



SUSTAINABILITY / Financial Year 2017
REPORT



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ABOUT THE REPORT

THIS SUSTAINABILITY REPORT IS THE FIRST FOR ARCHROMA*, A GLOBAL LEADER IN THE PRODUCTION OF SPECIALTY CHEMICALS FOR BRAND AND PERFORMANCE TEXTILES, PAPER AND PACKAGING, AND THE COATINGS, ADHESIVES AND SEALANTS VALUE CHAINS.

THE REPORTING PERIOD IS FOR THE ARCHROMA FINANCIAL YEAR FOR 2017 (“FY2017”); FROM 1ST OCTOBER 2016 TO 30TH SEPTEMBER 2017.

THE REPORT COVERS ARCHROMA’S SUSTAINABILITY APPROACH AND STRATEGY, SUMMARIZING THE SUSTAINABILITY PERFORMANCE AND ASSOCIATED ACTIVITIES. AS THIS IS OUR FIRST REPORT SOME OF THE INFORMATION WILL BE BASELINE DATA WHICH WILL BE USED TO SET TARGETS AND MONITOR PERFORMANCE IN FUTURE ANNUAL REPORTS.

THE DATA AND INFORMATION FOR THIS REPORT COME FROM ARCHROMA’S OFFICIAL DOCUMENTS AND INTERNAL REPORTS.

*Archroma Management LLC and all of its subsidiaries, affiliates, and joint ventures is collectively known as “Archroma”

OUR CEO’S MESSAGE

Dear Archroma Stakeholders,

I am pleased to present you with Archroma’s sustainability report, which provides an overview of our activities in our 2017 financial year and is focused on the essential contributions that make the value chain more sustainable.

Archroma’s creed and guiding light is: “We continuously challenge the status quo in the deep belief that we can make our industry sustainable”. As you will see in the following pages, we strive every day, everywhere to live by these words.

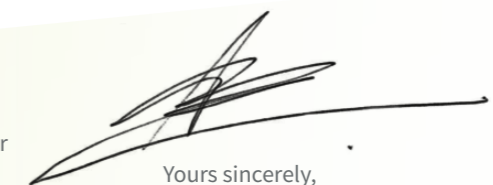
We are therefore proud of our performance and achievements, and we keep on challenging ourselves to bring to the industry even more improvements on our journey and lead the industry towards a better sustainability performance in our resource-constricted world.

In manufacturing specialty chemicals, sustainability has always been embedded into our global organization, not only in terms of our own manufacturing footprint, but also in bringing to the market technologies that allow positive impacts for our customers and for the final consumers. Over the past years, societal and environmental issues have had an increasing importance in our industries. The need for transparency and traceability in supply networks has become paramount if improvements are to be made by all of us in our value chains. We actively engage with our relevant stakeholders in order to support and progress initiatives that are bringing concrete and ambitious solutions and innovations in this area. We feel that only through active positive participation will we be able to bring about measurable change.

We also understand the impact that we have towards our supply network, and regularly engage to improve their sustainability performance, and make them an integral part of our reporting and value chain approach. We are an active member of the local communities in which we operate and regularly initiate programs that enrich the lives of those who depend upon us.

A key factor to the sustainable success of our company is providing our employees with motivation and purpose. Working towards making our industry sustainable participates to that ambition. We also foster an open and accountable culture and provide a working environment in which it is safe to operate. Safety comes first, and with a constant focus, we continually drive programs on safety awareness and training. In this way, we can ensure our employees return safe and sound to their families and loved ones after work.

I hope that you will find the following report an interesting read, one that gives you an insight into what we do, how we do it and, more importantly, “why” we do: continually challenge the status quo in the deep belief that we can make our industry sustainable.



Yours sincerely,
Alexander Wessels





OUR COMPANY

ARCHROMA IS A GLOBAL, DIVERSIFIED PROVIDER OF SPECIALTY CHEMICALS SERVING THE BRANDED AND PERFORMANCE TEXTILES, PACKAGING AND PAPER, AND COATINGS, ADHESIVES AND SEALANTS MARKETS. HEADQUARTERED IN REINACH, SWITZERLAND, THE COMPANY OPERATES A HIGHLY INTEGRATED, CUSTOMER-FOCUSED PLATFORM THAT DELIVERS SPECIALIZED PERFORMANCE AND COLOR SOLUTIONS IN OVER 100 COUNTRIES.

ARCHROMA WORKS WITH 3,000 EMPLOYEES OVER 35 COUNTRIES AND WITH 24 PRODUCTION SITES.

ARCHROMA – 3 BUSINESS UNITS

BRAND & PERFORMANCE TEXTILE SPECIALTIES



From fiber to finish, Archroma's Brand & Performance Textile Specialties Business plays a key role throughout the entire textile supply chain, with special chemicals for pretreatment, dyeing, printing and finishing of textiles. Our system solutions enhance the properties of apparel and other textiles in applications as diverse as high fashion, home textiles and special technical textiles.

PACKAGING & PAPER SPECIALTIES



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

COATINGS, ADHESIVES & SEALANTS



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

MILESTONES

1886 Foundation Kern & Sandoz (dyes)	1995 New operating structure along Pharma, Nutrition, Agribusiness/ Chemicals sectors	1996 Sandoz and Ciba-Geigy from Novartis		
1995 Clariant spin-off and IPO	1997 Acquisition of Hoechst Specialty Chemicals	2000 Acquisition of BTP	2013 Divestment of textile, paper and emulsions businesses to SK Capital Partners	
		2013 Archroma	2014 Acquisition of 49% M. Dohmen	2015 Acquisition of BASF textile chemicals business

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

SK Capital acquired the then Textile Chemicals, Paper Specialties, and Emulsions businesses from Clariant Corporation in September 2013. The three divisions were combined into an integrated, market-focused, and collaborative company and renamed Archroma upon becoming an independent entity.

Through this direct lineage, Archroma has knowledge and experience of chemistry and industry spanning more than 120 years.

SK Capital is a private investment firm focused on the specialty materials, chemicals and pharmaceutical sectors. The firm builds strong and growing businesses that generate substantial long-term value for its investors. SK Capital utilizes its industry, operating and investment experience to identify opportunities to transform businesses into higher performing companies with improved strategic positioning, growth, profitability and risk profiles. The firm currently has approximately USD 3.8 billion of assets under management and its portfolio companies generate revenues of approximately USD 6 billion annually and employ approximately 8,800 people.

Archroma continues to grow with additional acquisitions; in May 2014 it took a 49% share in M. Dohmen SA, an international group specializing in the production of textile dyes and chemicals for the automotive, carpet and apparel sectors, and in July 2015 acquired the global textile chemicals business of BASF. In May 2017, Archroma increased its shares in M. Dohmen SA to 75%.

