
Communication on Progress

7th September 2022

Archemics Ltd
Bois Marchand, Mauritius



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FOREWARD

Our corporate purpose defines the common ground that unites all of us at Archemics.

“Agility and innovative thinking are at the core of our development, to offer relevant solutions which will sustainably address current and future challenges.”

Our sustainability strategy is inspired by this purpose and every day, we lead our business to contribute to a more sustainable economy and society. We adopt a risk-based approach to set Sustainability and SHEQ targets, measure, monitor and review same to achieve our objectives in our business.

2021 has been marked by the resilience of our team vis a vis the COVID-19 pandemic which has impacted our societies, our company and all of us individually. It highlighted our vulnerability and underlined the need to accelerate the sustainability agenda. It has also been an opportunity to demonstrate solidarity, the strength of our team spirit and our ability to innovate and respond to challenges successfully. We took care of our employees, supported our communities, worked closely with our customers and favoured local and regional collaboration. In this climate of increasing uncertainty, we need bold actions and targets to accelerate business contribution to achieving the Global Goals to ensure a better future for the next generations.

To that end we reaffirm our support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption as well as the core elements of the United Nations CEO Water Mandate.

We are very humbled to share our achievements and progress in this Communication on Progress. We are confident that with the right collaboration and intent we will achieve our goals amidst these difficult times.

Thank you to all the collaborators who have been contributing to our sustainability journey. We welcome suggestions and ideas from all our stakeholders to go even further on these commitments.

Yannis Fayd'herbe
Interim Managing Director

“In this climate of increasing uncertainty, we need bold actions and targets to accelerate business contribution to achieving the Global Goals to ensure a better future for the next generations.”

Yannis Fayd'herbe
Interim Managing Director

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

About Archemics Ltd

Since 1983, Archemics Ltd, previously known as Henkel Chemicals Mauritius Ltd, has positioned itself as a reference manufacturer and supplier of best-in-class consumer and industrial products to a variety of sectors in Mauritius and the region.

Archemics is a full subsidiary of the Harel Mallac Group.



Located at Bois Marchand,
Terre Rouge, Mauritius



>2000
Customers

5 DIVISIONS



Industrial
Cleaning



Adhesive
Technologies &
Cementitious
products



Beauty
Care



Laundry &
Homecare



Textile
Auxiliaries



200
Employees

30 % Female
70 % Male

Monthly Production Capacity **600MT**

Onsite Warehousing Capacity **1500 pallets**

Renewable Energy Production -annual **71131 kWh**

Renewable Energy Consumption **12 %**

Annual Turnover **525 Million Rs**

Own R&D Laboratory ,
Warehouse and Logistic Fleet

Our Purpose and Guiding Principles

OUR PURPOSE

We create value – for our customers and our consumers, for our teams and our people, for our shareholders as well as for the wider society and communities in which we operate for the better

OUR COMMITMENTS

People - Performance - Customer – Planet

Our Commitments and our Guiding Principles are the basis for our success.

They are the essence of our thoughts and our actions, both now and in the future.



OUR GUIDING PRINCIPLES

- Agility and Determination in achieving
- Care and Engagement in what we do
- Trust and Responsibility in our relationships

Sustainability & SHEQ Policy

We aim at business excellence by providing quality products and services to our customers safely with due regard to the environmental impact of our activities.

We are committed to making a difference for the better of our Customers, Performance, People and Planet.

We set targets on our Sustainability Focal Areas, monitor and review same to achieve our objectives.

CUSTOMER

- We listen to our customers to understand their needs and develop products & services that meet their expectations.
- We create value for our customers and consumers, by being agile to changing market imperatives, by being innovative and by focusing on quality, service, safety and sustainability.
- We develop new product lines, brands and services and explore new distribution channels to enhance the lives of our consumers and customers.
- We value long-term relationships with our customers.

PERFORMANCE

- We create value for our shareholders while reinforcing our business acumen by placing safety, health, environmental and quality, innovation and governance matters at the core of our processes.
- We pursue continual improvement and innovation whilst fostering vital interactions with our stakeholders.
- We communicate on our activities and report on our sustainability performance.

- We comply with regulatory and other relevant requirements and are continuously in dialogue with the authorities to improve our operations.
- We position ourselves as a trusted player in the industry with respect to our stakeholders and we associate ourselves with reliable partners having the know-how, experience and technology to consolidate our offerings.
- We strive towards business excellence in a responsible and ethical manner.

