Matthews
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ENVIRONMENTAL POLICY

Fiscal Year 2021

Guided by a strong sense of purpose, Matthews International Corporation (“Matthews” and/or the “Company”) is committed to assessing and addressing concerns associated with climate change and the current rate of resource depletion in the world. By driving equipment efficiency, reducing greenhouse gas emissions and improving efficiency throughout our operations and our supply chain, the Company endeavors to make a meaningful contribution in addressing these profound global environmental challenges. The Company recognizes that this commitment must be embedded in our standard business practices everywhere we operate in order to achieve the necessary scale of response.

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We are committed to:

Taking Care of Our Planet
We are committed to actions that restore and preserve the environment.

Waste Reduction
We are committed to reducing waste and pollutants while conserving resources and recycling materials at every stage of the product life cycle.

Water Conservation & Quality
We believe that access to water is a human right. We are committed to responsibly using water while taking actions that preserve water quality and conservation across our operations, in our supply chain and in the communities in which we operate.

Greenhouse Gas Emissions & Climate Change
We believe climate change is real and are committed to the public disclosure of our greenhouse gas (GHG) emissions and taking actions to reduce them.

Energy Management
We are committed to energy conservation and energy efficiency improvements throughout our global facilities and operations.

Environmental Management System
We are committed to a systematic management approach to minimizing and eliminating our environmental impacts around the world. We will consistently and continually assess the impact of our operations and our products on the environment and the communities in which we live and operate in with a goal of continuous improvement.

Improving Technologies
We are committed to vigorously pursuing the development and implementation of technologies for minimizing pollutant emissions from our products and our operations.

Environmental Stewardship
We are committed to participating actively in educating the public regarding environmental conservation and biodiversity.

Responsible Sourcing
We are committed to responsible sourcing and working with our suppliers to develop sustainable solutions.

Obeying Environmental Regulations & Policies
We are committed to working with all government entities for the development of technically sound and financially responsible environmental laws, and to complying with applicable government laws and regulations.

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SALIENT ENVIRONMENTAL RISKS

"Environmental Risk" can be defined as the "actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organization's activities." In addition, "Environmental Exposures", whether physical, chemical, or biological, can induce a harmful response and may affect soil, water, air, natural resources or entire ecosystems, as well as the plants and animals – including humans – and the surroundings where they live.

Matthews has identified the salient environmental risks in its business sectors as:

- Greenhouse gas emissions from both energy consumption and fleet vehicles
- Water use and pollution
- Solid and hazardous waste disposal
- Climate-related physical change

Understanding these salient environmental risks and how Matthews' business activities could potentially create a negative impact on the environment is paramount so that the Company may endeavor to prevent it.

CLIMATE CHANGE

The Fifth Assessment Report ("AR5") of the United Nations Intergovernmental Panel on Climate Change ("IPCC") identified the direct risks of climate change as:

- Increasing temperature
- Extreme weather
- Bumper crops and crop failure
- Polar cap melting
- Changes to Earth's eco-systems
- Epidemics
- Disruption of ocean currents

The IPCC also identified several indirect risks of climate change:

- Physical risks: Direct risks of climate change negatively impact agriculture, fisheries, forestry, health care, real estate and tourism
- Risk of increased governmental regulation: Governmental endeavors to reduce climate costs have direct effects on the economy
- Litigation risks: Similar to the tobacco industry, industries producing excessive greenhouse gases are exposed to the risk of an increasing number of lawsuits if damages can be correlated to emissions
- Competitive risks: If companies do not take measures to reduce climate risks they are at a competitive disadvantage as both customers and investors seek to do business with environmentally conscionable companies
- Production risks: Production shortfalls can result from direct or indirect climate risks, i.e., hurricanes damaging oil production facilities that lead to supply disruption and increased prices

- Reputational risks: Companies publicly criticized for their environmental policies or high emissions might lose customers because of negative reputation
- Financial risks: Increased costs of energy and doing business in a more energy regulated environment could impose financial hardships on companies

RISK MANAGMENT

Matthews is committed to continuing to develop appropriate strategies to identify, manage and respond to climate-related risks and opportunities across our business. This encompasses building the resilience of our portfolio to climate impacts through adapting and responding to market, policy and technological changes by creating innovative solutions and products that support a smooth transition to a low carbon future.

