

Modern Slavery Statement

2020

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The Context

As a socially responsible and purpose driven business, Matrix are aware of the role that our organisation can play in monitoring and helping to avoid the kind of working conditions that could encourage or enable modern slavery practices in our Supply Chain and beyond.

Our Business, Supply Chain & Structure

Business

Established in 1996, Matrix has today become a leading product design and development specialist. Based in London, Hong Kong, China and Dubai with global operational capabilities, we create, source and deliver award-winning products for leading brands, retailers and airlines around the world. Working across both the retail and airline industries, we specialise in delivering product in categories such as fragrance, skincare, colour cosmetics, tanning, haircare, bath and body, wellbeing, gifting, accessories and lifestyle.

We offer an end-to-end service, managing every aspect of the project from brand development, design and packaging through to manufacturing, quality control and logistics to ensure a seamless, risk free delivery in as little as 7 months. Everything we do is with an unwavering commitment to ethical trade and sustainability.

Supply Chain

Our Tier 1 Supply Chain includes thirty-five manufacturing sites in China who have all committed to being honest and open in their relationship with Matrix. Twelve of these Tier 1 sites provide 'core' products and services on a regular basis throughout the year and share continuous monthly KPI data with our Social Responsibility Team.

Our Tier 1 Supply Chain also includes one manufacturing site in UK; one in Taiwan; one in Thailand and one potential new supplier in India who did not carry out any production during the past year.

We also increased access to fifteen Tier 2 manufacturing sites in 2019 for packaging, components and materials, including twelve Tier 2 sites in China; two in Thailand and one in Cambodia.

Structure

Our Social Responsibility program is managed by a full time Head of Social Responsibility in UK, reporting to the Executive Leadership Team, and our ethical trade activities are implemented by a full time Ethical Trade Manager and a full time Audit Manager in China plus a full time Sustainability Manager and CSR Assistant in UK.

A permanent presence on the ground in our key sourcing region of China enables us to provide swift remediation and verification of issues and to establish open and transparent relationships with all suppliers.

- Ethical Code of Conduct and Supplier Terms & Conditions to firmly establish our company values and expectations;
- Risk/Business Level matrix to establish visit frequency for suppliers;
- Root cause analysis of recurring long-term audit issues and documented follow up through Corrective Action Plans;
- Productivity & Efficiency studies in partnership with suppliers;
- Support from the Executive Leadership Team and Senior Management Team;
- Matrix Learning Map of training modules for suppliers;
- Monitoring through collection of monthly Key Performance Indicators (KPIs) and Worker Prosperity Indicators (WPIs) from workers through our social media channel, MatrixChat;
- Social and ethical performance incorporated into bi-annual supplier performance reviews;
- Education program on Linked Prosperity to help suppliers understand the commercial benefits of driving improvements in working conditions;
- Internal training on red flags of modern slavery practices and the impact of buying decisions for staff in our Account Management, Sourcing, Supply Chain and Quality Control teams in UK, Hong Kong and China.

Internal Policies in Relation to Modern Slavery

1

All Matrix staff take up their posts freely and ID checks are undertaken by the HR Team to validate the identity and status of each employee before work commences.

2

Matrix staff receive a contract of employment which outlines the expectations of their role alongside information regarding working hours, payment terms, holiday entitlement, benefits and termination/resignation process.

3

Matrix staff are expected to abide by our company rules, procedures and policies which are documented in the Employee Handbook. The Employee Handbook includes comprehensive Equal Opportunities, Disciplinary and Grievance procedures.

4

Our equal opportunities policy promotes equality, harmony and respect amongst individuals.

5

Our Grievance Policy ensures that all employees are treated fairly and any concerns related to work, the working environment or working relationships are resolved satisfactorily.

External Policies in Relation to Modern Slavery

Matrix suppliers are required to adhere to our General T&Cs which include a firm commitment that all goods shall be manufactured in accordance with the Ethical Trade Initiative (ETI) Base Code and suppliers shall follow the basic principles of the Code at all times.

Suppliers are also expected to abide by the Matrix Ethical Code of Conduct which reflects the International Standards set out in the **International Labour Organisation (ILO) Conventions**:

- Suppliers must not use forced, bonded or involuntary labour and workers must not be obliged to surrender identity papers or pay a financial deposit as a condition of work.
- Workers must not be subject to physical or verbal abuse, threats or intimidation.
- Workers must not be required to work excessive hours and all workers should enjoy sufficient rest periods.