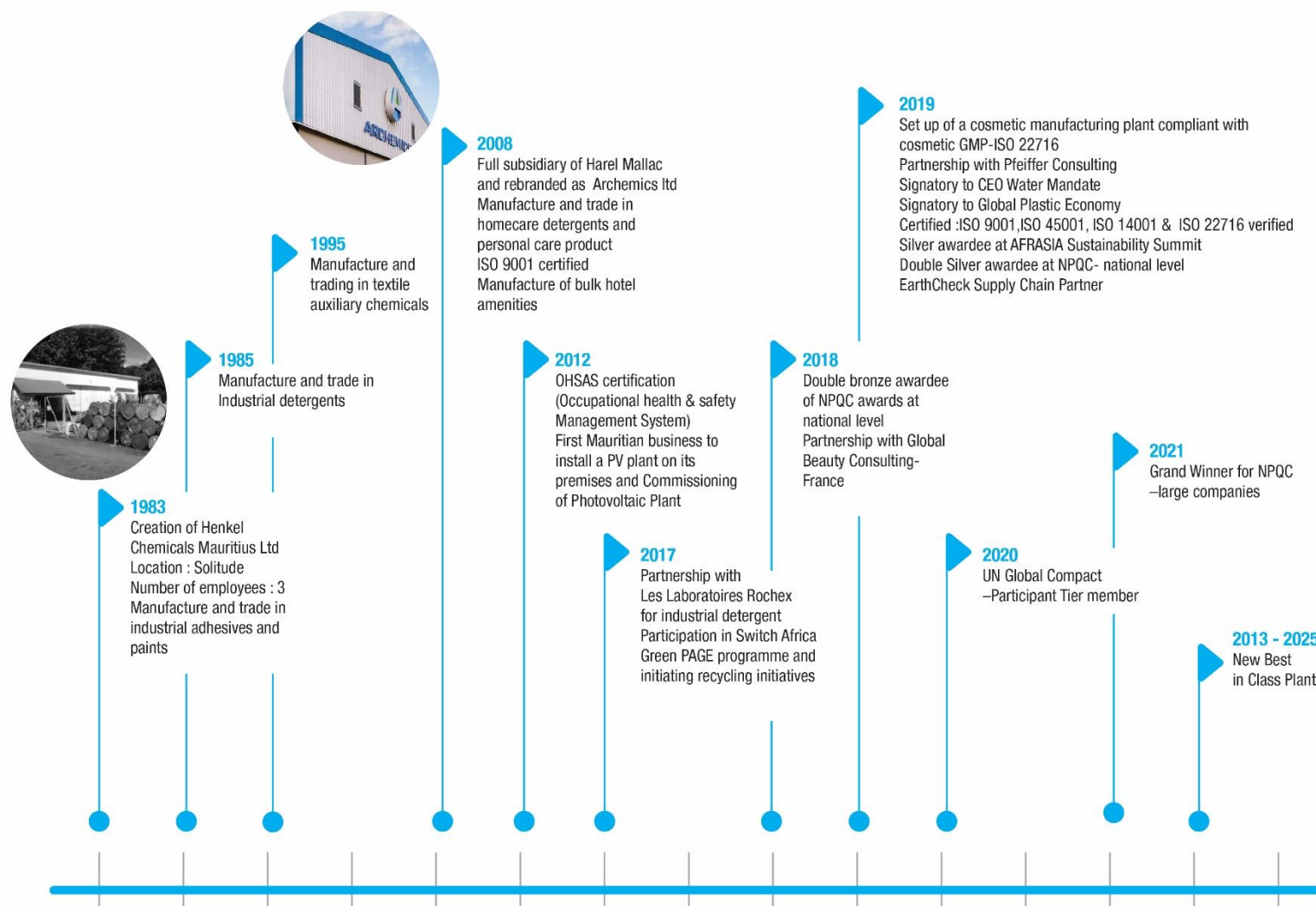
PEOPLE

- We value and foster our talents, promote our flexible entrepreneurial and passionate spirit while maintaining our strong family foundation.
- We promote a positive and responsible culture by embracing best practices to ensure the safety, health, welfare and development of our people.
- We value challenge and reward our people.
- We support the communities through our social engagements.

PLANET

- We aim at reducing the environmental impact of our activities by managing our resources and processes responsibly for a better future.
- We adopt a holistic approach to sustainability and address the challenges of sustainable development across our value chain by integrating the sustainable development goals (SDGs), United Nations Global Compact principles and Planet Goals.

Key Milestones of Our Journey



Since our inception, we have been slowly but surely

integrating sustainable initiatives in our operations.

We issued our sustainability policy in 2010, integrating

People, Performance and Planet in our objectives and set

our sustainability focal areas on which we committed

improvements.

We embraced Henkel Sustainability Strategy as well as

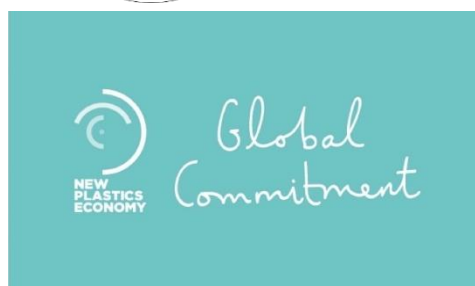
Harel Mallac Planet Goals pertinent to our operations and

have been aligning our offers in line with international

concerns in line with our sector.



