Manuchar
Your partner in emerging markets



2020

We Care

Sustainability Report



"We believe that giving back to society is our responsibility — our promise of a brighter future for every life we touch."

In a rapidly changing world, we are striving to adapt to the evolving needs of society and contribute to the overall health and wellness of our communities. We are further increasing our efforts to lessen our impact on the environment, nurture a workplace of diversity and inclusion, conduct responsible business practices, care for our communities and uphold the highest ethical standards. Manuchar is concerned about the negative consequences of climate change and believes in safeguarding soil, water and air quality for future generations. Therefore, we want to drive change towards a truly sustainable economy for people and the planet.

Frameworks like the UN Sustainable Development Goals and the Global Reporting Initiative help us to guide our vision and to measure our performance and progress by providing a clear structure. Our ambitious We Care program is built on four pillars: Environmental Protection, Community Wellbeing, Ethical Workplace and Sustainable Procurement. Early 2021, Manuchar NV was accepted as a signatory of the United Nations Global Compact. In this third Manuchar sustainability report, we are pleased to present a summary of our 2020 actions integrating the Global Compact and Responsible Care® principles into our business strategy, culture and daily operations.

Please join us on our continuous improvement pathway towards a sustainable future."

Philippe Huybrechs, CEO Manuchar

UN Global Compact

Manuchar signed up to the United Nations Global Compact. The UN Global Compact is the world's largest corporate sustainability initiative, representing almost every sector and size. The main objective is to align corporate strategies and operations with the 10 principles of the UN Global Compact focused on human rights, labor, environment and anti-corruption, and take actions that advance societal wellbeing. At Manuchar we will further incorporate the Ten Principles of the UN Global Compact into our strategy, policies and procedures.

United Nations Sustainable Developments Goals

At Manuchar we will measure our vision, performance and progress based on the UN Sustainable Development Goals (SDGs). The UN SDGs are a collection of 17 interlinked goals designed to be a "blueprint to achieve a better and more sustainable future for all". It is a historic collaboration program, amongst all 193 Member States of the UN, to end extreme poverty, fight inequality and injustice, and protect our planet.



We support the United Nations Sustainable Development Goals.
https://www.un.org/sustainabledevelopment



Environmental Protection

Our goal:

50% reduction of our Manuchar Group ecological footprint by 2030 from a 2020 base year

Manuchar is committed to protecting nature and the environment. We understand our responsibilities and we engage ourselves to identify and mitigate the environmental impacts of the products and services we deliver.

Our commitments

Manuchar is committed to operational excellence and aligned global practices which limit the impact of our business activities on the environment. We are implementing targets covering reduction of greenhouse gas emissions or compensation by carbon credits.

As of 2021, 95% of our company-wide scope 1 and 2 emissions will be included in our mapping. Our Environmental Policy will include our main environmental target: a 50% reduction of our Manuchar Group ecological footprint by 2030 from a 2020 base year, covering the scope 1 and 2 greenhouse gas emissions (in CO_2e), waste sent to landfill and water use. We also aim to map and increase our use of renewable energy sources. We are working in partnership with our supply chain partners to map and reduce our scope 3 emissions. We are committed to ongoing improvement and have therefore implemented external validation by 3rd party consultants and alignment with recognized reporting standards for our carbon emissions disclosure report.

13 CLIMATE ACTION

We are working in partnership with our supply chain partners to map and reduce our scope 3 emissions. We implement external validation by 3rd party consultants and alignment with recognized reporting standards.

Our 5R program - Reduce, Recycle, Reuse, Repair and Resell – assists in minimizing our waste generation and more specifically reducing the waste sent to landfill.

We work together with supply chain partners to find solutions in order to avoid pollution of local waterways or oceans by plastic packaging.

