

United Nations Global Compact

Communication on Progress Report: Material Exchange

June 2021 - June 2022



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Our Mission

To lead and accelerate the global revolution of sustainable, ethical, transparent footwear and apparel sourcing by aggregating material data into one digital solution.

Our Objectives

Environmental: Reduce planetary impacts

- We strive to help brands, agents and suppliers eliminate wasteful and harmful material-sourcing processes and commit to assisting them through digitization in meeting their low-impact and responsible sourcing goals; as we also work from within to continually manage, measure, assess and decrease our environmental impacts across Material Exchange and work towards having the smallest impact on the planet as possible.

Social: Inspire sustainability mindsets

- We commit to educating our staff and ourselves to successfully inspire work towards long-term equity, diversity, impact-awareness, and well-being in our global teams and in all communities we touch; as we support brands in their ethical and responsible sourcing goals, facilitate suppliers on their social equity and sustainability journeys, and promote the SDGs to all Material Exchange stakeholders.

Economic: Drive economic growth

- We seek to embed sustainability, transparency and trust into all company commitments, product strategies, and customer experiences to support transformational, low-impact digitized sourcing that drives profit and growth for our material suppliers, footwear and fashion brands, agency partners, our investors and all the Material Exchange team, so we can continue to do good things into the long-term future.

A Word from Our CEO

July 25, 2022



Dear UN Global Compact team:

I am pleased to confirm that Material Exchange pledges to continue its mission and work in accelerating sustainable, ethical, transparent and digitized footwear and apparel material sourcing.

We will keep pursuing our objectives of reducing planetary impacts, inspiring sustainability mindsets and driving economic growth for all our stakeholders.

Material Exchange is committed to keeping the 17 U.N. Sustainable Development Goals (SDGs) at the forefront of all that we do to, in order to bring positive change to the historic issues facing the planet, society, and the fashion-material supply chain.

In this, our first, annual "Communication on Progress report", we describe our actions at Material Exchange in integrating the Global Compact and its principles into our business, culture and daily operations. As well we commit to motivating others by communicating and sharing this information with all our stakeholders.

With that, I enthusiastically reaffirm Material Exchange's support of the Ten Principles of the U.N. Global Compact, wherein we will continue to keep the areas of human rights, labour, the environment and anti-corruption in mind as we maintain and develop a new digital sourcing infrastructure that will minimize waste, drive ethical sourcing, promote transparent communication, and work towards resiliency and equity for current and future generations and all of nature's resources.

Yours in sustainability,

Darren Glenister
Chief Executive Officer



The Actions We're Taking

Human Rights

- Developed a questionnaire for suppliers regarding their ethical practices. All documented social and human rights practices and policies will be listed on our platform at each supplier's profile and those suppliers with these equitable actions in place will be prioritized in the sort order.
- Have an anti-harassment policy in place in the Serbian office, with a two-year aspirational plan to roll out in remaining countries.
- Brainstorming and promoting sustainable actions, including volunteering with community projects in our global teams.
- Including all staff in bi-monthly forums to provide transparent and open communication with leadership.

Labour

- Offering Paid Time Off to promote wellness and mental well-being.
- Offering all full-time employees healthcare coverage, regardless of whether it is required by law in each country.
- Offer maternity and paternity leave.
- Offering various social initiatives to regional employees, such as paid lunches in Serbian and Armenian offices and a well-being benefit in the Sweden, Stockholm office.
- Launched Sustainability Scoop, an all-staff event to build awareness around issues and innovations in terms of climate change and the fashion global supply chain.

Environment

- Inventorying greenhouse gas (GHG) emissions and measuring carbon footprint of physical office space in Serbian office of which we have operational control (with a 2020 base year). Plans to complete GHG emissions inventory for the New York office this year, where Material Exchange also has operational control.
- Exploring options to measure and assess our digital emissions.
- Facilitating virtual all-company and department meetings to reduce plane travel.

Anti-Corruption

- Have anti-bribery and anti-corruption policies in place in Serbian office, with a two-year aspirational plan to roll out in remaining countries.
- Have whistleblowing policy in place in Serbian office, with a two-year aspirational plan to roll out in remaining countries.
- Mentioning "anti-corruption" and/or "ethical behaviour" in contracts with business partners.

Our Progress Measured

For the reporting period: June 2021-June 2022

Indicator	Outcome
Number of scanned materials now existing in digital form to reduce necessity of sending physical samples around the globe	27,538
Number of global scanning hubs created to reduce the necessity of sending physical samples around the globe	3
Number of social media posts dedicated to accelerating sustainable sourcing and low-impact fashion development	300
Number of e-mail blasts dedicated to accelerating sustainable sourcing and low-impact fashion development	30
Percent of Material Exchange employees eligible for health care benefits by company	100%
Percent of Material Exchange board members identifying as female	75%
Percent of Material Exchange leadership / senior management members identifying as female	35%
Percent of Material Exchange staff members identifying as female	47%
Number of staff members who spent time volunteering with Material Exchange-affiliated community projects	22



**Material
Exchange**

The SDGs We're Working to Achieve

SDG

Actions



SDG 4- Quality education

Educating suppliers, brands, agents and ourselves with email, social media posts, newsletters, webinars and internal presentations focused on sustainability, responsible sourcing and material digitization and innovation to drive change for good in our industry.



SDG 5- Gender equality

Recruiting and maintaining equitable gender ratios in staff and leadership positions; and highlighting suppliers with good social practices in place that benefit facility workers who are female, such as on-site childcare.



SDG 8- Decent work and economic growth

Spotlighting suppliers with responsible environmental and social practices to drive economic growth for their global businesses, our brands and agents in the site and all our stakeholders and investors.



SDG 9- Industry, innovation and infrastructure

Pioneering a digital infrastructure as a new model for the fashion and footwear industries to facilitate sustainable, efficient, and transparent sourcing.



SDG 12- Responsible consumption and production

Escalating digitization of materials to reduce waste and the negative impacts resulting from worldwide textile and fashion production; facilitating transparent communication between global factories and buyers.



SDG 13- Climate action

Reducing transport emissions impacts by digitizing traditional processes; assessing physical office spaces and digital emissions to create a reduction pathway.



SDG 17- Partnership for the goals

Partnering with FDRA, USFIA, Inventure, Lyra Ventures, Partech, Norrsken VC, Molten, DayOne, Olah Inc., Kingpins, Texworld, Eurofins and the UN Global Compact because together we can go far!



Thank You

For more info on Material Exchange, please visit:

Material Exchange Ventures
<https://material-exchange.com/>

For more info on our UN Global Compact
commitment, please contact:

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