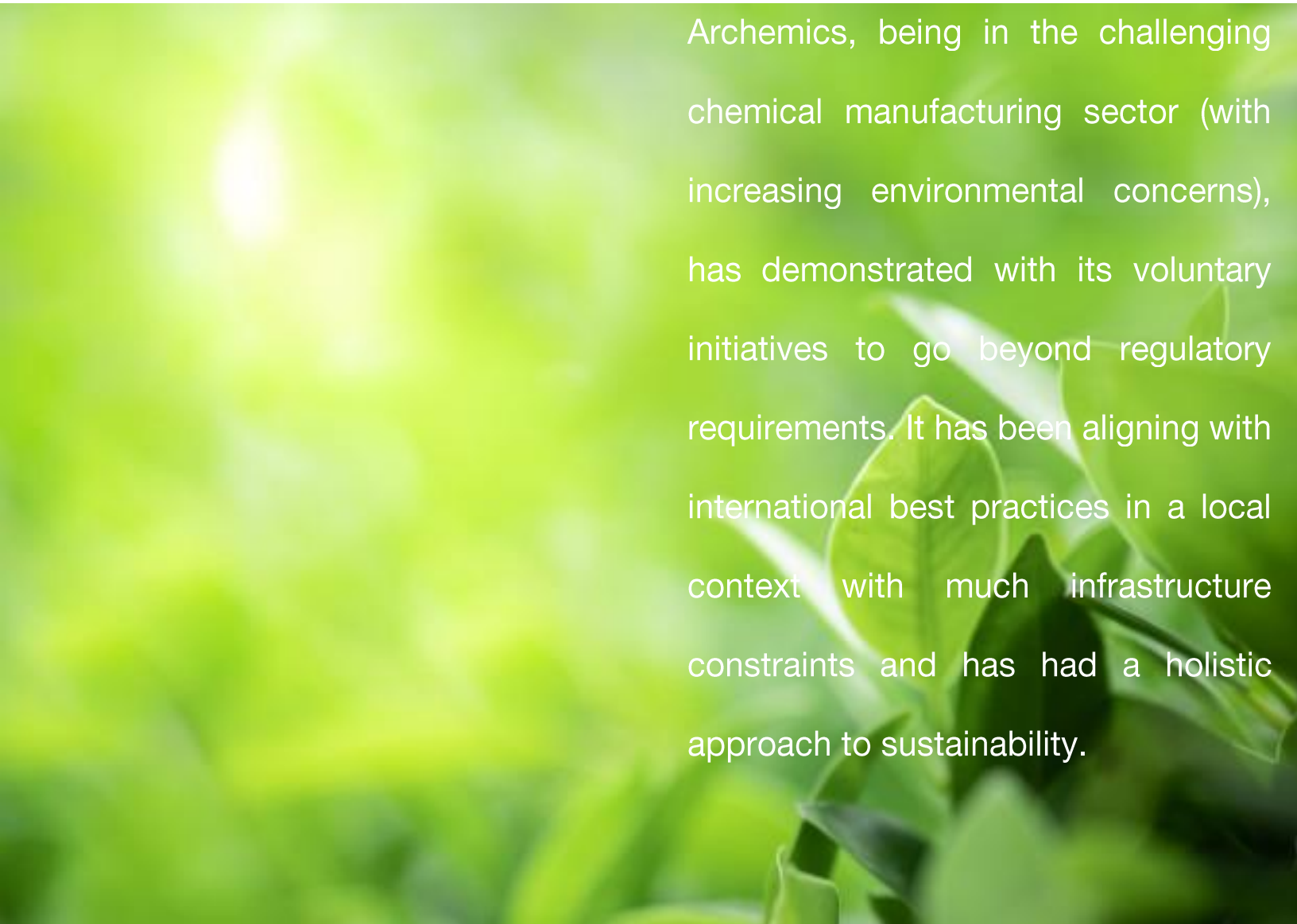
Our Commitments and Standards



Over the years we have achieved ISO 9001, ISO 14001, ISO 45001 certification and compliance to ISO 22716 demonstrating our commitment to quality, environmental, health and safety and cosmetic good manufacturing practice management systems to address risks pertinent to our operations. We have also achieved 5 Earth Rating in the EarthCheck Supply Chain assessment.

We have committed to the New Plastic Economy Global Commitment to reduce non-essential plastic. Furthermore, we have endorsed the UN CEO Water Mandate and are a UN Global Compact Participant, where we support the 10 principles. We have recently adhered to the Business Mauritius SigneNatir Sustainability programme. Since 2021 we have achieved Made in Moris Label for our local brands.

Our Holistic Sustainability Strategy



Archemics, being in the challenging chemical manufacturing sector (with increasing environmental concerns), has demonstrated with its voluntary initiatives to go beyond regulatory requirements. It has been aligning with international best practices in a local context with much infrastructure constraints and has had a holistic approach to sustainability.

We have identified our value chain, our material issues, our key stakeholders, the regulatory, social and industry risks and opportunities in our operations as well as the market sectors we serve.

We have aligned with our key Principal, Henkel as well as our Corporate Head Office, Harel Mallac Group strategy to ensure that all the material issues pertinent to our context and operations within our sphere of influence were addressed.

