

Matex's Global Compact COP 2019

Time period

January 2019 – December 2019

Format

Standalone document – Basic COP Template

Differentiation Level

This COP qualifies for the Global Compact Active level

Self-assessment

Includes a CEO statement of continued support for the UN Global Compact and its ten principles

Description of actions or relevant policies related to Human Rights

Description of actions or relevant policies related to Labour

Description of actions or relevant policies related to Environment

Description of actions or relevant policies related to Anti-Corruption

Includes a measurement of outcomes

Statement of continued support by the Chief Executive Officer

Statement of the company's chief executive (CEO or equivalent) expressing continued support for the Global Compact and renewing the company's ongoing commitment to the initiative and its principles.

Jan 2020

Dear Matex Stakeholders,

2019: Unity

Well wishes for a blessed, healthy and safe year ahead!

Amid much global uncertainties resulting from the China and USA trade war and the ongoing Cov2019 situation, Matex turned 30 on 30th September 2019. Looking back at the group's illustrious and colourful history, Matex needs to draw deeply on its experiences, tap widely from its networks and current platforms to continue to navigate and work harder for sustainable business growth. Going forward into its next 30 years, it is imperative for Matex to advance as one with resilience, strength and unity.

For 2019, Matex made concerted efforts to raise its global profile and give back. Many of the activities the group had done can be viewed in the link below.

http://www.matex.com.sg/en/news_2019

Some key highlights included:

The official global launch at ITMA 2019 Barcelona and Planet Textiles the Sustainable Textiles Summit, 22nd June 2019@ Fira de Barcelona, a global forum for leading key experts and practitioners in the fields of sustainability for textile and manufacturing across to the fashion value chain, of our patent pending Megapro® ECO: - a system which eliminates the need for salt in exhaust dyeing of cellulosic, which can impact potentially up to 50% of global demand and more.

<https://www.planet-textiles.com/pod-2019/>

This is a meaningful environmental revolution which Matex is very excited and working closely with its global strategic brands, partners and customers to implement quickly in view of the pressing issues of Climate Change and to target the UN SDG Sustainable Development Goals.

GOAL 3: Ensure healthy lives and promote well-being for all at all ages

GOAL 6: Ensure availability and sustainable management of water and sanitation for all

GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable

GOAL 12: Ensure sustainable consumption and production patterns

The Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets. The SDGs call for worldwide action among governments, business and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.

On the 6th November 2019, with Megapro ECO® Matex won the Singapore Apex Corporate Sustainability Awards under Sustainable Solutions Category. The Singapore Apex Corporate Sustainability Award recognises companies whose business operations or solutions have demonstrated excellence in embodying the Ten Principles of the United Nations Global Compact, in the areas of environment, human rights, labour and anti-corruption.

Please visit **<https://sustainabilityawards.sg/winners/>**

Matex continue to grow as a Bluesign® System Partner committed to support Bluesign's vision to manage inputs and responsible actions. The Bluesign® system unites the entire textile supply chain to jointly reduce its impact on people and the environment.

Matex's products are approved by Intertek's Green Leaf Mark Environmental Certification, which places strong emphasis on the ban of hazardous Azo Dyes and limits on extractable heavy metal content.

The company is a regular member partner at Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers ("ETAD"). It was founded in 1974 as an international organization of Responsible Companies. ETAD's Code of Ethics, which is based on the principles of responsible care, complies with all national and international chemical regulations. It bases its position on sound science, internal industrial know-how and constantly updated regulatory information. It continued to chair the 3rd ChOC China Operating Committee of ETAD in Shanghai to align common goals for safety and environment. The committee will focus on local activities in contact with regulatory bodies and on all legislation developments affecting the colorant industry.

In our efforts as a responsible global corporate citizen, we had continued to play our part actively to champion a growing diversity of programs and initiatives to give back to society as part of our ongoing CSR initiatives. Some of these highlights include;

Matex worked with various social enterprises like WaterROAM and start-up communities and companies on various projects ranging from developing suitable products to delivering to poverty and disaster struck areas and places, across to innovative solutions to treat and provide clean drinking water.

The Group released its 2019 COP (Communication on Progress Report) on the UN Global Compact Website. We are constantly on the lookout for better ways to reduce our impact on the environment by lowering carbon emissions and improving energy efficiencies in our daily operations.

It continued to pledge its commitment to Fair Employment Practices under the framework of TAFEP (Tripartite Alliance for Fair & Progressive Employment Practices) organized and endorsed by Ministry of Manpower of Singapore, NTUC (National Trade Union Congress) and SNEF (Singapore National Employers Federation).