We strive to provide transparent disclosure of those risks and opportunities, and how we manage and respond to climate impacts, to help investors and others understand our business. We are progressively adopting the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") to improve both our approach in assessing and managing climate-related risks and opportunities and our related external reporting. The TCFD recommendations are focused on the financial impact of climate-related risks and opportunities and focus on four core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Matthews uses scenario planning to improve our understanding of how climate change may affect our business in the future. The Company has integrated scenario planning into annual business continuity assessments that are prepared for certain sites. The scenarios chosen reflect a balance between sufficient stress testing and most probable policy transitions in respect of the four key levers. As with any modelling of possible long-term future states, there are inherent limitations, as it is difficult to predict which, if any, of the scenarios might eventuate. The three (3) scenarios being considered are a reference case, which incorporates a modest future policy transition, a globally aligned case, and a regionally differentiated case scenario. The latter two (2) scenarios are aligned with the Paris Agreement two degrees Celsius ("2˚C") economy and leverage existing projections from the Internal Energy Agency ("IEA") as recommended by the TCFD. Each scenario applies GHG emissions and total energy usage as metrics to define targets for the sites.

Matthews has set the following targets to address its opportunities to make a positive impact in the environment and climate change:

GHG Emissions
- 2.5% annual reduction

Non-renewable Energy
- Relative target: 2% per year from 2019 baseline
- Absolute target: 20% less KWH per $1000 of revenue by 2030

Water Usage
- 10% reduction from 2019 baseline by 2030

Solid Waste to Landfill
- 50% reduction from 2017 baseline by 2030

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ENVIRONMENTAL MANAGEMENT SYSTEM

All manufacturing facilities that Matthews owns and operates, and our non-manufacturing sites around the world, are guided by its Environmental Management System ("EMS"). Matthews EMS combines elements of ISO 14001 and management system elements that are unique to our operations.

Matthews EMS specifications are designed to drive a continuous performance improvement cycle in line with legal requirements, site-specific objectives and targets, and corporate and regional policies and strategies.

Overall, each of our global manufacturing operations has integrated their EMS within the Matthews Management System ("MMS") and continuous improvement process, resulting in an EMS with attributes specified in ISO 14001. This integration ensures we achieve our environmental commitments as a normal part of our business activities. The EMS also uses attributes specified in ISO 50001 to structure the Company's energy management system to formulate strategies on becoming more energy efficient.

MMS incorporates the tracking of the Company's energy and water usage, solid waste and GHG at the site, segment and enterprise level. MMS then uses this data to target areas for improvement and use of our Sustainable Improvement Process Events ("SIP Events") that are modeled after our Operational Excellence Events. MMS uses SIP Events as part of the Company's conservation effort to reduce the amount of energy and water consumed, as well as reduce the amount of solid waste and GHG that are expelled into the environment.

Project Example:
The conversion of existing facility lighting to low energy consumption LED that reduced consumption by 365,000 KWH per year and the electrical spend by more than $25,000 per year.

FLEET VEHICLES

Matthews has over 450 vehicles that deliver products to service its customers every day. These vehicles all use non-renewable sources of energy for fuel and consumed 1.17 million gallons of fuel in 2020. However, the Company has a two-part strategy to address the energy usage by the current fleet and improve the fleet fuel economy:

- Newly purchased vehicles will be more fuel efficient than the vehicles they replace; and
- Test the use of electric vehicles to replace current vehicles in the future.

Matthews is currently in the process of procuring an electric vehicle to use as a test vehicle for deliveries to customers in 2021 and will build off those learnings to further the use of electric vehicles in the fleet.

Matthews targets for improving the fleet fuel economy are:

- Relative target of a 10% reduction of the 2020 baseline by 2030; and
- Absolute target of a 20% reduction in the gallons/$1000 revenue by 2030.