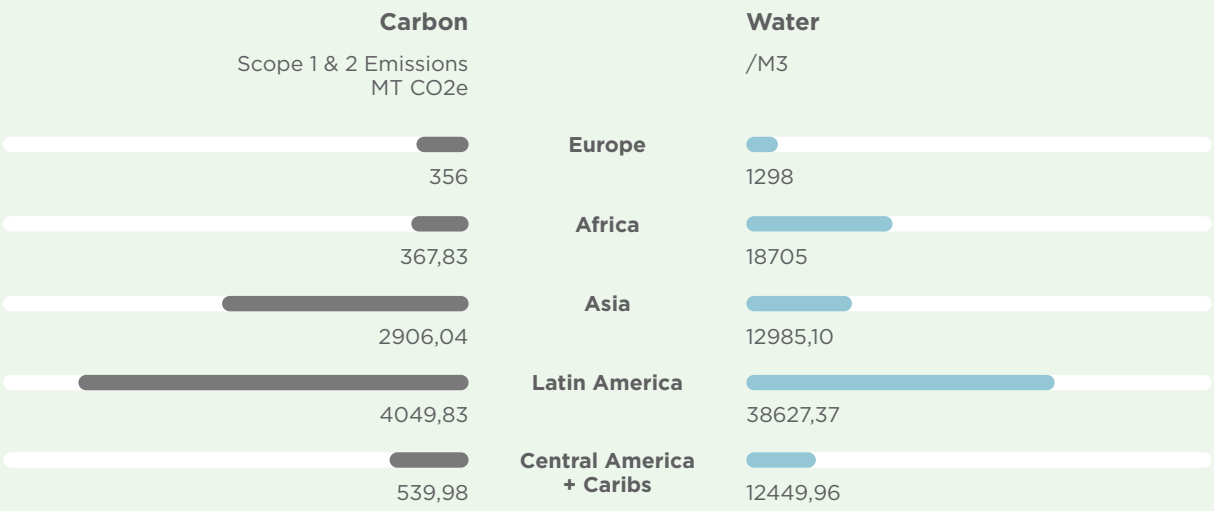
We are promoting and communicating our commitment to the 5 R's - Reduce - Recycle - Reuse - Repair and Resell – in order to minimize our waste generation and more specifically to reduce the waste sent to landfill. We're concerned plastic waste from packaging would find its way to local waterways or oceans. Therefore, we're committed to work together with our supply chain partners to drive circular solutions. Our hazardous waste is responsibly managed in our operational sites by authorized licensed contractors. Manuchar also provides a 24/7 contracted emergency service which in case of accidental release informs about the required environmental precautions to be taken to limit any adverse impact.

We are risk mapping our on-site water management systems and we monitor and prevent possible contamination or impact on the local waterways or oceans. According to the World Resources Institute, 48% of the countries where Manuchar is operating in, are categorized as medium to extremely high water-stressed areas. Although our water demand is rather limited as we are not directly involved in manufacturing processes, we need water to be treated as a scarce resource. Therefore, we will be challenging all our teams to implement ways to control and limit their water consumption.

Global footprint 2020

As in previous years, Manuchar has monitored and assessed our scope 1 (GRI 305-1) and scope 2 (GRI 305-2) emissions, as well as our water consumption (GRI 303-1). Further below you can find our 2020 data per region. We are pleased to inform we have obtained the CO_2-NEUTRAL label for our headquarters in line with the PAS 2060.

This international standard for CO_2-neutrality is a guarantee for credible climate action, as responsibility is taken for the true impact of our CO_2 emissions instead of shifting it to society and future generations. In a first phase, all scope 1 & scope 2 emissions of our headquarters in Antwerp are being compensated by supporting certified climate projects in developing countries.



In the longer term, we will engage in extending carbon neutrality to our other offices and operational sites. The CO_2 Neutral® label helps us to ensure transparency on our climate efforts and to motivate our supply chain partners to take full responsibility for their own carbon emissions as well.

Via the support to VCS and REDD + certified climate projects we have so far helped to conserve forests, empower women and support the local indigenous communities. Since 2019, Manuchar has saved around 179,297 trees and protected 200 hectares of forest.

CARBON REDUCTION

- 356

All 2020 Scope 1 and Scope 2 emissions (tCO2e) of our HQ have been offset.

We Care for the Environment



Sierra de Lacandon: Manuchar supports a local project in Guatemala to implement reforestation, conserve the forests and empower the local indigenous communities.



Community Wellbeing

Our goal:

Providing a safe, low-risk and minimal impact operational environment.

At Manuchar, we want to enhance the lives of our employees and local communities. Therefore, we are committed to improving their wellbeing and education and to providing a safe operational environment.

Health & Safety

Manuchar places the highest priority on ensuring the health & safety of our employees. We work proactively to enhance our health & safety culture by training, empowering and protecting our employees.

