

COMMUNICATION ON PROGRESS 2018

Artmatrix Technology Sdn Bhd

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About Artmatrix

Incorporated since June 2005, Artmatrix Technology Sdn Bhd focuses on R&D, branding, marketing, distribution and project management of system furniture whereas Artmatrix Manufacturing Sdn Bhd (its 100% owned subsidiary) focuses on complete manufacturing support.

Within a short period of time, the company has successfully penetrated the local, regional and global markets and set its business footprint in 22 countries across 5 continents. Today, global operations showrooms are established in metropolis of India, Dubai, Indonesia, Thailand as well as Singapore.

Statement from Chief Executive Officer

10th July 2018

To our stakeholders:

I am pleased to confirm that Artmatrix Technology Sdn Bhd 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 describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Herbert Koh', with a stylized flourish at the end.

Herbert Koh

Chief Executive Officer

HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

In Artmatrix, we acknowledge and respect the principles contained in the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights. We are committed to uphold the human rights of workers, and to treat them with dignity and respect. This applies to all workers including temporary, contract and permanent employees.

Principle 2:

make sure that they are not complicit in human rights abuses.

In Artmatrix, we monitor our activities for human rights risks and impacts to identify actual and potential human rights issues. Actions to manage and address human rights risks are guided and carried out through dialogue and in collaboration with relevant stakeholders when necessary.

To prevent human rights violations in workplace, grievance mechanism is available for employees to show their dissatisfaction towards unfair treatment, with procedures clearly written in the Employees Handbook. The complaints are reviewed in different levels until satisfactory solutions are provided.

Besides, any form of inhumane treatment including any sexual abuse, mental or physical coercion and verbal abuse are strictly disallowed in the company. Disciplinary actions will be taken against those who are found guilty of convicting the abuses.

During the past one year, no case was reported on the violation of human rights. Artmatrix will continue to commit to human rights principles while making sure no offense on human rights issues within the company.

LABOUR

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labour;

Principle 5:

the effective abolition of child labour; and

Principle 6:

the elimination of discrimination in respect of employment and occupation.

Since human capital is the company's greatest asset, Artmatrix is putting up a fair employment policy as an approach to managing talents. In Artmatrix, labour practices and policies include:

Freedom of Association and Collective Bargaining

Artmatrix respects our employees' right to join, form or refrain from joining a labour union and choose collective bargaining representatives, without interference, discrimination, retaliation, or harassment. We are committed to bargaining in good faith with such representatives when necessary.

Forced Labour and Human Trafficking

Artmatrix prohibits the use of all forms of forced labour and modern slavery as well as any form of human trafficking-related activities.

Child Labour

Artmatrix does not recruit child labour and condemns all forms of exploitation of children. "Child" in this context means any person who has not completed his fifteenth year of age according to Act 350. We strictly adhere to Children and Young Persons (Employment) Act 1966 and do not tolerate any breach of rules.

Non-Discrimination and Anti-Harassment

Artmatrix does not tolerate discrimination or harassment, and eliminates all forms of discriminatory practices with respect to all aspects of employment, which includes race, colour, religion, gender identity, age, social status, nationality or sexual orientation. We base employment decisions on merit, considering qualifications, skills and achievements. We adhere to Artmatrix's Equal Employment Opportunity Policy in the areas of hiring, promotion, demotion or transfer, recruitment, discipline, layoff or termination, rate of compensation and company sponsored training.

Safe and Healthy Work Environment

Artmatrix believes that safety should be treated with equal importance not only to protect the welfare of employees, but also to comply with legal requirements and minimize the loss of funds and time. We are committed to provide a safe and healthy workplace for our employees.

In practising of the policies, the information is made available to all employees in our Employees Handbook regarding the probation period, remuneration, working hours, reporting line, public holidays and leaves, medical benefit and insurance, secrecy and confidentiality which are established in accordance to Malaysian Labour Law. Besides, open door policy is practiced in the company to encourage openness and transparency with the employees. All employees are given an updated directory by Human Resource Department and are accessible to our top management via internal phone system.

In our recruiting process, we employ fair practices in selecting employees by looking at their qualifications, experiences and capabilities for the jobs. In Artmatrix, we have multicultural talents who worked under the same roof; all are protected with Employment Injury Scheme under government's Social Security Organization and enjoyed the same medical benefits. For company's events such as Annual Dinner and appreciations dinners, all employees are invited regardless of the term of service and positions.

In Artmatrix, our proportion of female to male employees and workers is 3:7, with manufacturing site dominated by male workers. On the other hand, the proportion of female to male ratio in managerial positions and top management is 2:3.

Percentage of top management and managers based on gender



ENVIRONMENT

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

As a leading green office furniture company, Artmatrix has the responsibility not only to provide solutions that help clients to manage environmental risks, but also to control our own ecological impact and contribute to environmental protection. In our efforts to address environmental issues, we adopted a few measures to preserve our nature as we believe that the well-being of society depends on a healthy environment.

“Recycle Every Friday” Campaign

The recycling campaign was initiated since 2006 to encourage employees to reduce, reuse and recycle as much waste as possible. It aims to educate employees on the importance of recycle in order to divert useful wastes from landfill, thereby reducing the use of virgin resources. Artmatrix encourages its employees to bring recyclables from home to Artmatrix’s collection point every Friday and cultivates recycling attitudes in the office and production plant by providing recyclables collection facilities in both areas. The instructions for recycling which include separation at source and identification of recyclables and non-recyclables are well communicated within the company through emails and newsletters and available at the collection point.