It successfully organized for the 9th year running the SDC (Society of Dyers and Colourists) Singapore heat. A country winner was chosen amongst local Textile and Fashion Schools to represent at the Grand Finals in Fuzhou, China. The SDC is the world's leading independent, educational charity dedicated to advancing the science and technology of colour worldwide.

We had the honour to work closely with the Singapore Fashion Runway to help the special needs community to take part in Next Top Inclusive Model Hunt 2019. Matex sponsored and was an invited judge. Through this event, the participants learned about confidence-building, showcasing their talent(s) and social skills as they get to interact with other

participants. The Singapore Fashion Runway is a platform founded to nurture and provide opportunities who are special needs, disabled, have chronic illness, are breast cancer patients and survivors in their journey of fashion, so that they can learn a skill and seek happiness while battling with their illness.

Please visit : <http://www.singaporefashionrunway.com/>

FUTURE OUTLOOK

In the coming months, the Group expects continued emphasis across labor, safety and environmental compliances in the chemical industry. We think that with the unfolding Coronavirus pandemic and an already weak global macro economy outlook, the overall business environment will be disrupted and remains challenging.

The Group will continue to develop better supply chain partnerships, improve its internal cost controls and aim to increase its overall profit margins in its product and service solutions. Scaling up its current production capacity and developing higher valued products that yield better margins, will be some of its key priorities.

With these efforts, the group aims to improve its performance.

WORDS OF APPRECIATION

Nevertheless, the Board and us would like to take the opportunity to extend our heartfelt appreciation to our valued customers, business partners, associates and stakeholders for your kind support and understanding throughout Matex's last 30 years.

We would also like to take the opportunity to thank all at Matex for your unwavering determination and dedication to the company. We have only been able to achieve the important milestones in 2019 and before because of you, our committed team. Let's continue to stay united and scale even greater heights in the coming years.

With your continued unwavering trust, support and confidence in Matex, we are confident the Group will rebound to develop better sustainable growth and value.

We best tackle each challenge with safe, reliable and innovative solutions. We entrust our competent local teams to provide sustainable developments for the Group and the communities in which we operate.

We continue to monitor the impact that its business activities or actions may have on the environment and communities and recognises the importance of healthy ecosystems and social equity. Operating at all times with integrity, trust and reliability, remains with the same vision to

continue to manufacture and supply innovative and high-quality products in a manner that minimises impact on the environment.

We deem sustainability as a critical success factor for companies to ensure long-term value creation. The key material ESG factors for the Group have been identified and reviewed by the management of the Group. The board of the Company (the “Board”) oversees the management, monitors these factors and takes them into consideration when determining the Group’s strategic direction and policies.

We will continue to pursue good corporate governance and sustainable business practices that better fosters best practices, transparency, accountability and integrity for the long-term sustainability of our business and value creation for our stakeholders and communities.

Matex International Limited's unwaveringly 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 will further 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, wherever possible.

This progress report covers the fiscal period of 1 January 2019 to 31 December 2019.

The information and data are reported in good faith as the Group continues to strengthen its data collection processes.

Wishing one and all a great new year ahead AGAIN!

Sincerely,

Dro Tan Guan Liang
Executive Director

Human Rights

Assessment, policy and goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment). Description of policies, public commitments and company goals on Human Rights.

Globalisation, technological change and changing family structures are redefining the way organizations have to engage their employees.

The Group continues to pledge its full commitment to Fair Employment Practices under the framework of TAFEP (Tripartite Alliance for Fair & Progressive Employment Practices) organized and endorsed by Ministry of Manpower of Singapore, NTUC (National Trade Union Congress) and SNEF (Singapore National Employers Federation).

It recognises that it is important to provide a safe and conducive working environment for employees. The Group's standardised company-wide policy includes the maintenance of a comprehensive set of work safety management systems. These include procedures for operation of machinery, occupational health and safety practices, emergency rescue plans, environmental protection practices. Our operations have management systems that are following the ISO 14001 and OHSAS 18001:2007 standards.

For a fair and equitable employment, our recruitment and promotion criteria are based on merit and the performance of individuals, without discrimination of race, gender, age or religion.

In 2019, we had taken on a consultant through the SkillsFuture Mentor Programme to revisit and relook at improving our current OJT On the Job Training and Internship Policies.

The Singapore Ministry for Trade and Industry (Industry) launched this programme for SMEs to tap on a pool of SkillsFuture Mentors to strengthen their learning and development (L&D) capabilities and build up their branding as employers of choice with attractive career development and growth opportunities.