OUR VALUE

	FY 2012	FY 2013	FY 2014
PERIOD	01/2012 to 12/2012	01/2013 to 12/2013	01/2014 to 12/2014
SALES	CHF 1.2 bil. *	USD 1.381 bil.	USD 1.432 bil. **

*Estimation of businesses divested from Clariant
 **Before BASF acquisition

	FY 2016	FY 2017
PERIOD	10/2015 to 09/2016	10/2016 to 09/2017
SALES	USD 1.3 bil. ***	USD 1.270 bil.

*** Reporting calendar change from calendar year to 1st October to 30th September

ARCHROMA Business Breakdown 65% 25% 10%



65% – Textile Specialties:

25% – Packaging & Paper Specialties:

10% – Coatings, Adhesives & Sealants

CERTIFICATION

Archroma and all subsidiaries operate to global standardized management systems:

- SN EN ISO 9001:2015 QUALITY MANAGEMENT SYSTEMS STANDARD
- SN EN ISO 14001:2015 ENVIRONMENTAL MANAGEMENT SYSTEMS STANDARD
- BS OHSAS 18001:2007 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM STANDARD

Initial third party audit and certification in 2014, re-certified in 2017 with a current validity until July 2020.



AWARDS

Archroma has a well-deserved reputation in bringing innovation to the market to advance sustainability goals. Not only in advancements in specialty chemical manufacturing processes, but also in innovative technologies that allow significant reductions in finite resources for stakeholders within the value chains.

Archroma has been recognized for these innovations and has continuously earned awards over the years:

- 2017** OutDoor Industry Award 2017, Gold winner within the Sustainable Innovations category, for our EarthColors technology
- 2016** World Wildlife Fund Pakistan - Eco-innovation Award for Sustainability Initiatives
- 2014** Global Water Summit commendation for our Sustainable Effluent Treatment Facility in Pakistan
- 2013** Independent Chemical Information Service (ICIS) Innovation Award for our ONE WAY Sustainability Service
- 2012** ICIS Innovation Award for Advanced Denim dyeing
- 2007** EPA “P2 Recognition Project” Award for deposit control agent Cartaspers® PSM, used in paper manufacturing





OUR “WHY”

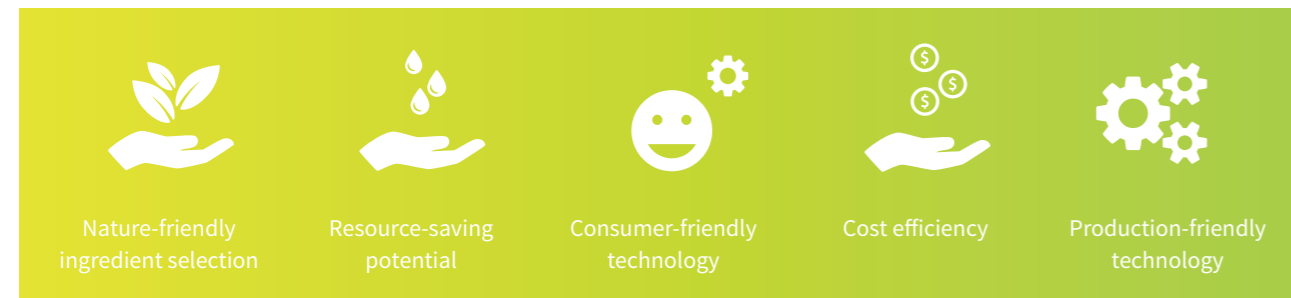
FOR ARCHROMA SUSTAINABILITY IS A PROCESS OF BRINGING CONTINUED IMPROVEMENT TO OUR PURPOSE; WHAT WE DO, GIVES US THE INSPIRATION; HOW WE DO IT AND MOST IMPORTANTLY OUR BELIEF; WHY WE DO IT; AND THIS IS EMBODIED IN A STATEMENT WHICH SUMMARIZES OUR “WHY”:

“WE CONTINUOUSLY CHALLENGE THE STATUS QUO IN THE DEEP BELIEF THAT WE CAN MAKE OUR INDUSTRY SUSTAINABLE.”

OUR APPROACH TO SUSTAINABILITY

Sustainability at Archroma essentially means being a responsible stakeholder within the value chains in which we operate:

- To ensure that our products and services do not impose any detrimental risk towards health or to the environment;
- To develop technologies that enable reductions in resources required for production, not only in our own manufacturing but in also more importantly in downstream production of the value chain, where we can lever significant sustainability impacts of our customers;
- To ensure a long-term business platform to enable a continued return on investment for our investors and thus sustain our ability to make positive impact.



Consumers aspire to goods that bring them function, beauty ... and meaning – goods that are made in a more sustainable and responsible way. Archroma makes a positive contribution to this aspiration across all its core areas. All core business units are creating powerful new processes:

- PROCESSES THAT ENABLE US TO GET MORE FROM LESS;
- PROCESSES AND PRODUCTS THAT SUPPORT OUR CUSTOMERS' SUSTAINABILITY AMBITIONS;
- PROCESSES THAT HELP US CONTRIBUTE TO A BRIGHT AND BEAUTIFUL WORLD.

THE ARCHROMA "ECOSYSTEM" – AN INTEGRATED APPROACH

Our purpose is to create chemical technologies that minimize environmental impact at all stages in a product's life cycle, from extraction to disposal:



In order to do this, our strategy consists of pursuing 4 objectives:

<p>Product integrity</p> <p>Source raw materials and manufacture and deliver products which are compliant to current and future market needs with regard risk from hazardous chemical content.</p>	<p>Portfolio impact</p> <p>Develop technologies and systems that deliver significant reductions resource requirements to positively affect sustainability impacts downstream in the industry value chains.</p>
<p>Operation</p> <p>Embed sustainability practices into our organization in decision making processes, internal/external touchpoints and performance in order to assure our sustainability behavior.</p>	<p>External perception</p> <p>Value chain stakeholders recognize Archroma as being in a leading position towards sustainability improvements and exhibits a behavior consistent with "continuously challenging the status quo in the deep belief that we can make our industry sustainable".</p>

SUSTAINABILITY POLICY

Our publicly available sustainability policy summarizes our overall approach:

Commitment and excellence – Archroma commits itself to ethical and sustainable operations and development in all business activities according to Responsible Care® and Archroma’s own Code of Conduct. Archroma strives for a business culture of continuous improvement as well as for sustainable competitiveness and top performance in line with Archroma’s work culture pillars and purpose.