- Suppliers must not employ child labour and use workers under the age of 15, or the minimum legal working age in the country in question, if higher than 15.
- Suppliers must provide safe and hygienic working conditions for all workers with sufficient and accessible fire exits from all production, warehouse and dormitory buildings. Workers must also be provided with clean and hygienic washroom and canteen facilities and have regular access to drinking water.
- Dormitories and living accommodation must include sufficient fire alarm systems and fire exits and must not be adjoined in any way to production and storage areas.
- Workers must not be required to operate dangerous machinery and suitable Personal Protective Equipment should be provided at all times. The structure and layout of all buildings should be compliant with local regulations and designed to avoid

any risk to workers' life or limb and all hazardous chemicals should be stored in appropriate conditions with suitable labels and secondary containers to prevent spillage.

- Suppliers must maintain accurate employment records for all employees, including current and resigned temporary and permanent workers, and be transparent and cooperative during the inspection of wages and working hours' records.
- Suppliers must pay living wages that are at least compliant with local minimum wage regulations and sufficient to meet employee's basic needs.
- Bribery, corruption and similar unethical business practices are not tolerated by Matrix APA and Suppliers must not engage in such activities.

Purpose

We are driven by our purpose which is to passionately improve the sustainability of our products; the life of every worker; the efficiency of every facility and the experience of everyone in our Supply Chain.

Due Diligence Process in Relation to Modern Slavery

1

Upholding Clause 1 of the **ETI Base Code**, which states that Employment is Freely Chosen, is a strategic objective of the business and we do not tolerate any practice that could encourage the conditions for Modern Slavery violations to take place in our Supply Chain.

2

By driving positive improvements in working conditions and eliminating conditions that could encourage forced labour, child labour, excessive working hours, inhumane treatment or over reliance on temporary migrant workers, we can help factories in our Supply Chain become more profitable by reducing absenteeism; reducing worker turnover; improving production planning and retaining a stable, skilled workforce.

3

Building open and trusting relationships with our suppliers is key to the continued success of our beyond audit methodology which provides year round due diligence checking as opposed to annual audits. This also helps to safeguard the reputations of our brand partners and customers whose products we manufacture.

4

By improving our ability to monitor, track and communicate conditions in our Supply Chain with regular on-site visits and open discussions, we can effectively manage and mitigate modern slavery risks and provide best practice examples of due diligence processes to other companies and brands in our own industry and beyond.

5

In 2019, we extended our Beyond Audit approach to the lower Tier 2 of our Supply Chain where the risks of modern slavery practices could be higher due to a lack of visibility; increased risk of out-sourcing or homeworking and a lack of direct leverage.

Supply Chain Parts With a Risk of Modern Slavery



Our larger Tier 1 manufacturing sites in China have “vertical” operations and complete all major production processes on site so the risk of informal labour and sub-contracting in the upper Tier of our Supply Chain is low.

We also manage the risk from onboarding new suppliers in new product categories, such as soft textiles, by visiting every new site before production starts; building trust and transparency from the outset including a review of transparent records and by providing on-site training for workers and management on underlying health and safety and productivity and efficiency issues.

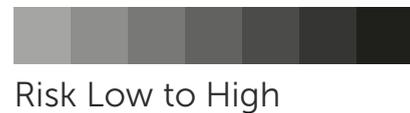
The risks of modern slavery practices could be higher in the lower 2nd Tier of our Supply Chain due to a lack of visibility and leverage. In 2019, we extended our beyond audit approach to Tier 2 suppliers of packaging and raw materials and established open relationships with fifteen sites during 2019.

There is also a risk to ethical trade from fast fashion purchasing practices which provide irregular business levels; increases pressure on suppliers to meet unrealistic delivery deadlines and drives prices lower and lower. We have mitigated our risk in this area by rewarding our core suppliers in 2019 with long term supply contracts which increases our leverage and enables suppliers to plan production more effectively and consider long term investments in new machinery and labour.

The risk of unauthorised sub-contracting to un-regulated suppliers in China was also brought to our attention in 2019 when irregular site visits by our Social Responsibility team highlighted the outsourcing of packaging components to lower Tier suppliers. We leveraged our long-term relationship with the related Tier 1 supplier to gain access to the lower Tier suppliers and carried out initial assessments, established supportive relationships and prepared each factory for a future compliance audit.