Matex was able to develop the skills of their employees, deliver quality internships and eventually participate in the SkillsFuture Earn and Learn Programme. Over a nine-month period our Mentors helped us to enhance our systems and processes for L&D. As supervisors and managers play a key role in developing our people, the Mentor also provided guidance and coaching to help us improve our training delivery to the trainees.

In addition, Matex also tapped on the SkillsFuture Earn and Learn Programme which is a work-study programme designed to give fresh graduates from polytechnics and the Institute of Technical Education (ITE) a head-start in careers by matching them with a job related to their discipline of study. The SkillsFuture Earn and Learn Programme participants will undergo a 12 to 18 months structured training programme, depending on the sector and job requirements. At the end of the programme, they will receive an industry-recognised certification and skills-based wage increments subject to satisfactory job performance.

With the aim to continue to stay relevant and be inclusive, Matex continues to review and update its own Employee Handbook, which is in accordance with the Universal Declaration of Human Rights, details employees' rights and resources within the organization. Employees are

invited to give suggestions and once adopted as Code of Conduct, comply to the handbook.

The Code includes guidelines related to professional ethics, best management practices as well as other clauses that aim to protect employees and external parties in the conduct of daily operations.

The Company revisits this document on a progressive basis, to ensure that it follows the organization's growth path, reflects encountered experiences and issues and contains timely and accurate provisions for the protection of its stakeholders.

Working with new and upcoming promise talent, supporting local schools and institutes with internship and part work and study programmes are an important experimental change to develop the future team in the organization. Matex is placing good emphasis on these areas.

Amidst tighter labour markets and increases in cost, Matex understands the need for a supportive work environment to attract, retain and motivate talents who are looking beyond the pay package, but for greater work flexibility to fulfil both their work and family aspirations.

As a next step the group has pledged its commitment to implementing fair and merit-based employment practices being that it makes good business sense and is also the right thing to do.

Implementation

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

The Human Resources department is responsible for receiving employees' issues and suggestions to improve the overall quality of the work environment, while respecting privacy.

HR will then be committed to resolve the issues until they are resolved in conformity with the country's laws and Universal Human Rights principles.

Further incentive systems are looked at to encourage more proactive and reward good ideas.

Matex, in its labor contract, maintains a culture of openness, honesty and transparency. Its staff are encouraged to discuss issues encountered in the work place so as to find adequate solutions and prevent similar situations from happening in the future.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

Some indicators that were developed to monitor and evaluate to show performance were

- A) Increased Employee Productivity, KPI scores and company business growth
- B) Lower Absenteeism
- C) Lower Sick Leave
- D) Higher levels of engagement
- E) Higher retention of talent
- F) Increase ability to attract talent

To date, Matex has not encountered incidents of Human Rights violation, due to its senior management frequently reassessing the Company's policies and ensuring that its employees and stakeholders are treated

fairly and equally helped by its in house IA and its external IA Internal Audit teams.

Matex also encourages its external partners to follow its steps and act ethically in the work place which contributes to a healthier business environment and fewer cases of violation.

Labour

Assessment, policy and goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

Within the coming year, Matex aims to continue to incorporate and communicate in its compensation packages a wider range of employee's benefits and foster a greater sense of ownership within the organization and a common spirit of esprit de corps.

Maintaining the mind-set that People are our assets, capital and not cost.

Matex recognizes the importance to provide an organizational culture based on respect and trust. As a result, the Company benefits in terms of productivity and growth.

The Employee Handbook clearly states employee rights and responsibilities and their career path and benefits. At company gatherings, management takes the opportunity to further inculcate the importance of this aspect.

The Group continues to actively participate in internship programmes organised by various academic institutions. During the year, it also participated in The Skills Future Earn and Learn Programme, a work-learn programme that gives fresh graduates a head-start in careers related to their discipline of study. It provides them with more opportunities, after graduation, to build on the skills and knowledge they acquired in school, and better supports their transition into the workforce.

It also took part in the PCP Professional Conversion Programme endorsed by Workforce Singapore. PCP is a programme under the national Adapt and Grow initiative. This programme is suitable for mid-career switchers who are prepared to undergo On-Job Training (OJT) to transit into an industry that is new to them. PCP provides career growth support to mid-career Professionals, Managers, Executives and Technicians across many sectors. Upon successful programme completion, PCP participants will be awarded with accredited qualifications

By participating in such programmes, the Group is doing its part to support as an employer and hopes to provide a steady platform to train future value skilled employees for the industry which we are in.