The SDGs pertinent to our Operations

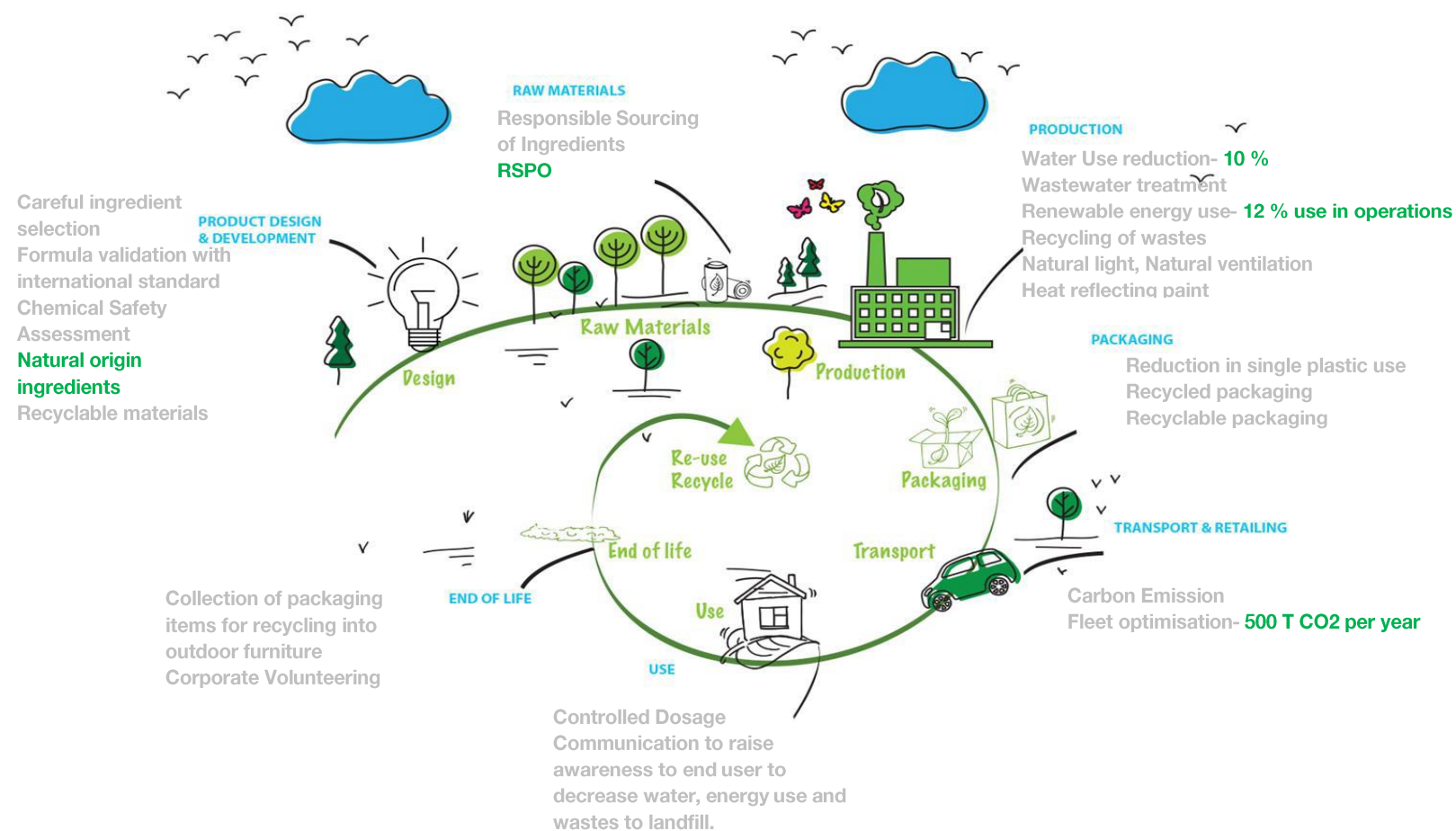


We have adopted a lifecycle analysis (LCA) based framework used in the detergents and maintenance products industry, personal care and chemicals industries.

This promotes and facilitates a common industry approach to sustainability practice and reporting.

A wide variety of activities and initiatives are covered, ranging from the human and environmental safety of chemicals and products, responsible sourcing, to eco-efficiency, corporate social responsibility, occupational health and safety, resource use and consumer information.

Our Holistic Sustainability Approach



With our holistic approach to sustainability, we have integrated sustainability criteria from design of our products, sourcing of ingredients, production, packaging, distribution, use, end of life and re-use and recycling processes. The pertinent sustainable development goals, SDGs, principles of UN Global Compact CEO Water mandate criteria and Planet Goals are addressed across our value chain.

2025

Our ESG Commitments

As a member of the Harel Mallac group, we are committed to achieving the Planet Goals by 2025 under the themes of Trade Ethically, Rethink Energy, Manage Waste, Save Water and Gender Diversity. By 2025 we will:

1

Integrate Environment / Social / Governance (ESG) criteria in our selection of suppliers

2

Eliminate products that are proven destructive to biodiversity

3

Raise the weightage of environmentally-sound products by 10% in each BU's portfolio.

4

Guide our consumers on the responsible and sustainable use of our products.

5

Optimise our packagings, while maintaining compliance with international standards

6

Reduce our energy consumption (excl. production) by 25%.

7

30% of our energy will come from renewable sources.

8

Optimise our vehicle fleet both in numbers and fuel efficiency

9

Stop purchasing single-use plastics and non-recyclable materials.

10

Reduce our paper consumption by 30%.