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Modern slavery practices such as forced labour, child labour and excessive working hours with poor health and safety conditions are higher in the promotional merchandise sector due to irregular order patterns, un-realistic price pressure and dominance of trading companies with little or no direct contract with the manufacturer. We have mitigated our risks in this area by shifting our business model away from this sector and focusing on priority projects only that align with our company values and where our Due Diligence Processes can be fully deployed.

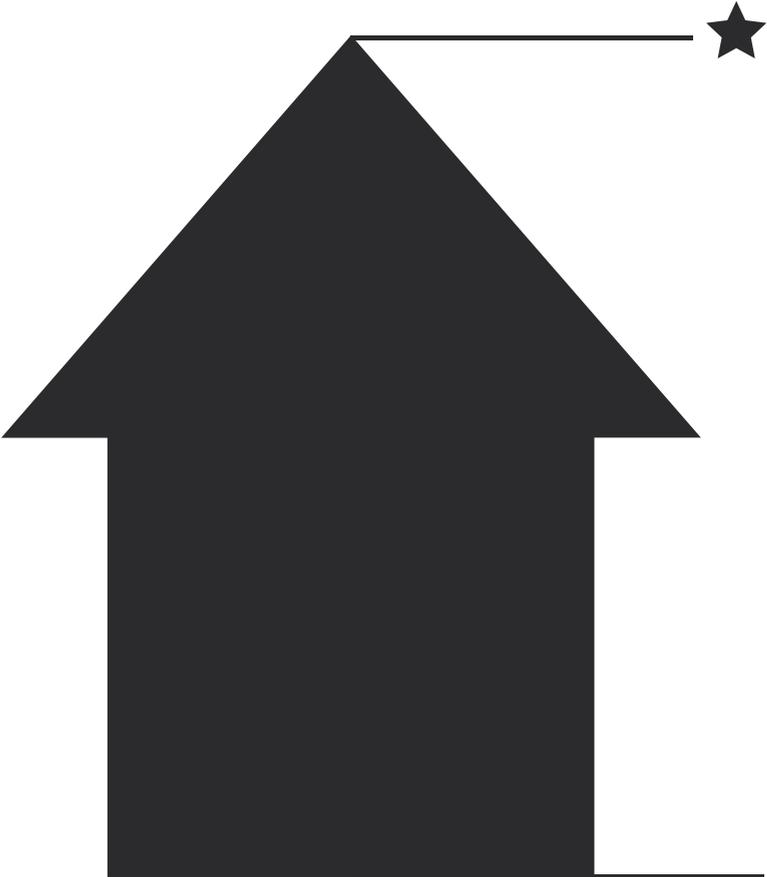


Key Achievements

Our Social Responsibility team carried out 16 different capacity building projects and training programs in 2019, reaching over 8,000 workers at Tier 1 and Tier 2 levels.

This was to improve HR management systems; improve working conditions on the ground; increase worker satisfaction; encourage worker participation and improve levels of take home pay.

The main achievements focusing on impacts for workers included an increase in average rest days per month from 3.5 to 4.5 days; increased average monthly take home pay to more than double the minimum wage level and a continued reduction of 3% in average monthly working hours.



4.5
REST DAYS /
MONTH

3.5
REST DAYS /
MONTH

Case Study 1: Gender Equality Training

2019 was also the year that the Matrix Social Responsibility team completed a deep dive research into Gender Equality and the risk of gender discrimination in our Supply Chain:

Aim

To conduct research and workshop in June 2019 to deepen our understanding of gender equality in the workplace in our China factories and bring representatives from our core suppliers together for collaborative training with a third-party NGO to:

- Establish and improve mechanisms for promoting gender equality in our entire Supply Chain;
- Avoid/reduce labour disputes in this aspect;
- Promote harmonious labour relations and improve employee satisfaction and competitiveness

Scope

We began with research into the pay gap through review of wages and positions of seniority in our Tier 1 sites and then followed up with a WeChat survey. We then carried out in-depth interviews with enterprise managers to assess their knowledge of gender issues raised and their appetite for change before bring the suppliers together for a training workshop in China.

Output

Our WeChat worker survey reached over 800 workers (our largest every survey to date) of both genders and 19 factory managers. The group training included participants from 11 factories.