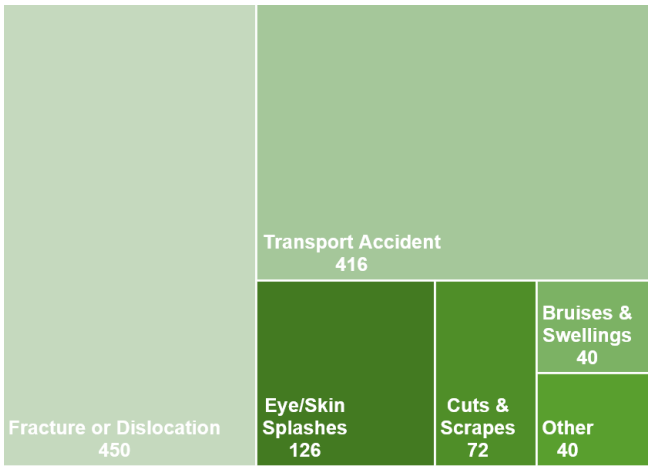
Potential hazards are identified via our 5S Lean desktop assessments and regular site audits. Both corrective and preventive actions are taken when health & safety improvement opportunities are uncovered.

We adopted the necessary governance policies like our Health & Safety Policy and Dangerous Goods Policy, and these are strictly enforced by transparent global internal communications. Practical toolbox guides are generated about hands-on topics to further raise safety awareness and protect our colleagues.



In our warehouse locations, both owned or managed by 3rd party providers, all employees are inducted into the warehouse and informed of the operational and product risks. Personal Protective Equipment is mandatory in our warehouses and is therefore worn by all employees, contractors and visitors in accordance with the defined hazards. In every warehouse location there is always at least one employee on site trained in the use of firefighting equipment as well as first aid. In 2021, we will enhance our local skill development programs with additional training on health & safety topics via our global training platform.

2020 injury severity in lost hours



1,85 LTIFR Manuchar 2020 (GRI 403-2)

In 2017 Manuchar launched the first version of our online global INR system in order to report on all lost time injuries within the Manuchar group. The Lost Time Injury Frequency Rate (in relation to the number of working hours) and the Lost Time Injury Incidence Rate (in relation to the number of employees) are globally recognized KPIs and measured by Manuchar. This measurement is required to ensure a safe working environment with the appropriate risk controls for our employees. Internal business intelligence reports are generated on a quarterly basis to allow an overview of our LTIFR and LTIIR status. All registered incidents and accidents are followed up with a root cause analysis aiming to identify the events leading to the incident and the required preventive measures.

A great place to work



"We know that the success of our business is built on the performance of our people. We therefore strive to create an environment where colleagues feel supported and are able to perform at their best. We strongly believe in teamwork and entrepreneurship and encourage our colleagues to take initiatives. But most importantly, we see the people behind our colleagues and so we do our best to enhance the quality of life of not just our employees but also their families."

— **Sofie Beernaert**, Head of Human Resources, Legal & Compliance

Decent Work

Everyone has the right to work in just and favorable conditions. Manuchar proactively develops strategies to manage any risks arising from our operations in order to guarantee the health & safety of our employees. As we employ many workers in developing countries, we want to ensure they can make a living for their family and also contribute to the betterment of their local community. Therefore, Manuchar upholds labor standards across our operations, implements skills development programs and offers apprenticeship opportunities.

Our goal:

Recognizing and rewarding individual commitment and performance.



"Dear beloved Manuchar colleagues from around the world, we want you to know that, even though we are apart, we are together @ heart. Stay safe!"

Reward & Recognition

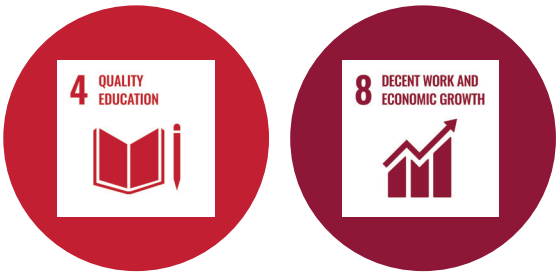
Our employees are our most important assets, so we support activities that relate to their encouragement and reward. We are implementing our global employee recognition and reward program – ManuChamp – where Manuchar acknowledges the exceptional commitment and dedication of our valuable employees. Teamwork sits at the heart of our business model and in the DNA of our company. We believe in the power of our teams and also aim to ensure that employees know that by this recognition award, their contribution is not only valued by their own team but also by the whole organization.