11

Recycle or dispose all of our wastes responsibly

12

Reduce our usage of water for operations excluding manufacturing facilities) by 25%

13

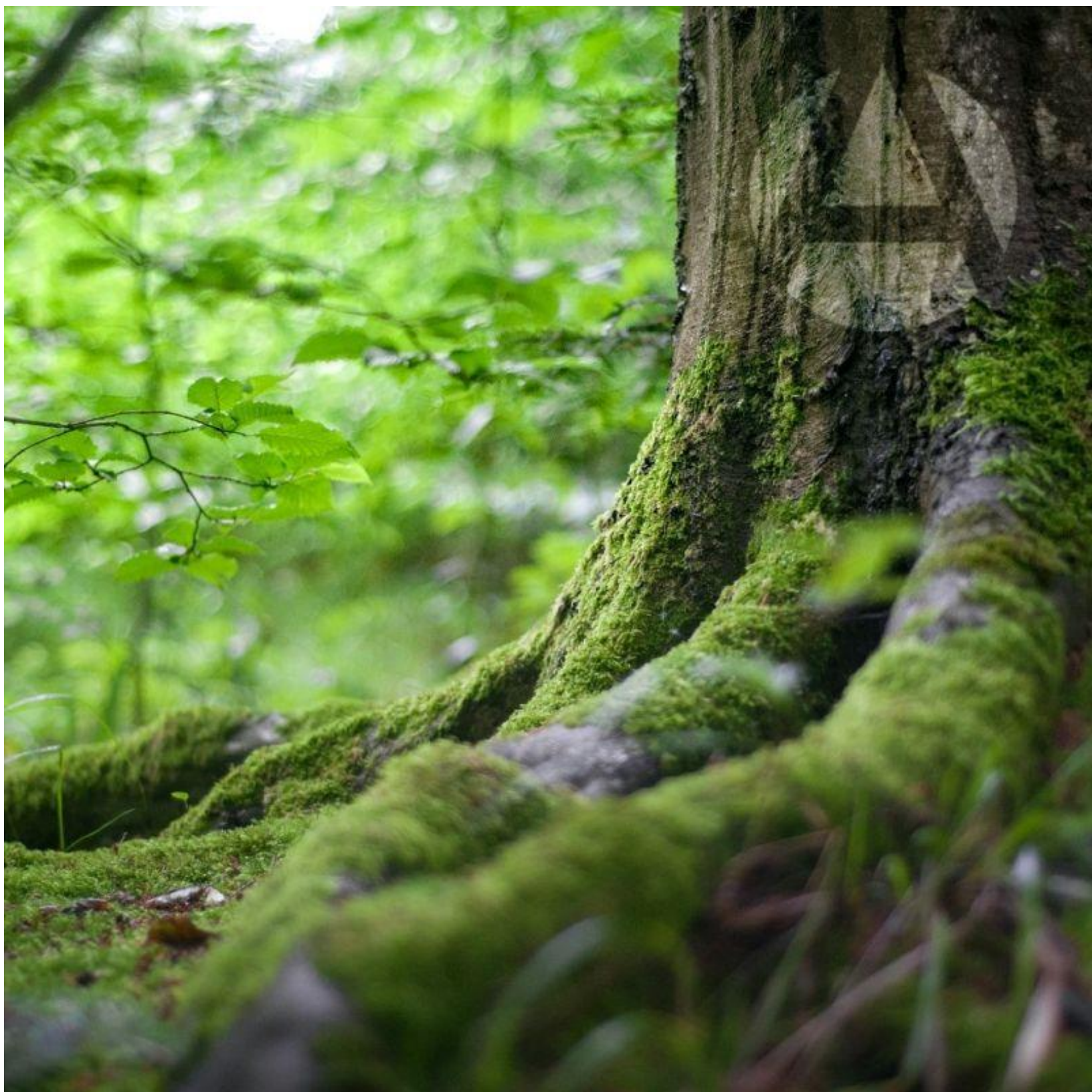
We will achieve gender equity in our staff.

Alignment of our Sustainability & SHEQ Policy, Planet Goals, UNGC Principles and UN CEO Water Mandate criteria

“We have aligned our Sustainability and SHEQ policy, Planet Goals themes, SDGs and UNGC principles, UN CEO Water Mandate criteria and Global Plastic Economy commitments which are pertinent to our operations in the table below.”

Concepts for implementing Sustainability & SHEQ Policy across our value chain	Planet Goals Reference	Corresponding SDGs	UNGC Principles and UN CEO Water Mandate Criteria
CUSTOMER and PEOPLE- Social Progress <ul style="list-style-type: none"> Fair business practices Human rights Fair working conditions Employee development Diversity Supplier relationships Corporate volunteering 	Trade Ethically Advance Diversity	   	Human Rights PRINCIPLE 1 PRINCIPLE 2 Labour PRINCIPLE 3 PRINCIPLE 4 PRINCIPLE 5 PRINCIPLE 6 Anti-Corruption PRINCIPLE 6
PERFORMANCE <ul style="list-style-type: none"> Business performance Collaboration Quality Reliability Innovation Convenience Eco-efficiency 	Trade Ethically	   	Global Plastic Economy Commitments
PEOPLE- Health & safety <ul style="list-style-type: none"> Occupational safety and health Plant safety Product safety and information Alternative test methods Hygiene 	Trade Ethically	 	Human Rights PRINCIPLE 1 PRINCIPLE 2
PLANET- Climate & Biodiversity <ul style="list-style-type: none"> Operational energy efficiency Renewable energies Energy-efficient products Transport and logistics CO2 reductions CO2 footprint 	Rethink Energy	 	Environment PRINCIPLE 7 PRINCIPLE 8 PRINCIPLE 9
PLANET- Materials & Wastes <ul style="list-style-type: none"> Resource consumption Renewable raw materials Sustainable ingredient Packaging and waste Circular economy 	Manage Waste Trade Ethically	 	Environment PRINCIPLE 7 PRINCIPLE 8 PRINCIPLE 9 Global Plastic Economy Commitments
PLANET-Water & Wastewater <ul style="list-style-type: none"> Water consumption in production Wastewater and wastewater disposal Biodegradability Water footprint /water scarcity 	Save Water	 	Environment PRINCIPLE 7 PRINCIPLE 8 PRINCIPLE 9 UN CEO Water Mandate Criteria

Our Actions & Achievements



Focal Areas



Planet Goals



SDGs



Fair Business Practice:

- Archemics has adopted the Harel Mallac Group code of ethics requirements which covers the following amongst others: Honest Communication, Commercial Ethics, Conflict of Interest, Our People and Assets, Corporate Citizenship. These have been translated into our internal procedures. All new employees are trained on ethics as part of employee onboarding e-modules.