Implementation

Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

Matex has written guidelines to ensure that Labor Rights are respected and in case of violation, resolved with the best interest of the neglected

party at heart. Below are a few examples of implementation measures taken by the Company:

- Employees are aware of their rights and responsibilities;
- Complaint/suggestion system is in place to allow effective communications between top management and the staff.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

Matex is proud to encourage freedom of speech and diversity in the work place, having employees from different nationality, religious and educational backgrounds.

Human Resources and senior management work hand in hand to ensure that all employees are given access to common resources and treated possibly as best, equally in the work place.

Matex also encourages its external partners to follow its steps and act ethically in the work place which contributes to a healthier business environment.

Environment

Assessment, policy and goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

The Group is committed to sustainable environmental practices, which plays a critical role in preserving, protecting and improving the environment. It will nevertheless continue to seek for ways to improve its environmental protection capabilities.

Matex made good progress this year by partnering ETAD, Bluesign & ZDHC as a regular member to supports a common vision to work together for safer colorants!

The Group's products are approved by Intertek's Green Leaf Mark Environmental Certification, which places strong emphasis on the ban of hazardous Azo Dyes and limits on extractable heavy metal content.

Targeting to be a world leader and a specialist in clean colour science technologies through its' dyestuffs and chemicals production. Matex has continue to promote its energy and water saving range of low temperature reactive dyestuffs under the Megapro RE brand name. The company typifies its growing commitment towards sustainability in the global textile industry further with Megapro CF a solution to T/C, CVC blends to increase significant savings and enhanced productivity.

Matex continued its efforts with Megapro® ECO, a system which eliminates the need for salt in exhaust dyeing. This is an environmental revolution and during the year, it commences marketing with its global strategic brands and business partners with the aim to become the first player in the industry to assist its customers to meet stringent environmental regulations and increase productivity and process cost multiple folds.

Matex is a manufacturer and formulator of quality specialty chemicals and dyes focused on sustainable, low-carbon and cleantech initiatives.

In 2011, via its 3R Reduce, Reuse, Recycle initiative to drive towards Zero Emission, Matex channels funds to its in house team and work extensively with consultants from its partners like Sinochem in China, to make use of renewable energy sources and/or develop ways to transform waste into energy and resources still. For 2012, more than 80% from 70% in 2011 of its products can now be produce with its continuously improving production techniques that employ Flow Chemistry Techniques.

For 2019, a combined of the above efforts allows up to 80% of the plants waste to be recovered or reused with a target to push for zero discharge in the next 3 to 5 years as the pinnacle and its duty to be a leading example to its contemporaries and share the benefits with its global customers.

In addition to business activities being directly involved in fighting climate change, the Company has continued its easy to adopt and simple guidelines to reduce energy consumption in the work place and raise awareness among its stakeholders, rewarding appropriately good ideas and best practises of workable schemes. Encouraging and motivating the inventors and stakeholders internally.

Further to that, the company makes a point to invest up to 10% of its revenues/funds into research and development for clean technologies with an aim to provide a world of innovative solutions and practical technologies in sustainable textile processing. Through close collaborative seminars, tradeshow in various countries, advertisement in ATA and related magazines and Matex webpage, www.matex.com.sg and with workshops with the brands, retailers and industrial partners etc., Matex shares these ideas to gain market ideas, feedback and acceptance.

Matex continues to support international competitions that promote the theme of sustainability. With SDC, it has successfully organized for the 8th year running the SDC (Society of Dyers and Colourists) Singapore heat. A country winner was chosen amongst local Textile and Fashion Schools to represent at the Grand Finals in London. The SDC is the world's leading independent, educational charity dedicated to advancing the science and technology of colour worldwide.

Implementation

Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

Matex's business solutions aim to find innovative ways to fight climate change and raise awareness among the population. and this is by actively participating at the seminars and competition as described earlier.

In addition, energy saving and environment protection guidelines are mentioned in the Company's Webpage and Employee Handbook.

Matex's goal, continues to take improving steps to measure its carbon footprint from its day-to-day operations, business travel and events, on a continuous basis. In the coming year, Matex will also look out for right opportunities to partner like-minded, environmentally and global compact members to further efforts in saving and caring for the environment.

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance.

Via setup guidelines and targets agreed within departments, Matex reviews these regularly, depending on subject matters, can be weekly, monthly and quarterly to measure the targets set against achieved. It also empowers key leaders to come up with creative ideas with its team to further improve on existing plans.

At the office, employees now apply the guidelines stipulated in the Employee Handbook and continuously seek new measures to limit their environmental footprint.