Responsibility – Archroma bears an ethical responsibility for sustainable, economic and ecological, as well as fair, business practices. Corporate Social Responsibility is therefore an integral component of our company philosophy. We actively seek talent and invest in our employees’ skills to enable a high-level performance for both current and future responsibilities.

Management system – Archroma’s certified Management System adheres to all internal and external standards to which Archroma subscribes and forms the company’s documented structural framework as the basis for objectives and programs. The system complies with ISO 9001, ISO 14001, OHSAS 18001, Responsible Care® and the United Nation Global Compact.

Compliance – Compliance with laws, international standards, internal regulations, and Archroma’s Code of Conduct is a basic requirement for all our activities. Archroma respects justified interests of its stakeholders and endeavors to balance their individual interest in a fair manner.

Safety, security and environment – Safety is Archroma’s uncompromised top priority in our worldwide activities, to guarantee the protection of people and environment. We set goals for safety, security and environment that are valid throughout the entire company, which monitor and evaluate all aspects of our activities.

Risk and emergency management – Comprehensive assessment of risks related to our operations and products are prerequisite to our business processes. Local and global emergency organization is in place to ensure comprehensive emergency management and response.

Innovation and product stewardship – Innovation and customer focus is the key to our business. Based upon our industries’ current and future needs, Archroma develops improved products, technologies and services that add value to both our customers and our environment. We ensure that our products can be used over their entire life cycle in a safe manner for employees, customers, society and the environment.

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

Third party management – Our aim is to establish mutually beneficial relationships with our third-party suppliers and contractors in order to support our services on the basis of our internal Safety, Health, Environment & Quality (SHE & Q) standards, which include corporate social responsibility.

Responsibility and Responsible Care®. We encourage our suppliers and service providers to adopt standards comparable to Archroma’s policies.

Communication – Archroma fosters a culture of proactive and transparent communication as key to trusting and reliable relationships. All stakeholders are regularly informed about our activities, our targets and our Safety, Health, Environment & Quality (SHE & Q) performance. We identify the concerns and expectations of our stakeholders systematically.

Monitoring and review – We monitor and review all business aspects and processes including Responsible Care® issues at regular intervals. Observing our quality and performance is an integral component of our business processes, our top priorities and our strategic planning.

STAKEHOLDER ENGAGEMENT

Archroma fully supports and complies with the 1948 United Nations Universal Declaration of Human Rights. Archroma does not undertake any business with any country or regime with known human rights abuses. Archroma fully supports and complies with United States Sanctions Laws and the European Union Restrictive Measures and regulations.

Communication with stakeholders is done both in a formal and in an *ad hoc* manner, dependent upon the stakeholder groups requirements and relevancy to the information:

Stakeholders	Inbound	Outbound
Society	Surveys, news monitoring	Internet, news release
Authorities, Legal bodies	Legal department, third party service providers	Legal department
Regulatory bodies	Product stewardship	Product stewardship
Investors	Board of directors meeting	Board of directors meeting
Employees	Structured meetings, ad hoc	Town hall meetings, newsletter, Intranet
Customers	Sales force, customer service desk, news monitoring	Sales force, customer service desk, Internet, Product Information, news release
Suppliers	Specialist department (e.g. Procurement)	Specialist department (e.g. Quality management)

In accordance to its commitment to “continuously challenge the status quo in the deep belief that we can make our industry sustainable ” (our “WHY”), Archroma promotes and advances the cause of sustainability in all aspects of its promotion and activities, and engaging all its stakeholders in particular its employees, customers and suppliers via the active use of social media, and its sustainability blog: “It’s our nature”.

ARCHROMA SUSTAINABILITY BLOG

IS TOLERANCE OF ZERO IMPURITIES THE BE-ALL AND END-ALL FOR A CLEANER TEXTILE INDUSTRY?

JUNE 8, 2017 BY CAROLE MISLIN

Archroma launched a sustainability blog "It's our nature" in order to feature sustainability-related opinions, success stories, and talents from Archroma.

The first opinion piece published on Archroma's blog aiming at advancing sustainability.

For more: <http://blog.archroma.com>



ONE WAY TO SUSTAINABILITY: BLUE JEANS GO GREEN WITH SOORTY AND ARCHROMA

AUGUST 16, 2017 BY AAMIR SHAMSI

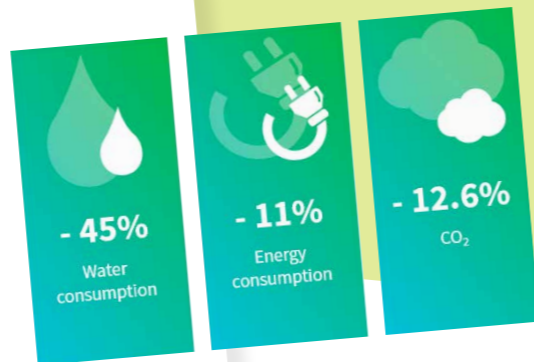
For us all, inner beauty matters just as much as outer beauty. In 2012, after more than two years of development, Archroma launched a game-changing sustainability service, ONE WAY, designed to demonstrate to the textile industry that it is possible to bring together the dual objectives of ecology and cost efficiency. The ONE WAY Calculator provides an extensive and clear view on the resource impact of application processes and recipes. As transparency is key for sustainability, ONE WAY has successfully become a go-to tool for manufacturers, brands and retailers in the selection of colors and effects that are gentler for our planet and future generations.

THE CUSTOMER

Soorty is one of the fastest growing vertical denim manufacturers in Pakistan. By using its state of the art vertical setup and over three decades of enriched experience in denim production, Soorty produces 5.5 million meters of fabric and around 3.5 million garments per month globally. This is enabling them to fulfill the fast growing demands of major international brands.

Sustainable manufacturing is becoming a key focus for the apparel industry, and Soorty's retailers have been calling for the chemicals...

For more: <http://blog.archroma.com>



EARTH DAY 2017

MAY 06, 2017 BY ARCHROMA

Archroma started to celebrate the annual United Nations Earth Day (April 22) with ecological initiatives organized by its teams around the globe: trees planting, cleanups, water and energy saving activities. All actions can be seen on Archroma social media accounts or at <http://blog.archroma.com/>

One Earth Day 2017 post published on Archroma's Facebook page aiming at advancing sustainability.

Archroma also recognized the achievements of its employees through its internal Awards with 5 categories, among which the "SHE - Safety, Health & Environment", the "Operational Excellence" and the "Innovation & Sustainability" Categories more specifically promote efforts and success aiming for more sustainability.