“We maintain our EarthCheck Supply Chain Program which assesses sustainability initiatives with respect to the following EarthCheck criteria: International Standards; Environment requirements; Human Rights; Labour Standards; Good Governance. For the year 2021 Archemics progressed from an Earth Rating of four (4) Earths out of five (5) to four (5) Earths out of five (5).”

- The following local regulations are adhered to at Archemics to ensure fair labour practice and working conditions: Workers Rights Act, Factory Remuneration Order, Employment Relations Act, Occupational Safety and Health Act, Equal Opportunities Act. 56 % of our employees form part of Workers Union. Collective bargaining is held every four years with union representatives. Employee representatives are given time off to attend union meetings within and outside the organisation.

- ✓ **We have integrated Environment / Social / Governance (ESG) criteria in our selection of suppliers**

Our suppliers have an onboarding Supplier Capability Questionnaire where elements of ESG are covered. Where feasible, our suppliers are audited, in 2021. We have included Environmental, Social and Governance criteria in our New Supplier Capability Questionnaires since 2020 and has initiated supplier audits as from 2021

Inclusive development:

Corporate volunteering was limited in 2021 due to Covid - 19 regulations constraints. We focused mainly on employees, our communities, and stakeholders in the following areas amongst others to raise awareness on WaSH, donations of hand and surface hygiene products to front liners, non-governmental organisations, women associations and schools. Our team contributed to the disinfection of community schools such as Ecole Sainte Famille. With the increasing cost of living, the company introduced supply of breakfast was introduced in 2021 to all employees.



✓ We will achieve gender equity in our staff.



Up to 30 % employees is female in our workplace; 10 % of top management team is female. 3 technical positions were created and were filled by women in science background such as chemical engineering, biochemistry and chemistry. Lean In programme initiated by the Harel Mallac group in 2021 targeted middle management women in the workplace to provide support and leadership mentoring.

-
- ✓ We have reduced and eliminated products that are proven to be environmentally destructive

50 products in our references are hazardous to biodiversity and 30 % of same has substitutes of less hazardous products.

- ✓ We have raised the weightage of environmentally sound products by 10% in each BU's portfolio.



7 projects have been initiated to reduce environmental footprint of our product on the supply chain comprising amongst others:

- Development and launch P3 retail 5L and 750 ml detergents- label and 5L value pack promotes refill/reuse/recycle and reduce single use plastics.
- Refill dispensers and 95 % natural amenities products range (shampoo, shower gel, hair conditioner, body lotion, hand soap) amongst others to reduce single use plastic and promote refills for four large group of hotels.
- Product development for 3 large group of hotels included incorporation of active ingredients generated from sustainable farming (local and regional sourcing) making use of wastes from banana plantation and also creating jobs and promoting agroforestry.
- Incorporation of Fair-Trade sugar from local plantation in cosmetic formulation
- 22 references have been designed with the goal for being recycled or reuse
- 288 references hold eco labels such as ecocert, ecolabel, environmental safety checks , blue sign or cosmos labels.

- ✓ We guide our consumers on the responsible and sustainable use of our products.

- Product awareness on eco use is conducted through our product labels, face to face training, social media communication campaigns as well as specific videos.

Focal Areas



SDGs

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



We hold the following systems certifications and compliance status to address our business risks, namely ISO 9001, ISO 14001, ISO45001 and ISO 22717 covering quality, environmental, health and safety and cosmetic Good Manufacturing Practices requirements. *In 2021 we obtained the Made in Moris label for our local brands P3, Impec, Eclat Douceur, Otentic.*



Archemics also submitted a project to the joint action for support towards industrialization and the productive sectors in the SADC region (SIPS) which is cofounded by the European Union and the Federal Ministry for Economic Cooperation and Development to be able to increase its production capacity of sanitisers.

Since 2018 we have initiated a programme of Innovation and Quality Circle (IQC) with the collaboration of National Productivity and Competitiveness Council to impart innovative thinking amongst our workforces. We have had around 10 projects at internal level, with 2 winning bronze medal at national level in 2018 and 1 winning silver metal at national level in 2019. In 2021 Archemics was the National Grand winner for large companies for its project that was submitted on the theme of innovation in times of covid to ensure a safe journey.



Focal Areas

SDGs



3 GOOD HEALTH AND WELL-BEING



- Safety of our employees, customers, consumers, neighbours is a key priority for Archemics.
- Archemics is ISO 45001 certified. We work on a risk based approach. Emergency systems are in place and we invest in the safety and health training of our employees.
- We maintained COVID -19 safe protocols by enforcing the surface, hand and air disinfection, promoting WASH campaigns at work, our social media community as well as local community, Bois Marchand.