We Care for our Communities

Community Impact

At Manuchar we care about the communities in which we operate. We see the results every day: community projects really do make a difference. As a global company we employ 2.125 employees (GRI 102-7) and operate in more than 35 countries. Many of our employees around the world already commit some of their time to community projects, raising funds and participating in local events.

But we can do more, so much more if we join forces as one global company, one global team, one global family. Early 2021, we have launched our global social responsibility program – ManuCare – centered around the Sustainable Development Goals 4 Quality Education and 8 Decent Work.





Food For the Poor: Provide emergency support to the people of Honduras after the impact of hurricane Eta, supplying them with food and shelter equipment.



LIV2Educate: Support LIV2Educate in South Africa whose mission is to equip orphaned and vulnerable children with essential moral values and life skills so they'll grow up to influence positive change in South Africa.



Koka-school project: Contribute to the renovation of a school in Ethiopia where about 200 children are now enjoying their new classrooms, furniture and playground equipment.

Respect for Human Rights

At Manuchar we support and respect the protection of the internationally proclaimed human rights. The Manuchar Group Code of Conduct lays down the standards for employee conduct and contains clear statements regarding respect for human rights. This includes the right to education.

Learning poverty in low- and middle-income families exceeds 50% in our four main operational regions: Sub-Saharan Africa, Middle East & North Africa, South Asia, and Latin America & Caribbean (Source: World Bank, 2019). Learning poverty will even further increase in all regions due to the COVID-19 pandemic.

This is why we have decided to center our global social responsibility program around SDG 4 Quality Education and SDG 8 Decent Work. We aim to support initiatives related to improving the lives of our communities, with a special focus on children's education, improving their schools, and offering internships to older students. By providing capacity-building opportunities to our own employees and our surrounding communities we hope to significantly reduce the proportion of young people and adults not in employment, education or training.

Our goal:

Enhance the wellbeing and education of our employees and local communities.





In Mexico we train and educate children on topics related to society and caring for the environment.



Ethical Workplace

Our goal:

Ensuring our workplace promotes human rights and supports diversity, equal opportunities and transparency.

Manuchar as a group is dedicated to providing an ethical workplace and ensuring our employees are treated with respect. A zero tolerance towards corruption, harassment and discrimination in all its forms is applied.

Training

Manuchar has a tradition of investing in training. In 2020, we started the implementation of our global Manuchar training platform and learning management system to launch and manage employee training. From this platform we work against corruption in all its forms, including bribery and extortion, and reinforce our principles and values in general.

Our goal:

Maintain full compliance training applicable to each employee's role and responsibility.



TRAINED EMPLOYEES

905

In 2020, 905 employees have successfully completed the business ethics training.

(GRI 205-2)

Upon recruitment, all Manuchar employees acknowledge their mandatory compliance to our Group Code of Conduct. In 2020, 905 employees have successfully completed the Manuchar business ethics training, including antitrust, sanctions and cash, gifts and entertainment.

Manuchar attaches great value to safeguarding the trade and confidentiality of our business and of our customers and suppliers. All and any personal information about individuals, such as suppliers, consumers or employees is handled with full respect for the protection of their privacy and in accordance with all relevant privacy laws and regulations. Unfortunately, as remote working has increased worldwide, so has criminal activity.

The amount of cyber-attacks increased significantly and therefore our IT team continuously strengthens our network security and the protection of our user community. Phishing attack simulations and regular reinforcement communications have been set up to raise cybersecurity awareness.

Manuchar uses Bitsight®, a third-party validated security rating company, to identify, measure and analyze cyber security incidents and practices. BitSight® is committed to the Principles for Fair & Accurate Security Ratings, helping us to communicate transparently on cybersecurity, and to drive continuous improvement.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We work against corruption in all its forms, including bribery and extortion and we reinforce our principles and values.

CYBER SECURITY RATING

600

Manuchar adopted the Bitsight® cyber security rating standard.

Code of Conduct

The Manuchar Group Code of Conduct is part of our constant effort to maintain and strengthen trust among all our employees, business partners and other stakeholders. It describes the standards which are expected to be followed within the Manuchar group. The core values include respecting human rights, protecting the environment, and following business ethics principles, supported by additional policies on topics such as money laundering and trade sanctions.