Outcome

Many issues were identified for the first time in our Supply Chain, such as the appearance of an informal gender pay gap even when workers are paid on a piece rate basis due to the allocation of different roles and processes with a higher piece rate to male employees. After the training, each factory made up a milestone plan to establish management mechanisms for positive gender equality in the workplace with time frames (short term, medium term and long term) and responsible person for each step.

Training

Training is the beating heart of our social responsibility program. It is the means through which we educate our staff, customers and suppliers on salient human rights risks in our Supply Chain and the red flags of Modern Slavery.

Training also enables a cycle of continuous improvement as the more issues we are able to address through education, the more positive workers and factories in our Supply Chain are towards receiving further training on other related topics.

In 2019 we delivered 503.5 training hours to our suppliers and introduced a Learning Map of training modules designed to demonstrate progress as our suppliers' journey through four different levels of capacity building including:

- New Suppliers: ETI Base Code; Child Labour Prevention and Remediation; Fire Safety; Modern Slavery Code of Conduct.
- Junior: Basic Environmental Health & Safety Training; 5S Training; Working Hours and Wage Standards; First Aid; Worker Empowerment and Basic Financial Knowledge.
- Intermediate: HR Management Systems; Injury Prevention; Reduction of Working Hours; Grievance Systems; How to Perform an Effective Internal Audit and Young Worker Training.
- Advanced: Migrant Parenting; Reduction of Worker Turnover; Productivity & Efficiency; Future Leaders; Stress Management; Social Compliance; Clean Production and Gender Equality.

Case Study 2: QuizRR Modern Slavery Training

In 2019, two Tier 1 sites also took part in a pilot project for QuizRR's digital learning platform which enabled employees and supervisors to complete training sessions designed to scale up awareness regarding Modern Slavery and unethical recruitment practices by watching videos and completing a quiz afterwards:

Aim

Pioneering use of QuizRR's innovative tablet technology and digital e-learning software to prevent the risk of involuntary work by scaling up awareness of modern slavery and unethical recruitment practice.

Scope

Module 1: Introduction and definitions of different types of involuntary work including forced labour, bonded labour, involuntary prison labour, human trafficking, exploitative child labour and migrant labour; International and national laws; UK Modern Slavery Act and Chinese law; Risk assessments and indicators of abuse.

Module 2: Contract content, delivery and integrity. Legal employment practices for licensed agents and recruitment agents. Chinese law and statutes.

Module 3: Mitigation and remediation policies, procedures and strategies.

Output

Two factories participated in the training during which 25 employees and supervisors completed 74 digital training sessions.

Outcome

Strengthened management consciousness of modern slavery practices; Suppliers decided to post their own involuntary work policies on the factory bulletin board; The training inspired each factory to review their own code of conduct and have their internal audit teams include involuntary work in the scope of future reports; Raised awareness of unethical recruitment and working practices in an informal way for workers through engaging games and quizzes.



Promise

“ Matrix will continue to update our Modern Slavery Statement on an annual basis and we will report back on our continued progress in addressing the risks within our Supply Chain in 2021. ”

Charlie Bradshaw, CEO Matrix APA (UK) Ltd.

Tier 1 Supplier Directory

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Matrix does not own any of the factories in our Supply Chain but we are proud of our supplier relationships which have been forged after a careful and comprehensive on-boarding process. The following list includes our current Tier 1 factories and we will review the list annually along with our Modern Slavery Statement update:

Supplier

Factory Address

Better Craft Co., Ltd

Rongjiang Village, Jiangshan Town, Yinzhou District, Ningbo, China

Dongguan Changping Pak Sing Toys Factory

No.136, Jinmei Village, Changping Town, Dongguan City, Guangdong Province, China

Dongyang Botai Household Co Ltd.

Dingwuchang Village, Nanma Town, Dongyang City, Zhejiang, China

Esorun Shenzhen Yostand Technology Co Ltd.

East plant, 10th floor, Mingzhuo Block, Mingzhuo Xingye Technology Park, 1st Industrial Zone, Loucun Community Zone, Gongming Street, Guangming New District, Shenzhen, China

Fuqing Jianing Cosmetics Co Ltd.

Hongkuan Industrial Park, Yangxia Township, Fuqing City, Fujian, China

Green Plastic Products Co Ltd.

Beimen Industrial Zone, Qiaoli Village, Changping Town, Dongguan City, China

Guangzhou Long Sheng Sporting Goods Co Ltd.