For more: <http://blog.archroma.com>



AFFILIATIONS AND MEMBERSHIPS

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. It enhances public confidence and trust in the industry's dedication to safely manage chemicals throughout their lifecycle, while ensuring that chemistry contributes to improving living standards, enhancing our quality of life and protecting the environment.

IN THE SPOTLIGHT

ZARATE SITE RECEIVES CERTIFICATION FOR RESPONSIBLE CARE PROGRAM

Archroma Argentina has been participating to the voluntary Responsible Care Program of the Argentina Chemical & Petrochemical Industry Chamber (CIQ&P) since 2014.

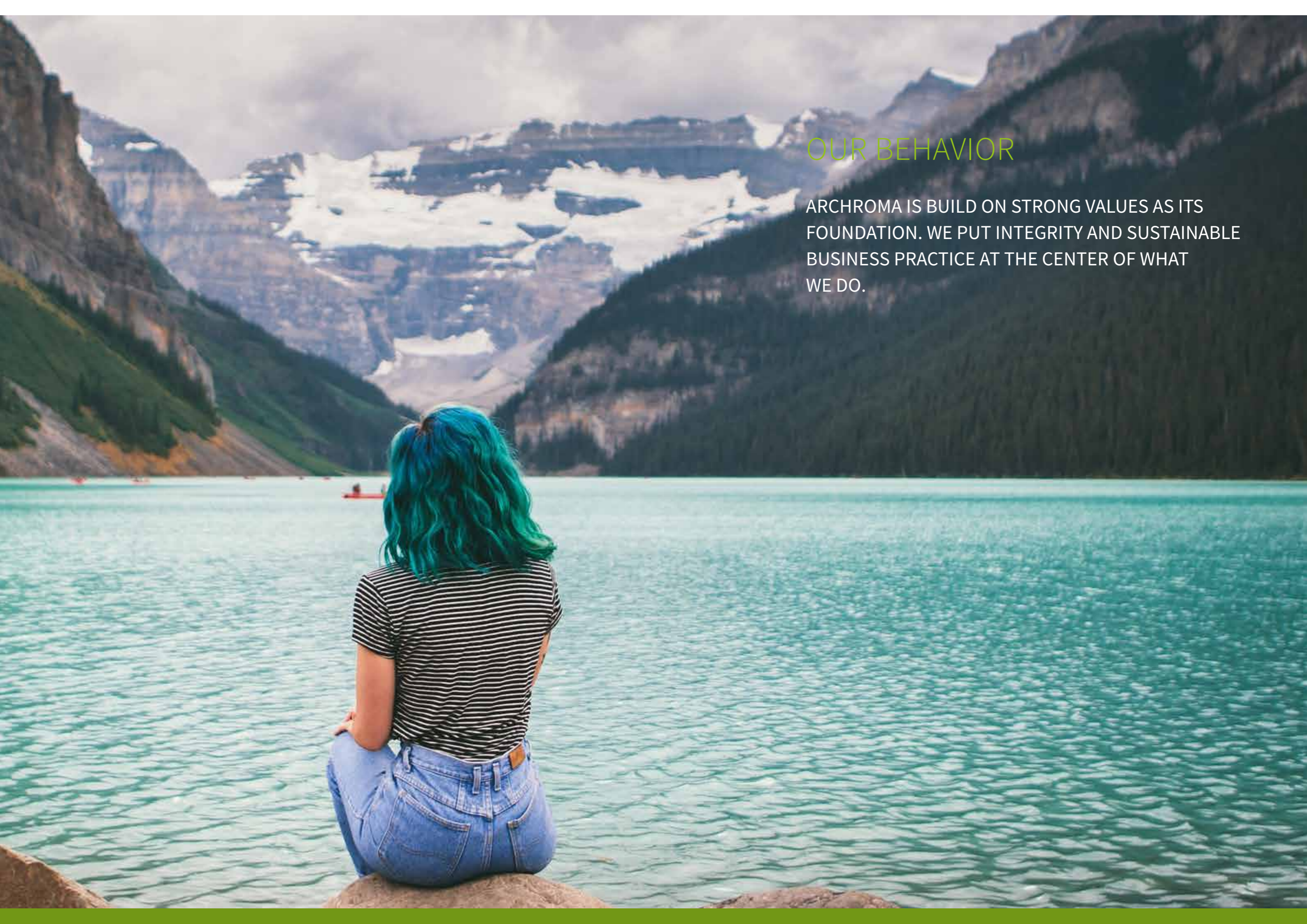
In 2017, CIQ&P awarded Archroma the program Certification which acknowledges commitment and efforts towards delivering quality and productivity in a safe and sustainable way, minimizing environmental risks and impacts.

In addition, Archroma is a founding member of bluesign® and the FluoroCouncil, and an active member of the European Chemical Industry Council (CEFIC), the Society of Dyers and Colorists (SDC), and the Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD).

As a member of TEGEWA and ETAD Archroma has advised towards the ZDHC Joint Roadmap (Zero Discharge of Hazardous Chemicals) program and also helped to develop the 2010/2015 perfluoro octanoic acid (PFOA) stewardship program with US Environmental Protection Agency.

Archroma is also a strong supporter of the activities of eco-labels and associations such as and not limited to, the EU Ecolabel, GOTS, Nordic Swan, Oeko-Tex®, the Sustainable Apparel Coalition (SAC), Textile Exchange, TEGEWA, and The Blue Angel.





OUR BEHAVIOR

ARCHROMA IS BUILT ON STRONG VALUES AS ITS FOUNDATION. WE PUT INTEGRITY AND SUSTAINABLE BUSINESS PRACTICE AT THE CENTER OF WHAT WE DO.

SAFETY

SAFETY COMES FIRST AT ARCHROMA

Archroma is 100% committed to providing a safe workspace for all its employees in every single country, unit or facility in which we are working; safety matters.

Archroma operates 24 specialty chemical production sites in 16 countries worldwide in 2017. Archroma operates to BS OHSAS 18001 : 2007 for all manufacturing sites for occupational health and safety management systems.

Archroma has a Global Head of Safety, Health and Environment, as well as a Safety and Environment Officer at each of its manufacturing plant.

In addition to this, as safety is a priority, Archroma has defined 12 'Life Saving Rules' as the foundation for safe ways of behavior for all employees, irrespective of their position within the company, or sub-contractors working in any country, unit or facility. The Life Saving Rules extend to employee behavior at all times.

