



للزيوت والعجائن
العطرية

شركة مشاليكو

SOCIETE MACHALICO
pour les huiles et les concrètes de parfumerie

Thursday, 11th of November 2021

To our stakeholders,

I am pleased to confirm that Machalico S.A. reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

In this annual Communication on Progress, we express our intention to continue implementing those principles. We are committed to keep the UN Global Compact and its principles into our business strategy, culture and daily operations of our company, and to be engaged in collaborative projects to advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

MACHALICO S.A.

G.M.

Dr. EL-Sayed Machaly



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Our Mission

Machalico S.A. is one of the oldest family-owned aromatic industrial facility in Egypt. Machalico S.A. is the only company in the Egyptian essential oil market that offers the highest level of vertical integration as it uniquely owns 60% of its essential oils and concrete production from its own plantation site. Machalico S.A. ensures that the cultivation of the aromatic plantations is performed with the highest and safest techniques. Our company imposes a consistent system of standards for the good manufacturing and safe production of essential oils and concretes either by extraction or distillation in the 6000m2 highly equipped industrial factory. As the consumer and the environment are Machalico foremost priority, our company follows the recognized scientific principles of good manufacturing practice.

Our Vision and Values: To achieve our mission, we affirm our values of integrity, respect for people, customer focus, community, innovation, teamwork, performance, continuous improvement, leadership and quality, to exceed the expectations of our customers, business partners and regulators.

Our centre of Plantation and production:

In the Nile Delta: specifically, at Mehallah, and Bassioune regions located at 100 kms north Cairo.

Our products:

Concrete: Jasmin Grandiflorum, Violet leaves, Cassie, Neroli (bitter orange), Carnation, Geranium, Basil, Nasturtium, Lantana

Absolute: Jasmin Grandiflorum, Violet leaves, Cassie

Oil: Geranium, Basil, Blue Chamomile, Neroli



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Human Rights

The actions taken by our company in the area of human rights are:

- **Equality:**
 - There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race/colour, gender, national origin, religion, age, disability, marital status, sexual orientation, union membership or political affiliation.
 - Workplace harassment including; physical, verbal, sexual and psychological threats of physical abuse, other harassment, verbal abuse or other forms of intimidation are prohibited in our policies and work environment.
 - We provide equal pay for equal work
- **Abolition of child labour:** Our company is governed by and strictly follow the Egyptian labor law number 12 for the year 2003 that prohibits the recruitment of children and young persons under 18 years of age
- **Right to physical and mental health**
- **Health and safety:**
 - A safe and hygienic working environment is provided.
 - Access to clean toilet facilities and to potable water as well as hygienic facilities for food storage are provided.
 - Accommodation and work environment are clean, safe and meet the needs of the employees.
 - All workers are provided with a mask, helmet and eye-glasses in the factory.
 - There are no chemicals to be handled. The hazardous materials of hexane and gasoline are pumped in closed circuits
 - Workers without distinction, have the right to adopt an open attitude towards any remarks regarding the applied health and safety procedures. They have access daily to the general manager.
 - Employees are subject to full medical check-up once/year.
 - If any health problem rises (sick, vomiting) while working, a private car owned by the company is readily available to transport the sick employee to the nearest governmental hospital which is 5 minutes away by car.
 - In case of a serious disease, 100 % of the expenses are covered by our company.



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- In case of an employee needing surgery, 100% of the expenses are covered by our company.
- Sick leave policy: During the period of illness of any employee, 100% of his/her salary is paid till he/ she fully recovers from the disease and can continue his work normally.
- In these unprecedented times of the Covid-19 pandemic our foremost priority is the safety of our employees by following the regulations and guidelines proposed by the WHO and the Egyptian health authorities.



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Labour

The actions taken by our company in the area of labour are:

- **Employment is freely chosen**
 - There is no forced or bonded labour.
 - Employees are free to resign after reasonable notice (30 days notice).
- **Working hours**
 - The normal weekly working hours in our company are 40 hours. Overtime is voluntary and cannot exceed 12 hours per week maximum. Overtime cannot be demanded on a regular basis and is always compensated with a premium bonus rate.
 - Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- **Wages**
 - All workers are provided with written information about the employment conditions in respect to wages before they are recruited.
 - Wages and benefits are paid for the standard 40 weekly working hours, conforming with national legal and industry benchmark standards, whichever is higher.
 - Men and women wages are based on their performance and job description, irrespective of gender which empowers women in our company and in their respective communities