Matex started a programme on carbon and water footprint measures internally with its IA team and hopes to utilise some of these information as part of its sustainable report to complement with its annual report in the near future.

More emphasis will be placed on WEC emissions through help from finance in its segregation of expenses attributing to these areas and by department to find ways to reduce waste and through the universal popular Kaizen system eliminate waste for increase bottom lines. These are plot into graphs and quick charts for trend analysis and actions to follow.

Matex also encourages its external partners to follow its steps and act ethically in the work place which contributes to a healthier business environment.

It continues to work on its prospects for ISO 14064 part 1 & 2 Green House Gas Management System and ISO 50001 Energy Management. Hopefully with the guiding principles of these processes, identify more ways to better monitor and evaluate our environmental impact as baseline and performance as guiding targets.

Anti-Corruption

Assessment, policy and goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

Matex's headquarter continues to be located in Singapore. As a public listed company it tends to face a higher need to uphold transparency and corporate governance.

In order to avoid such violations, the Company holds a strict zero-tolerance policy for corruption and bribery. The Employee Handbook, available to all employees, contains the Company policy and protocol to follow in the incidence of corruption and bribery violation. In case staff is confronted to situations where corruption and bribery are likely to take place, the Company's protocol provides guidance on how to react and report this type of violation.

To ensure the independence of the Board of Directors (BOD), transparency in the BOD operations as well as to safeguard stakeholders'

interest and maximizing their long-term values, the Group continuously updates and improves the company's policies and procedures.

Regulatory compliance is of importance for business continuity. It also serves to foster trust among stakeholders. Just as a positive reputation is likely to encourage stakeholders to maintain and deepen relationships, the converse can ultimately undermine the financial performance of the Group.

As a responsible corporate citizen, the Group will continue to observe all regulatory requirements within the Group.

Implementation

Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

The selection of business partners and opportunities is done through a competitive bidding process, based on transparency and fairness, as to encourage market competitiveness and avoid corruption. Additionally, the Company works with an online platform where employees' work and responsibilities can be tracked, allowing senior management to closely monitor projects and the way business is conducted with external parties.

Matex also encourages its external partners to follow its steps and act ethically in the work place which contributes to a healthier business environment.

For the financial year ended 31 December 2019, the company has generally adhered to the framework as set out in the Singapore Corporate Governance Code 2012 issued on 2 May 2012.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

As a result of the Company's policy, all employees are made aware of consequences related to corruption and bribery violations. Senior management ensures as best that junior and mid-level employees are best trained and an open system allows transparency to best reduce possibilities of such undesirable incidents occurring.

We are committed to maintaining the high standards of our corporate governance.

Below table summarised the information on communications the Group has with the different group of stakeholders.

Stakeholders	Topics concerned	Communication channels	Frequency per year
Customers	Production quality and Improvements; Operation in compliance with	Customer visits or meetings; Industry exhibitions;	As required Yearly Quarterly or half year

	<p>applicable law and regulations;</p> <p>Customer support;</p> <p>Financial performance</p>	<p>Quarterly or half yearly business review;</p> <p>Customer service hotline and email</p>	As required
Employees	<p>Communication and engagement;</p> <p>Career development and welfare;</p> <p>Working environment condition;</p> <p>Training</p>	<p>Social events with employees, internal announcement and emails;</p> <p>Regular management meeting with staff;</p> <p>Regular review with department heads;</p>	<p>As required</p> <p>As required</p> <p>As required</p>
Shareholders	<p>Return on investment;</p> <p>Operation in compliance with applicable law and regulations</p>	<p>Half yearly and annual financial results announcement;</p> <p>Sustainability report</p>	<p>Bi-yearly</p> <p>Yearly</p>
Investors	<p>Strategic plans;</p> <p>Operation in compliance with applicable law and regulations</p>	<p>Regular meeting with investors;</p> <p>Sustainability report</p>	<p>As required</p> <p>Yearly</p>
Suppliers	<p>Supplier quality performance;</p> <p>Supplier sustainability in business;</p> <p>Operation in compliance with applicable law and regulations</p>	<p>Regular meeting with suppliers;</p> <p>Key suppliers audit;</p> <p>Sustainability report</p>	<p>As required</p> <p>Yearly</p> <p>Yearly</p>
Government and regulators	<p>Operation in compliance with applicable law and regulations</p>	<p>Regular compliance update and submission</p>	Yearly

Communities	Environmental protection; Community activities involvement; Support to society organisations; Operation in compliance with applicable law and regulations	Participation in community activities; Communication through phones and emails; Sustainability report	On-going As required Yearly
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