Safety issues have a priority within Archroma and constant attention is paid to safety in a number of policies, regulations and activities to ensure employees, visitors and other third-parties are aware and complying to the 12 'Life Saving Rules'. These policies, regulations and activities include but are not limited to:

1. COMPANY AND SITE EMPLOYEE INDUCTION;
2. VISITOR REGISTRATION;
3. IN-HOUSE WORKSHOPS, SEMINARS AND OTHER TRAINING EVENTS;
4. ANNUAL ACTIVITIES ON THE INTERNATIONAL SAFETY DAY;
5. A SAFETY TOPIC AS THE INITIAL ITEM ON ALL MEETING AGENDAS.

All relevant staff are provided with, and trained to use, suitable personal protection equipment (PPE). This is required to be worn whether for operating within Archroma facilities or in third party facilities (for example on-site visits to customers' manufacturing facilities).

OUR 12 LIFE SAVING RULES

Archroma has twelve "Live Savings Rules" in place as the backbone of its approach to safe ways of working. Each Archroma employee makes a personal signed commitment to follow the 12 Live Savings Rules.

- PERMIT**
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**
- SYSTEM OVERRIDE**
OBTAIN AUTHORIZATION BEFORE OVERRIDING OR DISABLING CRITICAL SAFETY EQUIPMENT
- NO DRUGS WHILST WORKING
NO ALCOHOL AT WORK
NO SMOKING OUTSIDE DESIGNATED AREAS**
- LIFTING AND HOISTING:
DO NOT ENTER A DANGER ZONE WHERE OBJECTS CAN FALL**
- OBTAIN AUTHORIZATION BEFORE LINE BREAKING**
- COMPLY WITH MANAGEMENT OF CHANGE WHEN REQUIRED**
- DRIVE RESPONSIBLY AND COMPLY WITH LOCAL LAW**
- WEAR YOUR SEATBELT**
- PROTECT YOURSELF AGAINST A FALL WHEN WORKING AT HEIGHT**
- FOLLOW YOUR JOURNEY MANAGEMENT PLAN**

SAFETY TARGETS

Both the lost time accident rates (LTAR) and the overall incident rates (OIR) are measured and monitored throughout the company, for reporting purposes these are combined into an overall total reportable injury rate (TRR). In addition, the employees are encouraged to report “near miss” potential accidents. All of these categories allow incident analysis by the site safety committees with improvement actions to prevent re-occurrence.

For FY2017 total reportable injury rate was 0.5. This was an Improvement from the previous year’s rate of 0.97, however continued vigilance is required in order to prevent any occurrence of accidents. Archroma recorded three lost time accidents and twelve occupational injuries were sustained.

IN THE SPOTLIGHT

SHE AWARD

Archroma allocates its site-based Safety, Health & Environment (SHE) Award based on the number of accidents at the site. The award was given to the site of Jamshoro Pakistan, who completed 1 Million Safe Work Hours. The last recorded Lost Time Accident (LTA) in Jamshoro dates back to August 2012.



COMPLIANCE

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

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

Each employee is required to give a personal commitment to meeting the Code of Conduct; and in the reporting period, all employees were trained on the Archroma Code of Conduct, followed by a questionnaire requiring 80% pass rate. Archroma will conduct re-training on a regular basis.

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

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

Archroma also has a whistleblowing policy in place that allows the anonymous reporting of any suspicious situation of violations of our Code of Conduct or the law.

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



Archroma strictly prohibits all forms of corruption and any business conduct that could create the appearance of improper influence. Archroma is subject to numerous laws, both U.S. and non-U.S. that prohibit 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 THESE ABOVE PRINCIPLES.

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

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

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

Regular internal audits are performed. The audit plan is based, in addition to other elements, on the Corruption Perception Index, that is published annually by Transparency International. To date a total of 24 operations have been audited. From these audits, 741 recommendations were made, and of these 419 completed (57% completion rate).

OUR CULTURE

Archroma has implemented cultural pillars that guide the organization to foster trust and sustainable relationships with all our stakeholders. These pillars are collectively known within our organization as "ACTS":



ACCOUNTABILITY FOR PERFORMANCE

Working with clear, defined targets – aligned to the overall business strategy of Archroma but broken down to the area of responsibility of individual employees.



CUSTOMER & MARKET FOCUS

Growing through customer and market focus – based on quality, cost, delivery, availability, service and innovation.



TEAMWORK & COLLABORATION

Engaging through collaboration – as one team, one company, one agenda, one focus.



SPEED & SIMPLICITY

Winning through speed and simplicity – with the right mindset, organizational design, decision processes and our work efficiency.

Archroma continually reinforces these work culture pillars within the organization. Each aspect of the culture pillars is integrated within each employees' job specification and form a part of the annual performance appraisal. The ACTS culture pillars are the foundation for Archroma's policies.

All employees are trained to the ACTS culture and Code of Conduct as part of the Archroma onboarding process for all new employees. Annual appraisals are providing a feedback on coherence and adherence to Archroma's cultural values.

A person with short dark hair, wearing a dark green or black hooded jacket, is seen from behind, looking out over a vast, green landscape. The background is a soft-focus view of a field or meadow with a line of trees in the distance. The overall color palette is dominated by various shades of green, from deep forest greens to lighter, sunlit grasses. The lighting is natural and soft, suggesting an overcast or slightly hazy day.

OUR CORE BUSINESS

OUR PURPOSE IS TO CREATE CHEMICAL TECHNOLOGIES THAT MINIMIZE ENVIRONMENTAL IMPACT AT ALL STAGES IN A PRODUCT'S LIFE CYCLE, FROM EXTRACTION TO DISPOSAL.

ARCHROMA HAS THE OPPORTUNITY TO HAVE A POSITIVE INFLUENCE UPON THE ENVIRONMENTAL PERFORMANCE IN TWO PRIMARY AREAS: IN THE MANUFACTURE OF THE SPECIALTY CHEMICAL AND IN THE APPLICATION OF THE TECHNOLOGY DOWNSTREAM IN THE VALUE CHAIN.

INNOVATION

Archroma has set sustainability goals among its nine financial and non-financial key performance indicators (KPI) targets for FY2017: An “extended value chain” sustainability growth goal of 23 Million USD additional sales, in comparison to the previous financial period, for a selection of ecological innovations systems within the total portfolio;

In FY2017, Archroma launched the web-based version of its “ONE WAY Process Simulator”, a calculation tool that supports its ONE WAY Sustainability Service introduced in 2012. The software can be used to simulate and compare products and production manufacturing processes, and thus calculate the ecological and economical profile of the final end-product.

Archroma’s Brand & Performance Textile Specialties is developing products and processes that are safer and gentler for the consumer and for the environment. Our experience demonstrates that sustainability can generate innovation, performance and considerable cost savings for our customers.