No. 139 2nd Jiangren Road. Banghu Village. Renhe Town, Baiyun-District, Guangzhou City, Guangzhou Province, China

Hangzhou Baosiyi Textiles Co., Ltd.

No.239 Tangxiajin, Jinlinhu Village, Suoqian Town, Xiaoshan District Hangzhou, China

Supplier

Factory Address

Hangzhou John Cotton Trade Co Ltd.

Nanjing Meihua Textile Co., Ltd Add: NO. 289, Renmin Road, Maji Town, Liuhe District, Nanjing, Jiangsu, China

Hangzhou John Cotton Trade Co Ltd.

South Laocheng Industrial Park, Feicheng, Taian City, Shandong Province, China

Jiangsu Mengxian Household Products Co Ltd.
(Yangzhou Fei Yue)

No 238 North Road, Jinshan Da Road, Jinhua, Zhejiang, China

John Cotton Group Ltd.

Snuggledown, Beaver Court, Lockett Road, South Lancs Industrial Estate, Ashton-in-Makerfield, Wigan, WN4 8DE, UK

Kailai Hotel Amenities Co Ltd.

No.8 Longwang Road, Hangji Industrial Park, Yangzhou City, Jiangsu Province, China

Kingstar Esure Electronics Co Ltd.

3 Building, Xufa Science & Technology Park, Heshuiko Community Gongming Street, Shenzhen, China

Ming Fai Cambodia

National RD#41, K.9, Veal Vong Village, Saen Dei Commune, Somraong Tong District, Kampong Speu Province, Cambodia

Ming Fai Enterprise International Co. Ltd.

Ming Fai Ind Estate, Bainikeng, Pinghu, Longguang, Shenzhen, Guangdong, China

Supplier

Factory Address

Nantong Heritage Home Textiles Ltd.

West Chuangang, Chuanjiang Town, Tongzhou District, Nantong City, JiangSu, China

Nantong Ruijing Textile Co., Ltd

Nantong Development Zone, Kexing Road 21, Nantong City, China

New Time Plastic Manufacturing Ltd.

15-II, Kan Xi, Industrial Area, Sha Xi Town, ZhongShan City, GuangDong, China

Ni Hau Industrial Co., Ltd.

No. 15, alley 125, Lane 318, Section 2, An-Ho Road, Tainan City, 709 Taiwan

Ningbo Odesun Stationery & Gifts Co Ltd.

Tongjia Village, Panhuo, Street, Yinzhou District, Ningbo City, Zhejiang Province, China

Ningbo Universal Dragon I/E Co Ltd

9/F Kirin Mansion,1539,Tiantong North Road,Ningbo,China

Ningbo Veken Elite Zhedong Knitting Co Ltd.

NO.137 Xiangshanhe Road, Danxi, Xiangshan County, Zhejiang Province, China

Orient Grow Design & Manufacture CO., Ltd.

4F, 3 Building, No.177 W Rd.Jinhui, Yinzhou, Ningbo, China

Paksing Silicone Factory

208# Jinhe Yi Lu, Jinmei Village, Changping Town, Donguan, Guangdong, China

Supplier

Factory Address

Qingdao Mirtos Textiles Co Ltd.

Rm 408, Qingdao Mansion, No. 89 Hong Kong Middle Road, Qingdao, China

S& J International Enterprises Plc.

600/4 Moo 11 Sukhaphiban 8 Road, Nongkharm, Sriracha, Chonburi, 20230, Thailand

Ta Shun Industrial (HK) Co Ltd
(Anda Metal & Bag Factory)

No 9 Xin Sha Road, Xin Sha Industrial Area, Bi Ling Village, Ping Shan New District, Long Gang, Shenzhen, China

Win Tai Industrial Ltd.

WanLi Industrial District, Dalong Keng Village, Zhenlong Town, HuiYang, HuiZhou, China

Xiangshan Leafsun Knitting Co., Ltd.

No. 360, Xigu Road, Industrial park, Xiangshan, Ningbo City, Zhejiang Province, China

Zhejiang Jinghui Cosmetic Company Ltd.

Xiajiangyi Village, Hezhai Area, Niansanli Industry Zone, Yiwu, Zhejiang, China

Zhejiang RifeshowCosmetics Co Ltd.

Dashi Road 67, Fotang Town, Yiwu, China

Zhuji Hang Feng Textile Products Co Ltd.

No.19, Tangsan Rd, Taozhu St., Industrial Zone, Zhuji, Zhejiang, China

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