An Occupational Health Practitioner on a weekly basis as well as psychologist on ad-hoc basis are made available to our team members.

- For our personal care products, chemical safety assessments are done on our ingredients.
- Employee welfare programmes are in place for the well-being of our employees.
- CAPEX in place for ensuring infrastructure improvement to reduce safety risks.

No major incident was reported in 2021.



Focal Areas



Planet Goals



SDGs

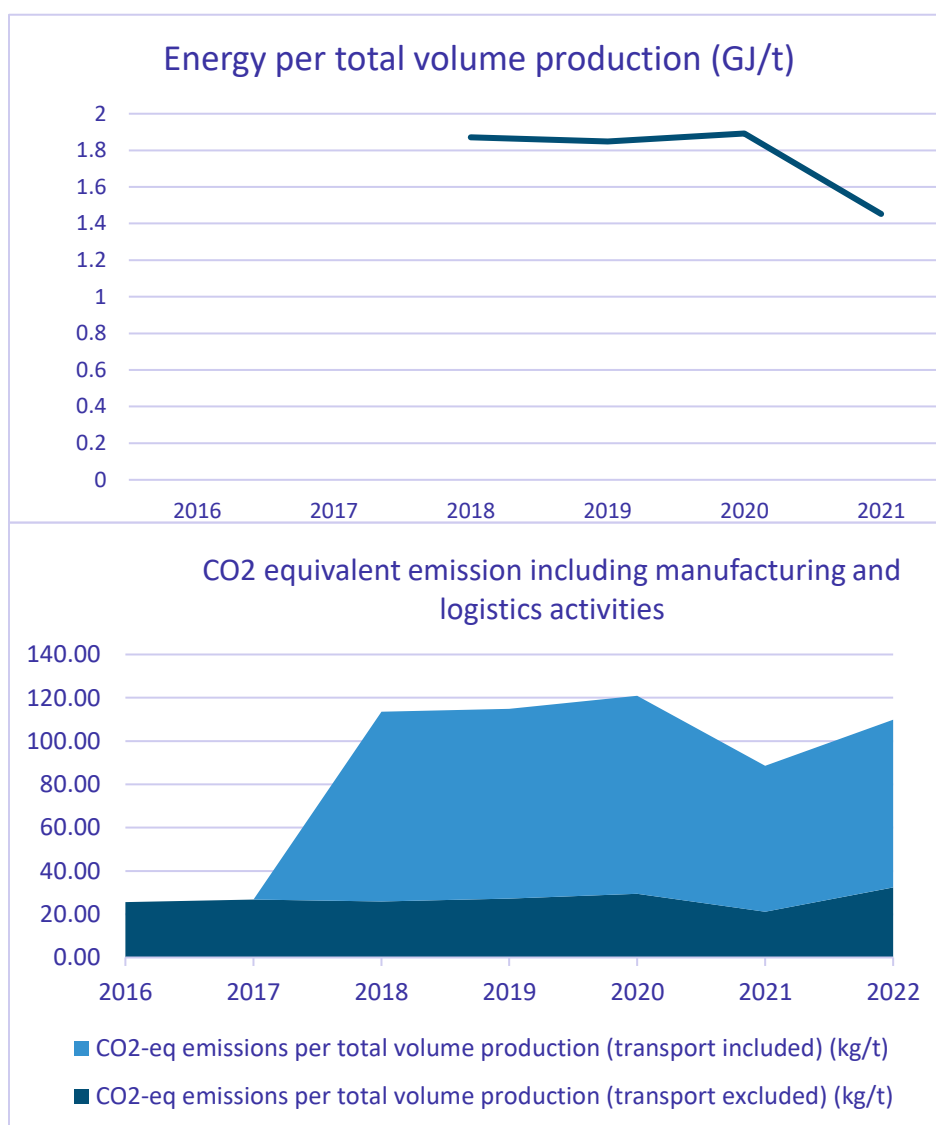
13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



✓ We have reduced our energy consumption

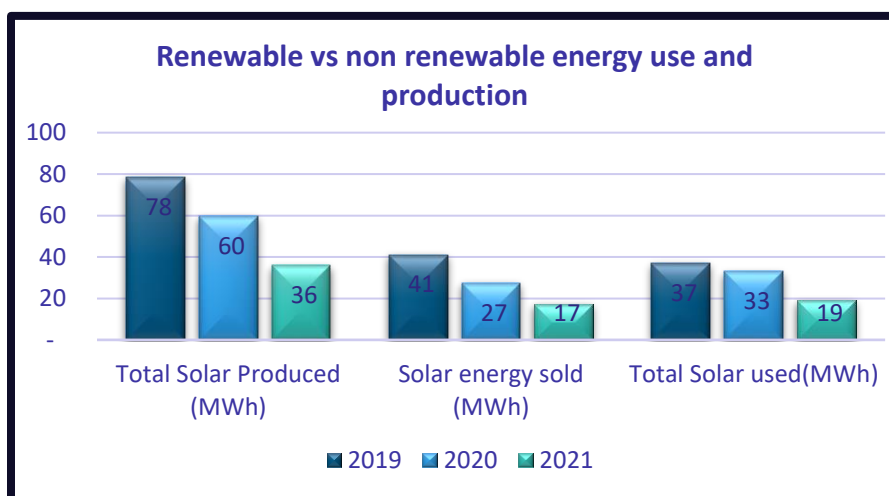


Total energy consumption per tonne of product manufactured has decreased considerably. This is mainly due to COVID 19 impact on business where employees worked from home

and operations were at reduced capacity. The carbon dioxide emission from our operations per volume product manufactured is shown in the graph above.