Archroma’s Paper & Packaging specialists are providing solutions for the industry that meet ever-tighter standards for sustainability. We are using our specialist knowledge to help our customers meet these new standards, while at the same time advising them on methods to reduce their environmental footprint and operating costs. By doing more with less we can create safer chemicals that also use less hazardous materials. Paper products can be made more efficiently, machinery used more effectively and more sustainable products that meet modern needs are created.

Archroma’s Coatings, Adhesives and Sealants is one of the world’s leading suppliers of water-based dispersions for coatings and paints. Our brand Mowilith® has been a recognized leader for over a century, helping to push the limits of environmental protection. The low emission concept has been developed and refined in the Mowilith® range to meet seven areas of concern: low-odor, solvent-free, low formaldehyde, low or zero volatile organic compounds, ammonia-free, non-toxic compounds and finally without containing alky phenol ethoxylates (APEO).

IN FY2017, ARCHROMA’S INNOVATIONS INCLUDED:

Cartasol® Yellow 6GFC liq, a dye with no added diethanolamine (DEA) or triethanolamine (TEA, and also called TAN). The dye adds to a new palette of food-contact grades that will help tissue paper makers create the exciting colors that the consumers desire, in compliance

IN THE SPOTLIGHT

BRANDS SHOWING THE WAY IN ADOPTING SUSTAINABLE INNOVATIONS

Brands made a conscious choice for sustainable alternatives to conventional technologies, showing that consumers loog for more eco-conscious products. Kathmandu cool capsule hoodies collection using EarthColors®

The EarthColors® range came to public attention for earning Outdoor Industry Award 2017. The patented plant-based dyes allowed to create an exclusive “vintage casual” look. The collection is available online at www.kathmandu.com.au.



with new European regulations that greatly lower the limits for DEA and TEA

contents in paper and board intended for food-contact applications.

IN THE SPOTLIGHT

EARTHCOLORS® RECEIVES OUTDOOR INDUSTRY AWARD 2017

In June 2017, Archroma’s earthcolors dyestuff range won the Gold Winner at the OutDoor Industry Award 2017, Sustainable innovations Category. The Award distinguishes as one of the most innovative products of the industry.



IN THE SPOTLIGHT

INNOVATION & SUSTAINABILITY AWARD

Archroma gave its 2017 INNOVATION & SUSTAINABILITY AWARD to the team who developed its new redispersible powder polymer Mowilith® POWDER 2702. The use of polymer-modified dry-mix mortars allows a safer, better quality controlled and highly efficient application of all kind of mortars.

MOWILITH® POWDER 2702, a ground-breaking re-dispersible polymer powder innovation for premium-performance waterproofing mortars for building and construction applications. A 1-component dry-mix mortar made with this solution offers a combination of performance, handling and sustainability-related benefits that sets it apart from standard 2-component systems based on dry mortar and a liquid dispersion.

CARTASPERS® PLH LIQUID, a single-product breakthrough enabling easy and highly-effective control of pitch and stickies deposition especially in soft water pulp and papermaking environments. Pulp mill tests already report easier application, better performance and significant cost savings compared to alternative deposit control systems.

INGREDIENTS

Archroma has implemented a binding Code of Conduct for all vendors, their employees and subcontractors, to follow when conducting business with or on behalf of Archroma.

Accordingly, Archroma's suppliers, while conducting business with Archroma, are expected to act and operate with the same integrity and compliance with all applicable laws and regulations. The Archroma Suppliers Code of Conduct clearly states that Archroma expects its suppliers to share its commitment to ethical business practices, human rights, labor standards, anti-corruption and not to allow modern slavery and child labor.

All suppliers are expected to jointly improve and develop innovative and sustainable solutions. Being a responsible chemical company, we expect our suppliers to work in line with Responsible Care® principles and to continuously improve their sustainability efforts. Archroma expects its suppliers to ensure compliance with applicable environment, health and safety laws and regulations, including ensuring the protection of the health and safety of employees and the local neighborhoods of the sites or locations they are operating in.

Suppliers will value free and fair competition throughout the world; respect the applicable trade control regulations, embargoes and other restrictions; shall not utilize any form of corruption or bribery in conducting their business; shall disclose to Archroma any situation that may appear

as a conflict of interest and apply principles of a true and fair accounting and avoid money laundering activities. Archroma also expects its suppliers to protect all confidential information provided by Archroma and its respective business partners.

Potential suppliers are screened for their sustainability initiatives and compliance to the Supplier's Code of Conduct. In addition, each raw material goes through an additional assessment to ensure that they comply to our requirements regarding minimizing unintentional hazardous chemical impurities. We evaluate the optimum raw materials to deliver performance while minimizing the impact of extraction, synthesis, use and disposal.

IN THE SPOTLIGHT

PATAGONIA NEW CLEAN COLOR CAPSULE COLLECTION

This collection made with EarthColors® adds to Patagonia's adoption of Archroma's water-saving ADVANCED DENIM as its signature denim color process.



PRODUCTION

We strive for continual improvement in processes, saving natural resources and limiting emissions, with absolute focus on safety for our people and the communities around us.



Archroma operates 24 chemical production sites in 16 countries worldwide in 2017. Archroma has an integrated management system dedicated to environmental processes and procedures, accredited to SN EN ISO 14001: 2015, for all manufacturing sites to help achieve:

1. AN ENHANCEMENT OF ENVIRONMENTAL PERFORMANCE;
2. THE FULFILMENT OF COMPLIANCE OBLIGATIONS;
3. THE ACHIEVEMENT OF ENVIRONMENTAL OBJECTIVES.

In FY2017, Archroma produced 448,000 tonnes of specialty chemicals. Due to the wide spread of specialty chemistries, direct plant comparisons are not possible nor relevant, and therefore total production metrics are used to drive improvements forward.

MINIMIZING ENVIRONMENTAL IMPACTS

ENERGY

is supplied in a number of forms to the production plants; electricity, on-site generation of steam using natural gas/coal/fuel oil and supply contracts from neighboring companies. We required 1,225 TJ of energy for our FY2017 production, which equates to an average of 2.74 GJ per tonne of production. This was a 2% increase to previous year's performance. This was mainly due to changes in production product mix. Investment into energy sourced from renewables is ongoing, a number of production sites have transferred to 100% renewable energy purchasing.

IN THE SPOTLIGHT

ARCHROMA CHINA RECEIVED AWARD FROM LOCAL GOVERNMENT

Archroma's site in Tianjin, China, was officially awarded a cash support of 3 Million CNY from the local Government for the project "Switching from air polluting coal to clean natural gas boilers".

