thailand) where produced water is withdrawn.	50-53
303-4	Water discharge	Wastewater management	47
303-5	Water consumption	Sustainable materials, Water stewardship	33-36, 50-53
Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high Biodiversity value outside protected areas	Biodiversity	53
304-2	Significant impacts of activities, products, and services on Biodiversity	Biodiversity	53
304-3	Habitats protected or restored	Biodiversity	53
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity	53
Emissions			
305-1	Direct (Scope 1) GHG emissions	Climate change	40-43
305-2	Energy indirect (Scope 2) GHG emissions	Climate change	40-43
305-3	Other indirect (Scope 3) GHG emissions	Climate change	40-43
305-4	GHG emission intensity	FY2023 reporting includes Huntsman figures from the beginning of the FY on emissions, waste, water & energy. GHG intensity is based on Scope 1 and 2 emissions. The following gases were included in the calculation: CH4 and N20.	40
305-5	Reduction in GHG emissions	Climate change	40-43
305-6	Emissions of ozone-depleting substances (ODS)	Climate change	40-43
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Climate change	40-43

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DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Waste			
306-1	Management approach disclosure: Waste generation and significant Waste-related impacts	Circularity and waste	44-46
306-2	Management of significant Waste -related impacts	Circularity and waste	44-46
306-3	Waste generated	Waste generated only refers to manufacturing sites. Only production related waste is considered. Production related waste includes our final goods waste (all we make) and excludes traded goods (all we buy).	45-46
306-4	Waste diverted from disposal	Circularity and waste	45-46
306-5	Waste directed to disposal	Circularity and waste	45-46
Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	Sustainable and transparent sourcing practices	98-102
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable and transparent sourcing practices, Human rights and child labor	98-102, 103
Employment			
401-1	New employee hires and employee turnover	Talent management	70-71
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Fair labor practices	62-65
401-3	Parental leave	Fair labor practices	65
Labor management relations			
402-1	Minimum notice periods regarding operational changes	Fair labor practices	62-65
Occupational health and safety			
403-1	Management approach disclosures - Occupational Health & Safety management systems	Occupational safety	56-57
403-2	Management approach disclosures - Hazard identification, Risk assessment, and incident investigation	Occupational safety Consumer product safety, Risk management	56-57, 58-59, 90-95
403-3	Management approach disclosures - Occupational health services	Occupational safety	56-57

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DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Occupational health and safety			
403-4	Management approach disclosures - Worker participation, consultation, and communication on occupational health & safety	Occupational safety	56-58
403-5	Management approach disclosures - Worker training on occupational health & safety	Occupational safety	56-58
403-6	Management approach disclosures - Promotion of worker health	Occupational safety	56-58
403-7	Management approach disclosures - Prevention and mitigation of occupational health & safety impacts directly linked by business relationships	Core Values Occupational safety	13, 58-59
403-8	Workers covered by an occupational health and safety management system	Occupational safety	58-59
403-9	Work-related injuries	Reporting only on employees. The accidents for contractors (first aids/medical treatments/lost time work cases) are collected internally but not included in reporting. Omission: Total number of employees and hours worked is Archroma Confidential. Same applies for number and rate of fatalities as a result of work-related injury; and number and rate of high-consequence work-related injuries (excluding fatalities).	58-59
403-10	Work-related ill-health	Occupational safety	58-59
Training and education			
404-1	Average hours of training per year per employee	Talent management	70-73
404-2	Programs for upgrading employee skills and transition assistance programs	Talent management	70-73
404-3	Percentage of employees receiving regular performance and career development reviews	Talent management	70-73
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	Diversity, equity and inclusion, Corporate governance	66-69, 82-83
405-2	Ratio of base salary and remuneration of women to men	Diversity, equity and inclusion, Corporate governance	66-69, 82-83
Non-discrimination			
406-1	Incidents of discrimination and corrective action taken	Diversity, equity and inclusion	66-69

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DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
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, Diversity, equity and inclusion	62-65, 66-69
Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	Fair labor practices, Sustainable and transparent sourcing practices Human rights and child labor	62, 101, 103
Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Fair labor practices, Sustainable and transparent sourcing practices Human rights and child labor	62, 101, 103
Security practices			
410-1	Security personnel trained in human rights policies or procedures	Fair labor practices	62-65
Rights of indigenous peoples			
411-1	Incidents of violations involving rights of indigenours peoples policies or procedures	Fair labor practices	62-65
Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	Corporate citizenship	74-80
413-2	Operations with significant actual and potential negative impacts on Local communities	Corporate citizenship	74-80
Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	Sustainable and transparent sourcing practices	98-102
414-2	Negative social impacts in the supply chain and actions taken	Sustainable and transparent sourcing practices	98, 103
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415-1	Political contributions	Economic performance	107

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DISCLOSURE	DESCRIPTION	CROSS REFERENCE OR RESPONSE	PAGES
Customer health and safety			
416-1	Assessment of the health and safety impacts of product and service categories	Product stewardship and related communication	37-39
416-2	Incidents of non-Compliance concerning the health and safety impacts of products and services	Consumer product safety, Business ethics & compliance	59, 89
Marketing and labeling			
417-1	Requirements for product and service information and labeling	Product stewardship, Consumer product safety	37-39, 58-59
417-2	Incidents of non-Compliance concerning product and service information and labeling	Consumer product safety, Business ethics & compliance	59, 89
417-3	Incidents of non-Compliance concerning marketing communications	Consumer product safety, Business ethics & compliance	59, 89
Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data protection and cybersecurity	96-97

KPMG

Independent limited assurance report on selected 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 2022 to the 30th of September 2023 (hereinafter "Sustainability Information"):
- Scope 1 & 2 CO_2 emissions intensity: tons CO_2e emissions/tons produced (as per GRI 305-4)
- Water intake intensity: m^3 water withdrawal/tons produced (as per GRI 303-3)
- Waste intensity (waste produced/tons 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 and board (as per GRI 405-1)
- Process to determine material topics (as per GRI 3-1)
- List of material topics (as per GRI 3-2)
- Management of material topics (as per GRI 3-3)

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 above mentioned Sustainability Information in the Sustainability Report for the financial year ended September 30, 2023 is not prepared, in all material respects, in accordance with the Global Reporting Initiative (GRI).

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.

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KPMG limited assurance report

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.

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 and qualitative 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

Cyrill Kaufmann
Licensed audit expert

Diana Guerra
Engagement Manager

Zurich, 14 December 2023