✓ **30% of our energy will come from renewable sources.**

Since its commissioning in 2012, our on-site Photovoltaic Plant has helped us to generate 674 MWh of Renewable Energy and avoid 472 T Eq of Carbon Dioxide. 12 % of this renewable energy is used in our operations. Over 2021, the performance of our PV plant has been affected and measures are being taken to address same.



BUSINESS AMBITION FOR 1.5°C



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Archemics has joined the Climate Ambition Accelerator, a six-month accelerator programme designed to equip companies with the knowledge and skills they need to accelerate progress towards setting science-based emissions reduction targets aligned with the 1.5°C pathway, setting them on a path towards net-zero emissions by 2050. The training starts in 2022.

✓ **Optimise our vehicle fleet both in numbers and fuel efficiency**

We have taken measures to optimize our delivery routes. Further study is needed to determine effect of same on energy consumption and carbon dioxide emission.

Focal Areas



Planet Goals



SDGs



- ✓ **We have stopped purchasing single-use plastics and non-recyclable materials**

Through our collaborations with local and regional bodies such as Entrepreneurs de l'Economie Circulaire de Maurice, customers and suppliers amongst others we are working on possibilities to reduce our footprint on the environment.

We are committed to the new global plastic economy and are working towards eliminating non-essential single use plastic. We sponsored 2minute pour demin video to raise awareness on upcycling through the Freedom Plastic project which has a training lab in vicinity of Archemics to target the practical training of up to 4000 students from 4 different schools in plastic recycling, upcycling and circular economy.



Our team followed up to 32 manhours of training on five modules on eco design in 2021.

100% of our solid waste is recycled or disposed of responsibly

In 2021, we have...

Recycled 1.44 tonnes
of paper and cardboard



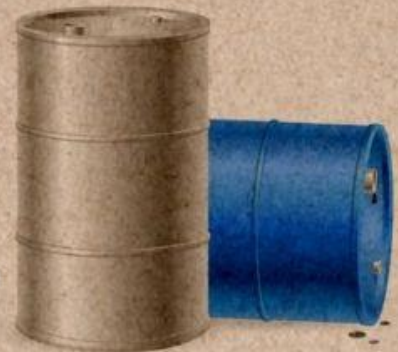
Recycled 12.1 tonnes
of plastic waste which
will be converted into
new products



Recycled 12.6 tonnes
of wooden pallets



Resold 45.1 tonnes
of plastic and metal drums



Recycled 750 kilograms
of e-wastes

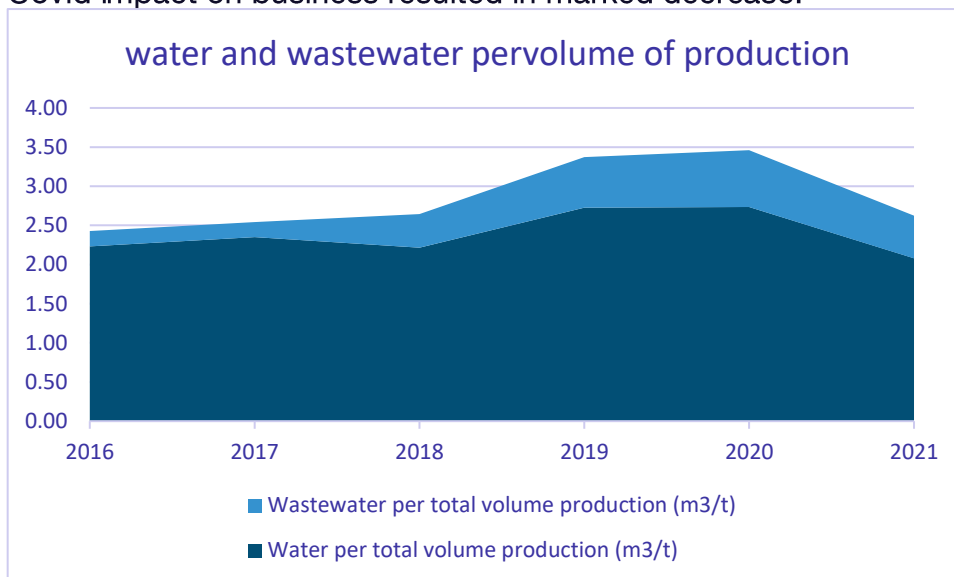


Diverted 72 tonnes of solid wastes
generated by Archemics from going to landfill



Focal Areas	Planet Goals	SDGs
		<div> <div> 6 CLEAN WATER AND SANITATION  </div> <div> 14 LIFE BELOW WATER  </div> </div>

- Archemics supports the UN CEO Water Mandate and is integrating its core principles in its operations.
- Up to 800 000 MUR are invested in water and wastewater management.
- The graph below shows evolution of water and waste water per volume of production. Covid impact on business resulted in marked decrease.



Business In times of Covid-19



Follow our progress on:

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