GREENHOUSE GAS (GHG) EMISSIONS

We have calculated the quantity, in tonnes, of our energy related Scope 1 & 2 carbon dioxide emissions (tCO₂e). In FY2017 this amounted to 96,800 tCO₂e, which equates to an average of 0.216 tCO₂e per tonne of production. This was a 2% increase to previous year's emissions per tonne.

AIR EMISSIONS

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

WATER

Water is used as a raw material, for equipment cleaning and in exhaust air scrubbing/washing.

The availability of water has been identified as a global issue for both the environment and for development. In

order to assess plant water risk for current and future availability and quality, current and in the future, we use the World Resources Institute (WRI) Aqueduct Water Risk Atlas to map against our production plant locations. This allows us to set water efficiency targets in those areas of highest water stress, including investment in water recycling.

A total of 7 million m³ of water was withdrawn In FY2017, equal to 14.7 m³ per tonne of production. This was an 11% reduction in comparison to the previous year's performance. This was not only as a result of changes in production product mix, but also due to water efficiency improvement programs.

IN THE SPOTLIGHT

WWF PAKISTAN GRANTS ARCHROMA WITH ECO-INNOVATION AWARD

In December 2016, ARCHROMA received the ECO-Innovation Award from WWF Pakistan. The Award is a recognition of efforts to foster sustainable innovations aimed at preserving dwindling ground water reserves, and developing eco-efficient processes that reduce energy and process time.



WASTEWATER

All production plants have wastewater facilities that use physical and biochemical treatment processes. All discharged treated wastewater are in compliance with the relevant standard limits and mass loading requirements as stipulated by local environmental authorities.

A total of 3.2 million m³ of treated wastewater was discharged In FY2017, equal to 7.2 m³ per tonne of production. This was a 6% Increase over previous year's performance.

OUR ADVOCACY AND LEADERSHIP

Archroma is recognized as being a leader in the field of sustainability initiatives and is regularly invited to give presentations on eco-advanced products and processes, in particular in the textile industry, such as:

- AATCC Conference (September 2017, Charlotte, NC, USA) - Bryan Dill of Archroma US gave a speech about "Piecing Together the Color Puzzle-Fashion, Performance, Sustainability". https://www.aatcc.org/evnt/dyeing_technology_conf/
- Sustainable Textile School (September 2017, Chemnitz, Germany) – James Carnahan, Global Sustainability Manager, gave a presentation on "Sustainability Assured"
- Planet Textiles 2017 (May 2017, Bangalore, India) – James Carnahan, Archroma Head of Sustainability, moderated a panel discussion on "Sustainability – How can we accelerate implementation within the Textile Value Chain?". <https://www.planet-textiles.com/>
- AATCC's 2017 International Conference (March 2017, Wilmington, NC, USA) - Bryan Dill of Archroma US gave a presentation on the Earth-colors technology. <https://www.aatcc.org/ic/>
- IGATEX Pakistan 2017 (April 2017, Karachi, Pakistan) – James Carnahan, Global Sustainability Manager, Textile Specialties, made a presentation on "Sustainability Assured – the New Consumer Specification"
- Kingpins Transformers (October 2016 & April 2017, Amsterdam, Netherlands) – Archroma is among the speakers of these seminars on 1) the denim industry social, environmental and economic challenges and 2) the solutions being created by leading members of the denim community. <http://www.kingpinsshow.com/amsterdam>
- Techtexil India 2017 (September 2017, Mumbai, India) – Michael Schuhmann talked about halogen-free fire protection at the Symposium held on September 14th.
- Textile Finishing Conference 2016 (December 2016, Mumbai, India) – Anjani Prasad of Archroma India moderated the panel discussion on improving consumer awareness about sustainability.
- Exintex 2016 (October 2016, Puebla, México) – James Carnahan, Global Sustainability Manager, Textile Specialties, delivered a presentation "Input Stream Management – Sustainability Assured"
- World Conference on Fabric and Home Care 2016 (October 2016, Singapore) – James Carnahan, Global Sustainability Manager, Textile Specialties, delivered a speech on "Innovation – The Future of the Textile Business"

PRODUCT STEWARDSHIP

Product Stewardship is fully integrated within Archroma's processes in order to ensure that hazardous chemical risks are identified and controlled. Current and future knowledge of regulatory authorities' requirements, often specific to countries and regions, is essential. In addition, other value chain stakeholders influence market demand (consumers, brands, NGO's) and the resultant required specification in order to manage the risk of chemistry that poses a hazard to consumers and the environment.

All these requirements have to be gathered, consolidated and communicated to all related internal stakeholders to ensure that product design, innovation, registration, production and resultant application conforms to these changing requirements. The product stewardship organization has the gatekeeper function for raw material sourcing and production processes. An essential process required in specialty chemical manufacturing is a competent chemical inventory management system incorporated in master data management systems.

The product stewardship organization has three dedicated testing laboratories at its disposal in order to control and confirm product compliance to market-related restricted substance lists specifications, in addition to regulatory requirements. These eco laboratories are located in Pakistan, India and China. In order to support the necessary regulatory support processes and market required compliance certifications, we have invested in a dedicated global team, trained and qualified with the necessary scientific knowledge in order to deliver the highest standard of product stewardship in the industry.

IN THE SPOTLIGHT

ARCHROMA LEADS THE WAY TO PRODUCT COMPLIANCE

In October 2017, Archroma announced 200 substances registered under EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) including 135 dossiers with Archroma as lead registrant.

OUR PEOPLE

ARCHROMA VALUES ITS DIVERSE AND TALENTED PEOPLE AND SUPPORTS THEM SO THAT THEY CAN CONTRIBUTE TO THEIR FULL POTENTIAL.



OUR TEAM

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

Archroma recognizes the dignity, privacy and personal rights of all individuals; working together with various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual Identity, worldview and gender. Archroma does not tolerate discrimination against anyone based on these characteristics or any other comparable offensive behavior. These principles extend to all employment decisions including recruiting, training, evaluation, promotion and reward.

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

dignity, privacy and personal rights of all individuals, working together with various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual Identity, worldview and gender. Archroma does not tolerate discrimination against anyone based on these characteristics or any other comparable offensive behavior.

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.

IN THE SPOTLIGHT

ARCHROMA NAMED ASIA BEST EMPLOYER BRAND 2017

Archroma received the Asia Best Employer Brand award for the second year in a row.



GROWING OUR PEOPLE

Archroma valued diverse and talented colleagues and supports them so that they can contribute to their full potential.