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Environment

- Environmental consciousness is one of the main concerns of our company philosophy.
- We are ISO 14001 certified that helps us improve our environmental conscious practice by using more efficient resources and reducing waste that positively affect our stakeholders.
- We started in 2020 to report our annual CO2 emission through Carbon disclosure project (CDP) that allows us to be more environmentally aware in our manufacturing practice. We received score (B) for our 2020 CDP- Climate Change disclosure.
- On a yearly basis, we do Research & development report (R&D) on the environmental measurements such as (noise, thermal stress and relative humidity, suspended particles, gas monitoring, intensity of lighting and gas emission). We started this year to receive our gas emission measurements from the air lab of the Egyptian Ministry of Health and Population.
- We changed our lighting system to LED lamps to decrease the Electricity consumption using these power saving lamps.
- We always search for opportunities to find new ways to improve our environmental performance. In particular, we look at diverse energy sources for our production processes by seeking opportunities to use alternative technologies to achieve the same performance and jointly affect positively on the climate. As being an Egyptian company, solar heat is naturally and environmentally available and offers an energy-efficient way to power all aspects of our industry needs. Machalico S.A. is in contact and making a deal with an Egyptian leading solar energy production company to gradually shift our factory energy source in the next 3 years. The goal is to start to pilot test the reliability of this technology powering the lighting of the factory before implementing it to our production processes. This technology can be implemented in all our production steps; varying from the boilers, to extraction tanks, hexane pumps and the generators. This is Machalico S.A. long-term progressive plan.
- The floral waste from our production is used as compost that helps in promoting organic agriculture and eliminates the use of chemical fertilizers.
- We are in the process of changing our source of energy for production from diesel (gasoil) to natural gas. This shift will decrease the CO2 emission and will be more environment friendly.



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Anti-corruption

We, at Machalico S.A., strictly have no tolerance for corruption and bribery.

- There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race/colour, gender, national origin, religion, age, disability, marital status, sexual orientation, union membership or political affiliation.

We reduce the chances of:

- **Conflict of interest**

- A) The choice of employees having cousins in the competitor companies of the same industry is absolutely forbidden.
- B) The plant representatives at the collection points are chosen such to be sure that they have no family relations with the suppliers.

- **Fraud:**

The suppliers' information regarding the price of the flowers of the competitors as well as the products export prices by the competitors are well known to us to have the same range of prices all over the market.

- We, at Machalico S.A. encourage all our employees to raise any issue of suspicion or mal-practice as early as noticed to the manager to be able to take fast corrective actions with the least losses.



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Measurement outcomes

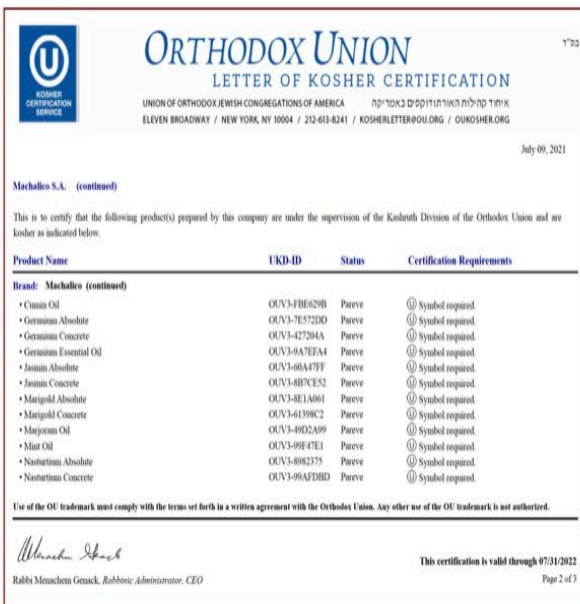
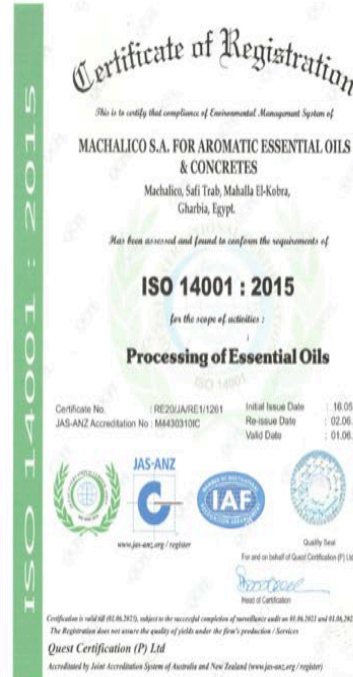
- We are yearly audited to renew our ISO certificates by a third-party company to ensure our compliance with ISO standards that focus on human rights, labour, anti-corruption, health and safety and on environment.
- We are certified with:
 - ISO 9001
 - ISO 14001
 - ISO 22000
 - ISO 45001
 - FDA registered
- We are disclosing our carbon emission through Carbon Disclosure project (CDP) on a yearly basis.



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