Our goal:

Meet international standards and compliance with laws and support business partners to do the same.

Working Conditions

We embrace and care about our employees. Therefore, we implement a standardized employee management approach on working conditions including diversity factors, working hours, etc. This also assists us in measuring our progress in social dialogue and gender equality. Our permanent employees are all paid a salary above the local minimum wage and are provided with insurance benefits according to local standards. No whistle-blowing cases on potential violations of our labor policies were reported in 2020.



Customer Compliance

Manuchar continues to demonstrate its transparency of information via its involvement with sustainability compliance platforms: Responsible Care®, Ecovadis and SEDEX. We maintain close involvement with the Belgian Association of Chemical Distributors (BACD). We address any customer or stakeholder request for improvement actions, specific to their market segment. We also maintain strong policies in relation to drug precursors, sanctions, conflict minerals, palm oil, child labor, and customs security.



Sustainable Procurement

Our goal:

100% due diligence on our suppliers in critical market segments by 2030.

We have never been able to serve the world and local communities as well as during the pandemic, by securing the supply of raw materials to emerging markets despite the scarce availability and supply-chain breakdowns. We connect suppliers to consumers all over the world, whilst ensuring reliable and responsible sourcing.

Responsible Sourcing

At Manuchar we strive to ensure that the products we purchase and supply to our customers are manufactured and procured in a responsible manner. We conscientiously source and procure products and services for our operations. We expect our business partners to conduct themselves in a way that is consistent with our values. When selecting and developing our supplier base, we consider their performance in regard to health & safety, environment, social standards and fair business practices. For all recurring orders and every product destined for specific market segments, Manuchar targets a 100% coverage of these supplier assessments. We are committed to continuously upgrading our assessment procedure as required to ensure a full integration of our environmental and social standards into the procurement process.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Under SDG 12, we have stipulated requirements to our relevant suppliers for their environmental performance and have supported our customers in their sustainability efforts.

We have developed a Sustainable Procurement Policy which is constantly being improved in order to better reflect our commitment to a sustainable supply chain. One of the crucial points in our policy is the collaboration with clients, stakeholders and business partners to ensure our sustainability goals are aligned and reached. As we are not a producer ourselves, we will be working together with our strategic supply chain partners to enable more sustainable solutions or projects like recycling plastic waste or offering eco-friendly alternative products. We also consult and engage with other stakeholders like collaborative platforms, NPOs or voluntary initiatives to ensure sustainability challenges are addressed and improvement opportunities are created.

In El Salvador we are offering customers a different type of packaging without stitching, so the bags don't have to be broken. This makes the bags returnable. At each delivery the empty bags are collected, and an accumulation of packaging waste is avoided. The bags can be reused approximately ten times guaranteeing zero waste deliveries.



Our goal:

Promote sustainable procurement practices across our entire supply chain and offer responsible product alternatives and circular solutions.



"On behalf of the Manuchar group I want to thank our suppliers for their efforts and resilience they demonstrated in a challenging 2020 that allowed us to maintain our mantra of "At Manuchar, we keep your production running. Anytime. Anywhere". As part of our We Care sustainability program, we will continue to strengthen our procurement policies to ensure increasing due diligence on what we purchase. We prefer like-minded suppliers who demonstrate a real commitment to caring for their employees and the environment, including the decarbonization of their products and supply chain."

— **Paul Dunlea**, Global Quality & ESG Manager

Manuchar has also taken actions on the availability of eco-friendly products through the creation of designated supply chains where the traceability from sourcing to delivery at the customer's plant is guaranteed. We have initiated a logistics test program for shipments of RSPO certified palm oil. The process uses dedicated maritime, local transport and equipment to avoid contamination by non-RSPO certified material. This allows for customers to confidently add the RSPO logo to their finished goods, supported by certification evidence.

Risk reduction and standardization of operations are key in our business. We aim to achieve this via the ISO 9001:2015 certification of our Quality Management System, supported by employee skills enhancement and training programs. By 2030, we plan to have all our operational facilities certified to the ISO 9001:2015 standard, and large operational sites certified to ISO 45001 and ISO 14001 to ensure the standardized management of health & safety and environmental performance. This way we further demonstrate our commitment to risk reduction practices.

Our goal:

Have all our operational facilities certified to the ISO 9001:2015 standard and large operational sites certified to ISO 45001 and ISO 14001 by 2030.