Archroma has a published training policy, signed by the Chief Executive Officer. Archroma recognizes that employee development and training is an integral part of the organization's strategic intent so that all employees are performing their individual jobs effectively and prepare for future challenges to ensure that the organization meets its purpose sustainably.

The policy is designed to support and help Archroma employees and their line managers develop themselves and their teams. It is a joint responsibility in development and training by individual employees, supervisors/management and Archroma, and is integrated within each employees' job specification and forms a part of the annual performance appraisal.


Training needs are assessed as part of the annual performance evaluation cycle conducted for all employees. Archroma provides company-wide training programs for nominated employees in line with their job, function and needs.

In the reported period, Archroma has run a 'Commercial Excellence' program among its commercial sales team, and an 'Operation Excellence' program in its production plants which is designed to run until the end of FY 2020.

IN THE SPOTLIGHT


SANDRO SANTOS

Sandro Santos acts as something of a guiding light at Archroma. Having worked at the company for 18 years, he has experienced it all – the challenging times and changes, and has learned what it takes to keep a team going.



VLADIMIR PACALT

An unexpected journey across Europe: When Vladimir Pacalt started off in his first job 20 years ago, little did he know that those 20 years would see him take incredible professional strides, learning new languages and cultures on the way.



Discover their story: <http://blog.archroma.com>

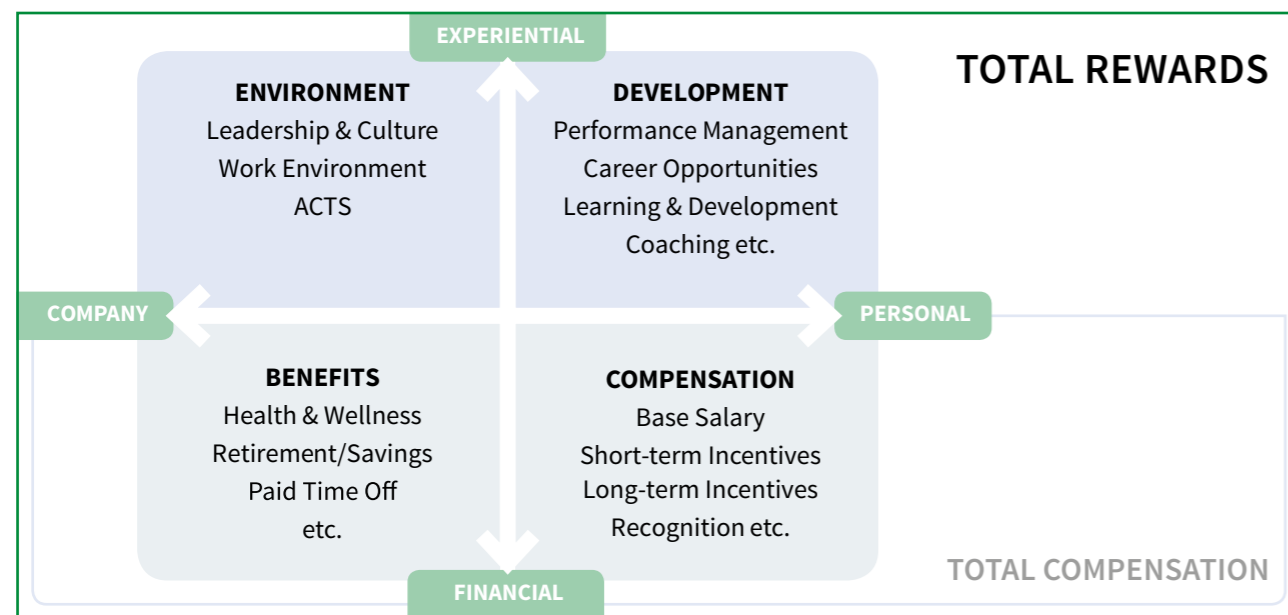
COMPENSATION AND BENEFITS

Archroma commits to provide competitive and fair compensation that includes all pay and benefits, providing a "Total Compensation" package consistent with the varied 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.

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

In the FY2017, the bonus payout for AGIP has been established at a rate of 32.7% of target

A contract of employment clearly states terms and conditions of employment including remuneration, amount of paid leave. Company benefits, performance measurement processes, grievance and disciplinary procedures are communicated to each employee.



EMPLOYEE ENGAGEMENT

ONBOARDING

Archroma employees grew by 294 In FY2017, 60% of which were under 35 years old.

Of these new employees, 37% were female.

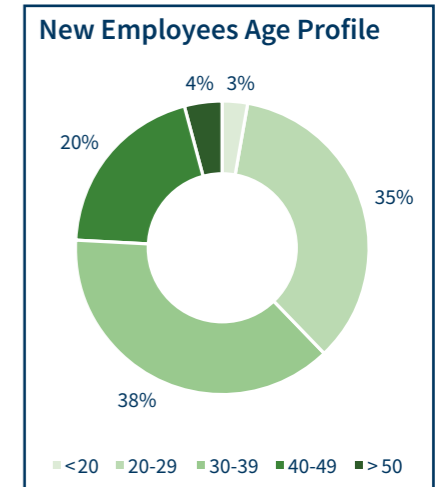
215 were employed in newly created positions, and 70% of these new positions were employed with permanent contracts. Overall 96% of all employees are employed with permanent contracts.

DIVERSITY

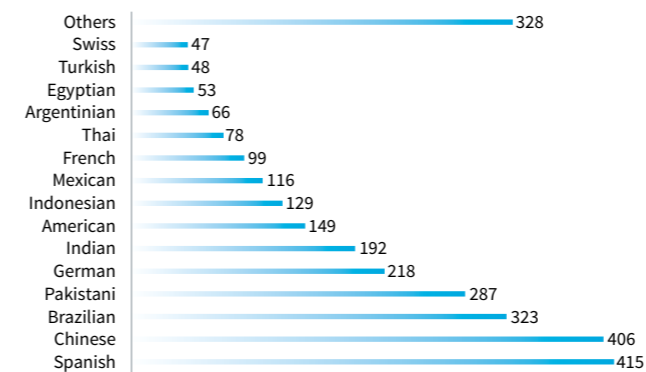
Positive diversity trends visible over past three years development

The Archroma Code of Conduct clearly states the company's commitment in favor of diversity. Archroma aims to bring together and develop individuals of various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual identity, world-view and gender.

In FY2017 22% of all employees are female.



We have a similar job level distribution between genders with the exception of production plant employees, who tend to be male due to the nature of such position.



We enjoy diverse nationalities and cultures. There are 52 nationalities working in Archroma which is representative of our geographical reach.



OUR COMMUNITIES

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





www.archroma.com

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