Artmatrix appointed a charity recycling agent, Xim Phou Moon to collect the recyclables once the collection point is full. From July 2017 to June 2018, the total amount of recyclables is as follows:

Recyclables	Amount (kg)
Paper	824.70
Plastics	121.00
Aluminium	48.75
Metal	23.62

Environmental Management System (ISO 14001:2015)

Artmatrix has been certified with ISO 14001 since year 2009 by Moody's and subsequently by Intertek. It is an international standard that specifies requirements for an effective Environmental Management System (EMS) in which the auditing by third party will be held on yearly basis. It sets out the environmental policy in Artmatrix to achieve the intended outcomes of an EMS which includes:

- enhancement of environmental performance;
- fulfilment of compliance obligations;
- achievement of environmental objectives.

To commit and comply with ISO 14001, every employee in Artmatrix is assigned to one of the EMS teams as follows:

- a. Management Representative (EMR)
- b. Document Controller (DC)
- c. Aspect Impact Team (AIT)
- d. Training & Communication Team (TCT)
- e. Legal Team (LT)
- f. Operation Control Team (OCT)
- g. Emergency Response Team (ERT)

A clear guideline on the responsibilities and authorities of each team has set out to inform every EMS team members, and each team is expected to fulfil the basic competency requirements. Artmatrix has successfully renewed and upgraded ISO 14001:2008 to ISO 14001:2015 in November 2017.

Green Products

We believe that the true innovations come from ideas that harmonize with nature, and it is our obligation to take into consideration of all aspects of our products on the environmental impact. We produced eco-friendly workstations and seatings which are laboratory tested against ANSI/BIFMA X7.1 standard for emission test, which verified our products to be low formaldehyde and volatile organic compounds (VOCs).

In Artmatrix, our products are certified with Good Environmental Choice Australia (GECA) ecolabel, MyHIJAU Mark and Singapore Green Building Products (SGBP) certificate. We have been monitoring and maintaining the Green Certificates by schedule, and the latest renewals in Financial Year 2017/2018 have been successfully completed as below:

Certificates	Renewal Date	Products
GECA Ecolabel	17 th August 2017	I-Mode (Eco), Simplex (Eco), Tri-X Plus (Eco), Trendx Pro (Eco), IF (Eco), I-Beam (Eco), E-Stilts (Eco), Xenic Chair, Xera Chair Range
MyHIJAU Mark	7 th September 2017	I-Mode (Eco), Simplex (Eco), Tri-X Plus (Eco), Trendx Pro (Eco), IF (Eco), I-Beam (Eco), E-Stilts (Eco), Xenic Chair, Xera Chair Range
SGBP Certificate	5 th February 2018	E-Stilts (Eco), Trendx Pro (Eco)

Green Building Index (GBI) Certified Building

Besides green products, Artmatrix also owns a green factory that advocates sustainable operation. On April 2014, we are the first office furniture manufacturer in Malaysia to be certified with Green Building Index (GBI) under Industrial New Construction (INC) category. It is another environmental accomplishment for Artmatrix for the effort of transforming a 16 years abandoned building into a Green Building.

In March 2018, Artmatrix has completed its Renewal and Verification Assessment (RVA) and remain our status quo as a Certified Green Building, with Building Energy Intensity (BEI) of 82 kWh/m².yr, indicating a 5 stars energy efficiency rating. Besides, new bicycle rack and shower facilities were installed to encourage employees to cycle to work, which could reduce carbon footprint compared to travelling by motor vehicles.

Sponsorship

As part of our company's CSR, Artmatrix has contributed as a Gold Sponsor in International Urban Sustainability & Green Building Conference 2017 hosted by Malaysia Green Building Confederation (MGBC), in supporting of building green cities. It is a gathering of building industry experts all over the world to discuss about the current status of green building industry and the approaches towards a greener world, to share their success stories and knowledge, and to introduce new green technologies and products. During the two-day event, Artmatrix shared its green journey with stakeholders and participants.

Besides, Artmatrix is also a Gold Sponsor for Archi-Interactive Camp (AIC) organised by University Tunku Abdul Rahman. It was an intensive hands-on learning platform for architecture students from various universities to share their knowledge and connect via social networking. With the theme "Bamboo, Learning, Friendship", the students were exposed to bamboo, a sustainable building materials by bamboo experts in Malaysia and learnt building skills by using bamboo. Bamboo is one of the most abundant and fast-grown resource with superior physical and mechanical properties, hence it offers a great potential as an alternative to wood. Through our financial contribution, we are not only supporting a learning opportunity, but we wish to nurture sustainability mindset in our future builders.

ANTI-CORRUPTION

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

Artmatrix is committed to uphold anti-corruption principles and comply with Malaysian Anti-Corruption Commission Act 2009. Any corrupt practices and embezzlement of company's funds are serious misconduct and disciplinary actions may impose against any employee who breaches the policy as stated in our Employees Handbook. We expect all employees, officers, directors and third parties working on its behalf to refrain from engaging all form of bribery or corruption, irrespective of citizenship, domicile, or location.

In Artmatrix, each top management is responsible to overlook specific departments to ensure smooth and efficient operations, as well as crosscheck each departmental performance to ensure no indulgence in any form of corruption and abuse of power either directly or indirectly with any party. Besides, internal and external audits were carried out to ensure transparency and accountability in company's administration and finance. In addition, open door policy and grievance mechanism have provided employees a channel to report any suspected misconduct in the company.

In financial year 2017/2018, we were proud to announce zero case reported on corruption acts in Artmatrix. We will continue to advocate those practices and improve our operational system to further reduce the possibility of fraud.